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S. HRG. 106–221

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2000

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

ON

H.R. 2084/S. 1143

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2000, AND FOR OTHER PURPOSES

Department of Transportation
General Accounting Office
National Railroad Passenger Corporation (Amtrak)
Nondepartmental witnesses

Printed for the use of the Committee on Appropriations

Available via the World Wide Web: http://www.access.gpo.gov/congress/senate

U.S. GOVERNMENT PRINTING OFFICE

★63–324 cc WASHINGTON : 1999

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0–16–059717–X

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2000

THURSDAY, FEBRUARY 25, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:00 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Richard C. Shelby (chairman) presiding.

Present: Senators Shelby, Stevens, and Lautenberg.

OVERSIGHT HEARING ON DEPARTMENT OF TRANSPORTATION MANAGEMENT ISSUES

GENERAL ACCOUNTING OFFICE

STATEMENT OF JOHN H. ANDERSON, JR., DIRECTOR, TRANSPORTATION ISSUES

DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

STATEMENT OF KENNETH M. MEAD, INSPECTOR GENERAL

DEPARTMENT OF TRANSPORTATION

STATEMENT OF PETER J. BASSO, ASSISTANT SECRETARY, BUDGET AND PROGRAMS

OPENING STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. The committee will come to order. This oversight hearing of the Subcommittee on Transportation Appropriations will come to order, as I have said. I want to extend a welcome to the first hearing held by the subcommittee on transportation in 1999.

This morning's hearing has a different focus than most hearings held by this committee. Normally, the Appropriations Committee responds to the administration's budget proposal with a series of hearings and submitted record questions that are designed to get more information about the budget, to compare the new request to ongoing efforts by the administration, and to justify new initiatives proposed by the President. This information helps the committee make informed decisions as it develops appropriations legislation.

However, there is another side to the responsibilities of the Appropriations Committee: oversight of the Federal agencies that we fund. It is imperative to ensure that Federal taxpayer dollars are spent wisely and well.

Proper management of Federal funds cannot be taken for granted. That is why Federal agencies have inspectors general to audit and to investigate agency management and detect cases of fraud, waste, or abuse. The General Accounting Office, an investigative arm of the legislative branch, performs audits and evaluations of Government programs and activities, often at the direction of Congress.

Today we are joined by John Anderson, Director of Transportation Issues at GAO; Ken Mead, the Department of Transportation Inspector General. Welcome. Both GAO and the IG have published recent reports on management issues at the Department of Transportation. And the Department is represented this morning by Assistant Secretary of Budget and Programs, Jack Basso, who will respond to the concerns raised in these reports and tell us how DOT is addressing its management challenges.

The December 9, 1998, Inspector General report titled the Top Ten Management Issues at the Department of Transportation sets out 10 top priority management issues, of which 5 are aviation related. This skew toward the Federal Aviation Administration gave me pause. Does this mean that the FAA is a more troubled agency than the Federal Highway Administration or the Coast Guard?

I want to explore that further, but I would point out that the Federal Government is much more directly involved in commercial air transportation than it is in other modes of travel. Every air traffic control tower is staffed by Federal employees. Every plane is inspected by FAA inspectors and technicians. Every aviation policy decision is made at the Federal level, and every airport is built in part with tax dollars that are distributed by the Federal Government. There is no parallel to this level of Federal interest and control in the highway, marine, rail, or transit arenas. So, perhaps the number of management issues cited by the IG is not disproportionate, considering the level of Federal investment and interest.

Both the GAO and the IG reports cite aviation safety and security as priority management issues. In fact, the Inspector General lists aviation safety as its first priority management issue. Department-wide transportation safety is the number one strategic goal, safety in all modes of transportation, air, surface, and water. It must be noted that flying is immeasurably safer than any other mode of transportation, however. Highway fatalities claim more than 40,000 lives annually, an average of 110 people every day. Rail and transit accidents account for an additional 850 lives lost each year. But by comparison in 1998, there were no deaths, zero, on a major U.S. air carrier or commuter plane.

However, once again, we are comparing very different systems. By and large, highway safety is enforced at the State and local level; aviation safety is enforced at the Federal level. I think it would be appropriate and helpful to this committee to explore the role of the Federal Government in highway and rail safety, to ensure that the management of these safety programs is as effective as possible.

Another management issue highlighted by both GAO and the IG is Amtrak's financial condition. In November 1998, an independent assessment of Amtrak's financial requirements was published, as required by the Amtrak Reform and Accountability Act. The Inspector General's office closely monitored the assessment process and probably has the clearest view of Amtrak's current financial condition and of whether the projections on which the railroad has based its plan to reach self-sufficiency by 2002 are realistic and achievable. The GAO has prepared many reports on Amtrak's financial and operating performance, including the May 1998 report on the financial performance of Amtrak's 40 routes nationwide, which showed that Amtrak's operating expenses far outstrip its revenue. In fact, only one route, the Metroliner, actually makes a profit, and overall Amtrak's expenses are almost twice as great as its revenues. This is a management issue, a labor issue, and a political issue, and it is an issue that has cost the American taxpayers over $22.5 billion over the last 27 years.

There are many other issues that require close oversight by the appropriations subcommittee. For instance, both the IG and GAO have concerns about the serious challenges faced by FAA in making its computer systems ready for the year 2000. However, Chairman Stevens has held two full committee hearings on this topic, and my staff have been involved with them. In addition, there will be a follow-up subcommittee hearing with FAA where we will address the Y2K issues.

Last October, the Omnibus Consolidated Appropriations bill provided $343 million in supplemental funds to the U.S. Coast Guard for anti-drug efforts, primarily interdiction. This is a lot of additional funding for the country's smallest armed force. And I want to find out more about how this funding will be spent, especially since this is a multi-agency program, of which the Coast Guard represents only a small part. How are operational and funding decisions made at the Office of National Drug Control Policy? What is the level of coordination among the affected agencies? These are management issues that could have direct bearing on future funding decisions.

I believe oversight is an important part of the Appropriations Committee's responsibilities. The committee allocates Federal funds based on informed decisionmaking. This requires a close examination of the administration's budget and oversight of how funds, once allocated, are managed. I hope that today's hearing will help us better perform this duty by exploring together some management challenges that have been raised by both the executive and legislative branch investigative bodies.

STATEMENT OF SENATOR FRANK R. LAUTENBERG

Senator SHELBY. Senator Lautenberg.

Senator LAUTENBERG. Thanks very much, Mr. Chairman. Let me commend you for your timely start. I think you beat the clock by 36 seconds. I wonder whether the chairman of the committee's presence had anything to do with it.

Senator SHELBY. It is always a little nudge when we observe the chairman here.

Senator LAUTENBERG. Thank you, Mr. Chairman, for using this opportunity to conduct appropriate oversight of the management challenges facing our Department of Transportation.

Now, many of the issues that we are discussing this morning are not new to the subcommittee, issues such as the need to improve our air traffic control infrastructure, improve the Department's data collection efforts, better ensure safety on our highways and at our airports, and still it is not often that we have the opportunity to review these issues in adequate detail, especially once we turn our attention to the details of the President's budget request for each of the offices within DOT.

Today we look forward to the testimony from representatives of the office of the Inspector General and the General Accounting Office, along with our Assistant DOT Secretary for Budget. The IG and the GAO have, over the years, provided an invaluable service to the subcommittee by auditing and reporting on a great many issues regarding the management of DOT and the effectiveness of its programs. And in that regard, their findings are valuable not only to us, but also to the Secretary and his sector administrators.

Within the last couple of years, both the IG and the GAO have had critical things to say about the Federal Highway Administration's Office of Motor Carriers. The OMC is our principal agency for maintaining safety and enforcing regulations pertaining to trucks and buses.

Unfortunately, Mr. Chairman, I report that over the recent holiday, in just a 5-day period, we had three serious bus accidents in the State of New Jersey. One of those accidents, which took place on Christmas Eve, resulted in eight fatalities, as well as dozens of serious injuries. A review of the circumstances surrounding the bus company and the bus driver involved in this accident is instructive in understanding why we need a stronger and more effective Office of Motor Carriers.

In April 1996, the OMC performed a compliance review on the bus company in question. The name of the company is the Bruin Transportation. The OMC found the operator to be in unsatisfactory condition and gave them 45 days to clean up their act or shut down. April 1996 we are talking about. There were serious problems with the conditions of their vehicles, the qualifications of their drivers, and the company could not show evidence that they were complying with the hours of service laws or performing mandatory drug and alcohol testing of their drivers.

And now, almost 3 years and eight fatalities later, OMC has gone back to look at the Bruin company and found many of the same problems they discovered in 1996. Once again, they have been given 45 days to clean up their act or shut down. One hopes that the result of this inspection will get us someplace and not permit them to wantonly disregard the rules. The question has to be asked, did this company just clean up their act for a 2-month period back in 1996 only to go right back to the same old ways of doing business?

And when you look at the driver of the bus, the picture is even more grim. The driver had his licensed revoked back in June 1997 because of a combination of speeding tickets and the violation in which he drove a commercial bus past a stopped school bus. He got

his license back only through attending driving school. After the accident, he was cited for reckless driving, and it was found that his hours of service documentation was out of order.

I would like to say that this situation is the exception rather than the rule, but I have not seen any evidence to date to confirm that. To the contrary, I have seen even more worrisome data indicating the OMC has only performed compliance reviews on fewer than one in four interstate bus operators in the United States. Put another way, our Federal safety agency has effectively no knowledge of the safety performance of more than three-quarters of the Nation's motor carriers whose principal cargo is human lives.

Now, I am aware that the chairman of our companion House committee, Mr. Wolf, took testimony earlier this week on the adequacy of OMC's efforts on truck safety. Now, he has taken the position that the OMC needs to be moved out of the Federal Highway Administration and into the National Highway Traffic Safety Administration. Frankly, I am keeping an open mind on this proposal, but it is my sincere hope that the debate over the appropriate agency to oversee the OMC not detract from our focus on the daily workings of the OMC and the need to boost substantially their levels of effort at improving safety.

Now, I will take advantage of the opportunity to respond to something my friend and the distinguished chairman of this subcommittee said about Amtrak. It is true. Amtrak's financial condition is not really a very attractive one, and we have put a lot of money in it. I think it is getting better. I am a perpetual optimist about Amtrak for one reason: Look at what is happening in Boston today. The forecast is for 2 feet of snow. The airport is almost shut down already. People would be virtually locked in.

I have had the bad fortune of traveling out of National Airport to the New York/New Jersey area. I have an option of Newark Airport or LaGuardia Airport, depending on the time they leave. And twice now I have been held up for more than 3 hours, weather conditions, and twice I ran for Amtrak at Union Station. And I will tell you, when the weather is bad, those trains are filled. It is an emergency relief for us. We have to have that.

There is some cost involved, but I submit that we have to examine the cost that occurs to aviation, lost business, missed connections, et cetera. I met people in the airport who had planned for a vacation. They had to connect from Washington National to New York and missed a vacation that the wife and the husband and the little kids have all planned for. There is a heck of a cost associated with it. I think when we do the analysis of the cost to Government of Amtrak service, that we include some of the costs that are not directly obvious, Mr. Chairman. We have to look at all these things. And I know that you have been diligent about them and we have had our chance to debate Amtrak.

But that is not our only subject. Safety is our principal subject, and I appreciate the opportunity to hear from our witnesses.

Senator SHELBY. Senator Stevens.

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Well, I congratulate you having the oversight hearing, and I hope that you will even go down into some of the

particular issues and hold separate oversight on some of the separate issues because I do think that Transportation has some real substantial issues that we ought to address, not only from an appropriations point of view, but from a legislative point of view.

One of our great problems is we have been inclined lately to consider legislation without knowing what the facts are. I think we ought to get into the oversight on specific issues. Particularly I am concerned about the air traffic control modernization concept, and I am concerned about the whole problem of transportation computer security. I think the year 2000 issues are pretty well covered by now by Senator Bennett's committee, but we should continue to keep ahead on that.

I do think that last one, the GPRA, is something that we ought to have the full committee review, Department by Department, to see what has happened and how the agencies are fulfilling the requirements of that act.

But I am pleased to have a chance to be here and listen.

Senator SHELBY. Our witnesses today, as I indicated earlier, are Mr. John Anderson, Director of Transportation Issues, U.S. General Accounting Office; the Honorable Kenneth Mead, Inspector General, U.S. Department of Transportation; and Peter Basso, Assistant Secretary of Budget and Programs, U.S. Department of Transportation. Mr. Anderson, if you will proceed. All of your written testimony will be made part of the record in its entirety. If you would just sum up the high points of your testimony in about 5 minutes, we can have a chance to have a little dialogue.

STATEMENT OF JOHN H. ANDERSON, JR.

Mr. ANDERSON. All right. I will be glad to do that, Mr. Chairman.

Mr. Chairman and members of the subcommittee, thank you for asking me here today to discuss the critical management challenges that are facing the Department of Transportation. My testimony is based on a report that we issued in January as part of a GAO series on major management challenges and program risks facing the entire Federal Government. The challenges that we identified are not new to the Department, as the chairman pointed out. The problems and their solutions have been reported by us, the Inspector General, and others.

AVIATION CHALLENGES

First, I will discuss FAA which faces numerous challenges in managing its programs which are critical to our Nation's air traffic system. Over the past 17 years, FAA's multi-billion dollar air traffic control modernization program has experienced significant cost overruns, delays, and performance shortfalls. While FAA has initiated activities to address many of our concerns about this program, none are completed. And as we reported recently, several major components of the program, such as the standard terminal automation replacement and wide area augmentation systems, continue to encounter problems that could affect their cost, schedules, and performance. These two systems alone are expected to cost several billion dollars.

FAA also faces considerable challenges in making its vast network of computer systems ready for the year 2000. Last August we

testified that FAA was unlikely to complete critical testing activities in time and that unresolved risks, including those associated with data exchanges, international coordination, reliance on the telecommunications infrastructure, and business continuity and contingency planning, threatened aviation operations. Although FAA is taking steps to address these issues, much work remains to be done.

The Congress, as well as the Department, face a challenge in reaching agreement on the amount and source of long-term financing for FAA and the Nation's airports. The administration recently proposed shifting funding for FAA away from the general fund and instead relying solely on user charges in the form of excise taxes or new cost-based charges. However, any cost-based financing depends on accurate and reliable data which FAA currently lacks.

FAA will need to continue its efforts to implement a cost accounting system. In addition, continued funding for airports will be critical to ensure adequate capacity for the national airport system. Planned development at airports might require as much as $3 billion more per year nationwide than has historically been spent.

We have also identified the need for FAA to address shortcomings in its safety and security programs and to improve its inspection, oversight, and enforcement activities.

SURFACE TRANSPORTATION CHALLENGES

Another challenge is surface transportation programs. Large dollar highway and transit projects, each costing hundreds of millions to billions of dollars have experienced cost increases and delays and have had difficulties acquiring needed financing.

Legislation was enacted last year requiring projects costing a billion dollars or more to submit financial plans to DOT for review. This should improve Federal oversight of the financing of significant projects. However, the Congress needs to decide if additional Federal oversight is needed of the cost and scheduling for these projects as well.

Congressional action is also going to be needed to address Amtrak's tenuous financial condition and the future of passenger rail service in the United States.

COAST GUARD CHALLENGES

Turning now to the Coast Guard, it is starting to address the problems that we reported on recently concerning its 20-year, $9.8 billion project to replace or modernize its deepwater ships and aircraft. We found that the Coast Guard had not adequately documented the project's justification nor its affordability. In addition, it significantly underestimated the remaining life of its current aircraft and, to a lesser extent, its ships. DOT and the Coast Guard need to fix the systemic problems that caused the situation by improving their planning processes, and in addition, issues still need to be resolved concerning the project's affordability.

DEPARTMENT-WIDE CHALLENGES

Finally, at the Department level, DOT's lack of accountability for its financial activities, which the Inspector General has repeatedly

documented, impairs its ability to manage and improve programs and exposes the Department to potential fraud, waste, and abuse.

In conclusion, many of the problems we identified are longstanding and will require sustained attention by DOT over a long period of time. The Congress will need to play a prominent role, including holding hearings like this one, to make sure that things get fixed.

I believe the DOT's leadership is fully committed to improving its programs. Mr. Basso has been with the Department for some time and fully understands the challenges it faces. I know that he and the rest of the DOT's top management team will continue to work hard to make improvements. And I know that my colleague, Ken Mead, who I used to work with when he was at GAO, will provide the tenacious oversight and guidance needed to keep DOT's ship moving in the right direction.

And finally, GAO is committed to working with the Department and assisting with congressional oversight.

PREPARED STATEMENT

This completes my oral statement. I will be glad to answer questions.

Senator SHELBY. Thank you, Mr. Anderson.

[The statement follows:]

PREPARED STATEMENT OF JOHN H. ANDERSON, JR.

Mr. Chairman and Members of the Subcommittee: We are here today to discuss the critical management challenges facing the Department of Transportation (DOT). My testimony is based on a report we issued in January as part of GAO's performance and accountability series on major management challenges and program risks facing the federal government.[1] With a budget request of over $50.5 billion for fiscal year 2000, the Department faces critical challenges in achieving its goals of ensuring the safe and efficient movement of people and goods and in making cost-effective investments in the nation's transportation infrastructure.

While DOT has had many successes in improving the nation's transportation systems, it has also experienced problems that have impeded its ability to achieve its goals. We, DOT's Inspector General, and the Department have documented these problems and recommended solutions. Although some corrective actions have been taken, major performance and management challenges remain for DOT's agencies that cover aviation and surface transportation, the U.S. Coast Guard, and the Department itself. In summary:

The Federal Aviation Administration (FAA) faces considerable challenges in managing its multibillion-dollar air traffic control modernization program, making its computer systems ready for the year 2000, and addressing shortcomings in its safety and security programs. Additional challenges include funding uncertainties facing FAA and the nation's airports and the lack of airline competition in some communities. While DOT has started to address some of these issues, more needs to be done. For example, FAA has initiated activities to address many of our concerns about its air traffic control modernization program but none are completed. Moreover, because of its size, complexity, cost, and past problems, since 1995, we have designated the air traffic control modernization program as a high-risk information technology initiative.

DOT and the Congress face challenges in continuing to improve the oversight of highway and transit projects and in determining the future of passenger rail. Large-dollar highway and transit projects have experienced cost increases and delays and have had difficulties acquiring needed financing. While some improvements can be made by DOT's agencies, others may require congressional action. For example, the Federal Transit Administration (FTA) has implemented a new tracking system to help ensure the correction of deficiencies found during its oversight review of grants, but we have not reviewed it to determine if it addresses our concerns about the

[1] "Major Management Challenges and Program Risks: Department of Transportation" (GAO/OCG–99–13, Jan. 1999).

agency's need for complete, timely information. Other improvements—such as addressing Amtrak's tenuous financial condition and changing the federal oversight role for large-dollar highway projects—will require congressional action.

The Coast Guard had not thoroughly addressed planning issues for its 20-year, $9.8 billion project to replace or modernize many of its deepwater ships and aircraft. We found that the Coast Guard had not adequately addressed this project's justification and affordability, and we recommended that DOT and the Coast Guard take several steps to improve their planning processes. The Coast Guard has begun implementing our recommendations, but it has not resolved issues concerning the project's affordability.

DOT's lack of accountability for its financial activities impairs its ability to manage programs and exposes the Department to potential fraud, waste, abuse, and mismanagement. Over the years, the Inspector General has been unable to express an audit opinion on the reliability of the financial statements of the Department and some of its agencies. DOT faces considerable challenges in achieving an unqualified audit opinion on its fiscal year 1999 financial statements due to the numerous problems that need to be addressed, and the serious financial management weaknesses at FAA have contributed to these problems. Consequently, this year we designated financial management at FAA as a high-risk area.

AVIATION CHALLENGES

Over the past 17 years, FAA's multibillion-dollar air traffic control modernization program has experienced cost overruns, schedule delays, and performance shortfalls of large proportions. The Congress appropriated over $25 billion for the program through fiscal year 1998, and FAA estimates that the program will need an additional $17 billion for fiscal years 1999 through 2004. Because of its size, complexity, cost, and problem-plagued past, we have designated this program as a high-risk information technology initiative since 1995. Among other things, FAA needs to adopt disciplined acquisition processes and change its organizational culture so that employees become strongly committed to mission focus, accountability, coordination, and adaptability. Although FAA has initiated activities to address many of our concerns, such as improving its software acquisition capabilities, none are completed. Additionally, we recently reported that FAA is not effectively managing information security for future air traffic control modernization systems and we made several recommendations. For example, we recommended that FAA ensure that specifications for all new air traffic control systems include security requirements based on detailed assessments.

FAA also faces considerable challenges in making its computer systems ready for the year 2000. In August 1998, we testified that FAA was unlikely to complete all critical tests of its computer systems in time and that unresolved risks—including those associated with data exchanges, international coordination, reliance on the telecommunications infrastructure, and business continuity and contingency planning—threatened aviation operations. The implications of FAA's not meeting the Year 2000 deadline are enormous and could affect hundreds of thousands of people through customer inconvenience, increased airline costs, grounded or delayed flights, or degraded levels of safety. FAA is making progress in addressing the Year 2000 computing problem. Earlier this month, DOT reported that FAA validated 74 percent of its mission critical systems undergoing repair, up from 20 percent in November 1998. However, much remains to be done to complete validating and implementing the repairs and the replacements of FAA's mission critical systems. As of January 31, 1999, FAA had implemented only about 15 percent of its mission critical systems undergoing repair. In addition, airports and airlines depend on computer technology and, thus, will face Year 2000 risks. We reviewed the status of airports' preparations for the year 2000 and found that nearly one-third of the more than 330 airports that responded to our survey did not report that they would meet the June 1999 date recommended by FAA to complete preparations for the year 2000 and that they did not have contingency plans for Year 2000-induced failures. Because of the interdependence among airline flights and airport facilities, equipment malfunctions related to the date change at one airport could decrease efficiency and cause delays at other airports and eventually impede the flow of air traffic throughout the nation, especially if those delays occur at airports that serve as hubs.

DOT and the Congress face a challenge in reaching agreement on the amount and the source of long-term financing for FAA and the nation's airports. The National Civil Aviation Review Commission recommended that the Congress fund FAA through a combination of cost-based user charges, fuel taxes, and general fund revenues. The administration's proposal to authorize FAA for fiscal years 1999 through

2004 would fund the agency through user charges—in the form of excise taxes or new cost-based charges—and would shift funding away from the general fund. But any cost-based system depends on accurate and reliable data, which FAA presently lacks. FAA will need to continue its efforts to fully implement its cost accounting system so that it can use reliable and accurate data to improve its management and performance and establish user fees as mandated by the Congress. In addition, continued funding for airports will be critical to ensuring adequate capacity for the nation's airport system. From 1997 through 2001, planned development at airports might require as much as $10 billion per year nationwide compared to about $7 billion in funding at historical levels. Several proposals to increase airports' funding have emerged in recent years, including increasing the amount of funding from FAA, but some of them are controversial. In addition, FAA's prior efforts to address airport funding needs—such as pilot programs to use grants in more innovative ways—might provide additional flexibility, especially if changes are made to expand the number of projects and reduce some restrictions.

We have identified numerous shortcomings in FAA's safety and security programs. These include the need for the agency to improve its oversight of the aviation industry, record complete information on inspections and enforcement actions, provide consistent information and adequate training for users of weather information, and resolve data protection issues to enhance the proactive use of recorded flight data to prevent accidents. While FAA is taking some steps to address these shortcomings, including totally revamping its inspection program, resolving the problems will take considerable time and effort. In addition, while progress has been made in strengthening airport security, it will take years for FAA and the aviation industry to fully implement current initiatives.

A final aviation challenge is the lack of airline competition in some communities. Although DOT and others generally consider airline deregulation to be a success, contributing to better service and lower fares for most travelers, not all communities have benefited. In a number of small and medium-sized communities, a lack of airline competition contributes to higher fares and/or poorer service. Operating barriers—such as long-term, exclusive-use gate leases and "slot" controls that limit the number of takeoffs and landings at certain congested airports—contribute to higher fares and service problems by deterring new entrant airlines while fortifying established airlines' dominance at key airports. Recently proposed alliances between the nation's six largest airlines have raised additional concerns about competition. DOT has attempted to address problems with competition by such efforts as granting a limited number of additional slots at two airports. Additional actions—some of which are controversial—may be needed by the Congress, DOT, and the private sector. In this regard, various bills have been introduced to address competition issues and the administration has proposed legislation that would eliminate slot restrictions at three of the four slot-controlled airports.

HIGHWAY, TRANSIT, AND PASSENGER RAIL CHALLENGES

Many large-dollar highway and transit projects, each costing hundreds of millions to billions of dollars, have incurred cost increases, experienced delays, and had difficulties acquiring needed financing. In fiscal year 1998, DOT's Federal Highway Administration provided over $21 billion to assist the states in building and repairing highways and bridges. We have identified several options to help improve the management of these projects, particularly those involving large amounts of dollars, depending on the oversight role that the Congress chooses for the federal government. For example, one option would be to establish performance goals and strategies for controlling costs as large-dollar projects move through the design and construction phases.

FTA has improved its oversight of federal transit grants, but shortcomings exist in its follow-up on noncompliance. Our prior work indicated that, frequently, some grantees did not meet FTA's time frames for corrective actions and that FTA had allowed compliance deadlines to be revised, which enabled grantees to delay corrective actions. Also, FTA did not have complete, timely information to help ensure the correction of deficiencies found during its oversight reviews of grants. The agency has implemented a new tracking system, but we have not reviewed it to determine if it addresses our concerns.

The National Railroad Passenger Corporation's (Amtrak) financial condition remains tenuous. Despite efforts to control expenses and increase revenues, Amtrak's financial condition has deteriorated in recent years. Since it began operations in 1971, Amtrak has received nearly $22 billion in federal subsidies for operating and capital expenses, and it is likely to remain heavily dependent on federal assistance well into the future. Amtrak loses about $2 for every dollar it earns in revenues

from its train service, and only one of Amtrak's 40 routes covers its costs. The business decisions that Amtrak makes regarding the structure of its route system will play a crucial role in determining its long-term viability. Because there is no clear public policy that defines the role of passenger rail in the national transportation system and because Amtrak is likely to remain dependent on federal assistance, the Congress needs to decide on the nation's expectations for intercity rail and the scope of Amtrak's mission in providing that service.

COAST GUARD CHALLENGES

The Coast Guard did not thoroughly address planning issues for its 20-year, $9.8 billion Deepwater Capability Replacement Project to replace or modernize many of its ships and aircraft. This effort, which is potentially the largest acquisition project in the agency's history, is still in its early stages. We found that the Coast Guard did not adequately address the project's justification and affordability. In fact, the remaining useful life of its aircraft—and perhaps ships—may be much longer than the agency originally estimated. We recommended that DOT and the Coast Guard take several steps to improve their planning processes, such as expediting the development and the issuance of updated information on the remaining service life of the agency's aircraft and ships and revising acquisition guidelines so that future projects are based on more accurate and complete data. The Coast Guard has begun implementing our recommendations, but has not resolved issues concerning the project's affordability.

DEPARTMENTWIDE CHALLENGE

DOT's lack of accountability for its financial activities impairs its ability to efficiently and effectively manage programs and exposes the Department to potential fraud, waste, abuse, and mismanagement. Since 1993, when the Office of Inspector General began auditing the financial statements of certain agencies within the Department, it has been unable to determine whether the reported financial results are correct and has thus been unable to express an audit opinion on the reliability of these statements. The Inspector General also has been unable to express an opinion on the reliability of the departmentwide statements since these statements were first audited in fiscal year 1996. A key issue affecting the ability to express an opinion on these financial statements has been DOT's inability to reliably determine the quantities, the locations, and the values of property, plant, and equipment and inventory, reported at $28.5 billion as of September 30, 1997. Serious financial management weaknesses at FAA have contributed to this situation. Consequently, we have designated financial management at FAA as a high-risk area. In addition, as we previously mentioned, DOT lacks a cost-accounting system or an alternative means to reliably accumulate and report the full cost of specific projects and activities. Due to the deficiencies in its financial accountability, it is unlikely that DOT can accurately determine costs and meaningfully link them to performance measures. On September 30, 1998, DOT submitted a plan to the Office of Management and Budget for resolving the financial management deficiencies that had been identified in its financial statement audits. However, the Department faces significant challenges in achieving its goal of receiving an unqualified audit opinion on its fiscal year 1999 financial statements due to the numerous problems that need to be addressed.

In summary, many challenges we identified are long-standing and will require sustained attention by DOT and the Congress. While DOT has initiatives underway to address the shortcomings in some of its programs, these activities are only in the early stages of implementation. It will take time to fully address the issues we and others have identified and to assess whether the Department has fully resolved them. Furthermore, congressional actions will also be required to address certain challenges facing the Department. Finally, congressional oversight, such as provided by this hearing, will help ensure the effective resolution of these challenges.

Mr. Chairman, this completes my testimony. I will be glad to respond to any questions that you or other Members of the Subcommittee may have.

STATEMENT OF KENNETH M. MEAD

Senator SHELBY. Mr. Mead.

Mr. MEAD. Thank you, Mr. Chairman. I would just like to make two points on a personal note to the committee. I hope this does not eat into my time too much.

First of all, just to echo what Chairman Stevens said, it is very healthy from time to time for the Inspector General and the GAO to pause and reflect on what the key issues are facing the Department. I want to say I found this exercise quite useful inside DOT. The Secretary was very responsive and Department officials listen when they know the Congress is paying attention. That really helps.

Second, Mr. Chairman, I would like to salute Senator Lautenberg for all your support and contributions to transportation safety over the years. We have been through a lot of hearings together, and some of these issues, as you said——

Senator LAUTENBERG. We have heard before. [Laughter.]

Mr. MEAD. There is some vintage behind them.

The chart lists these top 10 issues, at least as we see them. They are very similar to GAO's. I will just hit the highlights as I go down through them.

DOT'S TOP 10 MANAGEMENT ISSUES

First, aviation safety. It was a very good year for U.S. commercial aviation—no fatal accidents. To continue that record, FAA must have a proactive approach to preventing accidents. There are numerous targets of opportunity.

Reducing runway incursions is one of them. Runway incursions are when aircraft are at risk of colliding with an object on the ground, such as another aircraft. Runway incursions, Mr. Chairman, have been steadily increasing since 1993, substantially so. There were about 300 of them across the country in 1998.

Second, surface safety. Highway accidents claim more than 40,000 lives annually. Of those, more than 5,000 involve large trucks. This is an area where improvement is truly and urgently needed. A small portion of the industry puts profit first and safety second. DOT can do a better job in getting the problem companies to change their behavior or get them off the road.

Third, the year-2000 computer problem. DOT got a late start in this area. I think that is very well-known by now. However, we have got a much higher confidence level than we did a year ago that DOT will complete the job with its own systems. A great deal of work remains, especially for FAA, which over the next several months must ensure that the repairs it has made to all its computers are now fielded in the various installations around the United States. Outside of DOT, both the U.S. transportation industry and foreign transportation systems—specifically foreign air traffic control deserve very close watching.

Fourth, air traffic control modernization. The record here for developing and installing new equipment has not been good. Recently there have been some successes, such as the commissioning of new controller displays at the en-route centers, and replacement of the HOST computer, which is also going reasonably well. Both those, though, are not software-intensive acquisitions. Two other air traffic systems—you will hear them referred to as STARS and WAAS—do involve intensive software and development. Both have experienced significant cost and schedule problems. The STARS system, to upgrade displays, software and computers in terminals, experienced substantial human factor problems late in the acquisition.

Fifth, FAA financing. We know Congress will be considering how best to finance FAA. Its budget has increased nearly 70 percent since 1988. But a stable and agreed-upon means of financing FAA is only part of the equation. A watchword here must also be cost control. A large part of the increase in FAA's requirements is due to the rising cost of its work force, a cost which now comprises 57 percent of the FAA budget. These rising costs have already begun to crowd out what would otherwise be available for other critical functions.

Sixth, infrastructure. As you know, with TEA–21, we are infusing billions of dollars into surface transportation infrastructure. The watchword here must be: Be on the alert for fraud, waste, and abuse. There's a lot of money going into infrastructure programs. Look back in history to the Eisenhower administration and see what happened when we infused a lot of money into the interstate system. We want to be vigilant not to let that occur again.

Also, discretionary money ought to be going to the high-priority projects.

And at airports, we need to be vigilant to guard against revenue diversion, especially if Congress is going to increase the passenger facility charge.

Seventh, security. We are making a significant investment in new airport and aviation security procedures and new explosives detection equipment. All these different systems need to work together. Explosives detection equipment is being deployed in the field, and a considerable amount has been deployed in just the last 12 months. Time will be required to make sure usage of these machines is effective and optimal, that consistent protocols are followed for usage of those machines, and that everybody does the same thing when the machines detect a suspect substance.

Eight, financial statements. Now, this may seem like a fairly dry subject, financial statements, but most corporations have them and they usually get a clean opinion or they hear from their stockholders. DOT has made several major improvements in this area over the last several years, but for the Department to get an unqualified or clean opinion on its financial statements, both FAA and the Coast Guard must account for property and equipment totaling about $20 billion. Now, the credibility of a cost accounting system for FAA and any user fees is going to depend on FAA getting a clean opinion on its financial statements.

Ninth, Amtrak's financial outlook. Amtrak has some very promising opportunities in the next few years with which to improve its financial outlook. Mail and express package service and high-speed rail in the Northeast Corridor could prove to be very significant revenue sources. But there is still some very red ink. In fiscal year 1998, Amtrak lost more than $800 million. Now, that was less than projected, but it still was the second largest loss in the past 10 years.

Finally, the Government Performance and Results Act. I think you know DOT's strategic plan and its performance plan were rated among the very best in Government. The challenge for us all now is meeting or exceeding the many quantitative goals set forth in that plan. Safety and efficiency are among them. The first report card will be submitted to the Congress in March 2000.

PREPARED STATEMENT

Mr. Chairman, that concludes my statement. I will defer to my fine colleague here, Mr. Basso.

Senator SHELBY. Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. KENNETH M. MEAD

Mr. Chairman and Members of the Subcommittee, we appreciate the opportunity to appear today to discuss the major management issues facing the Department of Transportation.

We recently prepared a report on the 10 top-priority management issues at the request of the House Majority Leader and the Chairman of the House Committee on Government Reform. We grouped these issues into the following areas:

1. Aviation Safety
2. Surface Transportation Safety
3. Year–2000 Computer Issues
4. Air Traffic Control Modernization
5. FAA Financing
6. Surface, Marine, and Airport Infrastructure Needs
7. Transportation and Computer Security
8. Financial Accounting as Related to the Chief Financial Officers (CFO) Act
9. Amtrak Financial Viability/Modernization
10. DOT Implementation of the Government Performance and Results (GPRA) Act

In addition to the 10 management issues presented, aviation competition is a policy area we believe will become an increasingly important policy matter during the next year for the Department, the Congress, and the aviation community. Key departmental activities affecting aviation competition include capacity-building at the nation's airports, the Department's proposed guidelines on unfair competitive practices, measures to ensure and increase competition at hub airports, and the cost and quality of service at small- and medium-size airports.

Secretary Slater has set the tone for DOT to be visionary and vigilant in all aspects of transportation. As a result, DOT can proudly point to a number of successes to which it contributed this past year. For example, there have been no fatalities in U.S. commercial aviation, investment in surface infrastructure has been funded to record levels, and DOT's Strategic Plan was rated the best in government. A few weeks ago, the Coast Guard seized nearly 5 tons of cocaine with a street value of about $350 million—one of the largest cocaine seizures ever recorded. These successes deserve recognition, but more needs to be done to ensure that the American transportation system remains safe and efficient.

It is also important to recognize the linkage between the management issues we identified and the goals established by DOT. Indeed, DOT's ability to achieve its goals depends greatly on how effectively it addresses these key management issues.

To its credit, DOT's 5 Strategic Goals correlate with 7 of the 10 issues we identified and its Performance Plan outlines actions to address those issues. The remaining 3 issues—the Year–2000 computer problem, financial accounting and the Chief Financial Officers Act, and DOT implementation of GPRA—are not explicitly included in DOT's Strategic Goals. They are, however, addressed in DOT's Corporate Management Strategies, which are a part of the 1999 Performance Plan.

We are working closely with the Secretary, Deputy Secretary, and Operating Administrators to address these issues. We will continue to monitor the issues and advise the Secretary and the Congress of the Department's progress, problems, and recommended solutions.

The 10 top-priority management issues we identified are similar to those identified by the General Accounting Office. They cover a vast amount of subject matter and cannot be comprehensively addressed in one statement or covered in a single hearing.

I will briefly discuss each of these issues today and identify actions needed to effectively address them. The report we issued in December discusses each issue and the conditions identified by our audit and investigative work. It also references each issue to the relevant goals in the Department's Strategic and Performance Plans.

AVIATION SAFETY

Despite last year's exemplary record, DOT needs to continually identify air transportation safety risks and proactively reduce those risks. Aviation safety has been

a focus area for our office for a long time. Our major aviation-safety concerns today are:

Reducing runway incursions (i.e. situations when an aircraft is at risk of colliding with another object on the runway), which are increasing.

—Effectively implementing FAA's new inspection process and providing training to the inspector workforce.

—Ensuring that safety risks are called to the attention of top FAA management and acted on promptly.

—Evaluating the safety implications of U.S. air carrier code-share agreements and international alliances that involve foreign air carriers and—if necessary—modifying approaches to oversight and code-share approval.

Industry and government leaders recognize that if the runway incursion rate is not reduced, and air traffic increases as projected, there will be an increase in the number of accidents. This is unacceptable. FAA has recognized this risk, adopted a focused safety agenda, and taken some important preventive steps such as the Safe Skies program aimed at critical safety problems. FAA must now make sure that the actions it identified in the agenda are implemented.

The number of runway incursions increased by 70 percent between 1993 and 1997 from 186 to 318. Because of this trend, and the devastating consequences of a collision on the ground, preventing runway incursions is one of FAA's safety goals. Our work shows that FAA has a good plan to reduce runway incursions. However, runway incursions continued to rise in 1998 and remain a significant problem. The key for FAA to reduce runway incursions is to follow through on implementation of the existing plan.

Another important area is the use of data to identify safety problems and effectively deploy safety-inspection resources. FAA's efforts to collect data from airlines, to improve its own data collection, and to analyze the data and then act as soon as problems are identified are essential for accident prevention. This program must get off the ground this year.

FAA's strong oversight of the aviation industry is critical. Recognizing past problems, FAA has begun to revise its safety-monitoring process. While suspected unapproved parts continue to be a problem, we have seen improvements in FAA's attitude and its oversight.

Equally important to aviation safety is how well DOT adapts to industry change. During a 4-year period, code-share agreements between U.S. and foreign carriers have more than doubled, to 163. The rapid increase in the number of code-share agreements and the movement toward global alliances may necessitate new approaches to safety oversight and approval of code-share agreements. We are currently reviewing this issue.

SURFACE TRANSPORTATION SAFETY

By far, the greatest number of transportation-related fatalities involve motor vehicles. Highway accidents claim more than 40,000 lives annually. Rail and transit account for an additional 850 lost lives. It is critical that DOT address surface transportation safety issues, such as:

—Improving the effectiveness of the Department's motor-carrier safety program for vehicle maintenance, driver qualifications, and compliance with hours-of-service requirements. This includes taking prompt, tough enforcement action against carriers that fail to comply with the rules after appropriate warnings have been issued.

—Increasing the safety of commercial trucks and drivers entering the U.S. from Mexico.

—Reducing grade-crossing and rail-trespassing accidents through enforcement, education, and technology.

—Improving safety-regulation compliance by transporters of hazardous materials.

—Increasing the effectiveness of the Federal Railroad Administration's Safety Assurance Compliance Program, and bringing enforcement into play when voluntary and collaborative initiatives fall short.

Educating drivers, reducing risky behavior and using seat belts can do more to reduce highway fatalities than anything else. DOT is aggressively pursuing these actions.

However, truck-related accidents account for more than 5,000 deaths annually or about 15 deaths every day. This is equivalent to a major aviation accident every 2 weeks. Though the fatality rate involving trucks has remained at about the same level, the number of deaths is unacceptable. Strong action is needed to control truckers who disregard public safety.

Most trucking firms follow the rules. But there is a segment of the industry willing to cut corners to increase profits. They put others at risk and give the rest of the industry a bad name by using unqualified drivers, operating unsafe vehicles, and requiring drivers to work without necessary rest. They are the ones who must be targeted for stringent enforcement action—and given the choice of complying or being removed from the nation's highways.

During the past 18 months, our investigations of such companies have resulted in 33 indictments of truckers and/or companies. We have an additional 30 investigative cases underway and expect to pursue many more.

The FHWA Office of Motor Carriers' (OMC) ability to oversee the trucking industry and its effectiveness in doing so has been challenged. Recently we released results of an investigation into allegations that senior OMC officials had initiated industry lobbying to defeat legislation to transfer this office to the National Highway Traffic Safety Administration. We concluded there were violations of specific rules and that, in this instance, there was evidence of an improper relationship between senior officials at OMC and the trucking industry they regulate. There was a distinct appearance that OMC senior leadership did not have the "arm's-length" relationship needed between government safety regulators and the industries they regulate.

At the request of House and Senate members, we are reviewing the effectiveness of DOT's oversight of the motor-carrier industry. As part of the review, we are examining organizational options and other steps that can be taken to improve the effectiveness of this critical DOT safety mission. We expect to complete our work in a few weeks.

Another motor-carrier safety issue is the ability of Federal and state inspectors to make sure trucks entering the U.S. from Mexico meet U.S. safety standards. Presently, only California does a good job inspecting Mexican trucks. Because safety inspections have a deterrent effect, the out-of-service rate for trucks entering California from Mexico is 28 percent. By comparison, in states where inspections are less-frequent or less-stringent, the out-of-service rates are much higher: 37 percent in New Mexico, 42 percent in Arizona, and 50 percent in Texas. The out-of-service rate for U.S. trucks is 26 percent, which is still too high.

For years, DOT and the border states have pointed to each other when asked who has the responsibility for inspecting trucks crossing the border. It is time to end this debate and put the necessary resources and processes in place to ensure that all trucks entering our borders are safe.

YEAR–2000 COMPUTER ISSUES

After a slow start, the DOT, including FAA, has made a great deal of progress addressing the Year–2000 (Y2K) computer issue. The department is also making extensive efforts to increase Y2K awareness in the transportation industry.

While much remains to be done on DOT's systems, we have a higher confidence level than we did a year ago that DOT will complete the job. We are not in a position to express the same level of confidence with regard to foreign operators of transportation systems, such as foreign air traffic control systems.

The major issues that DOT must still address are:

—Completing Y2K work on all missioncritical computer systems by March 31, 1999.

—Testing all repaired systems to make sure they work as a unit and as part of a network.

—Obtaining meaningful assurances that the transportation industry, including aviation, transit and shipping, will be Y2K-compliant.

—Ensuring that DOT computers properly link up with other public and private computers, and that contingency plans are at the ready if critical systems fail to operate after December 31, 1999.

As of December 31, 1998, 50 of FAA's and 3 of the U.S. Coast Guard's missioncritical systems would not be tested and implemented by Office of Management and Budget's milestone of March 31, 1999. As of December 31, 1998, 280 of DOT's 291 missioncritical systems that had Y2K problems were repaired.

AIR TRAFFIC CONTROL MODERNIZATION

FAA has been trying to modernize its air traffic control system since the early 1980s. The first comprehensive program, called the Advanced Automation System or AAS, was a failure. It was canceled in the early 1990s and wasted $1.5 billion.

Today, FAA's multi-billion dollar air traffic control modernization effort remains a major challenge. FAA said Federal procurement and personnel rules made it dif-

ficult to modernize its equipment. Congress therefore exempted FAA from many rules that still apply to other government agencies.

FAA has since proceeded with several major systems-development and acquisition efforts. FAA has had some successes, such as the Display System Replacement, and other systems such as the HOST computer are doing reasonably well. Two systems, however—the Standard Terminal Automation Replacement System or STARS, and the Wide Area Augmentation System, or WAAS—have already experienced significant cost increases and schedule slippage. The cumulative cost over the life of these systems exceeds $5 billion. Both systems require extensive software development—a problem area for FAA, historically.

Human-factors issues—that is, the interface between the system and air traffic controllers or maintenance technicians—were not adequately considered before STARS was designed. Incorporating changes late in the process will result in a system that will cost much more than planned and be delivered much later than scheduled. In the case of WAAS, the problems involve a critical software package that monitors, corrects, and verifies the performance of the systems.

For both STARS and WAAS, critical decisions needed early in the process were overlooked until late in development. Some of these decisions have not been resolved. FAA must make sure problems like these are not repeated in the development of future systems such as Data Link, a critical component of Free Flight.

In our opinion, the FAA must:

—Reassess and rebaseline plans for the transition to satellite communications, navigation, and surveillance, including "Free Flight." This issue includes determining whether the Global Positioning System (GPS) and the WAAS will be the sole means of navigation or if a secondary systems will be needed.

—Incorporate human factors in the design and development of new ATC systems such as Data Link and the user-request evaluation tool, in order to avoid the problems similar to those experienced by STARS.

—Strengthen its capacity to oversee multi-billion dollar software-intensive development contracts. These contracts have typically resulted in large cost increases and major schedule slippage—an issue that has affected the pace of air traffic modernization for more than a decade. Strong oversight by the Department and the OIG is critical to ensuring contractor accountability and clear agency requirements.

FEDERAL AVIATION ADMINISTRATION FINANCING

Financing FAA is a major issue that the Department, the Congress, and the aviation community will address this year. FAA faces significant risks in meeting rising operations costs (principally workforce costs). This presents a corollary problem that operating costs could "crowd out" adequate funding levels for air traffic control modernization, research and development, and airport grants.

During the past 10 years, FAA's annual operating requirements almost doubled from $3 billion to nearly $6 billion, and the cost of operations is expected to continue to rise. FAA's total budget is about $10 billion. The recent increase in pay for air traffic controllers could require as much as $1 billion in additional funding over the next 5 years. Also, cost increases in air traffic control modernization initiatives, such as WAAS and STARS, constrain spending in other legitimate need areas, such as technologies that hold promise for reducing runway incursions.

Even with increased funding from the Aviation Trust Fund, receipts may fall substantially short of even the most conservative estimates of FAA needs by 2002. Therefore, some funding source—the General Fund of the Treasury, user fees, or higher ticket taxes—will have to be considered to cover additional costs. The General Fund, of course, is already used to cover approximately 30 percent of FAA costs, or an average of $2.7 billion per year.

However, there are limits on revenues that can or should be assessed, regardless of whether they are called ticket taxes, user fees, segment fees, or passenger facility charges (PFC). On a round-trip $100 ticket, ticket taxes, PFCs, and segment fees currently amount to 18 percent of the base ticket cost. That is why the FAA, like other public or private sector organizations, must show discipline in controlling costs, particularly for operations and air traffic control acquisitions. Cost-control should be just as important in the current debate as the matter of how best to finance FAA.

FAA plans to try to free up funding by controlling costs, increasing productivity and more tightly managing its budget. However, FAA will not be able to credibly say whether any of these things are happening until it has an effective cost-accounting system in place. Such a system will improve FAA management, regardless of the policy decision on user fees. Further, FAA cannot implement a credible and reli-

able cost-accounting system until it first ensures its financial systems accurately capture and allocate cost data and it obtains an unqualified opinion on its financial statements. As we have reported to the Congress, the Secretary, and the FAA Administrator, FAA's financial-management systems do not currently capture this data and, until they do, FAA cannot receive an unqualified opinion. It is critical that FAA put its financial affairs in order.

SURFACE, MARINE, AND AIRPORT INFRASTRUCTURE NEEDS

Replacement of transportation infrastructure and construction of projects is crucial to U.S. economic viability and quality of life. The Transportation Equity Act for the 21st Century (TEA–21) provides $198 billion over a 6-year period to improve safety and to maintain and improve America's highways, bridges, and mass-transit systems. It is imperative that these funds, as well as Airport Improvement Funds, be used effectively and efficiently.

Since October 1997, we have issued 5 audit reports covering selected major highway and transit infrastructure projects priced at $1 billion or more (Megaprojects), including the Central Artery project in Boston; Metrorail in Washington, DC; the Cypress Freeway Project in Oakland, California; the Red Line in Los Angeles; and Interstate 15 in Utah. The audits focused on current costs, work completed, the accuracy of supporting data, and the potential financial and schedule risks for each Megaproject. These as well as other reviews of DOT programs and projects have shown that:

—Discretionary funds were frequently not awarded to projects identified as the highest priority (59 percent of the FHWA awards and 15 percent of the FAA awards) nor was there an explanation or documentation for the rationale for these decisions. DOT has agreed to take appropriate corrective action.

—A proactive investigation process is needed to deter unscrupulous contractors. For example, earlier this month, as a result of an OIG and FBI investigation, an Illinois contractor pleaded guilty and agreed to pay a $12 million fine for submitting false weight tickets for highway construction projects and underpaying work benefits.

—Airport sponsors continue to improperly divert funds from the airports and legislated controls to stop the practice have not been implemented. More than 4 years after Congress established the requirements that FAA issue/establish policies and procedures on permitted and prohibited airport revenue use, FAA has not finalized them. Until FAA takes effective action to eliminate revenue diversions, it will be difficult to justify additional PFCs.

In order to effectively and efficiently invest in infrastructure, we recommend:

—Strengthening internal controls to ensure adequate management and oversight.

—Developing sound financial plans for high-cost projects before the work begins, including funding sources and full disclosure of interest costs.

—Promoting the use of cost-saving techniques such as value engineering, design-build procurements, and owner-controlled insurance programs. (A recent report by DOT showed that value engineering saved more than $750 million in construction costs for fiscal year 1998).

—Selecting high priority projects for discretionary grants, awarded according to established criteria and explaining in writing any deviations.

—Eliminating the prohibited diversion of airport revenues by airport sponsors.

TRANSPORTATION AND COMPUTER SECURITY

In a society that thrives on unimpeded mobility, protecting the public from terrorism is very difficult. The nation's airports have security processes specified by FAA. However, access to transit, buses, railroads, bridges and other infrastructures is largely uncontrolled.

At airports, where security processes have been established, compliance is a well-known problem. Our recent work has shown that improvements are needed in passenger screening, baggage and cargo screening, access to aircraft operating areas, preventing the transportation of hazardous materials on passenger aircraft and effective use of costly explosives-detection equipment.

Likewise, vital computer systems are at risk because networks do not have adequate security built in and access monitoring has been minimal. In May 1998, Presidential Decision Directives 62 and 63 were issued. These require Federal agencies to take a more systematic approach to fighting terrorism and securing initial information systems within 2 years.

Extensive work will be needed to enhance aviation and computer security. That work must include:

—Enhancing the use of new technologies such as explosives-detection equipment.

—Improving compliance with shipping requirements related to cargo safety and security.
—Developing technical capabilities to detect intrusions into DOT and FAA computer networks and acting to reduce vulnerability.

FINANCIAL ACCOUNTING/CHIEF FINANCIAL OFFICERS ACT

DOT has made major improvements in its accounting system since Congress enacted the CFO Act. Despite these improvements, neither FAA nor the Department as a whole has earned an unqualified audit opinion on its financial statements. The primary problem now is real and personal property accounts. Like DOD and other departments that have large amounts of property, assigning value and adequately supporting the amount recorded continues to be a problem—particularly for FAA and the Coast Guard, with combined balances of $20.6 billion. As previously noted, FAA must have an unqualified opinion on its financial statements before it can have a credible and defensible cost-accounting system that will support a fee structure.

We are closely working with the Chief Financial Officer as well as with FAA and Coast Guard officials to meet the President's goal for an unqualified opinion in fiscal year 1999. This will be a major challenge for DOT. To meet the challenge:

—FAA needs to account for, and value, property and equipment accounts totaling about $12 billion and manage its multi-billion-dollar "work-in-process" accounts for air traffic control modernization.
—The Coast Guard must arrive at a reliable estimate of its future liability for military retirement pay and health-care costs, and account for and value its property and equipment.
—The Treasury Department must develop adequate support for trust fund revenues and account balances totaling $28 billion.

AMTRAK FINANCIAL VIABILITY/MODERNIZATION

Amtrak managers have characterized fiscal year 1998 as a good year for the railroad. This should be placed in context. Amtrak's loss of more than $800 million was less than had been projected but was the second-largest in the past 10 years.

Congress has mandated that Amtrak no longer receive a Federal subsidy to pay operating costs after 2002. Based on our assessment of Amtrak's March 1998 Strategic Business Plan, achieving that goal will present a significant challenge. We concluded that portions of the plan are at risk, and that if the plan were followed without modification, Amtrak's cash loss over the period fiscal year 1999 to fiscal year 2003 would be $800 million higher than forecast in the plan, $2.9 billion rather than $2.1 billion. A significant portion of this restatement reflects our belief that revenue from high-speed rail will fall short of Amtrak's projections, especially in the early years. Amtrak is relying heavily on increased revenues from high-speed rail service in the Northeast corridor to improve its bottom line. Reducing the operating loss is critical because every dollar Amtrak uses to cover its operating loss is a dollar that could be spent on needed capital improvements.

We estimated that Amtrak's capital needs range from $2.7 billion to $4.7 billion for the period fiscal year 1999 through 2003. We project a funding shortfall of $500 million for Amtrak to meet even its minimum capital needs. We do not believe this minimum level is adequate if Amtrak is to remain viable.

The new Amtrak Reform Board is aware of our concerns and is developing and implementing plans to increase revenue and reduce cost. The Congressionally established Amtrak Reform Council is also working on this issue. We will continue to work with both groups. As mandated by Congress, we are updating our independent assessment by examining Amtrak's 1999 Strategic Business Plan and will provide a report this spring.

DOT IMPLEMENTATION OF GPRA

DOT's first steps to implement GPRA have been very successful. Its strategic plan and the performance plan were rated by Congress to be among the best in government. These were only first steps, however, and DOT cannot rest on its accomplishments.

The difficult job of collecting accurate outcome data, measuring success or lack of sufficient progress, and making programmatic changes remains.

DOT's ability to measure performance is dependent on data that must be obtained from outside sources. Furthermore, actions of third parties have a significant impact on the outcomes DOT is trying to achieve. For example, without strong enforcement of seat-belt laws by the states, DOT's goals for reducing highway fatalities may not be achieved. Fiscal year 1999 is critical because the first GPRA report must be submitted to Congress on March 31, 2000.

Mr. Chairman, this concludes our statement. I would be pleased to answer any questions.

GENERAL ACCOUNTING OFFICE REPORT

MAJOR MANAGEMENT CHALLENGES AND PROGRAM RISKS: DEPARTMENT OF TRANSPORTATION

(Letter Report, 01/01/99, GAO/OCG–99–13).

The PRESIDENT OF THE SENATE
The SPEAKER OF THE HOUSE OF REPRESENTATIVES

This report addresses the major performance and management challenges that have limited the effectiveness of the Department of Transportation (DOT) in carrying out its missions. It also addresses corrective actions that DOT has taken or initiated on some of these challenges and further actions that are needed. For many years, we and others have documented challenges for the performance and management of the Department that encompass major program areas—in acquisition management, Year 2000 compliance, and safety and security programs in the aviation area; acquisition management by the Coast Guard; the oversight of large-dollar highway and transit projects; and departmentwide financial management. In addition, we have documented unique challenges facing airline competition and Amtrak's financial viability.

Many of the challenges we identified are long-standing and will require sustained attention by DOT and the Congress. While DOT has efforts under way to address issues in some of its programs, these activities are in the early stages of implementation. It will take time to fully address the issues we and others have identified and to assess whether the Department has resolved them. We have designated as high risk two major challenges facing DOT—significant cost overruns, schedule delays and performance shortfalls experienced by the multibillion-dollar air traffic control modernization program and serious financial management weaknesses at the Federal Aviation Administration.

This report is part of a special series entitled the Performance and Accountability Series: Major Management Challenges and Program Risks. The series contains separate reports on 20 agencies—one on each of the cabinet departments and on most major independent agencies as well as the U.S. Postal Service. The series also includes a governmentwide report that draws from the agency-specific reports to identify the performance and management challenges requiring attention across the federal government. As a companion volume to this series, GAO is issuing an update to those government operations and programs that its work has identified as "high risk" because of their greater vulnerabilities to waste, fraud, abuse, and mismanagement. High-risk government operations are also identified and discussed in detail in the appropriate performance and accountability series agency reports.

The performance and accountability series was done at the request of the Majority Leader of the House of Representatives, Dick Armey; the Chairman of the House Government Reform Committee, Dan Burton; the Chairman of the House Budget Committee, John Kasich; the Chairman of the Senate Committee on Governmental Affairs, Fred Thompson; the Chairman of the Senate Budget Committee, Pete Domenici; and Senator Larry Craig. The series was subsequently cosponsored by the Ranking Minority Member of the House Government Reform Committee, Henry A. Waxman; the Ranking Minority Member, Subcommittee on Government Management, Information and Technology, House Government Reform Committee, Dennis J. Kucinich; Senator Joseph I. Lieberman; and Senator Carl Levin.

Copies of this report series are being sent to the President, the congressional leadership, all other Members of the Congress, the Director of the Office of Management and Budget, the Secretary of Transportation, and the heads of other major departments and agencies.

DAVID M. WALKER,
Comptroller General of the United States.

OVERVIEW

With a budget of $48 billion in fiscal year 1999, the Department of Transportation (DOT) faces critical challenges as it attempts to ensure the safe and efficient movement of people and the cost-effective investment of resources in the nation's transportation infrastructure, including its highways and transit systems, airports, airways, ports, and waterways. While DOT has had many successes in improving the nation's transportation systems, it has also experienced problems that have impeded

its ability to achieve these objectives. We, DOT's Inspector General, and the Department itself have documented these problems and recommended solutions. Although some actions have been taken to address these recommendations, major performance and management challenges remain.

THE CHALLENGES

Acquisition of major aviation and Coast Guard systems lacks adequate management and planning

The Federal Aviation Administration's (FAA) and the U.S. Coast Guard's major acquisition programs continue to face significant challenges that require management attention. Over the past 17 years, FAA's multibillion-dollar air traffic control modernization program has experienced cost overruns, delays, and performance shortfalls of large proportions. The Congress has appropriated over $25 billion for the program through fiscal year 1998, and FAA estimates that the program will need an additional $17 billion for fiscal years 1999 through 2004. Because of its size, complexity, cost, and problem-plagued past, we have designated this program as a high-risk information technology initiative since 1995. The Coast Guard is planning potentially the largest acquisition project in its history, a 20-year, $9.8 billion project to replace or modernize many of its ships and aircraft. However, we found that the Coast Guard needs to more thoroughly address the project's justification and affordability. For example, the remaining useful life of the aircraft—and perhaps the ships—may be much longer than the agency originally estimated. We recommended that DOT and the Coast Guard take several steps to improve their planning process, such as revising acquisition guidelines so future projects are based on accurate and complete data.

Serious challenges remain in resolving FAA'S year 2000 risks

FAA faces considerable challenges in making its computer systems ready for the year 2000. In August 1998, we testified that FAA was unlikely to complete all critical tests in time and that unresolved risks—including those associated with data exchanges, international coordination, reliance on the telecommunications infrastructure, and business continuity planning—threatened aviation operations. The implications of FAA's not meeting the Year 2000 deadline are enormous and could affect hundreds of thousands of people through customer's inconvenience, increased airline costs, grounded or delayed flights, or degraded levels of safety.

FAA and the nation's airports face funding uncertainties

DOT and the Congress face a challenge in reaching agreement on the amount and source of long-term financing for FAA and the nation's airports. The National Civil Aviation Review Commission recently recommended that the Congress fund FAA through a combination of cost-based user charges, fuel taxes, and general fund revenues. However, we and others have noted that FAA lacks sufficiently detailed and reliable cost data to accurately determine the agency's costs. In addition, continued funding for airports will be critical to ensuring adequate capacity for the national airport system. From 1997 through 2001, planned development at airports might require as much as $10 billion per year nationwide, which would need to be obtained from a variety of public and private sources. Several proposals to increase airports' funding have emerged in recent years, including increasing the amount of funding from FAA, but many of them are controversial.

Aviation safety and security programs need strengthening

Over the years, we have identified numerous shortcomings in FAA's safety and security programs. Shortcomings in FAA's safety programs include the need for the agency to improve its oversight of the aviation industry, record complete information on inspections and enforcement actions, provide consistent information and adequate training for users of weather information, and resolve data protection issues to enhance the proactive use of recorded flight data to prevent accidents. In addition, while progress has been made in strengthening airport security, it will take years for FAA and the aviation industry to fully implement current initiatives.

Lack of aviation competition contributes to high fares and poor service for some communities

Although airline deregulation is generally considered to be a success by DOT and others, contributing to better service and lower fares for most travelers, not all communities have benefited from it. In a number of small and medium-sized communities, a lack of aviation competition contributes to higher fares and poorer service. Operating barriers—such as exclusive-use gate leases and "slot" controls that limit the number of takeoffs and landings at certain congested airports—contribute to

higher fares and service problems by deterring new entrant airlines while fortifying established airlines' dominance at key airports. Recently proposed alliances between the nation's six largest airlines have raised additional concerns about competition.

DOT needs to continue improving oversight of surface transportation projects

Many large-dollar highway and transit projects, each costing hundreds of millions to billions of dollars, continue to incur cost increases, experience delays, and have difficulties acquiring needed financing. DOT's Federal Highway Administration provided over $21 billion in fiscal year 1998 to assist the states in building and repairing highways and bridges. We have identified several options to help improve the management of these projects, particularly those involving large amounts of dollars, depending on the oversight role that the Congress chooses for the federal government. DOT's Federal Transit Administration (FTA)—with a budget of $4.8 billion in fiscal year 1998—has improved its oversight of federal transit grants. However, the agency needs complete, timely information to help ensure the correction of deficiencies found during its oversight reviews.

Amtrak's financial condition is tenuous

Despite efforts to control expenses and increase revenues, the National Railroad Passenger Corporation's (Amtrak) financial condition has substantially deteriorated in recent years. Since it began operations in 1971, Amtrak has received nearly $22 billion in federal subsidies for operating and capital expenses, and it is likely to remain heavily dependent on federal assistance well into the future. Amtrak loses about $2 for every dollar it earns in revenues from its train service, and only 1 of Amtrak's 40 routes covers its costs. Amtrak's deteriorating financial condition has raised the possibility of both bankruptcy and liquidation. The business decisions that Amtrak makes regarding the structure of its route system will play a crucial role in determining its long-term viability. While Amtrak has proposed cutting routes to improve its overall financial performance, it has encountered opposition because of the desire of local communities to see their service continued. Because there is no clear public policy that defines the role of passenger rail in the national transportation system and because Amtrak is likely to remain dependent on federal assistance, the Congress needs to decide on the nation's expectations for intercity rail and the scope of Amtrak's mission in providing that service.

DOT lacks accountability for its financial activities

DOT's lack of accountability for its financial activities impairs its ability to efficiently and effectively manage programs and exposes the Department to potential waste, fraud, mismanagement, and abuse. Since 1993, when the Office of Inspector General began auditing the financial statements of certain agencies within the Department, it has been unable to determine whether the reported financial results are correct and has thus been unable to express an opinion on the reliability of these statements. The Inspector General also has been unable to express an opinion on the reliability of the departmentwide statements since these statements were audited beginning with fiscal year 1996. A key issue affecting the ability to express an opinion on these financial statements has been DOT's inability to reliably determine the quantities, the locations, and the values of property, plant, and equipment and inventory, reported at $28.5 billion as of September 30, 1997. Serious financial management weaknesses at FAA contribute to this situation. Consequently, we have designated financial management at FAA as high-risk. In addition, DOT lacks a cost-accounting system or an alternative means of reliably accumulating and reporting the full cost of specific projects and activities. Due to the effects of the property, plant, and equipment, inventory, and cost-accounting deficiencies, it is unlikely that DOT can accurately determine costs and meaningfully link costs to performance measures.

Progress and next steps

Many of the challenges facing DOT are not new to either the Department or the Congress. Individual agencies within DOT have efforts under way to address some of them, but more remains to be done. For example, FAA has initiated activities to address many of our concerns about its air traffic control modernization program, such as developing a complete air traffic control systems architecture, but none are completed. FAA is also taking steps to address its Year 2000 challenges, such as working with the International Civil Aviation Organization on international issues, although much remains to be done. We are continuing to review FAA's progress in these areas.

FAA will need to continue efforts to fully implement its cost-accounting system so that it can use reliable and accurate data to improve its management and performance and to establish user fees as mandated by the Congress. While FAA is

taking some steps to address shortcomings with its aviation safety program, including totally revamping its inspection program, eliminating the shortcomings will take considerable time and effort. We are also reviewing FAA's efforts in this area.

To improve FTA's oversight of transit grants, the agency needs to complete implementation of a new information tracking system. This system will enable headquarters officials to better oversee grantee's performance. In addition, DOT has a plan for resolving the financial management deficiencies that were identified in its financial statement audits. However, the Department faces significant challenges in achieving its goal of receiving an unqualified audit opinion on its financial statements because of the numerous shortcomings that need to be addressed. Although strategic and annual performance plans, completed under the Government Performance and Results Act of 1993, discuss several of the challenges we identified, these plans generally provide insufficient details to address them.

Adequately addressing many of the challenges we identified will require sustained attention by DOT and the Congress. For example, while DOT has attempted to enhance airline competition by such efforts as granting a limited number of additional slots at two airports, further actions, some of which are controversial, may be needed by the Congress, DOT, and the private sector. Finally, additional actions may be needed by the Congress to address long-term financing for FAA, the federal oversight role for large-dollar highway projects, and the future of Amtrak.

MAJOR PERFORMANCE AND MANAGEMENT ISSUES

With a budget of $48 billion in fiscal year 1999, DOT is responsible for ensuring the safe and efficient movement of people and the cost-effective investment of resources in the nation's transportation infrastructure, including its highways and transit systems, airports, airways, ports, and waterways. DOT employs about 100,000 civilian and military people across the country, and its programs are administered by 10 operating administrations and bureaus.[1] While DOT has had many successes in improving the nation's transportation systems, it has also faced challenges that have impeded its ability to achieve its objectives.

Over the years, we, DOT's Inspector General, the Department itself, and others have documented shortcomings with the performance and management of the Department and unique challenges facing air and passenger rail travel. This report summarizes our recent findings and recommended solutions concerning acquisition management by FAA and the Coast Guard, Year 2000 compliance by FAA, long-term funding for FAA and the nation's airports, aviation safety and security, aviation competition, oversight of surface transportation projects, Amtrak's financial condition, and financial management issues. This report also describes how DOT has addressed some of its weaknesses through plans that it has developed in response to the Government Performance and Results Act. In many cases, addressing the challenges we identified will require a sustained effort by DOT, working with other federal, state, and local stakeholders and the Congress.

The acquisition of major aviation and Coast Guard systems lacks adequate management and planning

FAA and the U.S. Coast Guard are undertaking long-term, costly programs to modernize and replace aging equipment. Our work has shown that these agencies need to improve the management of these programs to ensure that federal funds are effectively and efficiently used.

The inadequate management of air traffic control modernization has led to many difficulties

Faced with rapidly growing volumes of air traffic and aging equipment to control air traffic, in 1981 FAA initiated an ambitious air traffic control modernization program. The cost of this effort—which involves acquiring a vast network of radar and automated data-processing, navigation, and communications equipment and air traffic control facilities—is expected to total $42 billion through fiscal year 2004. The Congress has appropriated over $25 billion of the $42 billion through fiscal year 1998, and FAA estimates that the program will need an additional $17 billion for fiscal years 1999 through 2004. Over the past 17 years, the modernization program has experienced cost overruns, delays, and performance shortfalls of large proportions. Because of its size, complexity, cost, and problem-plagued past, we designated

[1] DOT's administrations and bureaus are FAA, the Federal Highway Administration, the Federal Railroad Administration, FTA, the Maritime Administration, the National Highway Traffic Safety Administration, the Research and Special Programs Administration, the St. Lawrence Seaway Development Corporation, the U.S. Coast Guard, and the Bureau of Transportation Statistics.

the air traffic control modernization program as a high-risk information technology initiative in 1995. Many of the shortcomings we reported then remain unresolved, and we continue to believe this program remains at high risk.

Our work has identified some of the root causes of the modernization program's problems and pinpointed solutions to address them:

—The many systems in the modernization program have been developed without the benefit of a complete systems architecture, or overall blueprint, to guide the program. The result has been unnecessarily higher spending to buy, integrate, and maintain hardware and software. We recommended that FAA develop and enforce a complete systems architecture and implement a management structure that is similar to the Chief Information Officer (CIO) provisions of the Clinger-Cohen Act of 1996.

—FAA lacks the reliable cost-estimating processes and cost-accounting practices needed to effectively manage information technology investments, leaving it at risk to make ill-informed decisions on critical multimillion-, even billion-, dollar air traffic control systems. We recommended that FAA institutionalize defined processes for estimating the projects' costs and develop and implement a managerial cost-accounting capability.

—FAA's processes for acquiring software, the most costly and complex component of air traffic control systems, are ad hoc, sometimes chaotic, and not repeatable across projects. As a result, FAA is at great risk of not delivering promised software capabilities on time and within budget. Furthermore, FAA lacks an effective approach to improve software acquisition processes. We recommended that FAA improve its software acquisition capabilities by institutionalizing mature acquisition processes and reiterated our prior recommendation that a CIO organizational structure be established.

—FAA's organizational culture has impaired the acquisition process. Employees have acted in ways that did not reflect a strong enough commitment to mission focus, accountability, coordination, and adaptability. We recommended that FAA develop a comprehensive strategy for addressing this issue.

FAA is responding to many of these recommendations. Specifically, FAA has initiated activities to develop a complete air traffic control systems architecture, to institutionalize defined cost-estimating processes, to acquire a cost-accounting system, to improve its software acquisition capabilities, and to improve its organizational culture. Most recently, FAA has committed to hiring a CIO who would report directly to FAA's Administrator, a structure similar to the provisions of the Clinger-Cohen Act of 1996. In addition, DOT's 1999 performance plan, which was submitted to the Congress in February 1998, describes FAA's actions to improve certain aspects of the air traffic control modernization program, such as poor processes for estimating costs and poor accounting practices. However, the plan does not include goals for mitigating the risks associated with the modernization or measures for determining progress towards these goals.

Moreover, in an effort to restructure the modernization program, FAA—in consultation with the aviation community—is developing a phased approach to modernization, including a new way of managing air traffic known as "free flight." Free flight would allow pilots more flexibility in choosing routes for their aircraft than the present system of highly structured rules and procedures for air traffic operations. Free flight, which will be implemented in phases, is expected to provide benefits to users and help improve aviation safety and efficiency. The agency, however, faces many challenges in implementing free flight in a cost-effective manner. The challenges for FAA include (1) providing effective leadership and management of modernization efforts, (2) developing plans in collaboration with the aviation community that are sufficiently detailed to move forward with the implementation of free flight, and (3) addressing outstanding issues related to the development and deployment of technology.

While improvements have been initiated, FAA's efforts to address our concerns are not yet completed, and several major systems development projects continue to face challenges that could affect their costs, schedules, and performance. For example, in March 1998 we reported that the Standard Terminal Automation Replacement System—which entails replacing old computers, controller workstations, and related equipment at about 170 of FAA's terminal air traffic control facilities—is facing difficulties staying within its cost baseline. Costs for the new air traffic controller workstations are increasing because of such unexpected factors as the need for additional resources to maintain the program's schedule and design changes that air traffic controllers called for after reviewing the equipment. These unexpected factors led FAA to reprogram $29 million in fiscal year 1998 funds for the project. In addition, the project's baseline schedule called for equipment to become operational at the first sites in December 1998. Since that time, we have reported that FAA esti-

mates that the project's cost has the potential to increase from $294 million to $410 million over the approved baseline and that the project's initial completion could be delayed by almost 2½ years.

Additionally, we recently reported that FAA is not effectively managing information security for future air traffic control modernization systems. The agency does not consistently include well-formulated security requirements in specifications for all new modernization systems, as required by FAA policy. Furthermore, FAA does not have a well-defined security architecture, a security concept of operations, or security standards—all of which are needed to define and help ensure adequate security throughout our nation's air traffic control network. We recommended that FAA ensure that specifications for all new air traffic control systems include security requirements based on detailed security assessments and that the agency establish and implement a security architecture, a security concept of operations, and security standards. The agency has not yet officially responded to our recommendations.

The Coast Guard needs to more thoroughly address acquisition-planning issues

The U.S. Coast Guard is planning what is potentially the largest acquisition project in its history. This effort, the Deepwater Capability Replacement Project, involves replacing or modernizing many of the Coast Guard's 92 ships and 209 airplanes and helicopters. However, in October 1998, we reported that the Coast Guard needs to more thoroughly address the project's justification and affordability. The Coast Guard initially estimated that the project would cost $9.8 billion (in constant dollars) over a 20-year period. The project is still in its early stages, but initial planning estimates call for spending $300 million starting in fiscal year 2001 and $500 million each year over the next 19 years.

Although the Coast Guard is correct in starting now to explore how best to modernize or replace its deepwater ships and aircraft, the Deepwater Project's only formal justification that was developed at the time of our review did not accurately or fully depict the need for replacement or modernization. In fact, the remaining useful life of the Coast Guard's deepwater aircraft—and perhaps its ships—may be much longer than the agency originally estimated. The Coast Guard withdrew the justification on the basis of concerns expressed by the Office of Management and Budget and is developing more accurate and updated information. We recommended that DOT and the Coast Guard take several steps to improve their planning processes, such as expediting the development and the issuance of updated information on the remaining service life of ships and aircraft and revising its acquisition guidelines so that future projects are based on more accurate and complete data. In addition, the agency could face major financial obstacles in proceeding with a project that costs as much as initially proposed. At an estimated $500 million a year, expenditures for the project would take virtually all of the Coast Guard's anticipated spending for capital projects. To align contractors' proposals more realistically with the agency's budget and other capital needs, we recommended that the Coast Guard evaluate whether contractors should base their proposals on a funding level that may be lower than $500 million each year. While Coast Guard officials seemed receptive to our recommendations, DOT has not officially responded to our report.

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Serious challenges remain in resolving FAA's year 2000 risks

To perform its mission, FAA depends on an extensive array of information-processing and communications technologies. Without these specialized computer systems, the agency could not effectively control air traffic, target airlines for inspection, or provide up-to-date weather information to pilots and air traffic controllers. For example, each of FAA's 20 en route air traffic control facilities, which monitor aircraft at the higher altitudes between airports, depends on about 50 interrelated computer systems to safely guide and direct aircraft. The implications of FAA's not meeting the Year 2000 deadline are enormous and could affect hundreds of thousands of people through customers' inconvenience, increased airline costs, grounded or delayed flights, or degraded levels of safety.

In early 1998, we reported that FAA was severely behind schedule in implementing an effective Year 2000 program and warned that systems that support critical operations—such as monitoring and controlling air traffic—could fail to perform as needed unless proper date-related calculations could be ensured. We made a series of recommendations aimed at assisting FAA in completing critical Year 2000 activities, including (1) completing an agencywide plan that provides the FAA Year 2000

program manager with the authority to enforce policy and that outlines the agency's overall strategy and (2) completing inventories and assessments of all systems and data interfaces. FAA agreed with these recommendations and has made progress in implementing them. For example, a Year 2000 program manager now reports directly to FAA's Administrator and oversees a program plan with specific goals and milestones.

More recently, however, we testified that FAA still faces serious challenges in addressing its Year 2000 problem. Specifically, in August 1998, we testified that FAA was unlikely to complete critical testing activities in time because its projections for completing testing and implementation activities were based on very optimistic schedules and because of the complexity of the agency's testing process. We also reported that unresolved crosscutting risks—including risks associated with data exchanges, international coordination, reliance on the telecommunications infrastructure, and business continuity planning—threatened aviation operations. FAA is taking steps to address these issues. For example, FAA is working with the International Civil Aviation Organization on international issues. We are continuing to review FAA's progress in addressing these risks.

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FAA and the nation's airports face funding uncertainties

DOT and the Congress face a challenge in reaching agreement on the amount and source of long-term financing for FAA and the nation's airports. At present, FAA's funding is made available by the Congress from general fund and Airport and Airway Trust Fund appropriations, which was established to finance FAA's investments in the airport and airway system, including construction and safety improvements at airports and technological upgrades to the air traffic control system. The Trust Fund receives revenues from taxes on domestic and international travel, domestic cargo transported by air, and noncommercial aviation fuel. With the uncommitted balance in the Trust Fund estimated to increase to over $40 billion by 2008, some have advocated taking the fund off budget to allow FAA to spend all of the revenues collected from aviation taxes. Despite several assessments over the past 2 years, a consensus does not exist regarding how to meet FAA's future funding needs.[2]

The latest proposal for funding FAA comes from the National Civil Aviation Review Commission, which recommends that the Congress fund FAA through a combination of cost-based user charges, fuel taxes, and general fund revenues. In the past, we and others have noted that FAA has lacked sufficiently detailed or reliable cost data. These concerns are still relevant. The Commission's report acknowledges that reliable, comprehensive cost-accounting data are needed to accurately determine the agency's costs. FAA has begun implementing a cost-accounting system, which will be a cornerstone for FAA's improving its efficiency. Program officials had planned to begin collecting cost data for air traffic services by October 1998, but complications associated with the method used to allocate costs have delayed this milestone. FAA will need to continue with efforts to fully implement its cost-accounting system so that it can use reliable and accurate data to improve its management and performance and to establish user fees, as mandated by the Congress.

Continued funding for airports will also be critical to ensuring adequate capacity for the national airport system and avoiding congestion and delays. In April 1997, we reported that planned development at airports might cost as much as $10 billion per year over the next 5 years. Airports rely on a variety of public and private funding sources to finance their capital development. In 1996, $1.4 billion in federal funding was made available for capital development from the Airport and Airway Trust Fund. Other major sources of funding include airport and special facility bonds and passenger facility charges paid on each airline ticket. The amount and type of funding vary with each airport's size. While the need for funding at larger airports may be considerable, these airports also have access to many funding sources, particularly tax-exempt bonds. The more difficult challenge may rest with meeting the funding needs of smaller airports. Smaller airports confront a potential funding shortfall that, in percentage terms, is far greater than for larger airports. Moreover, these airports have the fewest funding options, relying on federal grants

[2] See "Federal Aviation Administration: Independent Financial Assessment," Coopers & Lybrand (Feb. 28, 1997); "Avoiding Aviation Gridlock & Reducing the Accident Rate," National Civil Aviation Review Commission (Dec. 1997); and "Air Traffic Control: Issues in Allocating Costs for Air Traffic Services to DOD and Other Users" (GAO/RCED–97–106, Apr. 25, 1997).

for half of their funding. Maintaining the financial viability of these smaller airports will require adequate funding from existing federal and state grant programs as well as more innovative applications of existing funding.

Several proposals to increase airport funding have emerged in recent years. These include increasing the amount of funding for FAA's Airport Improvement Program, raising or eliminating the ceiling on passenger facility charges, and leveraging existing funding sources. Many of these proposals are controversial and vary in the degree to which they help specific types of airports. For example, increasing the amount of funding for the Airport Improvement Program would help smaller airports more, while raising passenger facility charges would help larger airports more. In addition, airports and airlines have disagreed on the need to increase the ceiling on passenger facility charges above its current $3.00 level. Airport officials contend that many needed projects are going unfunded, while airline representatives dispute this, saying that airlines are willing to fund important projects through airline assessments. To address the funding issue, FAA has been testing several innovative funding approaches through a small pilot program. However, we believe that this pilot program is likely to yield only marginal benefits because of the limited participation by airports.

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Aviation safety and security programs need strengthening

The aviation accident rate per mile traveled has remained low but flat over the last 2 decades. Unless the accident rate is reduced, however, as air travel continues to grow, the actual number of accidents will increase. We have identified numerous weaknesses in FAA's inspection, oversight, and enforcement activities. During the last year, we have also noted shortcomings in other safety programs, such as (1) the lack of consistent information or adequate training for users of weather information and (2) unresolved data protection issues, which impede the proactive use of flight data to prevent accidents. While FAA is taking some steps to address the shortcomings in its safety programs, eliminating those shortcomings will take considerable time and effort. In addition, while progress is being made in strengthening airport security, it will take several years to address all problem areas, and FAA's weak computer security practices present significant vulnerabilities to the air traffic control system.

Weaknesses in aviation safety programs need to be addressed

We have found substantial weaknesses in FAA's safety inspection, oversight, and enforcement activities. FAA's aviation safety programs provide for the initial certification, periodic surveillance, and inspection of airlines, airports, repair stations, and other aviation entities, as well as of pilots and mechanics. These inspections are intended not only to detect actual violations but also to serve as part of an early warning system for identifying potential systemwide weaknesses.

Over the years, we have examined FAA's inspection program and recommended improvements. In our most recent report, we pointed out that work performed by aviation repair stations—the 2,800 facilities that repair and maintain nearly half of all U.S. passenger and cargo aircraft—was cited as a factor in several accidents. About 600 of FAA's 3,000 inspectors are responsible for inspecting repair stations to ensure that work conducted by these facilities is competently done. FAA is meeting its goal of inspecting every repair station at least once a year by relying primarily on reviews by individual inspectors. However, when FAA uses teams rather than individual inspectors to review facilities, the review is more effective, uncovering more systemic and long-standing problems. Furthermore, we could not find sufficient documentation to determine how well FAA followed up to ensure that the deficiencies found during the inspections were corrected.

To improve its oversight of repair stations, we recommended that FAA expand the use of locally based teams to inspect them, particularly those that are large, are complex, have higher rates of noncompliance, or meet predetermined risk indicators. In addition, we recommended that FAA specify what documentation should be kept on inspection results, monitor efforts to improve the quality of data for its new management information system, and expedite efforts to upgrade regulations concerning the oversight of repair stations. FAA agreed with these recommendations but has not indicated how or when they would be implemented.

When FAA's inspectors identify violations, agencywide guidance requires that they be investigated and appropriately addressed, and program office guidance requires that they be reported. We found that FAA's information on compliance in the aviation industry is incomplete and of limited use in providing early warning of po-

tential risks and in targeting inspection resources to the greatest risks. Many inspectors do not report all problems or violations they observe, and many inspections are not thorough or structured enough to detect many violations. In addition, FAA cannot readily set risk-based priorities for resolving enforcement cases, in part, because its enforcement database does not distinguish major from minor cases. Finally, the impact of FAA's enforcement actions on compliance is difficult to assess because the agency has not followed up on the aviation industry's implementation of corrective actions.

We recommended several actions to improve the usefulness of FAA's inspection and enforcement databases and the coordination of inspection and enforcement efforts, including (1) revising FAA's order on compliance and enforcement to specify that inspection staff are required to report all observed problems and violations and (2) providing guidance to inspectors on how to distinguish major from minor violations and to legal staff on how to identify major legal cases. In response to our recommendations and others' criticisms, FAA has developed and begun to implement a fundamentally reengineered system—the Air Transportation Oversight System—to oversee airline safety. We are monitoring the program's implementation and will report on its progress in the spring of 1999.

Poor weather conditions have been cited as a cause or a contributing factor in nearly a quarter of the aviation accidents during the last 10 years. Because of the significant impact of hazardous weather on aviation safety and efficiency, improving the weather information available to all users of the aviation system should be one of FAA's top priorities. However, a panel of experts that we convened concluded that FAA has done a poor job in addressing the most significant concerns raised by previous reports by the National Research Council and an FAA advisory committee. For example, the panel concluded that FAA has not exercised leadership for aviation weather services, partly because it has lacked a clear policy defining its role in aviation weather activities and partly because of organizational inefficiencies. The panel also concluded that providing consistent weather information and training for users has remained a low priority for FAA. The implementation plan FAA proposes to issue later this year provides the agency with an opportunity to respond to these continuing concerns with stronger evidence of its commitment to weather issues.

The analysis of aircraft data recorded during flight has played a crucial role in determining the causes of crashes. Recently, however, some airlines have begun to proactively analyze flight data from uneventful airline flights to identify potential problems and correct them before they lead to accidents. The early experiences of airlines that have established such programs—called Flight Operational Quality Assurance programs—attest to the ability of such programs to enhance aviation safety. In December 1997, we reported that 4 U.S. airlines and 33 foreign airlines had implemented such programs. The primary factor impeding further implementation is unresolved data protection issues. Airline managers and pilots have raised concerns about the use of such data by FAA for enforcement or disciplinary purposes and about disclosure to the media and public. The Federal Aviation Administration Reauthorization Act of 1996 directed the Administrator to issue regulations protecting data collected under the programs from public disclosure. As of November 1998, FAA had not issued a rulemaking to implement policies on either enforcement or disclosure.

DOT's 1999 performance plan includes a goal to improve aviation safety by reducing by 80 percent the number of fatal aviation accidents per 100,000 departures by 2007. However, the plan needs baseline data from which to measure the reduction.

Challenges remain in addressing aviation security issues

Over the last several years, the changing threat of terrorist activities has heightened the need to improve domestic aviation security. We and others have highlighted improvements needed to address this threat. As a result, FAA is implementing recommendations made in February 1997 by the White House Commission on Aviation Safety and Security (the Gore Commission) and mandates contained in the Federal Aviation Administration Reauthorization Act of 1996 to improve security at airports. Expeditious implementation of the security initiatives by FAA and the aviation industry is crucial to improving the security of domestic aviation.

FAA has made some progress in five critical areas as recommended by the Gore Commission and mandated by the Congress, but, given the current implementation schedule, it will take years for FAA and the aviation industry to fully implement all the initiatives. These five areas, which we reported on in May 1998, are passenger profiling, explosives detection technologies, passenger-bag matching, vulnerability assessments, and the certification of screening companies and the performance of security screeners. We reported that FAA had encountered delays of up to 12 months in implementing these initiatives, in part, because they are more com-

plex than originally envisioned and involve new and relatively untested technologies. Delays have also been caused by limited funding and problems with equipment installation and contractors' performance.

While progress has been made in strengthening aviation security, completing the current initiatives will require additional financial resources and a sustained commitment by the federal government and the aviation industry. For example, current funding is sufficient to provide only a limited percentage of the flying public at selected airports with protection against concealed explosives in checked baggage. Several years ago, FAA estimated that the cost of acquiring and installing the certified systems at the nation's 75 busiest airports could range from $400 million to $2.2 billion, depending on the number and the cost of the machines installed.

Additional improvements in airport security will need sustained, long-term efforts by FAA and the aviation industry. To maintain momentum, it is important for the Congress to provide continual oversight and to address funding issues. Starting with fiscal year 1998, FAA began including goals and specific performance measures for its security program in its annual budget submissions. FAA also incorporated goals and performance measures for airport security into its 1998 strategic plan. By using these established goals and performance measures, the Congress can better oversee FAA's progress in improving airport security.

Securing our nation's airports alone does not ensure safe air travel. It is also critical to secure FAA's air traffic control computer systems that provide information to air traffic controllers and aircraft flight crews to help ensure the safe and expeditious movement of aircraft. A failure to adequately protect these systems, as well as the facilities that house them, could cause a nationwide disruption of air traffic or even the loss of life due to collisions. We found that FAA is ineffective in all the critical areas included in our computer security review of its air traffic control computer systems.

In the area of physical security, known weaknesses exist at many air traffic control facilities. For example, a March 1997 inspection of one facility that controls aircraft disclosed numerous physical security weaknesses, including unauthorized personnel being granted unescorted access to restricted areas. FAA did not know of weaknesses that may have existed at other locations because it had not assessed the physical security controls at 187 facilities since 1993. Similarly, FAA does not know how vulnerable its operational air traffic control systems are and cannot adequately protect them until it performs the appropriate risk assessments of these systems and certifies and accredits them. In addition, the agency does not consistently include well-formulated security requirements in its specifications for new modernization systems. Finally, FAA's management structure and implementation of policy for air traffic control computer security are not effective. Security responsibilities are distributed among three organizations, all of which have been remiss in their security duties.

In December 1998, we reported that FAA officials indicated that they had inspected all 368 facilities and had accredited over half of these facilities. However, the agency still needs to take action on our remaining recommendations that included (1) ensuring that all systems are assessed, certified, and accredited at least every 3 years and (2) establishing an effective management structure for developing, implementing, and enforcing air traffic computer security policy.

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Lack of aviation competition contributes to high fares and poor service for some communities

Deregulation of the airline industry in 1978 is generally considered to be a success by DOT and others, contributing to lower fares and better service for most air travelers largely because of increased competition spurred by the entry of new airlines into the industry and established airlines into new markets. However, a number of small and medium-sized communities have not experienced such entry and thus have experienced higher fares and/or less convenient service since deregulation.

Problems with access to certain airports and the cumulative effect of marketing strategies employed by established airlines have contributed to higher fares and poor service. To minimize congestion and reduce flight delays, FAA has set limits since 1969 on the number of takeoffs or landings—referred to as slots—that can occur during certain periods of the day at four congested airports—Chicago's O'Hare, Ronald Reagan Washington National, and New York's Kennedy and

LaGuardia. A few airlines control most of the slots at these airports, which limits new entrants. Furthermore, the vast majority of gates at six airports in the East and Upper Midwest are exclusively leased—usually to just one airline—making it very difficult for other airlines to gain competitive access to these airports. In addition, by prohibiting flights to and from LaGuardia and National airports that exceed certain distances, perimeter rules limit the ability of airlines based in the West to compete at these airports. These operating barriers, combined with certain marketing strategies by established carriers, have deterred new entrant airlines while fortifying established carriers' dominance at key hubs.

In addition, recently proposed alliances between the nation's six largest airlines have also raised concerns about competition. Three pairs of alliances have been proposed—between Northwest Airlines and Continental Airlines, Delta Air Lines and United Airlines, and American Airlines and US Airways. In June 1998, we testified that, while the alliances might offer some benefits to consumers, if all three occur, the number of independent airlines providing service on a significant number of domestic airline routes could decline, potentially reducing the choices for millions of passengers each year. We are further reviewing the proposed alliances and plan to report on them early in 1999.

Increasing competition and improving air service at airports serving communities that have not benefited from deregulation will likely entail a range of solutions—some of which are controversial—by DOT, the Congress, and the private sector. To enhance competition, DOT has begun to grant a limited number of slots to new entrants at O'Hare and LaGuardia airports. In addition, DOT has expressed concerns about potentially overaggressive attempts by some established carriers to thwart new entry. According to DOT, in recent years, there has been an increasing number of alleged anticompetitive practices—such as predatory conduct—aimed at new competition, particularly at major hubs. In April 1998, DOT issued a draft policy that identifies anticompetitive behavior and factors that DOT will consider if it decides to pursue formal enforcement actions to correct such behavior. The proposed guidelines have been very controversial, and DOT has received hundreds of comments about them. The Omnibus Consolidated and Emergency Supplemental Appropriations Act for fiscal year 1999 requires DOT to send the final guidelines to the Congress and stipulates that they shall not become effective until at least 12 weeks after receipt.

In addition, legislation was introduced, but not passed, in the Congress in 1997 that addressed several barriers to competition: slot controls, perimeter rules, and predatory behavior by air carriers. These issues are expected to be raised again by the next Congress. Other issues—such as improving the availability of gates and determining whether or not to relax restrictions on the foreign ownership and control of U.S. airlines—may also need to be considered. DOT expects to complete a study in the spring of 1999 that will address airports' practices, including the availability of gates, and their effects on competition.

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DOT NEEDS TO CONTINUE IMPROVING OVERSIGHT OF SURFACE TRANSPORTATION PROJECTS

Many large-dollar highway and transit projects, each costing hundreds of millions to billions of dollars, continue to incur cost increases, experience delays, and have difficulties acquiring needed financing. We have found, particularly for large-dollar projects, that costs have increased and financing has become more difficult at the same time that federal, state, and local governments must deal with the need for balanced budgets and many competing priorities. This situation is even more critical in light of the recently passed 6-year, $218 billion Transportation Equity Act for the 21st Century, which will fund thousands of new major highway and mass transit projects.

Improvements possible in oversight of highway projects

DOT's Federal Highway Administration (FHWA) provided over $21 billion in fiscal year 1998 to assist the states in repairing and replacing their aging infrastructure and enhancing the performance of their highways and bridges. In many cases, meeting these needs takes the form of projects costing hundreds of millions to billions of dollars. These projects traditionally take longer to build and have a greater potential to experience substantial cost increases and delays. For example, the Central Artery/Tunnel project in Boston is the most expensive and complex federally assisted highway project ever undertaken. Scheduled to be completed in 2004, the

project will build or reconstruct about 7.5 miles of urban highways, about half of which will be underground. The state of Massachusetts has been taking steps to contain costs, but, unless additional savings can be found, increased construction costs are likely to push the project's total net cost higher than the current $10.8 billion estimate.

In February 1997, we reported several options that could improve the management of large-dollar highway projects, depending on the oversight role that the Congress chooses for the federal government.

—One option—once DOT or the Congress establishes an appropriate dollar threshold and definition for large-dollar highway projects—would be for states to prepare total cost estimates for such projects. We have found that one reason costs increase on large-dollar projects over time is that the initial cost estimates are preliminary and not designed to be reliable predictors of a project's total costs.

—Another option would be for states to track progress on these projects against their initial estimates of baseline costs. While cost growth has occurred on many large-dollar projects, the amount of and reasons for these increases cannot be determined because data are not readily available from FHWA or state highway departments. Preparing estimates of baseline costs and schedules could improve the management of large-dollar projects by providing managers with real-time information for identifying problems early and for making decisions about changes to the projects that could affect costs. Tracking progress could also create a database that would allow for the identification of problems commonly experienced by projects and would provide a better basis for estimating costs in the future.

—Another option would be to establish performance goals and strategies for controlling costs as a large-dollar project moves through its design and construction phases.

—Finally, another option would be to establish a process for the federal approval of large-dollar projects. FHWA does not approve projects at their outset; its approval consists of a series of incremental approvals that occur over the years required to plan, design, and build them. Requiring federal approval at the outset—including the approval of cost estimates and finance plans—could provide greater certainty in state planning and could help ensure successful financing by providing additional assurances to potential funding sources.

The Congress has recently taken steps to improve the management of large-dollar highway projects. The Transportation Equity Act for the 21st Century requires the states to submit finance plans for highway projects that are expected to cost $1 billion or more. However, it will be up to FHWA to develop regulations that indicate the specific standards and information requirements for these plans.

OVERSIGHT OF TRANSIT PROJECTS IMPROVING, BUT BETTER FOLLOW-UP ON NONCOMPLIANCE NEEDED

The Federal Transit Administration (FTA)—with a budget of $4.8 billion for fiscal year 1998—has improved its oversight of federal transit grants. However, the agency needs to continue to do more to help ensure the timely correction of deficiencies found during its oversight reviews. In 1992, we designated FTA's management and oversight of its grants as a high-risk area that was especially vulnerable to fraud, waste, abuse, and mismanagement. In 1995, as a result of various initiatives that FTA was undertaking to improve its grants management oversight, we removed the agency from our high-risk list with the understanding that we would continue to monitor the progress of its oversight initiatives. In April 1998, we reported that FTA had strengthened its oversight of federal transit grants. FTA is continuing to enhance the quality and the consistency of its oversight by improving guidance and training for staff and grantees, standardizing oversight procedures, and effectively using contractor staff. In particular, the agency's risk assessment process helps target limited oversight resources and provides a strong foundation for improved oversight. FTA is emphasizing not only the local financial commitment of grantees seeking federal funding for new projects but is also hiring financial management contractors to review and oversee the financial viability of projects with existing grant agreements.

However, FTA needs to continue to do more to help ensure the timely correction of deficiencies found during its oversight reviews of transit grants. We found that, frequently, some grantees still did not meet FTA's time frames for corrective action and that FTA had allowed compliance deadlines to be revised, which enabled grantees to delay corrective action. Also, FTA's oversight information system lacks complete, timely data; hence, the information cannot be used effectively by FTA's head-

quarters officials to manage and monitor grantees' compliance with the agency's requirements. The system is intended to track the resolution of oversight findings and has the potential to be a useful tool in monitoring compliance, identifying problems, and assessing the overall effectiveness of the oversight program in meeting performance standards. Currently, however, the information in the system is not updated as required by regional staff, nor is it used by headquarters officials to help manage or monitor the oversight activities of regional staff—leaving FTA susceptible to and unable to quickly respond to situations in its regional offices that might compromise good oversight. According to FTA, a new tracking system has been developed to address these concerns, but it has not been fully implemented yet.

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AMTRAK'S FINANCIAL CONDITION IS TENUOUS

Since it began operations in 1971, Amtrak has never been profitable and, in recent years, has had to borrow money to meet its operating expenses. Since its inception, Amtrak has received nearly $22 billion in federal subsidies for operating and capital expenses. Despite efforts to control expenses and increase revenues, Amtrak's financial condition has substantially deteriorated in recent years, and it is likely to remain heavily dependent on federal assistance well into the future. In fiscal year 1998, Amtrak's annual net loss was $854 million, $92 million more than its 1997 net loss of $762 million.

Amtrak has stated that it will eliminate the need for federal operating support by 2002. If Amtrak requires federal operating subsidies after December 2002, the Amtrak Reform and Accountability Act of 1997 provides for the Congress to consider either restructuring or liquidating Amtrak. Predicting how Amtrak might be restructured is difficult. In a liquidation, not only might Amtrak's creditors (or their insurers) face losses, but the 100 million passengers each year in the Northeast Corridor, as well as millions of others in the rest of the country, could face disrupted rail service. At the time of liquidation, the losses suffered by creditors will depend on such circumstances as Amtrak's debt and financial obligations and the market value of its assets, as well as the proceeds from their sale. As of September 1997, Amtrak's data showed that combined secured and unsecured debt liability could be about $2.2 billion. We believe, and DOT agrees, that the federal government would not be legally liable for secured and unsecured creditors' claims in the event of Amtrak's liquidation. Nevertheless, we recognize that creditors could attempt to recover losses from the United States.

The financial performance of Amtrak's intercity routes is indicative of Amtrak's financial problems. In 1997, expenses for Amtrak's core intercity passenger services were almost twice as great as revenues.[3] Moreover, Amtrak's expenses were at least twice as much as its revenues for 28 of its 40 routes in that year. Amtrak's expenses on 11 of these routes were 2½ times or more than its revenues for each route. Finally, 14 routes lost more than $100 per passenger carried. Only one route—the Metroliner's high-speed service between Washington, D.C., and New York City—was profitable.

Recently, Amtrak has focused on improving its financial performance by identifying growth opportunities rather than by reducing service. In explaining the rationale for not cutting Amtrak's route system further at this time, officials at Amtrak and the Federal Railroad Administration (FRA) pointed to Amtrak's mission of maintaining a national route system, noting that such a system will consist of routes with a range of profitability, including routes with lower performance that may provide connecting service with other routes or that may provide public benefits, such as serving small cities and rural areas. In the spring of 1998, Amtrak started a year-long market analysis of the role and growth potential of the national route system. The analysis is to assess service, demand, and revenues on Amtrak's current route system and alternative systems. The analysis will be used to identify service amenities, price changes, and changes to the existing route system that may improve ridership and revenues.

Because it loses money on 39 of its 40 routes, the business decisions that Amtrak makes regarding the structure of its route system will play a crucial role in determining its long-term viability. However, Amtrak has encountered opposition when

[3] Overall, Amtrak's expenses were $1.86 for every dollar in operating revenue that it earned. Core intercity passenger services include mail and express merchandise services but exclude revenues and expenses from Amtrak's commuter operations, other reimbursable activities, and commercial development. Expense amounts include depreciation, which is a noncash expense.

it has proposed to cut routes to improve its overall financial performance because of the desire of local communities to see passenger service continued. FRA officials acknowledge that no clear public policy currently defines the role of passenger rail in the national transportation system. As a result, the Congress needs to decide on the nation's expectations for intercity rail and the scope of Amtrak's mission in providing that service. These decisions require defining expectations for a route network, determining the extent to which the government would contribute funds, and deciding on the way any remaining deficits, if any, would be covered. We believe that Amtrak, as currently constituted, will need substantial federal operating and capital support well into the future. Whether Amtrak will be able to improve its position substantially in the near term is doubtful. If not, the Congress will be asked to provide substantial sums of money each year to support Amtrak. If the Congress is not willing to provide such levels of funds, then Amtrak's future could be radically different, or Amtrak may not exist at all.

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DOT LACKS ACCOUNTABILITY FOR ITS FINANCIAL ACTIVITIES

DOT's lack of accountability for its financial activities impairs its ability to efficiently and effectively manage programs and exposes the Department to potential waste, fraud, mismanagement, and abuse. Since 1993, when the Office of Inspector General began auditing the financial statements of certain agencies within the Department, it has been unable to determine whether the reported financial results are correct and thus has been unable to express an opinion on the reliability of those statements. The Inspector General has also been unable to express an opinion on the reliability of the departmentwide statements since those statements were audited beginning with fiscal year 1996. In addition, DOT lacks a cost-accounting system or an alternative means of accumulating the full cost of specific projects and activities. DOT has efforts under way to correct its financial management deficiencies, but its goal of correcting all deficiencies for its fiscal year 1999 financial statement may be difficult to attain because of the numerous problems that need to be addressed.

The accuracy of financial data is uncertain

On March 31, 1998, the Office of Inspector General was unable to express an opinion on the reliability of the departmentwide financial statements for fiscal year 1997 because it could not verify the reliability of the amounts for property, plant, and equipment reported at $26.5 billion, inventory reported at $2.0 billion, postemployment benefits (primarily the Coast Guard's pension liability) reported at $14.0 billion, and excise tax revenue reported at $28.4 billion. Because of actions by DOT and others, the latter two audit issues have a reasonable chance of having been corrected for fiscal year 1998. However, serious financial management weaknesses at FAA contribute to the remaining issues.

In its report, the Office of Inspector General also cited problems with the Department's accounting systems, which prevented the agency from complying with the Federal Financial Management Improvement Act of 1996.[4] The Inspector General concluded that for the agency to comply with the act, it needs to (1) modify its accounting systems to be the primary source of financial information to prepare the consolidated financial statements and (2) complete assessments of Year 2000 computer problems.

For the property, plant, and equipment account and inventory amounts reported, the Inspector General concluded that FAA and the Coast Guard could not reliably determine the quantities and the locations of these assets or provide sufficient information to verify their values. Specific deficiencies included (1) the lack of comprehensive physical inventories, (2) inaccurate general ledger balances, (3) inadequate subsidiary records, (4) the lack of supporting documentation, (5) unreconciled discrepancies between balances maintained in their accounting systems and the detailed subsidiary records, and (6) the lack of a cost-accounting system.

We have reported that problems in accounting for property, plant, and equipment affect DOT's ability to properly manage these assets and may result in operating inefficiencies. For example, in FAA, mission-critical equipment, such as radar and other air traffic control equipment, may be difficult to locate when needed, which

[4] This act requires agencies to implement and maintain financial management systems that comply substantially with Federal Financial Management System Requirements, applicable federal accounting standards, and the U.S. Standard General Ledger at the transaction level.

could exacerbate an emergency situation. Also, theft could go undetected, and funds could be spent unnecessarily to acquire equipment that is already on hand.

We have also reported that DOT's lack of inventory accountability can result in program officials' inability to make prudent business decisions and to adequately safeguard assets. It may also impair operational effectiveness. For example, because of inaccurate inventory information, funding requests may not be based on actual needs, unnecessary purchases may be made, and inventory may be overstocked or hoarded because of concerns about availability. The resulting excesses as well as spare parts for equipment no longer in service would require storage, inventory control, and other activities that consume operating resources. Inaccurate inventories can also result in the shortage of or the inability to locate essential parts necessary to repair mission-critical systems. Furthermore, these underlying data deficiencies preclude DOT from accurately determining the cost of its operations and may permit undetected waste, fraud, and abuse related to these assets.

SYSTEMS TO DETERMINE FULL COST HAVE NOT BEEN IMPLEMENTED

DOT lacks a cost-accounting system or an alternative means to accumulate costs. This means that DOT's financial reports (1) may not be capturing the full cost of specific projects and activities and (2) may lack a reliable "Statement of Net Cost," which includes functional cost allocations. The lack of cost-accounting information limits FAA's and others' ability to make effective decisions about resource needs and to adequately control major projects, such as the $42 billion air traffic control modernization program. For example, we have reported that without good cost information, FAA cannot reliably measure the actual cost of the modernization program against established baselines and cannot improve future cost estimates. Finally, the lack of reliable cost information limits DOT's ability to meaningfully evaluate performance in terms of efficiency and cost-effectiveness, as called for by the Government Performance and Results Act of 1993.

DOT, especially FAA, has made substantial progress in developing its cost-accounting system, but more still needs to be done. For example, an August 1998 report by DOT's Inspector General identified four systems design issues potentially involving billions of dollars that FAA needs to address before its cost-accounting system can accurately account for the full cost of operations. These issues include establishing a method to identify and reflect (1) the cost of accounting adjustments, (2) the cost for all development projects, (3) the cost incurred by other agencies for air traffic services, and (4) the correct labor cost charged to appropriate projects.

CORRECTIVE ACTIONS ARE UNDER WAY, BUT PROGRESS IN SOME AREAS IS SLOW

On May 26, 1998, the President requested DOT, among other agencies, to submit to the Office of Management and Budget by July 31, 1998, a plan for resolving the financial reporting deficiencies that were identified in its financial statement audits. DOT submitted the required plan, though not until September 30, 1998. This plan (1) identified actions by DOT, especially FAA and the Coast Guard, to correct weaknesses reported in the Inspector General's audits and (2) established the goal of an unqualified audit opinion on DOT's fiscal year 1999 financial statements. For example, the plan called for completing physical counts of and developing appropriate support for the valuation of property, plant, equipment, and inventory at FAA and the Coast Guard. It also called for developing adequately documented processes and reconciling detailed records to summary accounts.

DOT is taking actions outlined in its plan to correct financial management deficiencies, but it faces significant challenges owing to the numerous problems that need to be addressed. For example, FAA and the Coast Guard have developed plans to improve cost information, reconcile data, help ensure that the integrity of information systems is maintained, and prepare reliable financial statements by September 30, 1999. However, progress has been slow in some areas, and much remains to be done. For example, FAA's original plan called for full implementation of its cost-accounting system by October 1, 1998; FAA subsequently revised this date to March 31, 1999, which has been described by the Inspector General as "very ambitious." If DOT continues to fall behind in meeting its planned completion dates, it is questionable whether it will achieve its goal of receiving an unqualified audit opinion for fiscal year 1999.

The financial management weaknesses discussed above are particularly troublesome at FAA because of their long-standing nature and the agency's slow progress in resolving them. Timely resolution is especially key, given that FAA is in the midst of a $42 billion program to modernize its air traffic control systems. Until FAA's serious financial management problems are resolved, we will continue to designate financial management at the agency as high-risk.

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Major Management Challenges and Program Risks: U.S. Postal Service (GAO/OCG–99–21)

High-Risk Series: An Update (GAO/HR–99–1)

The entire series of 21 performance and accountability reports and the high-risk series update can be ordered by using the order number GAO/OCG–99–22SET.

SYNOPSIS OF TOP TEN DOT ISSUES

AVIATION SAFETY

DOT needs to continually identify risks to air transportation safety and proactively reduce the major risks that can lead to accidents, fatalities, and associated economic costs. In an aviation environment that projects significant increases in air traffic, a proactive approach is essential. Major elements of the aviation safety issue include:

—Reducing the number of runway incursions—a major risk factor at airports.

—Effectively implementing FAA's new inspection process, improving the accuracy of safety databases, and enhancing the quality of inspector training.

—Establishing management systems that assure safety risks are called to the attention of top FAA management and promptly acted upon.

—Evaluating the safety implications of U.S. code share agreements and international alliances that involve foreign air carriers and foreign air carrier equipment; if necessary, modify safety oversight and code share approval approaches accordingly.

SURFACE TRANSPORTATION SAFETY

Highway fatalities, other than those involving trucks, claim more that 35,000 lives annually. Truck accidents claim more than 5,000 lives annually. Rail and transit account for an additional 850 lost lives. Though the rates have been declining, they are still unacceptably high. Major surface transportation safety issues that DOT must address include:

—Improving DOT's motor carrier safety program for vehicle maintenance, driver qualifications, and compliance with hours of service requirements and take prompt and meaningful enforcement action for carrier noncompliance that endangers the public safety.

—Increasing the level of safety of commercial trucks and drivers entering the U.S. from Mexico.

—Increasing seat belt usage through primary enforcement of seat belt laws, education, and other strategies.

—Reducing grade crossing and rail trespasser accidents through enforcement, education, and technology.

—Improving compliance with safety regulations by entities responsible for transporting hazardous materials.

—Enhancing the effectiveness of the Federal Railroad Administration's Safety Assurance Compliance Program and using enforcement actions when voluntary and collaborative initiatives with a railroad do not promptly achieve the desired results.

YEAR 2000 COMPUTER ISSUES

After a late start, the DOT, including FAA, has made a great deal of progress addressing its Year 2000 (Y2K) computer problems. DOT agencies are also making substantial efforts in their outreach to the transportation industry to increase awareness of Y2K issues. As of November 13, 1998, DOT has repaired 281 of its

295 mission-critical systems that had Y2K problems; however, the risk of system failure remains until these repaired systems are adequately tested. DOT needs to continue with a sense of urgency, especially in FAA and the Coast Guard. Major issues that DOT must still address are:

—Completing Y2K work on all mission-critical computer systems by March 31, 1999.

—Testing all repaired systems to ensure they properly function as a unit, and together as a system.

—Obtaining assurances that the transportation industry will be Y2K compliant.

—Assuring DOT computers properly interface with those of other Government agencies, network service providers such as private telecommunications providers, and the transportation industry; develop contingency plans that can be used if critical systems fail to operate after December 31, 1999.

AIR TRAFFIC CONTROL MODERNIZATION

FAA's multi-billion dollar air traffic control (ATC) modernization effort remains a major challenge. Cost overruns, schedule delays, and shortfalls in performance of the past should not be repeated and new systems must come in approximately on time and on budget and meet the requirements of a dynamic and growing aviation system. Key elements of this management issue include:

—Reassessing and rebaselining plans for transitioning to satellite communications, navigation, and surveillance, including Free Flight. This issue includes determining whether the Global Positioning System (GPS) and the Wide Area Augmentation System (WAAS) will be the sole means of navigation or if secondary systems will be needed.

—Incorporating human factors in the design and development of new ATC systems and avoiding the problems experienced with new systems such as the Standard Terminal Automation Replacement System (STARS).

—Strengthening DOT's capacity to oversee multi-billion dollar software intensive development contracts. Software intensive development contracts have typically resulted in large cost increases and major schedule slippage—an issue that has affected the pace of ATC modernization for more than a decade. While this is a significant problem associated with the FAA ATC Modernization Program, it also is an issue that bears watching during the development of Intelligent Transportation Systems by the Federal Highway Administration. Strong oversight by the Department and the OIG to, among other things, assure contractor accountability, clear agency requirements, and strengthened internal controls, will help minimize what has historically been an area of unacceptable cost growth and schedule delays.

FEDERAL AVIATION ADMINISTRATION FINANCING

Financing FAA activities and the air traffic control system is a major issue that the Department, the Congress, and the aviation community need to address. For example, the operations account, which pays for air traffic controllers, will need an additional $1 billion over the next 5 years. Operations will soon account for nearly $6 billion of the approximately $10 billion FAA budget. Substantial funding also will be needed for the facilities and equipment account, which pays for air traffic control modernization. Key issues associated with FAA financing include:

—Accurately determining the amount of funds that will be needed to finance FAA and determining what portion of FAA's operations, air traffic control modernization, and airport infrastructure, should be financed by the trust fund, general fund, or other sources of funds such as passenger facility charges. This is a matter that will be debated in the next Congress.

—Developing a cost accounting system on which FAA can be better managed and upon which "user fees" could be based. FAA cannot implement a credible and reliable cost accounting system until it first ensures its financial systems accurately capture and allocate relevant cost data and FAA obtains an unqualified opinion on its financial statements. FAA's financial management systems do not currently capture accurate, reliable data and until they do, FAA cannot receive an unqualified opinion.

SURFACE, MARINE, AND AIRPORT INFRASTRUCTURE NEEDS

The Transportation Equity Act for the 21st Century (TEA–21) guarantees $198 billion over a 6-year period to improve safety and maintain and improve America's highways, bridges, and mass transit systems. These funds, as well as Airport Improvement Funds, must be effectively and efficiently used. Additional funding will

be needed to maintain and upgrade the maritime infrastructure to meet the future needs of the marine industry. Key elements of this management challenge include:

—Strengthening internal controls to ensure adequate management and oversight of the infusion of substantial additional Federal funds for surface infrastructure projects; preventing fraud, embezzlement, and abuse of funds; and ensuring the development of sound financial plans for high-cost transportation infrastructure projects.

—Promoting the use of cost-saving techniques such as value engineering, design-build procurements, and owner-controlled insurance programs.

—Selecting high value projects for discretionary grants, awarded according to established criteria.

—Providing leadership to maintain, improve, and develop the port, waterway and intermodal infrastructure to meet current and future needs including megavessels; identifying funding mechanisms to maintain and improve the harbor infrastructure of the United States.

—Eliminating the prohibited diversion of airport revenues by airport sponsors.

TRANSPORTATION AND COMPUTER SECURITY

Presidential Decision Directives 62 and 63 require DOT to advance the nation's vital security interest by ensuring that the transportation system is protected and that our computer systems are safe from intrusion. The ability to prevent terrorist attacks within this vast system, and fraudulent intrusions into computer systems must be strengthened. Key elements of these issues are:

—Reducing the vulnerabilities in airport security controls.

—Enhancing the use of new technologies such as explosive detection equipment.

—Improving compliance with shipping requirements related to hazardous materials and dangerous goods.

—Developing staff expertise and technical capabilities to detect intrusions to DOT and FAA computer networks and acting to reduce vulnerabilities.

FINANCIAL ACCOUNTING/CHIEF FINANCIAL OFFICERS ACT

DOT has made significant progress in improving its financial accounting and reporting systems. Three major issues stand in the way of DOT receiving an unqualified opinion on its financial statements, the most challenging being the FAA property and equipment accounts totaling about $12 billion. Major financial areas that need to be addressed are:

—Developing and implementing a plan for FAA to account for and value its property and equipment, including its multi-billion dollar work-in-process accounts for Air Traffic Control Modernization.

—Computing a reliable estimate of Coast Guard's future liability for military retirement pay and health care costs.

—Ensuring that the Treasury Department develops adequate support for trust fund revenues and account balances totaling $28 billion.

AMTRAK FINANCIAL VIABILITY/MODERIZATION

Amtrak needs to continue to seek opportunities to increase revenues and contain costs as it strives to fulfill its Congressional mandate of achieving operating self-sufficiency by the end of fiscal year 2002. Amtrak's fiscal year 1998 Strategic Business Plan established a 5-year plan to reach this goal. The plan indicates that Amtrak will have a cash loss in fiscal year 2003, but Amtrak does not anticipate needing Federal operating funds to cover it.

We issued a report on the congressionally mandated Independent Assessment of Amtrak's Financial Requirements Through fiscal year 2002 on November 23, 1998. We identified a projected cash loss of $0.8 billion more than Amtrak estimated, if the Strategic Business Plan were followed, with no adjustments, through fiscal year 2003. Amtrak's capital requirements after fiscal year 2000 exceed projected available capital resources. Additional cash losses, as projected in the Independent Assessment, would further constrain Amtrak's already-limited ability to address significant system-wide capital needs and would likely be beyond Amtrak's ability to finance without Federal assistance. To eliminate the need for Federal operating funds, Amtrak will have to continuously review, amend, and implement programs and practices to improve its revenue and reduce its operating costs.

DOT IMPLEMENTATION OF GPRA

The Department of Transportation's strategic and performance plans were rated by Congress as the very best in the Federal Government. Yet, the difficult tasks of

accurately assessing performance against the established outcome measures and modifying programs as needed to achieve the intended results remains to be accomplished. These matters require a sense of urgency since the first performance report to Congress is due on March 31, 2000.

Many of DOT's outcomes such as improved safety, reduction in fatalities and injuries, and well-maintained highways depend in large part on actions taken and assistance provided by third parties outside the Department, including other Federal agencies, states, and various components of the transportation industry. Their assistance will be critical in meeting DOT's goals. Another major factor that will impact DOT's ability to achieve its goals is the effective utilization of human resources. DOT must effectively manage the workforce, recruit highly qualified individuals for vacant positions, and provide requisite technical and other training in order to successfully meet the management, safety, and efficiency challenges facing the U.S. transportation system.

Starting in fiscal year 1998, as part of our routine projects, we began to selectively (1) verify and validate performance data, and (2) assess various performance and outcome measures to determine their appropriateness for measuring progress toward stated goals (e.g., increased transportation safety). We plan to continue this oversight through fiscal year 1999. We also developed a 2-day course on auditing GPRA implementation to further enhance our work in this area.

DETAILED BRIEFING PAPERS

AVIATION SAFETY

The Department of Transportation (DOT) needs to continually identify risks to air transportation safety and proactively reduce the major risks that can lead to accidents, fatalities, and associated economic costs. In an aviation environment that projects significant increases in air traffic, a proactive approach to aviation safety is essential. Recognizing the national need for a safe transportation system, DOT has made transportation safety its number one strategic goal.

DOT Strategic Goal # 1

Safety.—"Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property damage."

Key OIG Contact.—Alexis M. Stefani, Deputy Assistant Inspector General for Aviation, 202–366–0500.

Background

The aviation industry expects continued increases in air traffic—a result of increased demand—and expects closer spacing between aircraft due to more precise, satellite-based tracking and navigation capabilities. The U.S. aviation accident rate has remained nearly flat since more reliable jet engine powered aircraft began to dominate the commercial aviation fleet. However, as the number of flights increase, the number of accidents is statistically likely to rise in the absence of action by DOT and the aviation industry. FAA has recognized this risk and has adopted a focused safety agenda to bring about a five-fold reduction in fatal accidents over the next decade. FAA must now concentrate its resources on effectively implementing practices and programs to prevent the most prevalent causes of aircraft accidents.

FAA's focused safety agenda recognizes weaknesses and improvements needed in its safety processes. Actions taken this past year by FAA are encouraging. For example, FAA issued several airworthiness directives to improve safety, including directives to aid in preventing uncontained engine failures. However, the issues described below are of a longstanding nature that require rigorous oversight. The key to ensure success will be FAA and aviation industry follow-through.

Preventing runway incursions is one of FAA's safety agenda goals. The number of runway incursions increased by over 70 percent, from 186 incursions in 1993 to 318 in 1997. FAA's preliminary data show 250 incursions through September 1998, about the same level as in 1997. FAA's near-term goal is to reduce runway incursions by 15 percent of the 1997 level, to 272, by the year 2000.

FAA also recognized problems exist in its aviation safety inspection process. In 1996, a FAA task force conducted a 90-day review of the way FAA conducts safety inspections. Two of the most significant recommendations as a result of the 90-day review were to:

—Create a national certification team to assist in processing new air carrier certifications, and

—Initiate a project to make surveillance of air carriers more targeted and systematic.

In 1997, FAA created the Certification Standardization and Evaluation Team (CSET) to certify new entrant air carriers. To address the surveillance of air carriers, FAA teamed with Sandia National Laboratories to conduct a comprehensive analysis of FAA's certification and surveillance processes. This reengineering project took 8 months and was a precursor to FAA's decision to develop a new system called the Air Transportation Oversight System (ATOS). The goal of ATOS is to aid the inspectors in targeting inspections so that system safety problems are identified and corrected before they lead to accidents. In October 1998, FAA began implementing ATOS for the 10 major passenger air carriers as well as any new entrant air carriers certified by FAA. The 10 major air carriers transport 90 percent of the flying public.

Improving safety data quality, collection, and analyses is another one of FAA's safety agenda goals. FAA implemented the Safety Performance Analysis System (SPAS) as a tool for inspectors to identify potential high risk areas. It is used to evaluate safety-related aviation data from several of FAA inspection, incident, and accident databases.

Another area of concern is the implications on safety of foreign air carriers who operate in the U.S. and/or carry U.S. citizens as passengers, especially given the recent increase in the number of codesharing agreements. From 1994 to 1998, the number of codesharing agreements has more than doubled from 61 to 163. Airlines throughout the world continue to form alliances and enter into codesharing agreements to strengthen or expand their market presence or competitive ability. The rapid increase in the number of codeshare agreements between the U.S. and foreign air carriers, as the movement toward global alliances continues, raises questions as to whether approaches to safety oversight and approving codeshare agreements should be modified.

Audit Coverage

In recent years, DOT's Office of Inspector General (OIG) and the General Accounting Office (GAO) have issued reports identifying shortcomings in FAA's safety programs. In 1997, the OIG and FAA conducted a joint follow-up review to assess the implementation of recommendations made by FAA's 90-day safety review task force. We found that corrective actions to address the most significant recommendations identified by the 90-day safety review task force remained in process. A 1998 OIG audit also concluded that FAA's agreement to reduce the number of air traffic control supervisors will not negatively impact safety of air traffic operations, if the FAA first identifies and implements the duties that controllers-in-charge will assume from supervisors. Aviation safety issues include:

—Reducing the number of runway incursions—a major risk factor at airports,
—Effectively implementing FAA's new inspectionprocess, improving the accuracy of safety databases, and enhancing the quality of inspector training,
—Establishing management systems that assure safety risks are called to the attention of top FAA management and promptly acted upon, and
—Evaluating the safety implications of U.S. codeshare agreements and international alliances that involve foreign air carriers and foreign air carrier equipment; if necessary, modifying safety oversight and codeshare approval approaches accordingly.

Continued Rise in Runway Incursions.—In November 1997 testimony before Congress, OIG reported that the Runway Incursion Program needed to expedite solutions to systemwide problems that cause incursions. Further, OIG concluded local initiatives must be developed to end incursion threats specific to individual airports. OIG also reported that new technology is expected to help prevent human errors that lead to incursions. However, expected completion of two new systems in 1999 and 2000 will be 4 years later than initially planned. FAA issued a new Airport Surface Operations Safety Action Plan in October 1998 to strengthen its runway incursion prevention efforts, which includes actions to address OIG recommendations. We recently initiated an audit to follow up on the status of our prior recommendations, to assess FAA's progress in implementing new technologies to reduce runway incursions, and to evaluate FAA's implementation of its Airport Surface Operations Safety Action Plan.

Effectiveness of FAA's Inspection Process.—As early as 1987, GAO identified FAA's need to develop criteria for targeting safety inspection resources to areas with heightened likelihood of safety problems, such as new carriers, commuter airlines, and aging aircraft. In 1995, OIG found FAA's targeting of inspection resources had not improved. A 1997 OIG audit also identified targeting problems with certifications and periodic inspections of airports. In another 1997 report, OIG found that FAA airworthiness inspectors were not routinely given basic technical training, or updated training, for the systems they were responsible for inspecting.

To further evaluate FAA's inspection process, in 1998 we initiated reviews of FAA's National Aviation Safety Inspection Program and oversight of air tour operators. These reviews are nearing completion. Additionally, in 1998 the OIG reported that the inactivation of the military specification for testing threaded fasteners and components (screws, nuts, and bolts with internal or external threads used in high stress systems and threaded products, such as engine drive shafts) could pose an aviation safety risk. To more fully evaluate safety risks, in fiscal year 1999 we plan on evaluating FAA's oversight of manufacturers' quality assurance systems for threaded fasteners and components and FAA's oversight of all-cargo air carriers.

Quality of Aviation Safety Databases.—OIG reported that FAA's databases contained inaccurate and incomplete data on runway incursions. In addition, in 1995 GAO found that FAA needed to improve the reliability of its Safety Performance Analysis System, which integrates and analyzes information from other databases so it can be used to target areas of greatest risk. For fiscal year 1999, we plan to review FAA's use of safety data generated from industry self-disclosure programs, including flight operational quality assurance data to improve safety.

Safety Oversight of Foreign Air Carriers.—In fiscal year 1999, we plan to initiate work to address the complexities of codesharing in the aviation industry and the responsibilities for aviation safety oversight when U.S. air carriers codeshare with foreign air carriers.

Investigative Coverage

Suspected Unapproved Parts.—OIG has in recent years developed an extensive investigative and training program to combat suspected unapproved parts (SUPs) sold for servicing commercial aircraft. One OIG investigation involved the armed robbery of two FAA-certified repair stations by five defendants in Miami, Florida. The stolen parts included jet engine disks, blades, and vanes, which were subsequently sold or "laundered" through two aviation parts companies. The defendants falsified airworthiness and parts traceability certifications for the stolen parts, which endangered the safety of aircraft. The leader of the conspiracy was sentenced to over 12 years in prison, 36 months probation, and $1.3 million restitution.

In 1997 OIG, FAA, and several other agencies formed a working group to combat trafficking in unapproved parts. Agencies involved seek a new criminal statute to combat such violations. OIG in the past year has conducted 22 SUP-suppression classes for more than 500 FAA safety inspectors and more classes are slated this year.

SURFACE TRANSPORTATION SAFETY

Highway fatalities, other than those involving trucks, claim more than 35,000 lives annually. Truck accidents claim more than 5,000 lives annually. Rail and transit account for an additional 850 lost lives. Though rates have been declining, they are still unacceptably high. DOT has established as its first strategic goal to marshal its resources to reduce the number of accidents that lead to fatalities, injuries, and associated economic costs.

DOT Strategic Goal # 1

Safety.—"Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property damage."

Key OIG Contacts.—Patricia J. Thompson, Deputy Assistant Inspector General for Surface Transportation, 202–366–0687; Todd Zinser, Assistant Inspector General for Investigations, 202–366–1967.

Background

The Department of Transportation continues to dedicate and focus substantial DOT resources to work toward ensuring the American public has the safest transportation system possible. This is a formidable challenge, considering the number of fatalities and injuries and property damage resulting from automobile and motor carrier accidents each year. Railroad, rail-highway grade crossings, rail trespass, commuter rail transit, and hazardous materials accidents also result in loss of life and costly property damage. To its credit, DOT has dedicated resources to educational programs in support of safety, such as programs to promote increasing seat belt usage and the primary enforcement of seat belt laws. However, it is essential that DOT continues to provide vigorous and effectual enforcement of all safety regulations when other methods are not effective.

Key surface transportation challenges include:

—Improving DOT's motor carrier safety program for vehicle maintenance, driver qualifications, and compliance with hours of service requirements. Take prompt

and meaningful enforcement action for carrier noncompliance that endangers the public safety,
—Increasing the level of safety of commercial trucks and drivers entering the U.S. from Mexico,
—Increasing seat belt usage through primary enforcement of seat belt laws, education, and other strategies,
—Reducing grade crossing and rail trespasser accidents through enforcement, education, and technology,
—Improving compliance with safety regulations by entities responsible for transporting hazardous materials, and
—Enhancing the effectiveness of the Federal Railroad Administration's Safety Assurance Compliance Program and aggressively using enforcement actions when voluntary and collaborative initiatives with a railroad do not promptly achieve the desired results.

Audit Coverage

A 1997 OIG audit report on the Federal Highway Administration's Motor Carrier Safety Program found that as of 1995 only 2.5 percent of the Nation's interstate motor carriers were inspected as part of safety compliance reviews. A sampling of motor carriers found that 75 percent did not sustain a satisfactory rating on safety compliance reviews. In a 1998 review, we found that 3.5 million Mexican commercial trucks entered the United States during fiscal year 1997. Of those trucks inspected, 44.1 percent were placed out of service for serious safety violations. Motor carrier safety is a major management issue for the Department, and the OIG will provide audit coverage in fiscal year 1999.

The Department and the OIG have also placed high priority on the transportation of hazardous materials. OIG and RSPA are jointly leading a Department-wide Program Evaluation of the Hazardous Materials Transportation Program. The objectives of the program evaluation are to (i) document the system of hazardous materials movements in U.S. commerce and DOT agency intervention actions, such as regulations, inspections, enforcement, and outreach programs, and (ii) assess the effectiveness of DOT's program as it intervenes in and affects each step in the hazardous materials transportation process. The program evaluation will document the points at which the current hazardous materials program intervenes in the transportation of these materials, from packaging to shipper to carrier to receiver, and how effectively DOT applies intervention and enforcement tools to hazardous materials shipments in the transportation stream.

Motor Carrier Safety Program.—In a fiscal year 1997 audit report, the OIG concluded that improvements were needed in FHWA's motor carrier compliance review program to expand review coverage of the motor carrier population, more accurately target carriers for review, induce prompt and sustained motor carrier compliance with safety regulations, and ensure the quality of reviews. We reported that during fiscal year 1995, only 8,666 of 345,500 (2.5 percent) interstate motor carriers received compliance reviews, and 64 percent of the Nation's carriers remain unrated. We found that FHWA's enforcement efforts were not effective in inducing prompt and sustained compliance with regulations and safe on-the-road performance. In addition, FHWA did not ensure compliance review procedures were followed or that critical review steps were thoroughly performed. OIG is currently auditing the effectiveness of the FHWA Motor Carrier Program and will determine whether recommendations made in earlier reports were implemented.

Motor Carrier Safety Program for Commercial Trucks at U.S. Borders.—OIG found that Mexican motor carriers had limited experience operating within U.S. safety standards, and the FHWA's strategy for opening the Mexican-U.S. border to Mexican commercial truck traffic did not provide reasonable assurance, in the near term, that trucks entering the United States will comply with U.S. safety regulations. We also found that neither FHWA nor the states of Arizona, New Mexico, and Texas provided sufficient numbers of inspectors at border crossings. California, however, did provide sufficient inspectors. OIG identified a direct correlation between the condition of Mexican trucks entering the U.S. commercial zones and the level of inspection resources at the border. California has the best inspection practices, and the condition of Mexican trucks entering at the Mexico-California border is much better than those entering all other border States. During fiscal year 1997, the out-of-service rate for Mexican trucks inspected in California was 28 percent compared to 42 percent in Arizona, 37 percent in New Mexico, and 50 percent in Texas.

Safety Assurance and Compliance Program.—OIG found FRA's Safety Assurance and Compliance Program (SACP) partnership and systemic approach to rail safety has improved communication and cooperation among railroad management, labor,

and FRA. SACP has also been successful in identifying and eliminating systemic safety problems. However, the SACP process is not as comprehensive as it needs to be to achieve the desired results. FRA must strengthen the effectiveness of SACP by: (i) defining SACP policies and procedures more clearly, (ii) developing better railroad safety profiles, (iii) identifying systemic safety issues in safety action plans, and (iv) monitoring and enforcing railroad implementation and compliance with safety action plans. Follow-up must be improved and firm enforcement action must be taken when a railroad does not comply with safety plans.

Rail-Highway Crossing Safety Action Plan.—OIG has initiated an audit of the Department's Rail-Highway Crossing Safety Action Plan. The action plan involves the Department, FRA, FHWA, NHTSA, and FTA, working in partnership with the railroad and transit industries, state and local governments, the Congress, and Operation Lifesaver. The plan presented 55 initiatives in the areas of enforcement, engineering, education, research, and legislation, intended to improve safety at the nation's railroad-highway public and private grade crossings (which total 261,317 as of September 1998). Nine out of ten fatalities involving trains occur at rail-highway crossings or as the result of trespassing on railroad tracks. In 1997, collisions at rail-highway grade crossings caused 461 fatalities and 1,540 injuries. In addition, 533 people were killed and another 519 were injured while trespassing on railroad property. OIG is focusing on evaluating DOT's effectiveness in completing the action plan's initiatives and recommendations and assessing the progress toward achieving the Department's 10-year goal to reduce rail-highway crossing accidents and casualties, including those resulting from trespassing, by at least 50 percent.

Investigative Coverage

OIG is focusing resources on investigating criminal acts that result in or contribute to accidents, including driver hours of service violations, falsification of drivers' and engineers' logs, drug and alcohol use, inaccurate maintenance records and repair logs, and the illegal transportation of hazardous materials. In 1996, large trucks contributed to one of every eight vehicle accidents. Fatigue is a significant contributing factor in many of those accidents—according to a study by the National Transportation Safety Board, fatigue is a factor in 30 percent to 40 percent of all truck accidents.

OIG has established a major investigative initiative in support of the Office of Motor Carriers (OMC) pursuit of motor carriers and drivers who falsify drivers' logs of time on the road. OIG currently has over 30 such cases open and has obtained 33 indictments for related violations in the past 18 months. In one Pennsylvania case, a Florida truck driver pleaded guilty in Federal court to a false statement pertaining to falsified driver's logs. Previously, the driver had plead guilty in state court to homicide by vehicle when his tractor-trailer crossed a center dividing line and struck five other vehicles, killing one driver and seriously injuring others. A joint OIG investigation with the state police and OMC disclosed the driver's log falsely reflected he had been off-duty the day prior to the accident, when he had actually been on duty in excess of the permissible number of hours. The driver was sentenced in state court to 12 months incarceration, 24 months probation, and fined $1,800. He was sentenced in Federal court to 21 months imprisonment, 3 years probation, and $145,000 restitution.

The investigation of illegal transportation of hazardous materials is also one of OIG's highest priority programs. Investigations have focused on the false certification of shipping manifests misrepresenting materials being shipped, false statements, mail and wire fraud, and conspiracy. Investigations in 1997 and 1998, many conducted jointly with the Federal Bureau of Investigation, the Department of Justice Environmental Crimes Section, and the Environmental Protection Agency, have resulted in 34 indictments and 23 convictions, with total fines of $2.16 million. In a recent case, a chemical wholesaler was charged with illegally shipping flammables aboard a Federal Express aircraft. In addition, a barge company employee was found guilty of violating Clean Water Act regulations by polluting the Mississippi River north of New Orleans over an 11-year period.

YEAR 2000 COMPUTER ISSUES

After a late start, the DOT, including FAA, has made a great deal of progress addressing its Year 2000 computer problems, but needs to continue with a sense of urgency in completing its work, especially in FAA and the Coast Guard. The threat of computer-system failures is significant to DOT, the transportation industry, and the traveling public. With about 1 year left, much work still needs to be done. Most DOT mission-critical systems with identified Year 2000 problems have been repaired; however, the risk of system failure remains until these repaired systems are adequately tested as a unit and as a system with multiple units, including external

systems with which DOT systems interface, such as the MCI telecommunications network used by the FAA Air Traffic Control System. For the transportation industry, DOT met with representatives from various transportation sectors to promote Year 2000 awareness, and will perform a preliminary assessment of the industry's readiness by December 1998.

OIG has taken an active oversight role on both DOT internal systems and the outreach efforts. OIG has been validating the accuracy of DOT quarterly reports to OMB. For the upcoming testing phase, OIG will observe actual operational testing as part of our continuing oversight, to include interface testing with external systems. Having fully functioning computer systems is a key corporate management strategy of the Department.

DOT Corporate Management Strategies

Information Technology.—"Improve mission performance, data sharing, system integrity, communications, and productivity through deployment of information systems which are secure, reliable, compatible, and cost effective now and beyond the Year 2000."

Key OIG Contact.—John Meche, Deputy Assistant Inspector General for Financial, Economic, and Information Technology, 202–366–1496.

Background

It has been customary in computer programming to represent years by their two final digits, a practice that for decades posed no problems. However, the arrival of the new millennium will change the presumed first two digits from 19 to 20. When the year 2000 arrives, computer systems may fail if programs cannot recognize "00" as signifying the year 2000, rather than 1900. All Federal agencies—indeed, all users of computers—are advised to determine whether the shift poses the threat of breakdown to the programs upon which they rely, or has the potential to render crucial data inaccurate. Current cost estimates to assess, repair, and test DOT systems stand at over $300 million.

We also see a major issue involving external systems that interface with DOT internal systems. Major network service providers, such as MCI, are reporting their telecommunication systems will not be Year–2000 ready until June 1999, so DOT will not be able to fully test its systems until the external systems are compliant.

Noteworthy Progress

In August 1998, we testified that 102 of FAA's mission-critical systems would not be tested and implemented by OMB's milestone of March 31, 1999. After a very late start, DOT, including FAA, has made substantial progress on its Year 2000 computer problems. As of November 13, 1998, a total of 281 of 295 mission-critical DOT systems with Year 2000 problems have been repaired, but have not been tested as a system to be certain the repairs fixed the problems. DOT has met with representatives from the aviation, maritime, surface, and rail industries to promote Year 2000 awareness and develop a high-level action plan for the Intelligent Transportation Systems. DOT also has made Year 2000 funding available under the Transportation Equity Act for the 21th Century (TEA–21) and the Airport Improvement Program. Under the direction of the Year 2000 Conversion Council, DOT sent questionnaires in November 1998 to organizations (e.g., trade associations) in the transportation industry. Based on the response, DOT will assess the transportation industry's readiness and report the results to the White House by December 11, 1998.

Audit Coverage

Since May 1997, OIG has issued four audit reports and testified before Congress twice. Major issues that DOT must still address are:

—Completing Year 2000 work on all mission-critical computer systems by March 31, 1999,

—Testing all repaired systems to ensure they properly function as a unit, and together as a system,

—Obtaining assurances that the transportation industry will be Year 2000 compliant, and

—Assuring DOT computers properly interface with external systems of other Government agencies, network service providers such as MCI, and the transportation industry, and developing contingency plans that can be used if critical systems fail to operate after December 31, 1999. Contingency plans are increasingly important, even if internal agency systems are Year 2000 compliant because, if the external systems fail, DOT must still be able to operate.

DOT Needs To Accelerate Year 2000 Work Schedule.—On February 4, 1998, OIG testified that FAA needed to accelerate Year 2000 work because it was 7 months behind the OMB schedule. As of November 13, 1998, DOT reported that 56 of its

mission-critical systems will not be tested and implemented by March 31, 1999. DOT still needs to accelerate its schedule to meet OMB's March 1999 date.

Testing of Renovated Systems.—Upon completion of the repair work, DOT needs to test all systems to ensure they properly function as a unit, and together as a system. This is extremely important for the Air Traffic Control System which is a very complex and interdependent system.

Industry Awareness.—DOT agencies have made significant efforts outreaching to industry to increase awareness of Year 2000 issues. Continued proactive attention is needed with national and international industry representatives in obtaining assurances that the transportation industry will be Year 2000 compliant.

Interfacing and Contingency Plans.—While much work has been done on fixing DOT computers, more needs to be done to ensure DOT computers can interface with other Government agencies, network service providers like MCI, and the transportation industry. Network service providers are reporting their systems will not be Year 2000 ready until June 1999. Contingency plans are essential due to the unknowns associated with the Year 2000.

AIR TRAFFIC CONTROL MODERNIZATION

FAA's multibillion-dollar air traffic control (ATC) modernization effort remains a major challenge. Cost overruns, schedule delays, and shortfalls in performance of the past should not be repeated and new systems must come in close to budget and meet the requirements of a dynamic and growing aviation system. Modernizing the nation's ATC system is closely linked to three DOT strategic goals. They are:

DOT Strategic Goal # 1

Safety.—"Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property damage."

DOT Strategic Goal # 2

Mobility.—"Shape America's future by ensuring a transportation system that is accessible, integrated, efficient, and offers flexibility of choices."

DOT Strategic Goal # 3

Economic Growth and Trade—"Advance America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation."

Key OIG Contact.—Alexis M. Stefani, Deputy Assistant Inspector General for Aviation, 202–366–0500.

Background

FAA is immersed in a multi-billion dollar, mission-critical capital investment program to modernize its aging air traffic control system. This effort involves the acquisition of a vast network of radars and automated data processing, navigation, and communications equipment. Programs like the Display System Replacement (DSR) and the early phases of the HOST and Oceanic Computer System Replacement (HOST Replacement) mainly replace existing equipment and functionality, and are not considered software intensive development projects. DSR provides new controller displays and workstations, and upgrades the network infrastructure at FAA's en route centers. The HOST Replacement, currently in its first phase, replaces the mainframe HOST and oceanic computers at the en route centers. The HOST computers process flight and radar data and are the heart of the automation system used to control air traffic in the National Airspace System. Subsequent phases upgrade software and replace peripherals such as printers and tape drives. Hopefully, these programs will continue to proceed well.

Other acquisitions like FAA's Wide Area Augmentation System (WAAS) and the Standard Terminal Automation Replacement System (STARS) pose significant challenges and are experiencing problems with software development and human factors issues. WAAS is a system of ground reference stations, communications satellites, and complex software that will augment the Department of Defense's Global Positioning System to provide navigation, approach, and landing capabilities for civilian use in the National Airspace System. STARS will replace air traffic controller and maintenance workstations with color displays, as well as computer software and processors, at FAA's 172 terminal air traffic control facilities. Successful deployment of WAAS and STARS is considered crucial to the implementation of Free Flight.

In addition to replacing existing systems, FAA's modernization program also includes developing new technologies to meet the emerging safety and capacity demands of the National Airspace System. These new technologies include satellite-based navigation and communications capabilities, methods to reduce runway incur-

sions, and capabilities to move the aviation industry toward Free Flight, such as data link.

FAA estimates the cost of modernizing the system will total about $40 billion from 1981 through 2003. Congress has appropriated about $27 billion through fiscal year 1999. FAA acknowledges the problems of the past and is addressing them with a new approach to major systems acquisitions. OIG is closely monitoring FAA's efforts to modernize its ATC systems and making recommendations to minimize further cost overruns, schedule slippages, and otherwise mitigate acquisition risks.

Audit Coverage

Both OIG and GAO have reported that ATC modernization projects have experienced substantial cost overruns, lengthy delays, and significant shortfalls in performance that have affected FAA's ability to deliver systems as promised. Significant issues that FAA must address include:

—Reassessing and rebaselining plans for transitioning to satellite communications, navigation, and surveillance technology, including Free Flight. This issue includes determining whether GPS and WAAS will be the sole means of navigation or if secondary systems will be needed. In addition, the WAAS Program recently announced software development problems associated with the integrity monitoring software. FAA and the prime contractor must resolve these software problems as soon as possible,

—Incorporating human factors in the design and development of new air traffic control systems and avoiding the problems experienced with new systems such as STARS,

—Strengthening DOT's capacity to oversee multi-billion dollar software intensive development contracts. Software intensive development contracts have typically resulted in large cost increases and major schedule slippage—an issue that has affected the pace of ATC modernization for more than a decade. While this is a significant problem associated with the FAA ATC Modernization Program, it also is an issue that bears watching during the development of Intelligent Transportation Systems by the Federal Highway Administration. Strong oversight by the Department and the OIG to, among other things, assure contractor accountability, clear agency requirements, and strengthened internal controls, will help minimize what has historically been an area of unacceptable cost growth and schedule delays,

—Eliminating systemic deficiencies and adopting a complete systems architecture for its major acquisitions,

—Improving cost-estimating and cost-accounting processes, and

—Increasing air traffic controller proficiency on a critical backup system.

We will continue to closely monitor FAA's WAAS and STARS programs, focusing on the software development problems and resolution of human factors issues. In addition, our ongoing work includes reviews of the HOST replacement, and FAA's acquisitions of technologies to reduce runway incursions and to provide data link capabilities. We also plan to initiate reviews of other technologies needed to implement Free Flight as well as FAA's program to acquire automation capabilities for the oceanic airspace.

Transition to Satellite Technology.—OIG reported that FAA's transition plan for air traffic management satellite technology needed to fully address costs, financing sources, components, and timing. To successfully implement the satellite-based systems, FAA also needs to resolve issues about availability of a second signal, effects of solar activity on signals, and security from "jamming." In 1998, OIG reported that FAA needed to determine whether its WAAS Program will be a sole or primary means of navigation and stated that a back up system would be needed for the foreseeable future. OIG also reported on program financial limitations, the need to establish more realistic schedules, deferring a commitment for additional satellites, and extending the decommissioning schedule for existing navigation systems.

Design and Development of New Air Traffic Control Systems.—OIG reported that FAA did not adequately consider users' needs in the design and development of STARS, a new computer system that tracks and displays airplanes for air traffic controllers. Controllers and maintenance technicians have identified numerous potential problems with STARS that could affect its utility to them and, as a consequence, affect air safety. OIG reported three additional areas that posed risks to the program's costs and schedule. A 1998 OIG review found that FAA did not adequately budget funds for controller display equipment and had no definitive plans to acquire the needed equipment for the program. The STARS Program will not meet its original schedule and program costs are projected to increase by nearly $300 million. Because of concerns about the significant cost growth for software de-

velopment on major systems, OIG plans to initiate an audit in this area in fiscal year 1999.

Systemic Deficiencies in Major Acquisitions.—OIG found systemic problems in FAA's major modernization acquisitions. The problems included frequently changing requirements, inadequate oversight of contractors, poor contract specifications, and lack of comprehensive cost-benefit analyses. In a series of reports, OIG noted that deficiencies in FAA's Advanced Automation System (AAS) Program contributed to large cost overruns and lengthy schedule delays. In a 1998 review of AAS, OIG estimated that FAA wasted $1.5 billion on the program. In another review, OIG recommended FAA reinstitute the use of checklists and followup processes, and strengthen planning for the integration of multiple systems. In addition, due to serious supportability and Year 2000 concerns, OIG recommended FAA accelerate its program to acquire new mainframe computers at its enroute air traffic control centers.

Systems Architecture for Major Acquisitions.—GAO found that FAA failed to define and enforce a complete air traffic control systems architecture; a comprehensive blueprint to guide and constrain the development of the related systems. FAA also lacked detailed information technology and communications standards. FAA's failure to define and hold to a complete architecture has spurred incompatibilities among existing systems, and the likelihood that future systems will not be compatible. FAA has recently issued a draft National Airspace System architecture and is working closely with the aviation industry to obtain consensus.

Cost-Estimating and Cost-Accounting Processes.—FAA's air traffic control modernization program lacks reliable cost information. FAA's weak cost-estimating processes lead to estimates that are not analytically derived and supported. FAA also lacks an accounting system that accumulates all project costs, increasing the likelihood of poor investment decisions throughout the life cycle of the projects.

Air Traffic Controller Training on Critical Backup System.—OIG recently reported that air traffic controllers at FAA's en route centers needed increased proficiency training using the HOST computer's backup system. While we concluded that the backup system, called Direct Access Radar Channel (DARC), was reliable, we noted DARC has limitations that reduce controller efficiency. OIG found that reliance on DARC is expected to increase during the HOST Replacement transition period. Further, a large number of air traffic controllers at the five en route centers we visited had very limited or no operational experience controlling air traffic using DARC. Thus, in order to minimize the impact of outages during the HOST Replacement, we recommended FAA ensure all center air traffic controllers receive additional training using DARC.

FAA FINANCING

Financing FAA activities and the air traffic control system is a major issue that the Department, the Congress, and the aviation community need to address. Currently, FAA faces significant risks in meeting rising operations costs. Over the past 10 years FAA's annual operations requirements have almost doubled from $3 billion to almost $6 billion and the cost of operations is expected to continue to rise. For example, a recent increase in pay for air traffic controllers could require as much as $1 billion in additional funding over the next 5 years.

FAA needs to find ways to manage within budgets that are not expected to keep pace with the growth in operations costs. FAA must mitigate the risks of funding shortfalls by controlling costs and increasing productivity. Also, a reliable cost accounting system is needed to support management decisions, and help identify actions that can reduce operating costs. Credible information will strengthen FAA's capacity to justify sufficient funding. Adequate financing for FAA activities underpins all five DOT strategic goals and one key Departmental corporate management strategy. They are:

DOT Strategic Goal #1

Safety.—"Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property damage."

DOT Strategic Goal #2

Mobility.—"Shape America's future by ensuring a transportation system that is accessible, integrated, efficient, and offers flexibility of choices."

DOT Strategic Goal #3

Economic Growth and Trade.—"Advance America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation."

DOT Strategic Goal #4

Human and Natural Environment.—"Protect and enhance communities and the natural environment affected by transportation."

DOT Strategic Goal #5

National Security.—"Advance the nation's vital security interests in support of national strategies such as the National Security Strategy and National Drug Control Strategy by ensuring that the transportation system is secure and available for defense mobility and that our borders are safe from illegal intrusion."

DOT Corporate Management Strategy

Resource and Business Process Management.—"Foster innovative and sound business practices as stewards of the public's resources in our quest for a fast, safe, efficient and convenient transportation system." Included under this strategy are budget management, resources, financial management, and asset management.

Key OIG Contacts.—John Meche, Deputy Assistant Inspector General for Financial, Economic, and Information Technology, 202–366–1496; Alexis Stefani, Deputy Assistant Inspector General for Aviation, 202–366–0500.

Background

FAA's funding predicament for fiscal year 1999 operations is caused, in part, by a new pay system agreed to between FAA and the National Air Traffic Controllers Association. The new pay system could increase costs as much as $1 billion over the next 5 years with an immediate impact of $102 million on FAA's fiscal year 1999 budget. To further compound this issue, FAA has been prohibited by federal court from collecting approximately $93 million in user fees. FAA will need to identify offsetting savings and productivity gains to meet its funding requirements. Achieving the necessary funding goals will require difficult decisions on what will be cut.

Securing adequate and stable funding sources for FAA is a critical issue facing DOT and the Congress. Recognizing the seriousness of FAA's long-term financing problems, Congress directed that an independent assessment be made of FAA's budgetary requirements. The National Civil Aviation Review Commission was created to analyze FAA's budgetary requirements through fiscal year 2002, including ways to fund the needs of the aviation system. In December 1997, the Commission recommended that FAA be shielded from discretionary budget caps and that a direct link be established between revenues from aviation users and spending on aviation services. The Commission also recommended that: air traffic control become a performance-based service; FAA have a cost accounting system and authority to start innovative leasing and borrowing programs; and FAA adopt cost-based user fees to support its air traffic system, with government funding for aviation security, safety, and government use of the system.

However, even with more liberal budgetary treatment, there are limits on revenues that can be derived from passengers, whether they are called user fees, taxes, or charges. Passengers currently pay an 8 percent tax on airline tickets and many airports impose Passenger Facility Charges to obtain funds for infrastructure projects. FAA, like other performance-based organizations in the public or private sector, must show discipline in controlling costs, particularly for operations and air traffic control acquisitions.

Audit Coverage

OIG has issued reports identifying FAA funding and accounting problems. Currently, the OIG is working on an analysis of FAA funding levels and the various assumptions used by the agency to project receipts from the trust fund, the general fund, or other sources and comparing them to various funding scenarios for operations and maintenance; facilities and equipment; airports; and research, engineering, and development accounts. Key issues associated with FAA financing include:

—Accurately determining the amount of funds that will be needed to finance FAA and determining what portion of FAA's operations, air traffic control modernization, and airport infrastructure, should be financed by the trust fund, general fund, or other sources of funds such as passenger facility charges. This is a matter that will be debated in the next Congress.

—Developing a cost accounting system on which FAA can be better managed and upon which "user fees" could be based. FAA cannot implement a credible and reliable cost accounting system until it first ensures its financial systems accurately capture and allocate relevant cost data and FAA obtains an unqualified opinion on its financial statements. FAA's financial management systems do not currently capture this data and until they do, FAA cannot receive an unqualified opinion.

Workforce Cost Increases.—FAA and the National Air Traffic Controllers Association have negotiated a new pay system for air traffic controllers that could increase the agency's total costs of operations by as much as $1 billion over the next 5 years. FAA did not request additional funds for this pay increase in its fiscal year 1999 budget. If FAA's future funding does not include offsetting appropriations or new revenue, and if performance improvements are not realized, the agency will face significant risks in funding the new pay system while, at the same time, meeting other critical agency requirements. These risks could be further compounded if similar pay programs are developed in current negotiations with FAA's two other largest unions.

Cost Accounting System.—The Federal Aviation Reauthorization Act of 1996 directed FAA to develop a cost accounting system that reflects investments, costs, revenues and other financial aspects. A fully operational cost accounting system would help FAA measure air traffic control performance, establish cost accountability, and be a basis for user fees. FAA initially promised Congress the cost accounting system would be operational by October 1, 1998.

In August 1998, OIG reported the implementation of FAA's cost accounting system was not on schedule. While the original schedule called for full implementation by October 1, 1998, the OIG found the schedule was overly aggressive, contained conflicting tasks, and omitted responsibilities and resource needs. We also reported FAA had yet to establish a systematic method to identify and reflect (1) the cost of accounting adjustments, (2) cost for all development projects, (3) cost incurred by other agencies for air traffic services, and (4) the correct labor cost charged to appropriate projects. In addition, FAA had not decided how to allocate its costs.

FAA has revised its implementation goals into two stages; an initial operational cost accounting system by December 31, 1998, and a fully operational system by March 31, 1999. In addition, allocation rules have been drafted and are currently being validated. In our opinion, the March 31, 1999, revised deadline for a fully operational cost accounting system is not a credible deadline and is highly unlikely to be achieved. FAA must have an unqualified opinion on its financial statements before they can have a credible and defensible cost accounting system.

Financial Accounting and Reporting Process.—OIG identified material internal control weaknesses with FAA's financial accounting and reporting process, which resulted in OIG disclaiming an opinion on FAA's financial statements for fiscal years 1992 through 1997. Based on work done as of December 2, 1998, we also expect to issue a disclaimer on FAA's fiscal year 1998 financial statements. These problems are discussed further under Issue 8, Financial Accounting. Until FAA resolves its underlying financial control deficiencies, its cost accounting system will not produce accurate and defensible cost data and FAA will not be able to sustain a cost-based user fee program.

SURFACE, MARINE, AND AIRPORT INFRASTRUCTURE NEEDS

Replacement of transportation infrastructure and construction of projects triggered by new needs is crucial to U.S. economic viability and quality of life. The Transportation Equity Act for the 21st Century (TEA–21) provided an enormous infusion of funds for surface transportation infrastructure. Numerous major transportation infrastructure projects are in progress at a cost of billions of dollars. It is imperative that DOT funds are used effectively and efficiently to improve and expand highway, transit, airport, and maritime infrastructure projects. Meeting U.S. transportation infrastructure needs is tied to three DOT strategic goals. They are:

DOT Strategic Goal #2

Mobility.—"Shape America's future by ensuring a transportation system that is accessible, integrated, efficient, and offers flexibility of choices."

DOT Strategic Goal #3

Economic Growth and Trade.—"Advance America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation."

DOT Strategic Goal #4

Human and Natural Environment.—"Protect and enhance communities and the natural environment affected by transportation."

Key OIG Contacts.—Alexis Stefani, Deputy Assistant Inspector General for Aviation, 202–366–0500; Patricia J. Thompson, Deputy Assistant Inspector General for Surface Transportation, 202–366–0687; Tom Howard, Deputy Assistant Inspector General for Maritime and Departmental Programs, 202–366–1534; and, Todd Zinser, Assistant Inspector General for Investigations, 202–366–1967.

Background

TEA–21 guarantees a record $198 billion investment over a 6-year period to maintain and improve America's transportation infrastructure. Significant funding is provided for highway and transit programs, highway safety, and bridge replacement and rehabilitation. TEA–21 provides funding for programs to protect or enhance the environment, such as $8.1 billion for Congestion Mitigation Air Quality improvements and $500 million for clean fuels. Intelligent Transportation System projects will receive $1.3 billion to develop and deploy advanced technologies.

TEA–21 also provides increased funding for transportation research and development on a variety of new technologies addressing critical infrastructure and safety problems, including $228 million for university education and research programs. Highway and transit discretionary grants funding will receive $16.7 billion for fiscal years 1999 through 2003. Improving and expanding the highway and transit infrastructure demands increased vigilance by the Department to guarantee the maximum impact. Because of the large influx of funds, there will be greater potential for fraud, embezzlement and abuse. OIG is therefore increasing its oversight of the Department's management of significant infrastructure projects.

Audit Coverage

Since October 1, 1997, OIG issued six audit reports covering selected major highway and transit infrastructure projects priced at $1 billion or more ("mega projects"). The audits focused on current costs, work completed, the accuracy of supporting data, and the potential financial and schedule risks for each mega project. As a result of these reviews, we identified lessons learned and best practices that offer opportunities for cost-savings in future large infrastructure projects, including the use of value engineering, the design-build contracting approach, owner-controlled insurance programs, and the need for a sound financial plan. Key issues include:

—Strengthening internal controls to ensure adequate management and oversight of the infusion of substantial additional Federal funds for surface infrastructure projects, preventing fraud, embezzlement, and abuse of funds, Ensuring the development of sound financial plans for high-cost transportation infrastructure projects,

—Promoting the use of cost-saving techniques such as value engineering, design-build procurements, and owner-controlled insurance programs,

—Monitoring major on-going infrastructure projects concerning current costs, work completed, and potential financial and schedule risks,

—Recording baseline data on planned mega highway and transit projects to provide timely and comprehensive information and prioritize future reviews, and

—Selecting high value projects for discretionary grants, awarded according to established criteria.

In fiscal year 1999, OIG will continue to dedicate significant resources to assess DOT's oversight of infrastructure projects through baseline reviews to develop basic data points. We also will make in-depth reviews of major construction projects and follow up reviews on projects reviewed in previous years.

Central Artery/Ted Williams Tunnel Project.—OIG found costs to complete the Boston Central Artery/Ted Williams Tunnel Project, which include the replacement of a segment of urban highway and a new airport-access tunnel under Boston Harbor, could rise as high as $11.2 billion. We also concluded there was a likelihood of higher-than-budgeted costs for change orders, contract awards, and consultant costs in the absence of aggressive cost-controls. We are currently conducting a follow up review on the project's costs, funding, and schedule.

Completion of the Metrorail System, Washington, DC.—OIG found Federal, state, and local funding is sufficient to pay for construction of the four segments of the Metrorail system, with final construction costs estimated to be below the original cost estimates. The report also disclosed that the scheduled opening of one segment is at some risk, and another segment, though also at risk, is likely to open on time.

Cypress Freeway Project, Oakland, California.—OIG found Federal and state funding is sufficient to pay for construction of the project, and the construction costs may be less than state estimates.

Review of Los Angeles Metropolitan Transportation Authority Metrorail Red Line.—OIG found the cost and schedule estimates of the Red Line are reasonable; however, there were still funding risks. Because the Los Angeles Metropolitan Transportation Authority (MTA) lacked an up-to-date, comprehensive Finance Plan, the agency did not recognize it had insufficient revenues to fund all competing capital projects and commitments. FTA concurred with our recommendation to require MTA to develop and keep current a Finance Plan. Subsequently, on May 13, 1998, the Board adopted a Recovery Plan (Finance Plan) which identified how MTA would

finance the cost to complete the on-going segments of the Red Line; meet its other responsibilities, such as a court-ordered Consent Decree to improve bus service; and fund its operating costs. OIG reviewed MTA's Recovery Plan and found it to be reasonable. We noted, however, that vigilant oversight by management will be required to ensure that the project meets Recovery Plan goals. We will continue to monitor the project and update previous audit work.

Interstate 15 Reconstruction Project in Utah.—OIG found the use of the Design-Build contracting approach will enable the project to be completed ahead of schedule, saving an estimated 3 years of time compared to traditional contracting methods. The project is scheduled to open 7 months before the start of the 2002 Winter Olympic Games in Salt Lake City and surrounding environs. OIG also found the $1.6 billion cost of the project is reasonable, but funding had not been identified to cover all I–15 project costs. In August 1998, Utah's Department of Transportation requested additional Federal funding under Section 1223 of TEA–21 to cover the identified shortfall.

Allocating Discretionary Funds.—OIG found that Departmental officials were frequently not funding projects identified as the highest priority (59 percent of the FHWA awards and 15 percent of the FAA awards), nor explaining or documenting the rationale for these decisions. The OIG recommended that the Secretary develop appropriate implementing guidance on allocating discretionary funds, particularly the funding of the highest national priority projects and documentation of decision rationale. The Department notified Congress that it would publish selection criteria for highway discretionary programs. In addition, the Department will provide the appropriate Committees with quarterly lists of discretionary projects selected for funding and an explanation of how the projects were selected based on the criteria. The Department also agreed that discretionary funding decisions should be documented appropriately, and Departmental officials will take the steps necessary to ensure such documentation is kept.

Investigative Coverage

OIG has made the investigation of infrastructure contract/grant fraud as one of its highest priorities. With the infusion of the tremendous amount of TEA 21 funds into rebuilding the nation's highways and transit facilities, the Office of Investigations has developed a TEA 21 strategy to protect the expenditure of Federal funds. The foundation of this strategy encompasses outreach and liaison by OIG in working with FHWA, FTA, DOT grantees, and other law enforcement agencies, including the Federal Bureau of Investigation and state criminal investigations units, to ensure that public monies are spent wisely and efficiently.

OIG has actively promoted measures within the Department to deter criminal activities. For example, as a follow up to a false claims case involving a highway construction project, OIG recommended that FHWA establish procedures in all States that require a certification statement on all claims and supplemental agreements, similar to the statement required for progress payments on highway construction contracts. The contractor would affirm that all information contained on a claim is true, correct, and accurate, subject to criminal prosecution for false statements. This would aid in the prosecution of contractors who file misleading and false claims.

Contractor "Kickbacks".—An ongoing investigation by the OIG and the Federal Bureau of Investigation led to three guilty pleas involving conspiracy, bribery, and money-laundering. One FHWA employee was sentenced to 37 months incarceration, 3 years supervised release, and fined $5,000 for soliciting and receiving more than $150,000 in cash and money orders from government contractors. Two contractors have pleaded guilty to conspiracy charges on FHWA contracts involving advanced vehicle highway technologies. A separate investigation involving the payment of gratuities to an FTA grantee employee resulted in a guilty plea by the vice president of a Cambridge, MA, construction company and charges of corruption for soliciting and obtaining money and property.

Contractor Fraud/False Billing.—As a result of an OIG investigation, on November 12, 1998, in Madison, Wisconsin Federal Court, Daniel Benkert pleaded guilty to making false statements on highway construction projects. Benkert was a supervisor for Yahara Materials, a road construction company that also owns several aggregate pits which provide materials for the construction industry. Benkert instructed his subordinates to prepare at least 148 false weight tickets representing truck loads of gravel or aggregate that were never delivered, but billed, to a Federal-aid highway project.

Maritime Infrastructure

Background

The United States is dependent on the marine transportation system for 95 percent of overseas international trade and 25 percent of domestic trade. This system, which is comprised of the nation's waterways, ports, and intermodal connections, requires coordination to operate efficiently and effectively. Although national, state, and local government agencies share ownership, management, and operation of the marine transportation system with the private sector, there is no coordinated national leadership. Without coordinated leadership, the nation's mobility, safety, economic growth, competitiveness, natural environment, and security may be adversely impacted.

The Department of Transportation needs to provide leadership to maintain, improve, and develop port, waterway, and intermodal infrastructure and services to meet current and future needs. For example, the marine transportation infrastructure (channel depths and widths, deep-draft anchorages, portside facilities, and rail and highway access) is not adequate to meet the nation's growing demand for moving passengers and cargo. Maritime trade is predicted to double within the next generation with megaships, including large container vessels capable of carrying over 6,000 20-foot container equivalent units, and passenger vessels with capacities exceeding 3,000 passengers. U.S. competitiveness and economic growth will be dependent upon the ability of U.S. ports to accommodate these vessels.

Since most of the nation's channels and harbors are not naturally deep enough to accommodate modern vessels, dredging is essential. Currently, only three U.S. ports, all located on the West Coast, provide channel depths of 50 feet or more that are capable of handling a fully loaded megaship. However, dredging has become controversial given concerns about dredged material disposal, increasing environmental awareness, and recognition of the sensitivity and value of the coastal ecosystems. In addition, since many ports are publicly owned state or local entities with limited budgets for dredging, economic issues must be resolved. The U.S. port industry is concerned over the Supreme Court decision that the Harbor Maintenance Tax on exports was unconstitutional. During fiscal year 1997, the trust fund generated by this tax provided about $546 million for dredging. Effectively addressing these factors is critical to economic growth and environmental stewardship.

There is a need to develop a dedicated funding stream for maritime infrastructure maintenance and improvements. The Congress did not approve the Administration's recently proposed replacement for the Harbor Maintenance Tax. Also, user fees are unpopular and funding for system projects is administered by numerous federal agencies. Inadequate and uncoordinated funding will adversely impact dredging, port development, and ultimately port selection by carriers. Finding opportunities for cost-sharing ventures and public-private partnerships to improve the maritime infrastructure is critical to U.S. competitiveness.

The Office of Inspector General plans to review the Department's efforts to maintain and upgrade the maritime infrastructure, especially as they relate to megaport development, environmental issues, and funding mechanisms. We will focus our work on initiatives resulting from the Department's November 17–19, 1998, conference on the Marine Transportation System.

Airport Infrastructure

Background

The majority of funds to maintain and improve the nation's airport infrastructure come from three sources: airport and special facility bonds, Airport Improvement Program (AIP) grants, and passenger facility charges (PFC) on airline tickets. Airport industry associations estimate that through the year 2002, airports in the National Airport System will need $10 billion annually for capital investments to maintain the integrity of airport infrastructure. This estimate includes all capital projects, whether or not eligible for AIP grants.

Airports in the National Airport System are eligible for AIP grants awarded by the FAA. AIP grants are funded through the Airport and Airway Trust Fund, which is supported entirely by taxes on aviation users. AIP funding in fiscal year 1998 was $1.7 billion. AIP funding for fiscal year 1999 is $1.95 billion, but only $975 million can be obligated through March 1999 or prior to reauthorization of the AIP. FAA gives the highest priority for AIP funds to projects that address safety, security, noise mitigation, and rehabilitation/reconstruction of existing airfields. According to FAA records, from 1982 through 1996, 53 percent of AIP funds were spent for runways, taxiways, and aprons. The next largest use of AIP funds was noise projects, which accounted for 11 percent of total AIP expenditures. The OIG will continue to

review the use of airport revenue to help the FAA ensure that maximum benefits to the flying public accrue from these funds.

Audit Coverage

In recent years, the OIG has issued a series of reports on airport infrastructure subjects. Key issues that must still be addressed in funding airport infrastructure needs include:

—Eliminating the prohibited diversion of airport revenues by airport sponsors,
—Strengthening prevention of fraud, waste, and abuse especially in view of the infusion of substantial additional amounts of Federal funds for infrastructure,
—Selecting high value projects for AIP grant funds, and
—Establishing policy on PFC funding eligibility requirements.

Diversion of Airport Revenue.—The OIG has issued two reports since January 1998 identifying airport revenues used for prohibited purposes. One report found that the local county commission diverted $2.6 million in airport generated revenue to the county general fund for nonairport related purposes. In September 1998, OIG notified FAA of an additional $1 million in potential revenue diversions at five airports nationwide.

Airport Financial Reports.—OIG found that 4 years after Congress legislated requirements associated with airport revenue use, FAA had not taken action to issue final policies. In addition, FAA did not provide effective oversight of airport financial reports. About 20 percent of the airport sponsors required to file reports had not done so, and the majority of the reports that were filed contained incomplete and inaccurate information.

The FAA Associate Administrator of Airports has made issuing final policy on the use of airport revenue a top priority and plans to publish the policy by the end of December 1998. In addition, FAA incorporated a specific standard on the use of airport revenue in the fiscal year 1999 performance plans of the Associate Administrator of Airports, the Director of Airport Safety and Standards, and the Manager of the Airports Compliance Division. Also, FAA issued Advisory Circular (AC) No. 150/5100–19, Guide for Airport Financial Reports Filed by Airport Sponsors, on September 10, 1998, which updates airport financial reporting forms and instructions.

Awarding of Discretionary Funds.—FAA has developed criteria and was following its established process for identifying and prioritizing projects for discretionary funding. However, we found FAA sometimes direct funds to lower priority projects within a region instead of funding the highest national priority. FAA allocated $100 million, or 15 percent of its $669 million in fiscal year 1997 discretionary funds to lower priority projects. Also, contrary to FAA policy, some airport sponsors requested discretionary funds for high priority projects while planning to use entitlement funds for lower priority projects that would not compete favorably for discretionary funds in the national priority system.

PFC Policy Issues.—PFCs have become an important funding source for airport projects. However, FAA does not currently have a policy to address the funding of "landside" projects with PFCs, such as the light-rail extension recently approved at JFK airport. In our opinion, the FAA Administrator, prior to approving any such PFC request, should make a determination of: (1) the extent to which the "landside" project is likely to result in additional air transport passengers; (2) any impacts the approval would have on the financing of airside projects related to safety, security, capacity, or noise reduction; and, (3) whether cost sharing or the use of surface transportation funds should be used to finance a portion of such projects. This issue is of even more significance given the likelihood that proposals to increase the current $3 PFC cap may be considered during the FAA reauthorization process.

TRANSPORTATION AND COMPUTER SECURITY

DOT needs to advance the nation's vital security interest by ensuring that the transportation system is secure and that our computer systems are safe from illegal intrusion. Protecting the security of the traveling public is among DOT's most challenging tasks. Transportation and computer security are linked to two DOT strategic goals and one DOT corporate management strategy. They are:

DOT Strategic Goal # 1

Safety.—"Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property damage."

DOT Strategic Goal # 5

National Security.—"Advance the nation's vital security interests in support of national strategies such as the National Security Strategy and National Drug Control

Strategy by ensuring that the transportation system is secure and available for defense mobility and that our borders are safe from illegal intrusion."

DOT Corporate Management Strategies

Information Technology.—"Improve mission performance, data sharing, system integrity, communications, and productivity through deployment of information systems which are secure, reliable, compatible, and cost effective now and beyond the Year 2000."

Key OIG Contacts.—John Meche, Deputy Assistant Inspector General for Financial, Economic, and Information Technology, 202–366–1496; and Alexis Stefani, Deputy Assistant Inspector General for Aviation, 202–366–0500.

Background

Presidential Decision Directives 62 and 63, dated May 22, 1998, require Federal agencies to implement a more systematic approach to fighting terrorism, secure their critical information systems and facilities within 2 years, and assist industries to secure the national transportation infrastructure within 5 years. The U.S. transportation system includes 3.9 million miles of public roads, 1.5 million miles of oil and natural gas pipelines, 123 thousand miles of major railroads, over 24 thousand miles of commercially navigable waterways, over 5 thousand public-use airports, 508 public transit operators in 316 urbanized areas, and 145 major ports on the coasts and inland waterways. The ability to prevent terrorist attacks within this vast system, and fraudulent intrusions into computer systems must be strengthened. Vulnerabilities of the information and communications infrastructure also affect every aspect of the transportation industry.

Civil aviation security remains a top priority. In February 1997, the White House Commission on Aviation Safety and Security reported to the President and made 31 recommendations to improve security for travelers. FAA was responsible for implementing 21 of the recommendations. As of October 1998, FAA has completed actions on 10 of the recommendations and improvements to address the remaining recommendations are in-progress.

Audit Coverage

In recent years, OIG has issued reports on aviation and computer security highlighting various weaknesses. Key elements of these issues are:

—Reducing the vulnerabilities in airport security controls,
—Enhancing the use of new technologies such as explosives detection equipment,
—Improving compliance with shipping requirements related to hazardous materials and dangerous goods, and
—Developing staff expertise and technical capabilities to detect intrusions to DOT and FAA computer networks and acting to reduce vulnerabilities.

In addition, OIG testified on aviation and computer security issues requiring immediate DOT attention.

Airport Security.—OIG reported that airports and air carriers were not complying with access control and challenge requirements, and passenger screening checkpoint operators failed to detect improvised explosives devices at an alarming rate. OIG is currently conducting audits of FAA's oversight of the aviation industry's compliance with airport access control requirements, and passenger profiling and checked baggage screening requirements.

Deployment of Explosives Detection Equipment.—A 1998 audit of FAA's deployment of explosives detection equipment found that air carriers were underutilizing the equipment already deployed for screening checked baggage, and the equipment performance in airports differed from its performance during certification testing. OIG continues to monitor FAA's explosives detection equipment deployment activities and progress.

Dangerous Goods/Cargo Security.—A 1997 audit found substantial rates of noncompliance with dangerous goods regulations and cargo security requirements during assessments and tests of air carrier and airfreight forwarders operations. Also, a 1997 OIG/FAA joint review of air courier operations found compliance with cargo security requirements unacceptable and controls over air courier shipments inadequate.

Aviation Security.—In May 1998, OIG testified that to meet current and future threats to aviation security, FAA needs an integrated strategic plan to guide its efforts and prioritize funding needs. The strategic plan should include a balanced approach covering basic research, equipment deployment and use, certification and operations testing processes, data collection and analysis on actual operator performance, and regulation and enforcement of aviation security requirements.

Computer Security.—In August 1998, OIG testified that DOT had not obtained assurances of compliance with DOT security requirements from outside users of its

computer networks, and only 1 of the 20 major DOT networks had been certified as secured. FAA also needs to implement more sophisticated network security measures when modernizing the National Airspace System with open system and common network technologies. Physical security over the Host computers in the en-route centers needs to be improved to avoid losing both the primary and backup computers to a single catastrophic event.

FINANCIAL ACCOUNTING/CHIEF FINANCIAL OFFICERS ACT

DOT has made significant progress in improving its financial accounting and reporting systems. The President has established a goal to earn an unqualified audit opinion on the Governmentwide fiscal year 1999 financial statements. The Department also has adopted this goal for its financial statements. Three major issues stand in the way of DOT receiving an unqualified opinion on its financial statements, the most challenging being the FAA property and equipment accounts totaling about $12 billion. FAA cannot implement a reliable and credible cost accounting system until it receives an unqualified opinion on its financial statements. The Department has developed a plan to correct problems with its property and equipment accounts. Sound financial accounting is a key corporate management strategy in the Department.

DOT Corporate Management Strategy

Resource and Business Process.—"Foster innovative and sound business practices as stewards of the public's resources in our quest for a fast, safe, efficient, and convenient transportation system."

Key OIG Contact.—John Meche, Deputy Assistant Inspector General for Financial, Economic, and Information Technology, 202–366–1496.

Background

Four Federal statutes have established new standards for financial accounting and reporting by federal agencies, starting with the Chief Financial Officers Act of 1990 (CFO). These laws aim to improve financial management, control of funds, and reliability of financial information. Pertinent laws adopted subsequent to the CFO Act include the Government Performance and Results Act of 1993, the Government Management Reform Act of 1994, and the Federal Financial Management Improvement Act of 1997.

Audit Coverage

Since passage of the CFO Act, OIG has issued 33 audit reports on DOT financial statements. Those reports made 295 recommendations regarding 196 findings.

OIG's most current work includes three audit reports in March 1998 on DOT's fiscal year 1997 Financial Statements; the DOT Consolidated Financial Statements, and the financial statements for the Federal Aviation Administration and the Highway Trust Fund. Major financial areas that need to be addressed are:

—Developing and implementing a plan for FAA to account for and value its property and equipment, including its multi-billion dollar work-in-process accounts for Air Traffic Control Modernization,

—Computing a reliable estimate of Coast Guard's future liability for military retirement pay and health care costs, and

—Ensuring that the Treasury Department develops adequate support for trust fund revenues and account balances totaling $28 billion.

We also reported that the Department's core accounting system did not support the financial statements, and the Department does not have a cost accounting system in place. For fiscal year 1998 financial statements, cost accounting systems are needed to provide cost information to evaluate program accomplishments and performance measures included in the Department's Strategic Plan.

With respect to FAA, on December 2, 1998, we identified three major issues standing in the way of FAA getting an unqualified audit opinion on its financial statements.

—The work-in-process account, with a current balance of $3.7 billion, includes erroneous cost data and projects that were completed over 5 years ago. Only active projects should be in this account.

—FAA cannot provide supporting documentation for its real property (land, buildings and structures) valued at $2.5 billion, and must use alternative procedures to compute supportable real property values.

—Personal property (equipment) was valued at $4.4 billion, but FAA cannot support its acquisition costs because much of the costs were "written off" as operating expenses.

At this late stage, there are no easy solutions. Hard work, effective teamwork, accountability, and operating with a sense of urgency are a must. DOT and OIG are working together closely to correct problems identified in audits. Some fixes will be time consuming and costly. Further, some of DOT's financial management systems are out of date and are in the process of being replaced. The Department is developing temporary processes to provide adequate support for financial statements until old systems are replaced.

AMTRAK FINANCIAL VIABILITY/MODERNIZATION

Congress created the National Passenger Railroad Corporation, "Amtrak", in 1971 to provide a national system of modern intercity passenger rail. Since its creation, it has been the shared goal of Congress and Amtrak for the service to operate without Federal operating assistance. However, Amtrak has continued to rely heavily on Federal funds to cover its annual operating losses. Amtrak's current plans are to eliminate the need for this assistance by the end of fiscal year 2002 because it is uncertain how much longer, and to what extent, Congress will be willing to provide operating assistance. Amtrak modernization is closely linked to three DOT strategic goals. They are:

DOT Strategic Goal #2

Mobility.—"Shape America's future by ensuring a transportation system that is accessible, integrated, efficient, and offers flexibility of choices."

DOT Strategic Goal #3

Economic Growth and Trade.—"Advance America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation."

DOT Strategic Goal #4

Human and Natural Environment.—"Protect and enhance communities and the natural environment affected by transportation."

Key OIG Contact.—Mark Dayton, Director, Technical Staff, 202–366–2001.

Background

Section 202 of the Amtrak Reform and Accountability Act of 1997 (ARAA) directed the Office of Inspector General to contract with an independent entity to conduct a complete analysis of Amtrak's financial needs through fiscal year 2002. The contract was awarded in May 1998 and a final report has been issued. The law requires the OIG to monitor the contractor's progress and to perform such overview and validation or verification of data as is necessary to assure that the independent assessment meets the requirements of the ARAA.

The assessment validated Amtrak's reporting of its current financial status and reviewed Amtrak's systems for financial reporting. A key element of the assessment was to analyze Amtrak's Strategic Business Plan to determine whether its projections for achieving self-sufficiency by the end of fiscal year 2002 were reasonable. The assessment reviewed Amtrak's estimates of capital needs and produced alternative capital requirements scenarios. The assessment compared the various estimates of capital needs to projected available capital investment resources to identify any potential funding shortfalls.

Audit Coverage

OIG has performed several Amtrak-related reviews in recent years. Significant issues that must be addressed include:

—Implementing substantial infrastructure improvements to the Northeast Corridor in order to realize the projected benefits of high-speed rail service, and

—Mitigating the risks in Amtrak's Strategic Business Plan. Amtrak has significant capital needs and the projected level of Federal funding between fiscal year 1999 and fiscal year 2003 is likely to fall short of needs by $0.5 billion to $1.8 billion. To the extent that Amtrak's operating losses are greater than projected, this capital shortfall will increase as Amtrak will need to use more of its Federal funding to cover operating losses, leaving less for capital spending. Amtrak's plans, if not adjusted, will result in operating losses in fiscal year 2003 and beyond that will likely require continued Federal operating support.

High-Speed Rail in the Northeast Corridor.—Amtrak plans to begin high-speed rail service in October 1999. When fully implemented, service between Boston and New York will take 3 hours, 10 minutes and service between New York and Wash-

ington, D.C. will take 2 hours, 45 minutes.[1] Amtrak's original 1995 budget for trains, maintenance facilities, and infrastructure improvements was $1.9 billion; by October 1998 it had grown to $2.47 billion. Delays in the electrification project construction schedule will make the October 1999 start-up date a challenge, but it is one Amtrak is confident will be met. Finally, if they are not addressed, an estimated $3.2 billion in remaining Northeast Corridor infrastructure needs will negatively affect the speed and reliability of this service, which will ultimately stifle ridership and constrain revenues. As Amtrak attempts to meet its congressional mandate of becoming operationally self-sufficient by the end of fiscal year 2002, high-speed rail revenues are expected to play a critical role.

Independent Assessment of Amtrak.—This was completed in November 1998, and assessed the likelihood that Amtrak will meet its goal of achieving operating self-sufficiency by the end of fiscal year 2002. We reviewed the projections in Amtrak's Strategic Business Plan to determine whether the actions Amtrak has specified as a means of reaching this goal are reasonable. We found that portions of the plan are at risk, and that if the plan were followed without modification, Amtrak's cash loss over the period fiscal year 1999 to fiscal year 2003 would be $0.8 billion higher than forecast in the plan, $2.9 billion versus $2.1 billion. We fully expect that Amtrak will make adjustments to its business plan, as it has in fiscal year 1998, and replace nonperforming activities with new activities to increase revenues or decrease costs, thereby mitigating at least some of this additional loss.

Amtrak has estimated its capital needs total between $3.9 billion and $4.7 billion for the period fiscal year 1999 through fiscal year 2003. Expected Federal funding during this period is $2.2 billion which would result in a funding shortfall of at least $1.7 billion. We believe Amtrak's bare minimum capital needs total $2.7 billion, but recommend a higher level to sustain Amtrak beyond fiscal year 2003 and provide funds to invest in new business ventures. This level would be between $3 and $4 billion during the period fiscal year 1999-fiscal year 2003. We note that the funding shortfall for even meeting minimum needs would total $0.5 billion. These projected shortfalls assume that Amtrak's operating losses would not exceed what it projects in its business plan. If they do, Amtrak will need to use more of its capital funding to offset the losses, which would further deplete the amount of funding available for capital investment.

The Amtrak Board is aware of the risk and has informed the OIG that it has already initiated changes to the Strategic Business Plan that will eliminate at least $390 million of at-risk revenues and cost reductions cited in the assessment.

The ARAA requires the OIG to assess Amtrak's 1999 Strategic Business Plan. OIG has taken note of the Amtrak Board's observations, concerns, and changes to its Strategic Business Plan, and will address their validity during the next phase of OIG's congressional mandate.

DOT IMPLEMENTATION OF GPRA

Many of DOT's outcomes such as improved safety, reduction in fatalities and injuries, and well-maintained highways depend in large part on actions taken and assistance provided by third parties outside the Department, including other Federal agencies, states, and various components of the transportation industry. Their assistance will be critical in meeting DOT's goals. Another major factor that will impact DOT's ability to achieve its goals is the effective utilization of human resources. DOT must effectively manage the workforce, recruit highly qualified individuals for vacant positions, and provide requisite technical and other training in order to successfully meet the management, safety, and efficiency challenges facing the U.S. transportation system.

Key OIG Contact.—Mark Dayton, Director, Technical Staff, 202–366–2001.

Background

GPRA required the development, by all Federal agencies, of 5-year strategic plans and annual performance plans and reports. DOT issued its first strategic plan in September 1997, and its first performance plan for fiscal year 1999 in February 1998. In a rating of agency plans by Congress, both were found to be the best among those submitted by 24 Federal agencies. Nevertheless, the General Accounting Office has identified several weaknesses in these plans, especially in the area of crosscutting issues and the verifying and validating of performance data. The Department's first performance report to Congress is due March 31, 2000.

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[1] Current running times are: 4 hours, 45 minutes (New York to Boston); 3 hours, 2 minutes (New York to Washington, DC)

Audit Coverage

In fiscal year 1998, we issued 19 audit reports that addressed DOT's implementation of GPRA. Although DOT's strategic and performance plans were highly rated, we identified a number of programmatic and/or operational areas requiring improvement. Some of the areas include:

—Establishing performance goals and measures for: (1) FAA's personnel reform initiatives and runway incursion program, (2) USCG's oversight of private sector oil spill response capabilities, and (3) FRA's commuter rail safety requirements,

—Completing performance goals and measures for: (1) the diversion of airport revenue, and (2) risk of terrorism to U.S. passengers at foreign and domestic ports and waterfront facilities, and

Improving performance goals and measures for: (1) FAA's contract tower program, and (2) DOT's and FAA's fiscal year 1997 Financial Statements.

As stated in DOT's fiscal year 1999 performance plan, OIG will selectively: (1) verify and validate performance data, and (2) assess performance measures to determine their appropriateness for measuring progress toward stated goals. Moreover, to further enhance our work in this area, we have developed a 2-day course on auditing GPRA implementation. This course, which is being given to all audit staff, addresses relevant GPRA regulations, policies, and guidelines; OIG oversight responsibilities; and approaches for auditing performance goals, measures, and data. To date, nearly 50 auditors have received the training.

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STATEMENT OF PETER J. BASSO

Senator SHELBY. Mr. Basso.

Mr. BASSO. Thank you, Mr. Chairman. If I might just take a minute of personal privilege myself, Mr. Chairman and Senator Lautenberg. I have been with the Department for over 30 years. It is the first opportunity that I have had to appear before this committee, having been confirmed by the U.S. Senate. I want to take a moment to thank you, Mr. Chairman, and you, Senator Lautenberg, for both your guidance and your support through that process.

Senator SHELBY. You folks know he is going to be here 2 more years anyway.

Mr. BASSO. Yes.

Senator LAUTENBERG. I am going to be hanging on by my—[Laughter.]

Mr. BASSO. In that regard, Senator Lautenberg, we have had a chance to work together for many years. You have always given us tremendous support and advice. On behalf of the Secretary and myself, I would like to acknowledge that support here.

Mr. Chairman, members of the subcommittee, it is a pleasure to be here this morning and to address issues that really are top priorities of the Department. We face a variety of challenges, but we are focusing strategically and smartly on those issues.

As a Nation, we face growing travel demand, demographic changes that seriously challenge the transportation system. Highway miles that are traveled will grow 25 percent by the year 2010.

Commercial aircraft operations will likewise grow 25 percent. Populations most at risk on our highways will grow. As our economy grows, demand for freight transportation will continue to rise.

As Secretary Slater has often said, transportation safety is and should be the Department's top priority. Last year there were nearly 42,000 Americans killed and 3.4 million were injured on our roads. As highway crashes remain the leading cause of death for people ages 6 to 27, we must do better at the Department. We know that seat belts and child safety seats work. Today the seat belts save over 10,000 lives annually, but again we must do better.

Annually 5,000 people die in crashes involving heavy trucks, and Senator Lautenberg, I want you to know on the bus issue, we are particularly mindful of those issues and are taking specific steps to try to address those more effectively. In that regard, 5,000 deaths a year is totally unacceptable. We have to take steps. We have to break through that ceiling and make changes.

As the Inspector General noted, there were no fatal crashes of U.S. scheduled airlines last year, and that is significant. But we again need to do better and make the processes better that will ensure that our skies are safer and that continues to be the watchword in the future.

Grade crossing and rail trespasser accidents present tough problems, but DOT will continue its successful partnerships and advance public awareness on those efforts.

In hazardous materials one of the things that I think we are doing that is very effective is, having joined with the Inspector General and various staffs of the Department, we are conducting a very rigorous program evaluation of our hazardous materials programs throughout the Department and, hopefully, using the GPRA process, will make progress in those areas as well.

On the question of investment, investment in transportation infrastructure is critical to the Nation's economic prosperity and quality of life. At DOT, we have taken a number of steps to control the management of the larger dollar projects. We know there are many challenges in the long term that need to be met.

Financing of our aviation system needs is a critical priority. We want to work with the Congress to establish cost-based user fees for air traffic control operations, and we are committed to implementing an effective cost accounting system that can be relied on and that allows our financial statements to be creditable in that regard.

Financing for Amtrak has certainly been mentioned here. It is a significant priority. Amtrak needs to increase its revenue and reduce its operating costs, and we are here to try to help them do that as best we can.

We have learned several lessons along the way toward modernizing our assets as well. FAA has put in place several new tools to better manage its acquisitions and the Coast Guard analyzed its options for modernizing its deepwater assets. We have taken into account the GAO recommendations and are implementing them vigorously.

On the Y2K issue, one of the things I would note is the Department received a failing grade just the other day on this issue. I am here to tell you this morning that I feel, Mr. Chairman, we will

make, by the end of March, the significant breakthrough progress we need to demonstrate that we will get to where we need to get on time and in proper order. Senator Stevens, I am mindful of a particular issue that affects Alaska in that regard, and the Coast Guard is working diligently to address that issue. I want you to know that.

On our corporate management strategies, to help meet the challenges, DOT is taking performance planning very seriously. We have over 60 ambitious performance goals which deal with outcomes, not output. We are tracking progress toward our plan in fiscal year 1999 and will be using program evaluations to assess DOT's contribution to the outcomes that we intend to achieve. We are putting customers first. We are cutting red tape, empowering employees, using the principles the Vice President laid out in the National Performance Review, and we can point to the FAA personnel and procurement reforms as starting to make progress and demonstrate results.

Finally, as the CFO of the Department, I am committed to delivering for fiscal year 1999 unqualified financial statements. I feel it is a personal responsibility, and we are working collaboratively and effectively with the Inspector General and with the Federal Aviation Administration and the Coast Guard to ensure that that happens.

We are bringing together intermodal energy and expertise to bear on transportation problems that will create efficiencies and leverage the diversity of the talents we have in the Department.

In closing, Mr. Chairman, I think we have made significant progress in making management a top priority. We are advancing transportation safety. We are addressing the Y2K problem, focusing our attention on acquisitions and investment. We are developing sound financial proposals for our programs, and we will develop creditable accounting systems. These remain challenges, but we are approaching them aggressively as one Department of Transportation and we look forward to working with the Congress.

PREPARED STATEMENT

Thank you, Mr. Chairman. I would be happy to answer your questions.

Senator SHELBY. Thank you, Mr. Secretary.

[The statement follows:]

PREPARED STATEMENT OF PETER J. BASSO

Mr. Chairman, Members of the Subcommittee. Thank you for the opportunity to testify on management issues, challenges and accomplishments of the Department of Transportation.

OVERVIEW

In the 21st century, Americans will compete in a global marketplace. This marketplace will be fiercely competitive, and our success as a Nation will be determined in part on how safely, reliably and cost-effectively we can move people, goods and information. Americans demand mobility and we have an obligation to provide a transportation system that meets both our economic and mobility requirements in the next century in a safe and environmentally friendly way.

As we look to the future, it is clear that our nation's transportation system faces a number of challenges.

We face rapidly-growing travel demand. One measure of this demand is that the Federal Aviation Administration forecasts that over the next ten years the number of commercial aircraft operations will grow by 25 percent. Virtually every segment and activity in aviation will grow correspondingly, placing similar demands on FAA's safety and operational programs. Another measure is vehicle miles of travel, also projected to grow by another 25 percent—to 3 trillion—over the same ten year period. And similarly, the overall demand for freight transportation is rising due to the continued expansion of the economy and higher consumer incomes.

We face challenges in improving transportation safety. The so-called easy safety improvements, such as roadway and vehicle design, have been largely made and we now face the tougher issues of changing behavior (by getting people to buckle-up, and reducing drunk driving) and of dealing with the transportation safety needs of an aging population.

The populations most likely to be affected by highway-related fatalities and injuries are growing. The number of new drivers is expected to grow 19 percent by the year 2020 and the number of older drivers is expected to grow 56 percent by the year 2020.

Despite the substantial progress we have made, we see increasing needs for efficiency and environmental preservation. For example, larger numbers of businesses seek to make our national transportation infrastructure part of their assembly lines with "just in time" inventory techniques.

Our nation's population continues to grow. The Bureau of the Census estimates that by 2020, just a little over 20 years away, 53 million more Americans—and the goods needed to support them—will be competing for space on our transportation systems.

MANAGEMENT

The Clinton Administration has made management of the Federal Government a top priority. In creating the National Partnership for Reinventing Government (NPR) the Administration committed itself to a new contract with the American people, a guarantee of effective, efficient and responsive government. We in DOT strive to be excellent managers of DOT's resources, ensuring that we deliver programs that customers want with maximum efficiency, and that we manage for results—the mandate of the Government Performance and Results Act (GPRA). To determine how to best deliver programs we emphasize customer involvement, set goals, and measure progress against these goals to determine if we are effective and efficient. The Department has been aggressively implementing GPRA since 1994. Our plans identify outcomes we seek to effect and describe how we use our resources to achieve those outcomes. Largely as a result of this focus, both the Department's strategic and performance plans received high marks from those who reviewed them.

The Department has also aggressively implemented the recommendations of the NPR. As part of this Administration's emphasis on good management, the NPR recommendations focused on putting customers first, cutting red tape and empowering employees. As an example of the Department's NPR successes the FAA, using special authorities granted by the Congress, has cut hiring times for all positions, and reduced the number of job descriptions by more than half. And since 1996 the FAA's new Acquisition Management System has cut in half the time it takes to award major contracts without sacrificing the integrity of the acquisition process.

Another example is our reinvention of procurement. Among all government agencies, DOT is a leading user of credit cards for small purchases. In addition, the Information Technology Omnibus Procurement (ITOP) program is delivering a wide range of information technology services in record time and providing highly qualified, proven support to DOT and other federal agencies. ITOP has streamlined the procurement process by allowing the use of oral proposals, limiting source selection criteria, and reducing the amount of paperwork for technical proposals. ITOP is also creating a data base of references to assist customers in evaluating contractors' past performance when making a decision on future contracts. ITOP has proven its success. Initially granted authority by GSA for up to $1.13 billion over seven years, the program has been so successful that it has used up this level in less than three years. ITOP–II was recently provided with authority for $10 billion over seven years, and DOT made all of the awards to contractors in late January. Similar contracts for other services are being modeled on this successful effort.

The Department has also cut red tape in administering the employee transit benefit program, by signing service agreements with other Federal agencies to administer their programs and distribute benefits to their employees. Just last month, the Department announced the receipt of an award to manage the program for the

House of Representatives—possibly a first in providing such services across branches of the government.

We have one transportation system, and to make it work better requires a ONE DOT approach. The Department is improving its internal management to bring intermodal energy and expertise to bear on all transportation problems. We've made "working better together" explicit both through our ONE DOT efforts and through the Secretary's Management Council. Our ONE DOT corporate management strategy is of special note. This strategy encourages collaboration across modes and agencies at all levels. It promotes efficiency and creativity, and instills in our employees the sense that they represent not just their operating administration but the whole Department and the nation's transportation system. This innovative team thinking has led to intermodal improvements at the nation's largest airports and has brought Delta Airlines into our "Buckle Up America" seat belt initiative. Closer to home, ONE DOT is bringing a full court press of the Department's resources to the National Capital Region Congestion and Mobility Task Force.

The Department's corporate management strategies are integral to achieving its performance goals. By focusing on working together as ONE DOT, ensuring that our workforce is diverse and highly skilled, ensuring that our goals and efforts are focused on our customers' concerns, advancing critical research and technology, investing in information technology, and fostering innovative and sound business practices, we ensure a focus not just on short term results but on the long term.

As we look to the challenges of the 21st Century we must focus our attention on what the Department can and should provide and how we can do that in the most efficient and effective way. We have developed a common sense approach to all that we do, which has six elements:

—We have developed a customer focus to provide the users of the system with services and outcomes which they need and want.
—We have used performance based goal setting to identify what we must accomplish and we have identified important management strategies to accomplish the work.
—We have invested in our workforce to make sure we have highly skilled and diverse employees capable of meeting the new challenges of the global society and information age.
—We have developed strong alliances and partnerships with other government agencies, the transportation related industries and the users of the system.
—We have streamlined our internal organizational structures to ensure that the resources we have are meeting the needs of the American public.
—We have streamlined our processes to make them work better and we have harnessed new technologies to better serve us in our work.

My testimony today will address our progress on the management challenges identified both internally and externally:

—the need to improve transportation safety;
—the need to resolve year 2000 computer glitches and to ensure computer security;
—the need to modernize both FAA and Coast Guard capital assets;
—the need to implement our proposed financing option for FAA and support the five-year plan for Amtrak self-sufficiency;
—the need to utilize transportation infrastructure dollars efficiently and effectively; and
—the need to comply with all aspects of the CFO Act and issue a credible GPRA performance report in March of 2000.

TRANSPORTATION SAFETY

Transportation safety is, and should be, the Department's number one priority. Safe and efficient transportation systems are critical to our economic security and our quality of life. Although our transportation system is already the safest in the world, much of what we do is aimed at making it safer, as travel continues to grow. In managing myriad safety programs in conjunction with the states, other public authorities, and the private sector, as well as directly through enforcement, we must constantly focus on strategies that will ensure that these programs are effective. We must leverage our resources to focus on outcomes. The fiscal year 2000 budget we have proposed invests a record $3.4 billion, eight percent above fiscal year 1999, in transportation safety programs. The following describes the efforts we are directing toward these programs.

Highway Safety

A major focus of the management of our safety effort is reducing highway crashes, which account for more than nine out of every ten transportation fatalities. Last

year nearly 42,000 Americans died and over 3.4 million were injured on our roads. Highway crashes are the leading cause of death for children, teenagers and young adults. In addition to the tragic toll on our families, crashes cost our economy an estimated $165 billion annually. Unless we continue to lower the fatality rate, the growth in travel created by our expanding economy will result in an increase in the number of deaths. To cut the fatality rate, we must focus on all three components of the safety equation: safer roads, safer vehicles and safer drivers.

The top priority to improve safety is simple—seat belts and child safety seats work! A person is almost twice as likely to die or sustain a serious injury in a crash if unbelted. Today, seat belts save about 10,000 lives annually. We can do better, however, and so on April 16th of 1997 the President set a new national goal of achieving an 85 percent use rate by 2000 and a 90 percent use rate by 2005, and a goal of reducing child fatalities in motor vehicle crashes by 15 percent by 2000 and 25 percent by 2005. To help our state partners reach these goals, NHTSA has focused on public information and education, outreach to targeted groups to increase the buckle up message, and evaluation, training, and development of new buckle up programs. The Department will also use the new Safety Incentive grants in the Federal-aid highway program to expand the states' seat belt programs. Throughout the Department we are making every effort to get the buckle up message out—not just from those involved in highway safety, but also those in aviation, rail and maritime. We want to make it more common for those landing in an airplane to hear a reminder to buckle up when driving home from the airport.

The President has also set a goal of making .08 the national standard for maximum blood-alcohol levels while driving. Although alcohol-related fatalities have declined over the past ten years, impaired driving remains a leading cause of traffic fatalities. This is a serious breach of responsibility by those who drink and drive. And we intend to sharply reduce their numbers. The fiscal year 2000 budget includes a 12 percent increase for NHTSA safety programs, to a total of $404 million, including expanded community-based programs to increase the use of safety belts and proper use of child safety seats, and aggressive programs aimed at drinking and driving.

Ensuring safe motor carrier transportation is a critical part of our overall efforts to improve highway safety. Healthy economic growth and logistical innovations like "just in time" delivery have spurred significant increases in truck travel and have been a boon for the trucking industry. But while the motor carrier fatality rate has decreased significantly—from 3.7 per 100 million vehicle miles traveled in 1989 to 2.8 today—the number of large truck crash fatalities has increased from 4,462 in 1992 to 5,355 in 1997, and the fatality rate has not decreased significantly since 1995. That's not good enough.

Federal motor carrier safety programs must be more focused and strategic, and channel resources to strategies that give us the highest payoff in reducing crashes. The fiscal year 2000 budget includes a total of $160 million, five percent above fiscal year 1999, for motor carrier safety programs, with special emphasis on creating a performance-based motor carrier program. The Inspector General recommended that FHWA replace its system for prioritizing carriers with a system that defines problem carriers based upon on-the-road performance. In response, FHWA implemented what is known as SafeStat risk assessment criteria, a more results-oriented, performance-based algorithm for the identification of "high risk" motor carriers in order to get best results from on-site compliance reviews. While the system isn't perfect, it is much better. We still need to work to get more complete and timely information.

FHWA is also making progress in nation-wide implementation of its Performance and Registration Systems Management (PRISM) program, with 20 states expected to be PRISM participants by the end of fiscal year 2000. PRISM uses safety data to identify carriers that are prone to accident involvement—thus allowing FHWA and the states to focus on unsafe carriers. In addition, FHWA will be increasing its inspection of trucks near ports of entry and stepping up the data exchange between the U.S. and Mexico to increase the level of safety for trucks entering the U.S. from Mexico.

However, recent events show that we must be ever more vigilant when it comes to motor carrier safety. That is why the Department has created a ONE DOT motor carrier safety team, comprised of FHWA, NHTSA, and OST, to identify ways to improve motor carrier safety, in conjunction with an independent review of motor carrier safety led by former House Public Works Committee Chairman Norman Mineta. In the final analysis, 5,000 deaths per year is an unacceptable number. We intend to take all steps necessary to break through this plateau, and then continue to reduce the numbers as well as the rate.

Aviation Safety and Security

The Department is proud that there were no fatal crashes of any U.S. scheduled air carrier last year. While our aviation system is safe, better management of the process can make it safer. FAA's Safer Skies agenda focuses on the most critical safety problems in commercial and general aviation including loss of control, pilot decision making, runway incursions, passenger seat belt use, uncontained engine failures, and survivability. In order to prevent runway incursions, FAA has set goals for heightened situational awareness for both pilots and controllers, and is providing training for controllers, developing procedural initiatives to prevent incursions, using more sophisticated statistical and trend analysis and fully implementing new technologies to better identify and prevent such incidents.

FAA is also targeting safety resources to commercial air carriers based on performance information such as operator experience, safety trends and company growth. To ensure that safety risks are brought to the attention of top FAA management, a new safety management system will be implemented within the FAA by the end of the calendar year. FAA is also working to resolve data protection issues so that recorded flight data can be used to prevent accidents—this is common sense government. A total of $1 billion is proposed for aviation safety funding in fiscal year 2000, 7 percent above current levels. In addition to direct safety funding, there is a critical need to invest in modernization of the air traffic control system, to both preserve aviation safety as well as support the expected growth in aviation.

Consistent with the recommendations of the White House Commission on Aviation Safety and Security, two years ago the FAA initiated new measures to strengthen airport security, including the purchase of a significant number of explosive detection devices, upgraded x-ray equipment, and the hiring of 300 security personnel. Management of the implementation of these strengthened security measures involves partnership with industry, stepped up procurement, and close cooperation with other government agencies.

FAA has invited U.S. airports to form security consortia or partnerships to improve airport security and ultimately increase compliance. Since the White House Commission on Aviation Safety and Security report in 1997, over 110 U.S. airports have formed consortia on a voluntary basis. In fiscal year 1999, FAA will continue to encourage the expansion of consortia at all airports, and we are requesting a total of $100 million to purchase additional explosives detection devices and other security equipment in fiscal year 2000.

Through its streamlined procurement system, the FAA ordered 54 certified explosives detection systems (EDS) in 1997, 15 more systems were purchased in fiscal year 1998, and an additional five systems that were used in the demonstration phase of the program were overhauled and upgraded. Seventy two systems have now been deployed with the two remaining systems to be installed by next month. Deployment of explosives trace detection devices began with the installation of two units in November 1996. Today, 327 trace explosives detection devices have been deployed, with another 220 devices to be deployed during fiscal year 1999. In addition, the FAA expanded the Explosives Detection Canine Team program with the deployment of 154 teams at 39 of our largest and busiest airports.

Rail Safety

The railroad industry is undergoing an unprecedented period of dramatic growth. Since 1990, revenue ton-miles of traffic have risen by more than a third, and rail intermodal traffic has increased more than 40 percent. This means more trains competing for space on increasingly congested track. Rail lines operating at or near capacity demand zero tolerance for safety hazards. The Federal Railroad Administration (FRA) will continue to expand its collaborative efforts with rail operators and workers to determine the root causes of systemic railroad safety problems. This approach is producing tangible safety improvements—rail crashes and fatalities are down by 8 percent and 17 percent respectively since 1993. DOT's rail safety programmatic and research efforts will address grade crossings, bridge integrity, other human factor issues, train control, and new technology.

Grade crossing and rail trespasser accidents are perhaps the hardest rail safety problems to address. Elimination of grade crossings is one approach, and DOT will continue its elimination program. Public awareness efforts must also continue to be pursued along with analysis of both high profile crossings and the use of train horns at crossings; FRA will actively work on both of these efforts within the coming year.

A total of $132 million is proposed for rail safety funding in fiscal year 2000, 38 percent above current levels, in order to improve rail safety information systems and to support regulatory and enforcement efforts.

Hazardous Materials Safety

The safe transportation of hazardous materials is critical across all modes of transportation. The vast majority of hazardous materials transportation incidents are caused by human error. In fiscal year 2000, we propose total funding of $18.2 million, 13 percent above current levels, for the Research and Special Programs Administration's (RSPA) hazardous materials safety program. We are planning to add additional field and headquarters staff to work directly with industry, particularly smaller shippers, to make sure safe practices are followed. RSPA is implementing an intensive effort to reach the hazmat community through training and customer service, to ensure that all hazmat shippers are aware of safety requirements. The Federal Railroad Administration (FRA) will continue site-specific inspections and address the impact of hazardous materials shipments across five safety disciplines (motive, power, and equipment; operating practices; track; hazardous materials; and signal and train control). FAA will add new positions to address dangerous goods flows through increased inspection, targeted outreach/education and more focused inspections ("hazstrikes"). FHWA will focus on hazmat incidents involving motor carriers and conduct compliance reviews. And Coast Guard's marine safety programs will enforce shipping regulations aboard U.S. and foreign ships in U.S. ports, and continue management of the National Response Center for all reporting of hazardous materials releases.

DOT's goals for this program are ambitious—to reduce the number of serious hazardous materials incidents by more than 11 percent over four years. And together with the Office of Inspector General we are undertaking a joint program evaluation of the hazardous materials safety program in DOT—to determine the effectiveness of the current program structure, including the division of responsibilities across and within modes, and the allocation of resources dedicated to specific functions. Program evaluation is an important adjunct to performance measurement. While performance measures can tell us if the intended outcomes are occurring, program evaluation uses analytic techniques to assess the program contribution to those outcomes, and to help redirect the program for greater effectiveness or efficiency.

COMPUTER RELIABILITY AND SECURITY

Both the GAO and the IG have recognized the progress the Department has made in addressing Year 2000 (Y2K) computer problems and have said that DOT needs to remain vigilant in this effort, since the risk of system failure remains until all repaired systems are adequately tested and implemented. We fully support that position.

The senior management of the Department is aware of the implications if we do not solve the Y2K problem, and is taking aggressive action to address it. All DOT operating administrations are required to test their computer systems both internally and externally to ensure that Y2K problems have been resolved and that interfaces with outside organizations work correctly. Testing and implementation have been accelerated, and 242 of 307 systems are expected to finish testing and implementation by March 31, 1999.

The FAA has completed the renovation phase for its mission-critical systems. By June of this year, the FAA will have completed all remediation efforts to ensure that Y2K problems have been resolved and that all internal and external interfaces work correctly. All other DOT mission-critical systems will be repaired or replaced by September, 1999 with the exception of one part of a Coast Guard Vessel Traffic System in Alaska, which will be completed by October 1999.

DOT is getting information from surveys conducted by transportation industry associations to determine the status of industry Y2K repair efforts. DOT operating administrations will test agency contingency plans during 1999 to ensure that system and business operations can be sustained if there are residual Y2K problems.

Regarding computer security, Presidential Decision Directives 62 and 63 require DOT to advance the Nation's vital security interests by ensuring that the transportation system is protected and that our computer systems are safe from intrusion. The biggest concern is with the air traffic control system. The FAA is currently developing a comprehensive information systems security program, and in 2000 will begin to implement additional security measures to prevent intrusion. This program will include an agency-wide security policy which will require information systems security measures for all deployed systems throughout their life. The President's fiscal year 2000 budget requests $20 million for this effort.

CAPITAL MODERNIZATION IN FAA AND COAST GUARD

Air Traffic Control Modernization

While over the last 15 years FAA has replaced many of the large surveillance radars and built new terminal control facilities at four large hubs, clearly a good deal of the air traffic control modernization occurred later than planned. Most projects were two to three years behind schedule and costs exceeded estimates on average by 20 percent. Several lessons have been learned. The Advanced Automation System had the biggest problems with a potential $3 billion cost overrun and a four year schedule slip. Action was taken early in this Administration to rectify these problems. The AAS program was scaled-down and restructured, and a major component of the restructured program—the Display System Replacement—was dedicated at Seattle recently, the first of 21 enroute centers to put this new hardware and software into operational use. So, results have on the whole been positive, but we do still experience problems that must be dealt with early on. In general, projects that require large software development efforts are at risk of cost and schedule increases and we must remain vigilant in our project oversight.

Another key component of the restructured AAS Program is the Standard Terminal Automation Replacement System (STARS). The good news is that the FAA limited the scope of this procurement to companies that were producing terminal automation systems already. This allowed the contract to be awarded in six months instead of 12–18 months. However, FAA underestimated the depth of human factors issues that controllers and maintenance technicians would raise with the existing commercial systems that could be used for STARS. It is clear that more effort needs to be dedicated to determining human factors problems before contracts are awarded, as we are now resolving human factors issues that should have been resolved earlier. FAA continues to involve employee unions and human factors experts in its efforts to field an operationally acceptable and suitable STARS system at Reagan National Airport.

This Subcommittee has requested that FAA determine whether GPS and WAAS will be the sole means of aviation navigation in the future. This is a complicated issue, but one that deserves an answer. The FAA is currently evaluating the vulnerability of GPS and planned augmentations in order to answer it. The Applied Physics Laboratory at Johns Hopkins University just completed an independent assessment of the vulnerability of GPS and planned augmentation in order to help answer the questions. Vice President Gore also recently announced an Administration decision to put a new safety-of-life GPS signal in a protected aviation frequency band. This signal will provide added robustness and integrity for future satellite navigation systems.

A total of $2.3 billion, 11 percent above current levels, is proposed for FAA's capital modernization programs in fiscal year 2000. You need to be assured that these dollars will be spent wisely. The FAA has instituted four new tools to help it better manage its acquisitions. One is a much tighter management of cost and schedule baselines via a new Acquisition Management System. The second is increasing the purchase of commercial off-the-shelf equipment and software. The third is the requirement that all new programs receive a detailed assessment of human factors issues before final specifications are developed. And, lastly, in order to minimize software development problems, the FAA is upgrading its internal ability to manage software development. However, there is no substitute for active acquisition management after contracts are awarded, and we still need to pay more attention to this.

Coast Guard Recapitalization

The Coast Guard is currently undergoing a multi-faceted analysis in order to assess its acquisition options with respect to modernization of the assets relied upon to carry out Coast Guard's missions, especially those in the deepwater area of responsibility. $44 million has been requested in fiscal year 2000 for this analysis. Coast Guard's deepwater responsibilities include search and rescue and maritime and fisheries law enforcement. In a recent report, GAO found that Coast Guard needs to more thoroughly address the project's justification and affordability. Coast Guard is in the process of implementing the GAO's recommendations and will ensure that updated information regarding the condition of current ships, aircraft and other assets is provided to the contractor teams analyzing future overall asset requirements. When the contractor proposals are submitted, project justification and affordability will be front and center to decision-making, and any changes from the Coast Guard Roles and Missions analysis will be factored in.

AVIATION COMPETITION

The U.S. airlines were deregulated 20 years ago. Particularly in the last year, there has been considerable controversy about the state of competition among airlines in the United States. The Department has been concerned about the uneven benefits of deregulation and the contention that some large airlines have competed unfairly with some of their smallest competitors. Also, many small and mid-sized communities have not benefited as much as larger cities from improved air service. As a consequence, the Department has been active in the debate on this subject. We have proposed guidelines on how the Department would determine unfair competition and exclusionary conduct against small carriers. These guidelines have generated over 5,000 comments.

The Department is cooperating with the Transportation Research Board (TRB) of the National Academy of Sciences, which has been directed to report to Congress on the state of airline competition and what steps might be taken. This report is due by the spring.

The Department has also included a number of pro-competitive and air-service-improving legislative initiatives in its FAA reauthorization legislative proposal, submitted to Congress earlier this month. Such initiatives include the eventual elimination of Federally-controlled slots at three of the four high density airports; increased focus of AIP funding on small, non-hub airports; authority for airports to increase their passenger facility charges to $5 and a requirement that such airports submit competition plans; a new five-year program providing grants to communities seeking to attract air service; a requirement that code-sharing airlines maintain service to EAS communities in the event of a strike or comparable event; and the withdrawal of a slot to a carrier that fails to use that slot as intended to serve a small community.

AVIATION AND AMTRAK FINANCING

Just as the Interstate highway system expanded the potential of our national economy in this century, so aviation is tying us to an expanded global economy as we enter the 21st century. Aviation has not only brought Americans closer to each other, it has brought us closer to the rest of the world. Our aviation system is vital to our domestic economy and to our nation's global economic competitiveness. I can assure you that the Department will use the leverage provided by access to the vast United States market to urge our aviation partners to adopt more open markets—and to ensure expanded access to their markets for United States carriers.

Financing all of our aviation system's needs—airports, airway facilities, security, and FAA operations—is a critical priority for us. We want to work with Congress to establish cost-based user fees to fund our air traffic control operations, including capital modernization needs and research. This will ensure a long term funding base that will allow the FAA to provide the services our aviation system needs.

We have been proposing for some time to change the financing structure for FAA substantially from aviation excise taxes to cost-based user fees. In the long run, we believe that is an effective way to promote efficiency in both the provision and consumption of FAA services and ensure that FAA will continue to receive the resources it needs to be able to provide the services that aviation users demand.

Integral to cost-based user fees is a cost accounting system and FAA is making progress towards implementing such a system. Using a commercial off-the-shelf software package, a significant implementation milestone was reached with the processing of the first data on direct and overhead costs associated with air traffic services for enroute and oceanic flights. By June 1999, the FAA plans to have processed one year's worth of cost data in support of air traffic overflight fees. In addition to supporting user fees, the Cost Accounting System will serve as a managerial tool to assist FAA in managing its programs more effectively. During the fiscal year 2000–2001 timeframe, the FAA will implement the system for all lines of business in a phased approach.

The Department has taken steps on a number of issues to resolve airport revenue diversion matters. First, the Department has focused efforts on high profile diversion matters in an effort to highlight the Department's commitment to enforcing prohibitions against revenue diversion. Second, the Department is now finalizing a national airport revenue diversion policy, which will be published in 1999, to ensure that Congressional mandates are met.

Amtrak is a key part of the Nation's intercity transportation system. A combination of cost savings, revenue generation, and the capital support proposed in the President's Budget is essential if Amtrak is to achieve eventual operating self-sufficiency. Amtrak has made strides recently in increasing ridership and customer satisfaction. As a member of the Amtrak Board, the Secretary will work to ensure that

Amtrak continuously reviews, amends and implements programs and practices that improve its revenue situation and reduce its operating costs. However, it must be made clear that we see the need for continued capital appropriations to Amtrak in the foreseeable future.

A total of $571 million is requested for Amtrak in fiscal year 2000, consistent with the five year plan agreed to by the Administration and Amtrak for Amtrak self-sufficiency. The definition of capital is proposed to be broadened, consistent with the definition used for transit. This reflects a continuing commitment to the financial plans and the long term success of Amtrak and will enable Amtrak to invest strategically in capital equipment and infrastructure. Such investment is key to improving on-time service, increasing revenues, and reducing operating costs.

EFFICIENT UTILIZATION OF TRANSPORTATION INFRASTRUCTURE FUNDING

Strategic investment in the nation's transportation infrastructure is critical to this nation's economic prosperity and quality of life. We must make these investments strategically and smarter, as has been recommended by both GAO and the IG. Working with the Congress, over the past six years (fiscal years 1994–99) we have increased Federal investment in highways, transit systems, and other public use infrastructure to an average of $27.9 billion, more than 32 percent higher than the average during the previous four years. Total infrastructure investment proposed in the fiscal year 2000 budget, $36 million, is 72 percent greater than the 1990–1993 average. This investment has produced results, even with many of these projects still under construction. For example, the latest data on the National Highway System shows us that the condition of bridges and pavement has improved significantly. System performance—as measured by peak hour congestion, a problem for all highway users, which had been deteriorating—has now stabilized.

The Department is committed to a long-term infrastructure investment program and has taken steps to bring the management of large dollar infrastructure projects under control. Overall within the Department, we are tracking at a senior management level the status of 16 of the largest projects. Project status reports, generally limited to one page of key information, are updated on a bimonthly basis. The Secretary has also required financial plans for all high-cost transportation infrastructure projects—those over $1 billion in value.

Of the 16 projects being tracked regularly, the Central Artery/Tunnel project in Boston—at a cost of over $1 billion per mile—is the nation's largest and most expensive highway project. This project has received substantial attention largely due to concerns over the cost, project scheduling, State financing ability and project oversight. The Federal Highway Administration has continually adjusted its staffing locally to recognize the challenges in oversight of this project and currently dedicates about half its local workforce to oversight and stewardship of this project. Formal reviews with headquarters are held every three months. The Massachusetts Highway Department has updated its financial plans to account for TEA–21 funding levels, and the Department has accepted it. They have also provided copies to the IG and GAO and have received no written comments on the plan thus far.

The Federal Transit Administration has also taken aggressive steps to deal with management and cost concerns of the Los Angeles Red Line transit project. FTA required a "Restructuring Plan" from the Metropolitan Transportation Authority, and the MOS–3 Full Funding Grant Agreement was limited to the North Hollywood component. This segment is now on budget and estimated to begin passenger service consistent with the originally scheduled operating date. FTA continues to monitor the project vigorously.

Strategic investment is helped substantially by leveraging our dollars as well. In this regard, the new Transportation Infrastructure Finance and Innovation Act (TIFIA) program can support several times its funding levels in maximum credit assistance for infrastructure projects. These funds will help launch projects sooner by attracting private and non-federal public investment.

In addition to stretching our dollars further, the Department is also using technology to expand our transportation system. DOT has made substantial progress with Intelligent Transportation Systems (ITS)—applying computer technology to improve transportation system safety and throughput. DOT's program of ITS research, testing, and technology transfer is aimed at simultaneously solving congestion and safety problems, eliminating operating inefficiencies in transit and commercial vehicles, and reducing the environmental impact of growing travel demand. Since 1991, the accomplishments of the ITS Program have included a long-term basic research program, tests of numerous technology applications, development of a national architecture and initiation of an unprecedented standards development program. We have already taken the first steps with model deployments of integrated travel man-

agement systems in 34 of 75 targeted metropolitan areas, and commercial vehicle intelligent systems in ten states. We believe ITS infrastructure will provide for our surface modes, in many respects, what air traffic control has provided for aviation—an ability to manage operations—for improved safety, greater efficiency within the same infrastructure, less environmental impact, and greater predictability for the customer.

DOT'S FINANCIAL ACCOUNTING AND PERFORMANCE MEASUREMENT

As CFO of the Department I am committed to DOT receiving an unqualified audit opinion on our 1999 financial statements. To do this will require the following work that is already underway and due to be completed prior to the close of 1999:

—documentation of historical costs, primarily in FAA and Coast Guard, so property and equipment can be correctly valued in the accounting records;
—development of an acceptable actuarial model for estimating the future liability of Coast Guard post-retirement military health and benefit costs; and
—linkage of program costs to performance goals in our accounting system.

The Treasury Department must also continue to work with GAO to ensure that their management and reporting practices relating to the various transportation trust funds meets acceptable audit standards. We are taking a sound, comprehensive approach to correct all of these deficiencies. This approach requires us to work in a collaborative manner with Departmental program offices and accounting offices. The IG is also playing an important consultative role in this process.

We are also continuing to implement improvements to our financial management systems through technological advances. For example, we are making innovative use of commercial-off-the-shelf software (COTS) to implement "paperless" travel management systems that tie to our accounting system. We have automated accounting reports so that managers have current information. We have closed almost 600 imprest funds and reduced the amount of cash held outside Treasury by almost $5 million.

New systems will also be necessary to sustain the corrective actions outlined above. The Department is employing a coherent strategy with regard to acquiring and implementing these new systems. For example, we will use COTS software that is able to integrate with other financial management system applications. These COTS applications will comply with federal accounting standards.

DOT will also work to remain vigilant in implementing the performance measurement and reporting required by GPRA. The goals that we set for ourselves for both fiscal year 1999 and fiscal year 2000 are ones that are focused on measurable outcomes that the American public cares about. While we are pushing ourselves in that some of these are stretch goals, we think it is important to set high water marks for our operations—and focus our efforts to achieve them. The first report on our performance is required in March of 2000. To prepare ourselves for this report, we at DOT will be internally testing our data and our ability to interpret the data statistically this year—one year ahead of schedule. We are doing this because it is good management and will help us find problems in advance so that we can correct them.

CONCLUSION

The Department's priorities are addressing the challenges and issues raised by the GAO and the IG and our own assessment of the Department's management needs. The Department has made good progress in making management a top priority. We are taking aggressive action to advance transportation safety. We are taking concrete steps to address computer reliability and security. We are focusing senior management attention on major acquisitions and strategic investment in public use infrastructure. We are developing sound proposals for financing our programs, and credible accounting systems to achieve an unqualified audit opinion on our fiscal year 1999 financial statements.

We look forward to working with this Committee, the Congress, GAO and the Inspector General on these and other issues. The shape of transportation in this nation and the quality of life of all Americans depends upon our vigilance in this effort.

COMMON THREADS

Senator SHELBY. Mr. Mead and Mr. Anderson, I will address this to you. I noticed that in the reports from the General Accounting Office and from the Inspector General's office that there is a great deal of redundancy in the subject matter. My initial question to you

two is whether you note threads or general themes of management challenges in your reviews in management of the Department and the Department's agencies. Mr. Anderson?

Mr. ANDERSON. Yes. I think I would be surprised if we came up with significantly different issues. That would mean that we were not looking at the right things. I think that there are some common threads. When GAO issued its reports on all the major Federal Departments and agencies in January, we found some common threads among those.

You have to have, first of all, a commitment to a results orientation. You have to have the people knowing what the goals and objectives are that you want to achieve. I think that that very often is a problem that happens. I think this has been a problem with regard to the ATC modernization effort.

I think you have to have the right systems in place to give you feedback and data and information on how well you are achieving those goals. I believe that this has been a problem over the years and is kind of throughout some of the top problem areas that both the IG and GAO have identified.

I also believe that there has to be a strong partnership with all the stakeholders that are involved in the transportation programs, and I think that this has been an issue that has not been always been working like it should. The human interface problems that are coming to light now with regard to the STARS program and that sort of thing shows a lack of coordination with all the right stakeholders.

Last but not least, I think showing a commitment to a term that is becoming much more prevalent these days, human capital, making sure that you have got the right people and the people are truly part of your assets that you have got to consider, having them in place and training them and making sure they understand what you expect of them.

Those are the keys that are throughout all of these things. If the Department can focus on those types of things, I think it will go a long way to improving things.

Senator SHELBY. Do you have any observation on that, Mr. Mead?

Mr. MEAD. No. I think John gave a good, comprehensive response to that.

The only thing I would add that I believe is different in the last several years—and Chairman Stevens alluded to it—is that number 10, number 9 to a certain extent also, tend to establish goals or benchmarks that are supposed to be met so we just do not come back year after year and keep reporting the same problems. We need to be able to measure some progress. There is an end state, so to speak. You recall you did that in Amtrak. You set some goals and that is certainly linked to the Government Performance and Results Act.

Those are becoming significant drivers at the agency level, and I think John would agree and Mr. Basso would agree with that. We are really focused on that: achieving results.

Senator SHELBY. In 1998, the Inspector General and the General Accounting Office each performed a very thorough analysis of Amtrak following two different tracks. The IG was actively involved in choosing a contractor to perform the independent assessment of Amtrak's finances, as required by the Amtrak Reform and Accountability Act, and closely monitored that process. The GAO, at the direction of this subcommittee, performed an analysis of the financial performance of Amtrak's 40 routes.

The results of these efforts, as well as many other reviews, indicate that Amtrak's operating losses continue to grow and that the railroad is likely to remain heavily dependent on Federal assistance well into the future if it continues to operate as currently constituted and managed.

The financial performance of Amtrak's routes varies widely, but every route but one loses money, and 14 routes lose more than $100 per passenger trip.

Amtrak's future rides on the railroad's willingness, I believe, to make changes that could improve ridership and revenues as well as on the success of the high speed rail service in the Northeast Corridor.

To Mr. Anderson first, what kinds of changes would Amtrak have to make in order to reduce its annual operating losses in your opinion?

Mr. ANDERSON. I believe that they have got to generate more revenues. They have got to get more income coming in. They have got to find a way to get more efficient and deal with some of the labor issues that they have.

When we took a look and issued that report on the variance in the profitability of the different routes, one of the ways that they can get some help is if some of these local areas that rely so much on Amtrak service—and it is vital to a lot of the folks in some parts of the country to have Amtrak service. I fully agree with that. But some areas the State and local governments and others are contributing more to the financing of Amtrak. When you look at what happens on those routes, their financial performance is not as bad as some of the others. So, I think looking and trying to develop some dialogue with some of the partners that are involved and see if there are ways that you could generate some additional income to help bolster things.

Clearly they have got to continue the capitalization effort. That is going to be the lifeblood of Amtrak in the long run.

Senator SHELBY. Mr. Mead, the Inspector General's office has been closely monitoring the ongoing construction and other preparations for implementing high speed rail service in the Northeast Corridor and 3-hour trips from New York to Boston. Will Amtrak be able to meet its schedule to begin high speed rail service by the end of this year in your opinion?

Mr. MEAD. The schedule they have is possible to meet.

Senator SHELBY. Is it realistic?

Mr. MEAD. I would not be surprised to see some slippage. I hope it is inconsequential slippage. For example, there is no room left. They had originally allowed 2 or 3 months for testing after elec-

trification was completed. Now that is crunched down to the month of October, and most testing will be done in phases as various segments are completed. That is when it is supposed to be electrified. In December they want to start running the first high-speed train set, and then they want to phase in the additional high-speed train sets. That is very critical to the revenue path.

I sure hope they can make it. I think you can do a lot of things when you set your mind to it, but there is not any fluff left in the schedule, sir.

Senator SHELBY. What are some of the consequences of delay or glitches if this happened? In other words, what are the possible consequences of the delay? It depends on how long I suppose.

Mr. MEAD. Yes, it does because they are phasing this in so that if there is a slippage of just several weeks, it will not be highly consequential. But since all their revenue projections are counting on numerous high-speed train sets coming online in the early part of the year, it is important that they be ready. High-speed rail, Mr. Chairman, in the Northeast Corridor, is the big revenue item that Amtrak is counting on.

Senator SHELBY. It has got to be.

Mr. MEAD. Yes. So, they really need to press on this schedule.

PROPOSED AMTRAK ANALYSIS

Senator SHELBY. Last year's GAO report on the financial performance of Amtrak's routes really got some of us to thinking. It is clear to me that if we continue doing the same thing in the same way, we are bound to get the same results. We need to change some factors if we hope to get different results.

It would be helpful to be able to break out how much of the losses on each of Amtrak's routes can be attributed to uncontrollable factors such as the length of the route and how much can be attributed to factors that can be controlled such as labor costs or other management issues.

I would like to propose a pilot project that would give Congress, the Amtrak Reform Council, and other interested parties a lot of useful information about where the real problems lay and what can be done to address these problems. Here is my thought.

Select just one Amtrak route and contract out that route's operation to another vendor for a limited amount of time and compare the performance to similar routes on Amtrak's current system. Any initial reactions? Mr. Mead.

Mr. MEAD. I thought you were going to go to Mr. Anderson on that. [Laughter.]

Senator SHELBY. I will do that. Mr. Anderson, go ahead.

Mr. ANDERSON. I think that that is something that should be explored. I think part of the problem, though, is going to be there was just the one route that was profitable, so finding a contractor that is going to jump in on any of those other routes could be problematic.

But then you have got to think about and work out some of the kinks and the details about how the contractor is going to interact with the rest of the route in terms of the Amtrak trains that run there and that sort of thing.

I think it is something that could be explored and I believe that the concept, the idea, is a good one. There will be some problems, though, that we are going to have to think about I believe.

Mr. MEAD. I think it is probably worth exploring.

Senator SHELBY. What do we have to lose by doing that? In other words, we would have some evidence of either we cannot change it or we could change it, could we not, if it worked?

Mr. MEAD. You could observe it. Amtrak already contracts out. They have commuter rail contracts which they operate under contract. So, various jurisdictions are already contracting it out.

I suppose Mr. Warrington, the President of Amtrak, might consider it.

Senator SHELBY. It is a thought anyway.

Mr. MEAD. Yes. I do not know how you would deal with the labor issues.

Senator SHELBY. I do not either. We will let Senator Lautenberg advise us.

Mr. MEAD. He can answer the question, yes. [Laughter.]

Senator SHELBY. Thank you.

Do you have a comment?

Mr. BASSO. I think the Inspector General summed it up very well, Mr. Chairman. We should talk with Mr. Warrington. I do not know how we deal with the labor issues either, frankly.

Senator SHELBY. Senator Lautenberg.

Senator LAUTENBERG. There is a question of how you deal with the choo-choo issues. If the equipment is acquired via conventional methods, that means if there is a significant amount of Government subsidy in there, and are we simply saying that the only change we make is the labor and the management of the particular thing?

I am hopeful, and perhaps excessively optimistic, that high speed rail is in place before I leave Washington. It is inconvenient as the devil the way it runs. Oh, I am sorry.

Senator SHELBY. We want it to be.

Senator LAUTENBERG. But I think it could make a dramatic difference.

Travel between the New York region, New York/Newark, and Washington, about three flights an hour each way. You are talking about a lot of flights every day. None of them are on time or rarely are they on time. It is a highly passenger unfriendly kind of service because getting to the airport, learning that your flight may be late, very few options at a given time.

I found out that the distance between the two shuttles to New York at Washington National is over 3,000 feet. I know because I carried my luggage back and forth twice. So, 3,000 feet. So, you make two trips, you got over a mile. I made three trips, each one saying, well, they were not operating but they thought the other guy was until we got down there.

But in any event, I agree totally with the chairman about the need to monitor what is happening there, not to just throw money at them. I do not believe you do that with any program. And you have to have oversight. You have to know where the dollars are going.

But the essentiality of Amtrak's operation is one that we have to look at very carefully. Our skies are so crowded now wherever you go. There is not room for a lot more traffic, and Amtrak plays a part. Now, even in a less populated State, let us say, like Utah, I think Amtrak carries—I do not know whether anybody here knows precisely. Is there anybody from Amtrak that would know that here? I think it carries over 50,000 passengers a year.

What is the total Amtrak passenger load a year? Do we know how many passengers a year Amtrak carries? Huge numbers, but that is not our only concern today.

BUS SAFETY

So, I want to just ask about this. The Motor Carriers Office has highlighted that they do compliance reviews principally on bus operators where regular roadside inspections indicate they are likely to be unsafe. But OMC has conducted compliance reviews, as I mentioned in my earlier comments, on less than one-quarter of all the bus operators currently in operation.

Can we have confidence, do you think, in the fact that the other three-quarters of the operators do not have an inspection regularly and can we believe they are operating safely?

Mr. MEAD. No. I think you should have a substantially beefed-up coverage of compliance reviews. Your numbers are right. There are 13,700 interstate bus companies. 25 percent have a rating. The good news is that only 1 percent of the rated companies had unsatisfactory ratings.

In the truck area, it is the same story, except a substantially greater percentage—7 percent— have unsatisfactory ratings and they stay unsatisfactory, sometimes, for years and they stay on the road. So, you are correct.

And, sir, the number of compliance reviews that the Office of Motor Carriers has been doing has been declining over the last several years.

Senator LAUTENBERG. It declined by more than half in the last 5 years. That trend appears to be the same whether we are talking about buses or trucking companies.

Mr. Basso, does OMC give special consideration to the dangers posed by bus carriers, do you know, when dividing their available resources?

Mr. BASSO. I could tell you, Mr. Chairman, as the Inspector General mentioned, compliance reviews have generally gone down. We have not given, so to speak, special attention or extra attention up until the point that these crashes occurred. But we certainly are now and intend to, particularly not only directly with our own resources but the motor carrier assistance program officers in the States where we have stepped up our efforts and we are training over 500 State inspectors annually, particularly in the bus area. We need to really focus on this.

It is quite clear in the overall numbers—and overall numbers do not tell everything—the number of deaths in bus crashes, 1993 to 1997, were relatively low. But the recent experience certainly suggests we need to step up our efforts in this area and we are doing that.

Senator LAUTENBERG. The one thing we know is that all modes of transportation are increasing their volume of carriage, whether it is passengers or freight, and supervision has to expand as well, as well as the resources. It is not easy.

The bus company that I talked about, this Bruin, had a compliance review in 1996, found to be unsafe, cleaned up their act long enough to allow continuing operation, and then 2 years later after the accident killed eight passengers, many of the same problems were found, again the same as those that occurred in 1996.

What do any of you propose in order to ensure that once a carrier takes the necessary safety steps that there is adequate oversight to ensure that they continue to operate safely? What kind of suggestions?

Mr. BASSO. Senator Lautenberg, I would say this. One of the things that TEA–21 gave us that was mentioned earlier are sharper and more effective enforcement tools. If we find problems like that, I think it is incumbent on us to quickly go back and inspect and ensure that corrections that have been made continue in the future, and if necessary, if they are not continuing to use those enforcement tools as appropriate, to shut down carriers until such time as we can assure that safety. I think those are the things we need to do.

Put in summary, we need to enforce the rules that we have effectively, and we need to zero in on companies who really do not show proper response to making those corrections.

OVERSIGHT INPUT

Senator STEVENS. Will you yield just 1 minute there? I am going to have to go.

But Mr. Mead, Mr. Anderson, one of the things that impresses me about the Inspector General and GAO role is that we seldom get comments from you as to laws that are either imprecise or inadequate or as to limitations that we put in appropriations that render a particular role of an agency ineffective. I would encourage you to give us your advice on those things.

This committee has the ability to make minor changes and fine tune laws in the appropriations process and can leap to, I think, remove some of the uncertainties in terms of the laws as they have been interpreted from time to time by an agency.

I would like to see our oversight role become more give and take and, as the chairman said, more of a dialogue so that we can improve the efficiency of these agencies and not have an us-and-them type of relationship. Your two agencies, in particular, I think could give us a lot of guidance on our individual subcommittees, and I just throw that out for what it is worth.

We do hear from the agencies themselves. We get reports.

I was a former Solicitor of the Interior Department, and in those days we volunteered a lot of comments about the laws and their adequacy and their limitations and how they might affect us achieving what we conceived to be the goals that were established by law.

So, I just throw that in. I think these oversight hearings are going to become more frequent, and I would encourage you to give us your advice on what we have done in the past, as well as your

comments about what the agencies are doing pursuant to those laws.

Thank you very much. Thank you, Senator.

Senator LAUTENBERG. My pleasure.

RAIL AS AN AIRLINE ALTERNATIVE

I want to get back to something I discussed a moment earlier, and that is the delays at the airports. If you look at the top 10 largest delay airports in the United States, 5 of them are in the Northeast Corridor. You have got Logan Airport in Boston, Newark, LaGuardia, Kennedy, and Philadelphia International. I think it is obvious the main reason that they are delayed is the fact that they serve the most congested area in the country.

What do you think the impact might be on these already delayed airports if we lost Amtrak's Northeast corridor service? We carry 11 million a year. 11 million people a year. What would happen? Is there room enough in the skies to throw up more airplanes if we could get them off the ground?

Mr. ANDERSON. Senator, I believe that it would exacerbate the problems that you are already talking about. Clearly with the regard to the Northeast Corridor especially, there is a lot of people that rely on Amtrak, and it would just exacerbate either the air problems or the problems on the highways and that sort of thing. I know myself the experience that I have had is that there is nothing worse on counting on a flight and then it being delayed some period of time. Sometimes the additional speed that you think you are going to have in getting there by flying, as opposed to taking the train, is more than wiped out by the delays and that sort of thing. So, I think it would be a negative impact.

Mr. MEAD. I agree with you.

I think a corollary to that, though, is that Amtrak must make sure that it actually meets the speed objectives that it set forth for both the Washington-New York corridor and the New York-Boston corridor. There is no doubt in my mind that when you go approximately 4 hours, 45 minutes and go to 3 hours with high-speed rail, that is going to make a big difference and there will be diversion from the air markets.

DOT AND THE YEAR-2000 PROBLEM

Senator LAUTENBERG. Well, I hope that we get better balance because right now the air market is really saturated.

I want to ask one last thing. Mr. Basso, you present a pretty optimistic picture of DOT's ability to deal with the Y2K problem. I am concerned, however, that in your most recent quarterly report to OMB, you reveal that a number of critical systems in FAA and Coast Guard will not be completed by OMB's deadline, March 31. Moreover, you point out that most of the DOT offices still have a great deal of work to do in planning.

You did say something about it before, but I want to just refocus on the Y2K problems and see, among the three of you, what level of confidence we might have. I know that it was said that it looks like we are approaching kind of a breakthrough period.

Mr. MEAD. First of all, you have to look at the Y2K problem. There are three elements to it: the Department's own systems,

FAA's, the Coast Guard's; and second, the industry; and third, the foreign systems. Your question is directed more toward the DOT systems.

The situation in FAA is that all systems have been fixed in the laboratory essentially. The problem is that FAA has a lot of different facilities around the country, and now they have to take what has been tested and has worked in a laboratory, often Atlantic City, and field it. The next 3 months will be critical.

Here is where we stand today. 23 percent of the systems requiring the Y2K fix have been fielded. They are ready to go. The rest have to be done, and they will not all be done by the end of the March, the OMB deadline. You are right there. But they are shooting for the end of June.

Mr. BASSO. I might add a comment to that, Senator Lautenberg. I think I agree with that assessment completely.

My optimism is borne primarily by the fact that I know during the next 30 to 60 day period, many of these systems will have been tested in the laboratory, be getting out to where we can tell that they will be effectively on line. And we do have strong confidence that they will be in place by June, which gives us certainly adequate time, particularly where the aviation systems are concerned. Coast Guard still has some work to do, but I have substantial confidence in our ability to meet the time frames and to have these things compliant.

I would add one thing. Externally I think one of the things that we are mindful of is matters within the control of the U.S. There are clearly foreign issues in aviation, foreign airports, foreign computer systems, where we are turning a substantial amount of our vigilance and trying to assess where they are going to be. That is going to be a very, very important part of the international issues.

Mr. ANDERSON. I would just like to add to it too. I think that FAA, in particular, has made some progress. This most recent progress report shows some significant progress. Clearly there is a lot to be done, and the proof of the pudding is going to be what happens in the next 60 to 90 days.

But there is another point I want to amplify on just a little bit. GAO issued a report in January I believe looking at are the U.S. airports going to be ready for Y2K. There is a significant number. We did a survey of all the major airports around the country, and I believe about 330 of them replied to our survey. Now, take into account that this was back in September but over a third of those airports indicated that they would not be ready by June 30, which is FAA's date, and they did not have any contingency plans.

So, it is not just the foreign countries and it is not just the Department itself or the agencies, but we have to make sure all these stakeholders are doing their part. That is something that I think there is a challenge for FAA there to make sure that they are bringing in the other stakeholders, the airports and the airlines and talking and making sure that they are going to be ready too, because if a major hub airport has some sort of big computer glitch, that is going to cause a problem all the way down the line.

Senator LAUTENBERG. I assume that if the employees working on this know that they will be unchained from their desks when it

comes to completion, they will kind of rush it along a little bit. [Laughter.]

Mr. BASSO. We have the keys, Senator. We will let them loose. [Laughter.]

YEAR-2000 AND FAA: WORST-CASE

Senator LAUTENBERG. I wonder if in very brief summary either one of you or has much time as the chairman will allow—the question of Y2K is a rather arcane thing. For the average layman, it is an incomprehensible thing. What is the difference? What is the consequence in, let us say, the bleakest situation, taking FAA, if we do not meet the deadline?

Mr. MEAD. Well, if you did not meet the deadline, you have to have some type of contingency plan, and I think the contingency plan would be you would not let planes in the air and things would slow down very dramatically. FAA's contingency plans just will not let them into the air, and you will have major efficiency problems. That is why FAA says there is not a safety issue, it is an efficiency one.

Senator LAUTENBERG. Keep those keys handy, Mr. Basso.

Thanks very much for your kind compliments too.

Senator SHELBY. Thank you, Senator.

AIR TRAFFIC CONTROL MODERNIZATION

I also note that both the IG and the GAO reports on management challenges highlight the difficulty the FAA and the Department have had in managing the FAA's multi-billion dollar air traffic control modernization effort. Unfortunately, cost overruns, schedule slippages, performance shortfalls, and program cancellations are not uncommon in the modernization effort and some would say are more the rule than the exception.

I would like to look at this area in steps. To all of you, first, my sense that the root problem is that the FAA's approach to modernization is to revolutionize the systems we have in place rather than to incrementally improve our air traffic control modernization system through the orderly replacement of computers, monitors, radars, et cetera. Would you agree with that simplification of the FAA's approach to modernization? Mr. Anderson.

Mr. ANDERSON. I believe that in the past that was the approach and the failure of their approach clearly.

Senator SHELBY. Have they changed?

Mr. ANDERSON. I think they are trying to, but they have got a culture issue there that they have got to deal with as well. You do not just tell people that we are going to change and expect it to change overnight. So, I think it is going to take some time to show up.

Senator SHELBY. What are they doing about the culture?

Mr. ANDERSON. We issued a report—I believe it was a year and a half, 2 years ago—on the culture especially with regard to their acquisitions. They have developed a strategic plan that is going out and trying to work with the employees, knock down some of the barriers, and that sort of thing, but it is going to take some time. It is not going to happen overnight. You look at the recent prob-

lems that have been reported with regard to STARS and WAAS, problems are still there. You just have to keep working at it.

Senator SHELBY. Mr. Mead.

Mr. MEAD. I think some of the phenomenon that you described is still there. Have you heard of the Free Flight? Have you heard of that term?

Senator SHELBY. Yes.

Mr. MEAD. This is where they will be able to space planes closer together.

Senator SHELBY. Free Flight phase one?

Mr. MEAD. Yes. That is an incremental approach, such as you are suggesting.

The systems that both Mr. Anderson and I refer to, the satellite system and the STARS system, were system-wide, comprehensive approaches.

Now, in the STARS system, what happened was they were going out to buy commercial, off-the-shelf software, a system that was ready to go, and then at the 11th hour, the controllers came in and said, no, there are some major problems with STARS. What was supposed to be an off-the-shelf software acquisition turned into a software development acquisition, and that is why there are all these delays. So, I do think there are some of the phenomena you described are still there, sir.

Senator SHELBY. Mr. Secretary?

Mr. BASSO. Mr. Chairman, I agree with your assessment. I think trying to build a Cadillac with Chevrolet parts did not work.

I would point to the same point the Inspector General made. Free Flight phase one offers me a lot of optimism that the learning curve is improving, that in fact we are understanding you have to put these things together in manageable parts.

CHANGING FAA'S ORGANIZATIONAL CULTURE

And I also agree that the cultural change is particularly critical. I have sat in many a meeting and listened to many a briefing and learned a few things over the few years that I have been up in the Department.

But I think we have two ingredients that really will drive us forward in a very positive way. One is Administrator Garvey, who is a hands-on administrator, who understands these problems and is dealing with them, and second, the fact that there is a recognition that in order for FAA to be able to meet its goals and to have any credibility, frankly, coming to this committee for budget requests, we have to bring these things in on time and on budget. I think that will help to drive us in a positive direction.

Senator SHELBY. I believe the administration should be commended or the Administrator should be commended for her efforts on Free Flight phase one. Do you share that view basically?

Mr. BASSO. Yes, sir.

Mr. MEAD. I do too. In fact, I would add—I know it is not the Inspector General's job to compliment people necessarily, but I do think Administrator Garvey took those Y2K problems by the neck. The progress that has been made is due to the dedication of the senior leadership of the Secretary, Deputy Secretary, and Ms. Garvey.

Senator SHELBY. The FAA is not good at managing large, complex procurements. Notable examples of the difficulty they have had with major ATC modernization programs include the advanced automation program, the microwave landing system program, and more recently the STARS and WAAS program.

Has the FAA learned anything from the difficulties they have encountered in managing these problems, or on the other hand, are we doomed to watch them repeat past failures with each new generation of ATC modernization? Mr. Secretary?

Mr. BASSO. Mr. Chairman, I think we have learned several lessons. One I have already mentioned, segmenting things into manageable parts; a second, buying commercial products and, in doing so, making sure that we understand that we have consulted the people in the agency who have to use those commercial products that we are getting the right products; and that we are tightly managing and holding people accountable for the projects they manage. I think that is something that was lacking for a long time. And last, ensuring that employees will be in a position to use that new equipment effectively.

Those challenges certainly will always exist as long as we deal with complex and cutting edge technology, but it is attitude and culture that will make the difference in how effective we are. And I think we have turned the corner by accepting the fact we have problems that have to be corrected.

ROLE OF OVERSIGHT

Senator SHELBY. Mention has been made of the funding uncertainties facing the FAA and the Nation's airports in the GAO report. My sense is that there is funding uncertainty facing the airports because the authorization will expire at the end of March. I am hard-pressed to find an instance of a shortage of appropriated Federal funds, both trust funds and general funds, for the FAA to commit to modernization.

In light of the less than laudable history of managing money wisely in major procurements, I would, for one, argue that providing less oversight of the current FAA resources would not be a wise step on the part of Congress. Would any of you care to comment? Mr. Anderson?

Mr. ANDERSON. I would agree. I think that what gets watched gets done, and I think that you need to continue the vigilant oversight.

Senator SHELBY. Mr. Mead.

Mr. MEAD. Yes. I think I can speak here from both my time with the legislative branch at GAO and now with the executive branch. I find in both instances the oversight of the Appropriations Committee has been commendable and I think has been a strong influence the direction some of these acquisitions have gone. In fact, remember the AAS program?

Senator SHELBY. Yes.

Mr. MEAD. I think that Congress had a great deal to do with the decision to start scrutinizing that program. So, I think it is healthy.

Senator SHELBY. Mr. Secretary?

Mr. BASSO. Mr. Chairman, I think we have to acknowledge many of the problems have resulted from inadequate management, not

from inadequate funding. Anytime operational programs increase 72 percent—I have been doing budgets a long time. Those are unprecedented numbers. We have to implement and take steps, such as accountability, assure that we are getting the value for what we are spending, and to take the time and effort to do things right and well. So, yes, I think that is right.

Senator SHELBY. Thank you.

DISCRETIONARY GRANT PROGRAMS

In June 1998, the Inspector General reported on DOT's management of the discretionary grant programs. In that report, the IG stated that a little over $1 billion of the total fiscal year 1997 Federal transportation funds were awarded at the discretion of the Department. Of these funds, the IG found that the Federal Highway Administration awarded 59 percent of its discretionary grant funds to projects that were not the highest priority projects according to the agency's own criteria. The FAA granted 15 percent of its discretionary funds to lower priority projects.

Secretary Basso, after the IG report was released, DOT agreed to publish its selection criteria for discretionary grants and to provide the Appropriations Committee with a quarterly list of selected discretionary projects, along with an explanation of how the projects were selected. Have these been provided to the committee, and if not, why not, and will they be?

Mr. BASSO. Yes, sir. Let me answer by saying, first of all, we have published our criteria, and we even have some statutory criteria that came in TEA–21. I can tell you the report to this committee crossed my desk the day before yesterday. I made a few minor adjustments to it that it needed, and it should be up here very promptly.

Senator SHELBY. Well, I have supported the idea that the Secretary needs some money for discretionary purposes.

Mr. BASSO. Yes, sir.

Senator SHELBY. I have no problem with that.

Mr. Mead, why do you suppose so many of the discretionary grants were awarded to projects that were not identified as highest priority?

Mr. MEAD. It is hard to say, because there was no record of decision. What we did have a record of, sir, was the staff recommendations. So, we knew where they were going. You will recall that is one reason we recommended that if DOT decides not to go along with its criteria, the rationale must be stated in writing.

Senator SHELBY. Can you provide me, Mr. Secretary, an explanation of why congressional direction is being ignored by the Federal Highway Administration, that is, in the Federal Lands program?

Mr. BASSO. Yes. I am aware of that concern. We had an instance here about a month ago where it came to my personal attention the earmarks had not been honored. That has been fixed.

Second, you have my assurance that we will honor all the earmarks.

We are also taking some other proactive steps like making sure that the States involved know that they have these earmarks. The one thing we do need their cooperation in is to at least apply for

them. We will help them make sure they get those applications in proper order.

Senator SHELBY. Well, we appreciate the cooperation with the Secretary and your office in dealing with this.

DEEPWATER PROCUREMENT

Deepwater procurement. The General Accounting Office's Management Challenges report notes that the Coast Guard and the Department need to more thoroughly address acquisition planning issues. This aggressive and ambitious procurement effort is unlike anything the Coast Guard or the Department of Transportation have undertaken, and I believe it is critical that we get it right the first time.

To Mr. Anderson and to Secretary Basso, the General Accounting Office report notes that the data that was used to justify the procurement was withdrawn after the GAO discovered that the remaining useful life of the Coast Guard's deepwater aircraft and perhaps its ships might be much longer than the agency originally estimated. Would that lessen the urgency of the deepwater procurement for the Department and for the Congress, as we try to live within the budget caps? Would that help?

Mr. BASSO. Mr. Chairman, first of all, let me say on the GAO recommendations, they were very constructive and we concurred in almost all of those and adopted them.

Senator SHELBY. Have they been heeded pretty well?

Mr. BASSO. Yes, sir.

Now, I will just make one other observation. Part of the reason for advancing the deepwater project is procuring new systems as opposed to new ships. One of the things that we all face is the cost of operations of the Coast Guard rising, and we believe that introducing these new systems over the next 10 to 15 years will allow us to reduce crew size, reduce costs of operation, and make real progress.

Senator SHELBY. The initial estimate of the deepwater procurement was close to $10 billion over a 20-year period above the current capital budget for the Coast Guard. That represents more than a doubling of the current acquisition, construction, and improvements baseline budget. This strikes me as sort of a big bang approach to modernizing the capital plant.

Mr. Secretary, in light of the difficulty the Department has had with other major procurements, have any of you given any thought to whether there might be a less risky and less costly approach to modernizing the Coast Guard's capital plant?

Mr. BASSO. Mr. Chairman, we have taken some considerable efforts to try to deal with that. In fact, one of the things I had mentioned to you is in the functional design that we put out for the first phase of the deepwater project. We are requiring contractors to make significant investments, come up with designs that really will be about 80 percent complete. So, I think we are clearly taking those steps, and the Coast Guard is also taking some very sharp measures to carefully evaluate those cost estimates and work through them. So, yes, we are very mindful of that, sir.

INFRASTRUCTURE MEGAPROJECTS

Senator SHELBY. Dealing with the oversight of infrastructure grant funds, TEA–21 dramatically increased the guaranteed Federal highway and transit infrastructure funding. These larger amounts of Federal dollars create greater potential for fraud, embezzlement, and abuse. Therefore, the Inspector General's office is increasing its oversight of all infrastructure contract and grant funds to protect the expenditure of Federal funds, as you should. At the greatest risk for management schedule or financing problems are large dollar infrastructure projects above $1 billion in total cost, which the Inspector General's report refers to as megaprojects.

To all of you, is the term "megaproject" the officially accepted term to describe projects with a total cost exceeding $1 billion, and is this the right dollar threshold and definition to set apart these especially large projects from other more manageable construction projects? Is there agreement that such large dollar projects require additional management and oversight? Mr. Anderson.

Mr. ANDERSON. I think in my opinion these large dollar projects do require additional oversight.

Senator SHELBY. That is just common sense.

Mr. ANDERSON. Exactly, exactly. I believe that whether or not $1 billion is the right cutoff point—they are mega in my terminology. I know when GAO issued a report on all these projects, we coined the phrase I think mega, and I think mega might be an appropriate term. But there is a question whether or not you want to down one level and maybe say a half a billion dollars or something like that.

Senator SHELBY. It is still a lot of money.

Mr. ANDERSON. It is a lot of money. That is right.

What we found when we did our review of a number of these megaprojects is that the States cannot come up with very good cost estimates at the outset. So, you have got to keep watching them because their costs are going to grow significantly from the original design estimates that they come up with.

Mr. MEAD. Mr. Chairman, a major problem here—I think Mr. Anderson would share this view—is that a lot of the times, the work is reactive. There is already some problem that has manifested itself, and then the auditors come in and say, well, here is why they have a problem.

The idea here is to develop some baselines on how these projects are proceeding before problems develop, so we are able to more proactively say, "There is a risk factor here," before things are totally out of control.

But, yes, I agree with you. I think we need some flexibility on that $1 billion definition.

Senator SHELBY. Okay. Mr. Basso?

Mr. BASSO. Mr. Chairman, I might mention, yes, the $1 billion definition certainly is a number that gets your attention, but we are doing more than that. We have a tracking system.

Senator SHELBY. You have to do more, do you not?

Mr. BASSO. Yes, sir. We need that surveillance.

I want to let you know we actually have a tracking system that picks up a number of projects lower than $1 billion but are large or projects that we think, as Mr. Mead suggests, we should be proactive on the front end. We have 16 of those projects that we in the Secretary's office track and report to the Deputy Secretary regularly on. And we are looking for exactly those kinds of things up front. Are there things we should notice and deal with now rather than waiting for an endpoint?

MOST-COMMON MANAGEMENT PROBLEMS

Senator SHELBY. Mr. Mead, the Inspector General's office has done six audit reports I believe on selective megaprojects over the last year. What are some of the common management problems you have seen in these projects?

Mr. MEAD. There are two common ones.

One is the financing plan behind the project. Where are they going to get the money to finance the whole project? It will not all come from the Federal Government, and sometimes there are different constituencies in a jurisdiction that are competing for that same dollar bill. We are finding it very useful to scrutinize those finance plans.

The second is the scope of projects, the definition of a project. This occurs most commonly in transit projects. The city is trying to satisfy a lot of people, and the transit project takes on a definition that cannot possibly be met. L.A. Metro was an example of that. They finally had to cut back on two major lines because the money was not there.

Those are two lessons learned. There are a few others, but those are two important common threads, sir.

Senator SHELBY. To Mr. Anderson and Mr. Mead, what are some ways to address these common problems with larger infrastructure projects?

Mr. ANDERSON. I think there are a couple of options that you could use. You could require, I believe as Mr. Mead suggested, the project managers to develop baselines at the outset and track those baselines and make sure that you are still getting what you want on time and within the cost estimates. I cannot say enough, I cannot agree more that you have got to have solid financial plans to make sure that you have got sources of funds. I think in the past it might have been sort of the thinking that Uncle Sam will take care of this. We have got the highway dollars coming in and we are going to be able to make this up. But in years past, we found out that there are a lot of competing interests for that $1 or whatever it is. So, you have got to have that.

I think that you could establish certain goals and strategies. I think that the Department of Transportation can be a good clearing house for good practices that certain States and projects are using out there to get out to some other States and localities that they could learn from as well.

Senator SHELBY. Do you agree, Mr. Mead?

Mr. MEAD. Yes, sir.

Mr. BASSO. Absolutely, Mr. Chairman.

Senator SHELBY. Does design-build help address the problems?

Mr. MEAD. Yes. I should caveat that. The early returns are that it definitely does in construction projects.

Mr. ANDERSON. Yes, I would agree.

Senator SHELBY. You agree with that.

NATCA AGREEMENT

Last year the administration signed a new agreement with the National Air Traffic Controllers Association which was initially described as being within the President's budget request for 1999. Subsequent reports estimate that the additional cost of the new agreement is substantially more than the FAA operation resources envisioned in the President's fiscal year 1999 request.

Can any of you shed more light on what the ultimate costs of the new agreement are for the current fiscal year and for the fiscal year 2000?

Mr. BASSO. I think I can do that, Mr. Chairman. In fiscal year 1999, we have estimated the cost to be about $80 million, including the reclassification of controllers and the differential for the controllers-in-charge. Looking ahead to 2000, we see that cost as being about $70 million, less about $2 million, or a little less than $2 million, in savings from reductions in supervisory positions.

As to your question on the 1999 budget, of course, the budget was submitted before we reached this agreement. So, what we have done is recognize we have created this cost; we have to absorb this cost, make it work within the budget. And we are doing that in fiscal year 1999.

Senator SHELBY. Any comments?

[No response.]

NAFTA AND TRUCKING

Senator SHELBY. Mexican trucks entering the U.S. NAFTA opened up trade and truck traffic between Mexico and the United States. The Inspector General has found that some border States do a better job of truck inspection than others, and there is a direct correlation between the safety condition of Mexican trucks entering U.S. commercial zones and the level of border inspection.

How far can Mexican truck companies currently drive through the border into the U.S.?

Mr. MEAD. A lot of people think the NAFTA agreement marked the first time the Mexican trucks could enter the United States. But actually they have, for some time, been able to come across in "commercial zones," 3 to 20 miles. They are not supposed to go beyond that, and they are supposed to turn around and go home.

Senator SHELBY. Do they?

Mr. MEAD. Well, I have never seen a Mexican truck outside that zone. I have heard that sometimes they continue on north.

Senator SHELBY. Mr. Secretary, do you have any comment on that?

Mr. BASSO. No. I think on the first point that it clearly is that zone, and I do not really have knowledge of them going beyond that.

[CLERK'S NOTE.—Subsequent to this hearing, the following information was received regarding Mexican trucks driving beyond the commercial zone boundaries.]

[The information follows:]

LETTER FROM KENNETH M. MEAD

U.S. DEPARTMENT OF TRANSPORTATION,
Washington, DC, June 14, 1999.

Hon. RICHARD C. SHELBY,
Chairman, Subcommittee on Transportation,
Committee on Appropriations, Washington, DC.

DEAR CHAIRMAN SHELBY: At the February 9, 1999 hearing before your committee on the Top Ten Management Issues within the Department of Transportation, you asked if Mexican trucks drive beyond the commercial zone boundaries of the four border states. The answer is "yes", even though Mexican trucks are not authorized to go beyond the commercial zones.

All interstate motor carriers operating in the United States, including Mexican motor carriers operating in the commercial zones, are required to obtain a Department of Transportation (DOT) identification number and to display this unique identifying number on their commercial trucks. We used the identification number to get the information needed to answer your question.

Under the Motor Carrier Safety Assistance Program, state safety inspectors perform roadside inspections of commercial trucks and drivers throughout the United States to ensure compliance with U. S. safety regulations. Therefore, Mexican trucks operating inside or outside the commercial zones are subject to roadside inspections.

The Office of the Inspector General extracted the DOT identification numbers for motor carriers identified as domiciled in Mexico from the Office of Motor Carriers Management Information System. We compared these unique numbers to the fiscal year 1998 roadside inspections of commercial vehicles also contained in the Office of Motor Carriers Management Information System. The results of our comparison indicate that:

—Roadside inspections were performed beyond the boundaries of the commercial zone on 68 motor carriers identified as domiciled in Mexico, and were performed more than once for 11 of the 68 carriers.

—Roadside inspections were performed on the 68 motor carriers at least 100 times in 24 states not on the U.S.-Mexico border, which include the States of New York, Florida, Washington, Montana, North Dakota, Colorado, Iowa, South Dakota, and Wyoming.

—Roadside inspections were also performed on the 68 motor carriers outside the commercial zones but within the four border states (Arizona, California, New Mexico and Texas) more than 500 times.

This demonstrates that Mexican trucks are operating well beyond the designated commercial zones. Enclosed is a copy of our recent report on the Department's Motor Carrier Safety Program. It identifies the current problems that impact negatively on motor carrier safety together with recommendations to address those issues.

If I can answer any questions, or be of further assistance, please feel free to contact me at 366–1959 or my Deputy, Raymond J. DeCarli at 366–6767.

Sincerely,

KENNETH M. MEAD,
Inspector General.

Senator SHELBY. I understand that there is currently a moratorium on the January 1, 2000 open access provision under NAFTA that would allow Mexican trucks to freely drive throughout the U.S. What is the likelihood of this moratorium being lifted before next January, Mr. Secretary?

Mr. BASSO. All indications are, Mr. Chairman, as Secretary Pena did in 1995, until we can assure that that moratorium being lifted would ensure safe truck operations, it will not be lifted. It is going to last.

Senator SHELBY. Mr. Mead, do you have a comment?

Mr. MEAD. Well, I think we need to come to grips with this. We have a national treaty here, and our estimate is you need about 125 Federal inspectors down there at the border. California is providing its own inspectors. There is, as you say, a very strong correlation, just an amazing correlation, between conditions of trucks

and the level of inspection. The truckers coming across, sir, do not like it when they are tagged for inspection, they are found to be unqualified from a safety standpoint, and they have to go home. It costs them money.

Senator SHELBY. Roughly what percentage of truck traffic at the U.S.-Mexico border is being inspected by Federal Motor Carrier inspectors?

Mr. MEAD. It is infinitesimal. Let me give you one concrete figure. At the El Paso crossing, 1,300 trucks come across a day. There is one Federal inspector. He can inspect a total of 14 a day. California, in contrast, at their Otay Mesa crossing, is staffed by numerous people and they, over a 3-month period, will inspect every truck that comes through there. The out-of-service rate earlier—that is when a truck is not qualified from a safety standpoint, or its driver is not. At Otay Mesa in California, where they are fully staffed, and have a good inspection program, the out-of-service rate for Mexican trucks is 28 percent. At El Paso it is 50 percent for Mexican trucks.

Senator SHELBY. Mr. Mead, your office also prepared a report on motor carrier safety at the U.S.-Mexico border in December. Did you find that some of the Mexican carriers were driving beyond the commercial zones?

Mr. MEAD. No, sir.

ADDITIONAL COMMITTEE QUESTIONS

Senator SHELBY. I have a number of questions that we will probably submit for the record for you people.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO THE INSPECTOR GENERAL'S OFFICE

QUESTIONS SUBMITTED BY SENATOR SHELBY

HIGHWAY-RAIL CROSSING SAFETY

Question. Almost 1,000 people died in 1997 in railroad-highway crossing and railroad trespassing accidents in 1997; another 2,000 were injured. This subcommittee has traditionally been very supportive of the Department of Transportation and Operation Lifesaver's railroad crossing safety efforts, and under my Chairmanship, that support has been increased. The Office of Inspector General is currently auditing the Department's railroad-highway crossing safety action plan. When will the audit be complete?

Answer. We expect to complete it by the end of May 1999.

Question. Can you generally describe what the federal role is in preventing rail crossing accidents, versus the role of state transportation departments?

Answer. The Department of Transportation—through the Federal Railroad Administration, Federal Highway Administration, National Highway Traffic Safety Administration, and Federal Transit Administration—provides national leadership, coordination, and funding of states' efforts to prevent rail-crossing accidents. State transportation departments work directly with railroads, local governments, police, and the public to improve rail-crossing safety.

Question. The Department's efforts in improving rail crossing safety are only part of a larger picture. Outside groups, such as the Association of American Railroads and Operation Lifesaver, as well as highway safety groups, are also actively involved in similar programs. Are these efforts well-coordinated? Should the federal government take the lead in these programs, or are other organizations better suited?

Answer. These efforts are generally well-coordinated under Federal leadership. Through its Rail-Highway Crossing Safety Action Plan, the Department of Trans-

portation has been involved in specific actions that require coordination with such groups as Operation Lifesaver, the American Trucking Association, the American Association of Motor Vehicle Administrators, and metropolitan planning organizations. The federal government needs to continue to play a lead role in safety programs because of its nationwide perspective, transportation and safety responsibilities, and available resources.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SHOULD SUSPENDED LICENSES BE PERMANENTLY DISQUALIFYING?

Question. In the case of bus drivers and truck drivers, should we treat a license suspension as a reason to permanently disqualify that driver from ever again driving a truck or a bus?

Answer. It is important to keep in mind that if a driver's commercial license is suspended, and the driver is precluded from driving, his or her ability to earn an income is directly impacted. Accordingly, in our opinion first-time offenders should not necessarily have their license permanently disqualified, but we need to send first-time and repeat offenders a very clear message. Adjudication—either suspension or revocation of commercial driver's license—must mean that a driver cannot obtain a permit to drive a commercial vehicle during the time his or her commercial license is either revoked or suspended. For example, in the case of the recent AMTRAK train and truck crash in Illinois—even though the cause of the crash has not yet been officially determined or attributed to the driver of the truck—the truck driver was using a permit issued to him when his commercial license was suspended because he received three speeding tickets within in an unacceptable time period. Under these circumstances, the suspension had not had meaningful effect.

Question. Would this solution only result in increased plea-bargaining in the local courts to ensure that drivers do not get their license suspended?

Answer. Not if there was a requirement related to commercial driver's license that precluded plea-bargaining. The States' variances in penalizing DUI and DWI violations are significant. Consistency among the States would better ensure that only safe drivers retain the privilege of driving. For example, New York State does not pull a person's past licensing history when he or she applies for a commercial driver's license. If a driver is convicted of DUI while operating a commercial motor vehicle, that driver's license is revoked. If the driver is DUI in a personal vehicle, he or she loses personal driving privileges and maintains commercial driving privileges. In contrast, in Pennsylvania a driver may get a commercial driver's license with a past conviction if the applicant's current license is in good standing. If convicted of DWI while driving a personal vehicle, the entire driver's license is suspended. If convicted of DWI while driving a commercial vehicle, the commercial license is revoked for one year. For more than one DWI offense, the license is permanently revoked.

Question. Mr. Mead, what solutions would you recommend to ensure that drivers with suspended licenses do not take the risk of continuing to drive.

Answer. During our recently completed motor carrier safety audit, we did not focus on commercial driver's license requirements, procedures or program effectiveness. We intend to do so in a project later this year. We will keep you informed of our audit results.

OFFICE OF MOTOR CARRIERS

WHY HAVE COMPLIANCE REVIEWS AND FINES DECLINED WHILE BUDGET RESOURCES HAVE INCREASED?

Question. If these inspectors are not conducting compliance reviews, what are they doing with their time?

Answer.In response to our December 1998 survey, OMC investigators stated that 55 percent of their time was spent conducting compliance reviews, enforcements, roadside inspections and crash investigations. They stated the remaining 45 percent was spent on duties such as administration, outreach to communities, attending meetings or seminars, and speaking to associations. Respondents to our survey stated that during a typical month they spend their time on the following activities:

	Percent
Compliance reviews (CRs)	37
Enforcement (writing reports and other enforcement activities)	13
Roadside inspections	4

	Percent
Crash investigations	1
Total CRs and enforcement-related activities	55
Administrative duties	14
Seminars/outreach/speaking to associations/trucking companies	12
Monitoring programs	6
Supervision	4
Training (attending/conducting)	4
Other	5
Total other than CRs and enforcement related activities	45

Respondents who supplied more detail about "other" activities most often listed:
—Interaction with carriers, the public, and other government agency personnel
—Travel
—Computer maintenance/problems

SHOULD WE USE MARKET FORCES TO PROMPT SAFE TRUCK AND BUS OPERATIONS?

Question. How dramatic a change do you think needs to be made in order for the OMC to take steps to truly change the behavior in the motor carrier industry, especially in the bus area?

Answer. OMC needs to take strong enforcement action against carriers violating critical regulations with the greatest effect on safety. By that we mean fines approaching the statutory maximum, the issuance of compliance orders, and—if necessary—placement out-of-service. OMC should also develop a monitoring program to verify that carriers rated less-than-satisfactory, or those with previous enforcement histories, continue to comply with motor-carrier safety regulations. Finally, OMC should limit, and finally remove, interstate operating authority from motor carriers that fail to pay civil penalties within 90 days after a final order is issued or a settlement agreement is completed.

OMC's history of low fine-assessments and collection amounts has not changed the behavior of motor carriers that continually violate safety regulations. From fiscal year 1995 to fiscal year 1998, 846 carriers drew multiple enforcement actions. Of those, 127 carriers had 3 or more enforcement actions and 117 carriers had repeated violations of the same safety regulations. Only 17 carriers were issued out-of-service orders. The actual civil penalty amounts settled averaged about $2500. In addition, OMC allowed motor carriers with multiple enforcement actions to continue to operate without paying fines.

Repeat violators warranted, but did not receive, stiffer enforcement actions. The total fines assessed the 117 carriers with multiple violations of the same safety regulation increased, on the average, by only $451 per year. From 1995 to 1998 the average penalty originally assessed per enforcement case declined from $5,575 to $3,517. These fine assessments reflect OMC's continued emphasis on a carrier's ability to pay fines and continue operating after repeat violations are discovered and prosecuted. OMC settled enforcement cases for amounts significantly less than originally assessed. From fiscal year 1995 to fiscal year 1998, settlements declined from 67 cents on the dollar to 46 cents. Carriers consider these nominal fines a cost of doing business.

MORALE PROBLEMS IN OFFICE OF MOTOR CARRIERS

Question. What impact has the situation had on the morale of the enforcement community within the Office of Motor Carriers?

Answer. The high response rate to our survey of OMC field personnel (73 percent) indicates that they welcomed the opportunity to share their thoughts and suggestions. They addressed morale in their responses, and offered a variety of reasons for low morale among OMC field personnel. One message that came through was that OMC field personnel felt OMC management did not support strong enforcement by allowing safety investigators to conduct more compliance reviews, assess appropriate fines for violations, and collect those fines.

Of the respondents to our survey, 47 percent rated the OMC enforcement program poor-to-fair. When asked to suggest changes to the OMC operation, 95 percent said unsafe carriers should be put out-of-service, 90 percent said OMC should impose larger fines for repeat offenders, and 87 percent said OMC should use more enforcement actions against carriers who do not follow the rules.

Question. What tools does OMC have at its disposal that it is not using when it comes to ensuring that bus operators do so in a consistently safe manner?

Answer. OMC's policies and procedures for ensuring the safety of commercial vehicles apply to both trucks and motor coaches (over the road carriers of more than 15 passengers). OMC conducts compliance reviews of the motor carriers to ensure their compliance with safety regulations. Enforcement actions include assessing fines, issuing compliance orders, and placing carriers out-of-service.

We found OMC did not include all violations of acute and critical regulations in civil-penalty cases and did not assess civil penalties at the statutory maximum amount. Acute and critical regulations are those with the most direct impact on safety. We analyzed OMC's compliance review and enforcement databases to determine the percentage of enforcement actions processed in relation to the number of violations found in compliance reviews during FYs 1995–1998. We analyzed the 29 most frequently violated regulations cited during compliance reviews. In 1995, OMC processed enforcement actions on only 12 percent (2,957 of 24,636) of all violations found during motor-carrier compliance reviews. In fiscal year 1998, that proportion decreased to 11 percent (2,481 of 22,022) of the violations found.

OMC uses the Uniform Fine Assessment (UFA) software to assess civil penalties for serious violations. The objective of the UFA software is to increase the uniformity of civil penalties assessed against motor carriers for violations of safety regulations. UFA considers nine statutorily mandated factors in determining the amount of a civil penalty. While UFA considers these nine factors when assessing civil penalties, OMC established minimum fines, which were well below the maximum amount established by statute. This minimum fine represents the initial amount assessed against a motor carrier for a safety violation. The amount of the fine increases depending on the seriousness of the violation but rarely to the maximum allowed by statute.

TRUCK AND BUS COMPANIES FALSIFYING "HOURS-OF-SERVICE" LOGS

Question. What observations can you make regarding the overall level of compliance with the hours-of-service rules on the part of motor carriers generally and bus operators specifically?

Answer. The OIG Office of Investigations currently has 35 active cases involving alleged "hours-of-service" violations. Indictments for violations of Federal safety regulations during the past 24 months total 44, with 35 convictions and $2.6 million in fines, restitution and recoveries. Based on the cases we have conducted to date, we feel there is a significant problem with hours-of-service violations. We have received no criminal allegations against bus operators as such, and none of these investigations involved bus companies.

The following tables represent the ratings assigned to motor carriers and, specifically, to buses:

MOTOR CARRIER COMPLIANCE REVIEWS

	No. of reviews	Percentage			
		Satisfactory	Conditional	Unsatisfactory	Not rated
1998	6,473	41	28	5	16
1997	6,894	28	13	15	54

BUS COMPLIANCE REVIEWS

	No. of reviews	Percentage			
		Satisfactory	Conditional	Unsatisfactory	Not rated
1998	437	61	19	8	12
1997	450	49	15	6	30

HOURS-OF-SERVICE VIOLATIONS BY MOTOR CARRIER

Driver Log Violation	1997 Motor Carrier	1997 Bus	1998 Motor Carrier	1998 Bus
False Logs	3,741	153	3,817	124
Greater than 60 hours in 7 days	2,767	53	2,747	41
Failure to record duty status	2,322	129	2,267	108
Driving over 10 hours	2,634	130	2,609	114
Failure to keep driver log 6 months	798	55	885	60

Hours-of-service violations by bus companies

Fiscal year:

1997 ..... 100 bus companies had 187 drivers placed out-of-service during roadside inspections.

1998 ..... 266 bus companies had 467 drivers placed out-of-service during roadside inspections.

IS AMTRAK "ON TRACK" TO CLOSE THE GAP?

Question. Have you reviewed Amtrak's recent financial progress?

Answer. Our review of Amtrak's March 1998 Strategic Business Plan showed that Amtrak would sustain an additional $823 million in operating losses between 1999 and 2003, and that it would have an unfunded cash loss of $304 million in 2003, which is $167 million more than it forecast. Amtrak management is aware of our concerns and has indicated that it has taken actions to increase revenues and cut costs. Amtrak has been responsive to the recommendations we made in the Independent Assessment.

To reach operating self-sufficiency by fiscal year 2003, first and foremost, Amtrak must provide good timely service to its customers. It must also implement a robust high-speed rail service in the Northeast Corridor and greatly expand mail and express service, an area that offers considerable opportunity for non-passenger revenue. Amtrak must also improve ridership and revenue on Intercity and Amtrak West trains, and enhance partnerships with State, regional, and local governments.

Amtrak's 1999 Strategic Business Plan contains new plans to reduce costs, the financial impact of which will be important to the success of the 1999 Strategic Business Plan. Amtrak management and the Reform Board must pursue forcefully the actions contained in the 1999 plan and must monitor carefully their implementation. In this year's assessment, we will also be monitoring these proposed expense reductions and will consider the likelihood of their achievement.

Question. Are you at all encouraged by what you've seen regarding their ability to tap new revenue sources and minimize costs?

Answer. When we complete the ongoing assessment we will be able to tell whether Amtrak meets or exceeds the revenue-projection and cost-reduction goals established in the revised Strategic Business Plan. Our overall assessment, however, is that with strong leadership, intense management, and favorable economic conditions, it will be possible—albeit difficult—for Amtrak to become operationally self-sufficient by 2003. Nevertheless, even if Amtrak reaches operating self-sufficiency, it will require substantial and continuing capital funding to support the system as it currently exists.

ARE THERE UNIQUE PROBLEMS WITH OMC OVERSIGHT OF BUS COMPANIES? IN NEW JERSEY?

Question. Can any of you identify particular problems that are unique to the bus industry and OMC's efforts to promote bus safety?

Answer. Unlike trucks, motor buses require specialized equipment (ramps) to complete a full mechanical inspection of the braking system, brakes out of adjustment is one of the top safety violations that places commercial vehicles out of service. States are reluctant to perform bus inspections at roadside like trucks because there are no facilities for the passengers when the bus is placed out-of-service and needs to be repaired prior to returning to the road. Consequently, buses are inspected at the carrier's terminal or at the buses' destinations. New Jersey has three sets of ramps to complete the full mechanical inspection of motor coaches.

OMC established a National Motor Coach Technical Advisory Group to help promote bus safety. Also, OMC policy requires that passenger carriers receive a higher priority for compliance reviews than general freight motor carriers.

Question. Could this figure indicate that New Jersey State Police are actually more aggressive than their neighbors in ordering unsafe buses off the road?

Answer. Yes. New Jersey bus inspectors may be more effective in spotting unsafe buses—because of experience and equipment—than their colleagues in neighboring states. New Jersey has an aggressive bus safety program with a total of 25 full-time bus inspectors. In fiscal year 1997, the State led the nation in bus inspections performing 6,218 inspections. New Jersey State inspectors also train bus inspectors from other states. New Jersey has also located inspection sites in close proximity to major tourist sites—such as Atlantic City—to allow for most bus inspections to be done after the passengers have left the vehicle.

Question. What observations can you make regarding how the motor carrier laws are enforced in each state? Is it your view that these laws are enforced uniformly, or is there a wide variation among states?

Answer. During our audit on the Motor Carrier Safety Program for Commercial Trucks at U.S. Borders we observed some differences. Enforcement of U.S. safety regulations on all carriers, domestic and foreign, operating within the United States is the responsibility of the United States. The enforcement programs performed by Federal and State inspectors in southern border States have widely disparate approaches as evidenced by the number of inspectors, frequency of inspections, level of inspections and inspection facilities. Major differences also exist in enforcement practices and procedures.

In California, for cost efficiency, law-enforcement officers and civilian State inspectors staff the inspection facilities. The remaining border States employ only law-enforcement officers. California is also the only southern border State that enforces the Federal operating authority regulation (registration). Another example of inconsistency is the fines assessed by OMC personnel as a result of enforcement against Mexican carriers operating in the commercial zones. The two regional offices with jurisdiction over the southern border assessed significantly different fines for the same violations.

HOW DO WE ENSURE THAT BUS OPERATORS CONTINUE TO COMPLY WITH THE LAW?

Question. What solutions would any of you propose in order to ensure that, once a carrier takes the necessary safety measures, there is adequate oversight to ensure that they continue to operate safely?

Answer. Follow-up reviews must be performed to ensure that carriers have safety measures in place. These reviews should, at least, cover those serious safety violations found during compliance reviews. The follow-up reviews should be performed in progressive intervals, and should include verifying that carriers' road performance indicates continued compliance with safety regulations. This type of monitoring program could be a condition for reducing assessments for first-time offenders. Repeat violators must continue to be targeted for reviews and placed out of service when warranted.

WHY HAVE COMPLIANCE REVIEWS AND FINES DECLINED WHILE BUDGET RESOURCES HAVE INCREASED?

Question. What can you tell us as to why compliance reviews have declined by half at the OMC?

Answer. OMC safety investigators have been assigned to do work other than conduct compliance reviews and fewer OMC safety investigators are conducting these reviews. In response to our December 1998 survey, OMC field staff responded that 55 percent of their time was spent conducting compliance reviews, enforcements, roadside inspections and crash investigations, and 45 percent of their time on such duties as administration, outreach to communities, attending meetings or seminars, and speaking to associations. Further, the number of OMC staff conducting compliance reviews has declined 24 percent, from 348 in 1991 to 263 in 1998.

Question. If that is the case, why hasn't there been an increase in the amount of violations and fines levied as part of these compliance reviews?

Answer. There has not been an increase in the number of violations and fines levied because OMC's policy is to use enforcement as a last resort. In fact, when enforcement action is taken, OMC does not use the many sanctions available to it such as maximum fines for repeat violators, revocation of authority for lack of payment, and shut-down orders for unsafe carriers. The survey responses that we received from the OMC field personnel showed that over 95 percent said that attention needs to be placed on putting unsafe carriers out of service, 90 percent favored assessing larger fines for repeat offenders, and 87 percent indicated more enforcement actions were needed to make enforcement more effective.

Furthermore, when enforcement actions are taken, OMC personnel negotiate the settlement amounts significantly less than originally assessed. In fiscal year 1998, OMC settled for 46 cents on a dollar assessed.

The software package used by OMC to compute fines limits the amount assessed. In April 1996 OMC implemented the use of Uniform Fine Assessment (UFA) software to assess civil penalties for serious violations. UFA's objective is to increase the uniformity of civil penalties assessed against carriers for violations of the safety regulations. UFA limits the number of instances when fines can be assessed. For example, in one case, the safety investigator recorded 145 violations of 4 safety regulations during a compliance review. The UFA software further restricted the case to 7 of the 145 instances when the regulations were violated. Therefore, the carrier was only fined for the 7 instances. Further, enforcement officials stated they did not always enforce every violation found. According to OMC policy, any critical violation discovered have to indicate a pattern of noncompliance of at least 10 percent of the number of records checked in order to be enforceable.

QUESTIONS SUBMITTED TO THE DEPARTMENT OF TRANSPORTATION

QUESTIONS SUBMITTED BY SENATOR SHELBY

DOT MANAGEMENT OF DISCRETIONARY PROGRAMS

Question. On January 13, the Department released a list of "finalists" for funding under the new TEA–21 program "Transportation and Community and System Preservation" (TCSP) program, which was authorized for $20 million in fiscal year 1999. What are the criteria for this program? Is it a competitive selection process?

Answer. Yes, the selection process for the TCSP program is highly competitive. FHWA received more than 520 Letters of Intent (LOIs) totaling almost $400 million for TCSP funding in fiscal year 1999. These LOIs were reviewed by FHWA, FTA, and EPA field staff for specific criteria. The field review was provided to a 20-person technical expert panel which included representatives from FHWA, FTA, FRA, OST-Policy, RSPA/Volpe, and EPA. The panel identified 49 LOIs that were selected as semifinalists and asked to prepare full grant requests for the final round of competition. These grant requests were due on March 15, 1999, and we will award grants in the very near future.

All of the selection criteria for TCSP are taken from Section 1221 of TEA–21. Proposals must meet the purposes of this section. They must improve the efficiency of the transportation system; reduce the impacts of transportation on the environment; reduce the need for costly future public infrastructure investment; ensure efficient access to jobs, service and centers of trade; and encourage private sector development patterns which achieve these goals.

In addition, priority is given to proposals that demonstrate a commitment of non-Federal resources to the project; include an evaluation component; ensure an equitable distribution of funds to a diversity of populations and geographic regions; and demonstrate public and private involvement including participation of non-traditional partners on the project team.

Question. The fiscal year 2000 budget request proposes to increase the TCSP program to $50 million—twice the amount under the TEA–21 firewall. What was the total amount represented by applications received for the $20 million in fiscal year 1999 grants?

Answer. There was tremendous interest in the TCSP program in fiscal year 1999. FHWA received more than 520 requests totaling almost $400 million. Requests were received from States, local governments and Metropolitan Planning Organizations in 49 States and the District of Columbia.

COAST GUARD DRUG INTERDICTION

Question. Last fall, we appropriated a significant amount of emergency funding—$344 million—for the Coast Guard to play an expanded role in drug interdiction activities. How much of these appropriated funds have been obligated?

Answer. Almost 50 percent of the $344 million has been obligated to date and the Coast Guard expects almost 80 percent of the funds will be obligated by the end of the year.

Question. How are the operational decisions for the assets procured with the emergency funding for drug interdiction activities to be made?

Answer. The Coast Guard is complying with the direction of Congress in the appropriations act and the accompanying conference report. The Coast Guard is apply-

ing the assets systematically to its multi-year strategy to address the flow of illegal drugs entering this country.

Question. Are the assets to be purchased with the emergency drug interdiction funding to be single mission assets or will they fit the Coast Guard's multi-mission asset profile?

Answer. The vast majority of assets being purchased with the supplemental funding while being acquired to enhance drug interdiction operations, will be capable of responding to the multi-missions of the Coast Guard.

Question. Are the decisions regarding the procurement of assets with the emergency drug interdiction funding being coordinated with other agencies or offices in the Administration? If so, which ones, and what changes have been made to the procurement mix of that coordination?

Answer. The procurement decisions are being coordinated with the Office of National Drug Control Policy and the U.S. Interdiction Coordinator.

HIGHWAY SAFETY—MEXICAN TRUCKS ENTERING U.S.

Question. I understand that there is currently a moratorium on the January 1, 2000 open access provision under NAFTA that would allow Mexican trucks to freely drive throughout the U.S. What is the likelihood of this moratorium being lifted before next January?

Answer. The Moratorium on the issuance of new grants of U.S. operating authority to Mexican motor carriers was first imposed by Congress in 1982. Since 1984, Mexican trucking operations have been confined to the border commercial zones established by the former Interstate Commerce Commission. The NAFTA sets forth a timetable for removing the restrictions on Mexican motor carriers on a gradual basis. In December 1995, when Mexico and the United States were to have lifted restrictions on the delivery and backhaul of cargo to each other's border states, the Department announced a delay on the implementation of the NAFTA provisions for safety reasons. The Moratorium will continue unmodified until the Department of Transportation is satisfied that the necessary safeguards have been put in place by Mexico and the United States to ensure safe cross-border operations. Since bilateral consultations regarding access to the border states are still ongoing, the Department cannot anticipate whether the second NAFTA trucking phase—access for Mexican companies to operate throughout the United States—will occur according to the NAFTA schedule. The Department expects that the truck access restrictions will begin to be phased-out within a reasonable time after safety consultations with Mexico have been concluded.

Question. Roughly, what percentage of truck traffic at the U.S./Mexico border is being inspected by Federal motor carrier inspectors?

Answer. Less than 1 percent of the truck traffic is being inspected by Federal inspectors.

Question. How does the Federal Highway Administration determine how many Federal safety inspectors to deploy at crossings?

Answer. The FHWA is working with the enforcement agencies of the border States to establish a permanent and consistent enforcement presence along the border that will subject Mexican and Canadian vehicles and drivers to roadside inspections. The intent in increasing the Federal enforcement presence along the Southern border is to complement rather than replace State enforcement efforts. Therefore, FHWA is deploying Federal inspectors in locations where the States at this time do not have enough resources to provide coverage.

The Department continues to believe that the most effective means to ensure safe cross-border operations is through continued strengthening of the long-standing Federal-State relations created by the Motor Carrier Safety Assistance Program (MCSAP). While FHWA is prepared to increase the number of Federal inspectors at the border crossings, States must augment their own enforcement presence in border areas and other locations throughout the State as Mexican vehicles begin to operate farther into the interior of the State and the rest of the country. Toward this end, FHWA is encouraging States to augment the funding they are already receiving under MCSAP by applying for a share of the discretionary program funds available under TEA–21 to fund activities that will lead to a more permanent and consistent enforcement presence along the border, including inspection facilities, equipment, additional personnel, and new technologies.

Question. Has an effort been made by the Federal Highway Administration to isolate which companies have safety compliance problems, or to direct Federal and State inspection efforts to the areas where these rogue companies operate?

Answer. Safety compliance information on motor carriers whose vehicles have been inspected by Federal or State personnel is included in FHWA's Motor Carrier

Management Information System (MCMIS). Roadside inspectors access this information through the Inspection Selection System (ISS) to focus inspection activities on rogue carriers.

The ISS helps roadside inspectors focus on high risk carriers by providing instant safety performance status and past safety problem statistics on the selected carrier. The system also presents an "INSPECT, OPTIONAL, or PASS" recommendation on whether the vehicle should be inspected or not.

Also, as part of the inspection process, vehicles that pass an inspection are issued a decal which is valid for 90 days. Vehicles with a valid decal are normally allowed to continue and are not inspected unless the inspector notices obvious defects. The decals allow the inspectors to focus their efforts on vehicles that have not been inspected recently and are more likely to have safety defects.

The FHWA also initiates enforcement actions against carriers with safety compliance problems as identified through roadside inspections. For example, in 1998, approximately 280 enforcement cases were brought against Mexican carriers.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

OFFICE OF MOTOR CARRIERS

Question. Should suspended licenses be permanently disqualifying?

The OMC recently concluded its own "effectiveness study" on the Commercial Driver's License program. That study included the remarkable observation that a surprisingly high percentage of trucks and bus operators appear willing to continue to operate their vehicles even after their commercial driver's license has been revoked. What is FHWA planning to do about this problem?

Answer. FHWA is planning to address this problem in two ways. First, FHWA will continue to work to strengthen enforcement of the Commercial Driver's License (CDL) penalties against disqualified drivers by conducting more frequent CDL driver licensing checks at the roadside and during compliance reviews. FHWA currently requires its safety investigators to conduct driver licensing checks during the performance of a compliance review and are working to increase the number of driver licensing checks being conducted by State inspectors as part of the roadside vehicle inspection program.

Second, FHWA plans to begin work this fall on a study to obtain a better estimate of how much CDL enforcement is actually being performed, identify barriers to achieve greater CDL enforcement, and to develop ways to overcome those barriers.

Question. Should we use market forces to prompt safe truck and bus operations?

In the Coast Guard, we now target substandard ships and shipping companies for more frequent and more thorough inspections. Importantly, we also make the names of these ships and shipowners immediately available on the Internet so shippers know that if they do business with these shipping companies, they can expect to have their shipments delayed for lengthy Coast Guard detentions.

Since the OMC already has a website that includes data on each motor carrier, why doesn't the OMC follow the Coast Guard's lead and provide a simple list of every truck and bus operator with significant problems so that the public can make informed market decisions?

Answer. Providing the marketplace with Internet access to motor carrier safety information has the potential to elevate safety as the primary criterion for evaluating the suitability of and hiring individual motor carriers, thus substantially advancing the cause of highway safety in the United States. Accordingly, the Office of Motor Carrier and Highway Safety, working with RSPA's Volpe National Transportation Systems Center, has developed the *Analysis & Information (A&I) Online* Intranet site to provide quick and efficient access to information and analysis about commercial motor carrier safety. Among its components are the *SafeStat Online* module, which provides online access to individual motor carrier's SafeStat score. SafeStat is an indicator used by FHWA to rank carriers and identify those carriers with the highest safety risk based on their crash rate, driver and vehicle compliance and safety management systems. The *Crash Profiles Online* module contains descriptive statistics—on a State-by-State and National level—about fatal crashes and non-fatal (injury and property-damage-only) crashes during 1996 and 1997 involving large trucks. Included in this module is a report that lists the 100 carriers having the most crashes within each State, with a direct link to each carrier's SafeStat detail information.

The A&I Online system has been operational for over a year in support of OMCHS field and headquarters employees. Currently, patrons must be connected to the DOT network to access the A&I Online site. However, in January of 1999,

OMCHS management approved a phased approach to expand access of A&I Online to the Internet with access available to the general public. Certain access controls will be established to limit access to proprietary and privacy sensitive data. The A&I Online site on the Internet will better support the current user base as well as expand access to other government agencies, other motor carrier safety stakeholders (e.g., State safety agency officials and other Federal Government agencies that regulate or contract with private commercial motor carriers; shippers; motor carriers and their associations; and insurance companies) and the general public.

Y2K ISSUES

Question. Why are Y2K costs skyrocketing?

Between August 1998 and November 1998, your estimated Y2K costs went from $213 million to $321.5 million. Just this month, you reported that the costs have increased again, to $375.5 million. This is a 76 percent increase in just the past six months. How confident are you in the accuracy of your latest estimate? Should we continue to expect these estimates to grow throughout the coming year?

Answer. The estimated cost of $375.5 million reported in the Department's February 12, 1999, Quarterly Y2K Progress Report to OMB reflects the latest DOT-wide cost estimates for Y2K. The cost estimate has increased primarily as a result of requirements that were not anticipated at the time initial cost estimates were prepared. It includes costs to remediate DOT systems for Y2K compliance, as well as estimated costs for independent verification and validation efforts, business continuity and contingency planning, and domestic and international industry outreach and assessment.

Globally, Y2K problem resolution has been a project without precedent. The Department of Transportation has been continually learning, redefining efforts, and adding additional requirements in response to requests from external organizations, such as OMB and the President's Y2K Conversion Council. While the latest cost estimates were accurate at the time they were reported, it is likely that additional costs will be identified as Y2K remediation and contingency planning efforts continue.

A major portion of the increase between August 1998 and November 1998 was attributable to:

The USCG increasing its total Y2K cost estimate by $15 million due primarily to accelerated project schedules to comply with OMB milestones; increased IV&V costs; increased contingency plan development costs; unanticipated costs associated with outreach initiatives; and, increased costs to replace non-Y2K compliant hardware and software.

The FAA increasing its total Y2K cost estimate by $81.3 million due primarily to the inclusion in the estimate of fiscal year 1999 costs for the Host and Oceanic Computer System Replacement Program (HOCSR). HOCSR costs had not been previously included since the program was initiated independent of the Y2K problem. However, the HOCSR schedule was accelerated to mitigate potential Y2K risks associated with relying solely on a strategy of renovating the existing system.

The Office of the Secretary (OST) increasing its total Y2K cost estimate by $9.3 million to cover increasing costs for renovation and validation of departmental mission-critical systems, as well as CIO Y2K program management functions such as DOT-wide oversight, domestic and international industry outreach, industry assessment, and establishment of a Transportation Sector Y2K information website.

A major portion of the $54 million increase in the Department's total estimated Y2K costs from the November 1998 submission to the February 12, 1999 submission is attributable to increased costs for FAA ($47 million) and USCG ($6.6 million) in the following areas: acceleration of remediation efforts to ensure timely compliance; increased validation costs; business continuity and contingency planning; expanded domestic and international outreach to the transportation sector; and assessment of Y2K status in the transportation industry.

STATUS OF FAA Y2K TESTING PROGRAM

Question. Will Y2K problems disrupt aviation operations?

The FAA is facing, perhaps, the most serious challenge in addressing Y2K issues. The GAO, in August 1998, and again today testified that it is unlikely that the FAA will be able to complete all critical tests of its computer systems in time and that other unresolved risks will threaten to disrupt aviation operations at the end of the year. What is the current status of the testing of critical systems at FAA? What types of systems are yet to be tested, and how confident are you that FAA will complete testing on time?

Answer. The FAA is currently in the validation phase of its Y2K remediation efforts. The validation phase includes testing all applications and interactions between scores of converted or replaced computer platforms, operating systems, utilities, applications, databases, and interfaces. The FAA monitors validation schedules daily. The agency is on target and very confident that it will complete all validation phase activities by March 31, 1999.

All systems, including National Airspace Systems (NAS) and business systems, are currently being tested. In addition to testing all systems that required Y2K repairs, FAA is validating systems that were assessed as not requiring Y2K repairs. Critical testing of FAA's systems is nearing completion: unit tests are already completed; system level system tests will conclude on March 31, 1999; and end-to-end testing of the National Airspace System (NAS) will be completed in April 1999 as part of the implementation phase.

Question. What contingency plans are in place in the event critical testing is not completed and system failures occur?

Answer. In the unlikely event a problem is missed during critical testing, the FAA has a wide range of existing contingency plans to deal with a multitude of circumstances that may occur in the air traffic control (ATC) system. Specifically, per FAA orders, each air traffic facility has a current contingency plan that addresses restoration processes with the NAS. Each individual ATC mission critical system has a contingency plan in place should a system outage occur for any reason.

At the enterprise level, the FAA completed a draft Y2K Business Continuity and Contingency Plan (BCCP) on December 31, 1998, which is currently under internal review. The BCCP specifically addresses Y2K problems from a national perspective, including airport and international issues, as well as encompassing FAA business systems. The BCCP is being developed in partnership with unions, subject matter experts, and FAA management. In the unlikely event an FAA system is not fully Y2K compliant by the turn of the millennium, the operational functions of that particular system would be temporarily shifted to the BCCP identified alternative until Y2K repairs are completed.

COAST GUARD Y2K VESSEL TRAFFIC SYSTEM

Question. In less than a month, on March 24, we will mark the ten-year anniversary of the Exxon Valdez oil spill. It appears that the Coast Guard Vessel Traffic System in Prince William Sound will not be Y2K compliant by the March deadline set by OMB. In fact, upgrades to the system are not scheduled to be completed until October 1999. What assurances can you provide that this critical VTS will, in fact, be upgraded, tested and fully Y2K compliant by your rescheduled completion target of October 1999? When will the Coast Guard contingency plan be completed, and how will it be tested to ensure it will be effective in the event that Y2K compliance cannot be attained in time?

Answer. The current project plan calls for the existing Prince William Sound (Valdez) VTS to be fully Y2K compliant by the rescheduled October 1999 target date.

The primary strategy is to replace the existing non-Y2K compliant Raytheon VTS components with an off-the-shelf Y2K compliant system being produced by Lockheed-Martin. The installation of the new Lockheed-Martin developed VTS in New Orleans is underway, and the Valdez installation has been moved up in the queue to occur next. Lockheed-Martin has performed a site survey and assessment of the Valdez location and has developed a project plan for the installation. Contracts with Lockheed-Martin for the new VTS are in place and task orders have been issued.

A secondary strategy involves determining if the existing Raytheon VTS components in Valdez can be made Y2K compliant with a patch or upgrade. To date, Raytheon has not been able to provide the Coast Guard with a solution, but a similar fix is being examined for a similar Raytheon system in use by the Federal Aviation Administration (FAA). Raytheon has informed the Coast Guard that it should know by June 1999 if the existing VTS can be repaired. If the Raytheon VTS components can be repaired and made Y2K compliant, the Coast Guard will pursue that option as a contingency should the current Lockheed-Martin effort experience delays.

A third strategy involves the 'manual' tracking of vessels in Prince William Sound using transponder signals emitted by tankers, and VHF voice radio communications to track vessel location and movement on plot boards. This contingency strategy currently exists for events such as a power failure which might render the VTS inoperable.

The weather conditions in the region may be the final determining factor as to which of the above strategies can be utilized. Ironically, the situation may also be

helped by the season. During the months of the year surrounding the century change, vessel traffic in the Prince William Sound is minimal. The Coast Guard believes that adequate levels of safety can be assured for the limited numbers of vessels that will be moving in the area.

OFFICE OF MOTOR CARRIERS AND BUS SAFETY

Question. Are there unique problems with OMC oversight of bus companies? In New Jersey?

Each of the agencies represented at the witness table testified before the House Transportation Subcommittee this past Tuesday regarding problems with the Federal Office of Motor Carriers (OMC). Can you identify particular problems that are unique to the bus industry and the OMC's efforts to promote bus safety?

Answer. The bus industry is unique in that bus drivers are not able to take rest breaks whenever the need arises and have to accommodate the needs of 40 passengers, luggage handling and ticketing.

Given recent bus fatalities, it is clear that more emphasis needs to be devoted to bus safety. The FHWA has several efforts underway that will address these needs including a review of the hours of service regulations, a study on bus driver stress and fatigue factors, production of a video to educate bus drivers on fatigue issues, and additional emphasis on poor performing bus carriers during selection for compliance review.

Question. I have reviewed the data for each state regarding the percentage of buses and trucks that are ordered off the road for flagrant safety violations. When you look at the data for New Jersey, you find that commercial vehicles were ordered off the road at a rate that is below the national average in almost every category. However, in one category—the mechanical condition of buses—17 percent of all inspected buses were ordered off the road while the national average is 10 percent.

Could this figure indicate that the New Jersey State Police are actually more aggressive than their neighbors in ordering unsafe buses off the road?

Answer. New Jersey has a very aggressive bus inspection program requiring inspections of New Jersey based carriers twice a year. In addition, New Jersey has the resources to conduct many inspections and by doing those inspections, they become very experienced in targeting carriers and vehicles that have a history of poor performance, so naturally the out of service rate would be higher as opposed to random inspections. Also, due to the volume of bus travel in the State, inspectors are more aggressive in their inspection procedures.

Question. What observations can you make regarding how the Motor Carrier laws are enforced in each State? Is it your view that these laws are enforced uniformly, or is there a wide variation among states?

Answer. It is not uncommon for bus inspections and enforcement of motor carrier safety laws to be delivered in varying ways within the States, depending upon the number of buses entering each jurisdiction. Some have a much higher level of motorcoach and bus traffic than do other States, and some States are more deligent in their enforcement efforts. To encourage the uniform application of federal regulations, the FHWA has begun the process of promoting uniformity among the States by delivering the Motorcoach Inspector Training course through the National Training Center. To date, FHWA has trained over 500 State and federal inspectors in inspection procedures and applicable regulations.

Question. How do we ensure that bus operators continue to comply with the law?

As I mentioned in my opening statement, the Bruins Transportation Company had a compliance review in 1996, and was found to be unsafe. They cleaned up their act long enough to be allowed to stay in operation. Two years later, after the accident that killed eight passengers, many of the same problems found in 1996 were still found to be existing at the carrier. These problems included a sloppy hours-of-service logs, no evidence of drug and alcohol testing, and troubled vehicles. What solutions would you propose in order to ensure that, once a carrier takes the necessary safety measures, there is adequate oversight to ensure that they continue to operate safely?

Answer. Bus companies need to be clearly identified and prioritized within FHWA's risk assessment model and FHWA is currently evaluating the best way to do this.

Question. Why have compliance reviews and fines declined while budget resources have increased?

When you look at the OMC's efforts in the last six years, you see that the number of compliance reviews conducted by the federal inspectors has been allowed to decline by over 50 percent. Yet, during the same time period, funding for the office

has grown substantially. What can you tell us as to why compliance reviews have declined by half at the OMC?

Answer. During the past several years, the OMCHS migrated from being a compliance and enforcement agency to that of a comprehensive safety agency. Resources have been used to address complex safety issues through the use of a larger group of activities including compliance reviews.

In addition, FHWA now focuses first on conducting reviews of carriers with poor safety performance histories. Reviews conducted on these carriers are frequently more complex and time-consuming. Since FHWA is conducting fewer, but more focused compliance reviews, enforcement actions are better targeted.

Question. OMCHS has defended this decline in oversight by explaining that they now target their compliance reviews on carriers that have shown specific indicators that they are likely to be unsafe. If that is the case, why hasn't there been an increase in the amount of violations and fines levied as part of these compliance reviews?

Answer. Violations discovered during compliance reviews have not declined, although the number of compliance reviews conducted have. The OMCHS assesses fines for serious noncompliance based on the statutory criteria. The OMCHS is currently reviewing the fine structure and the Uniform Fine Assessment criteria for effectiveness.

In addition, TEA–21 streamlined FHWA's penalty provisions, giving the agency the ability to impose higher fines in some cases and to levy fines without demonstrating gross negligence on a pattern of violations. FHWA will use this authority to aggressively impose fines on carriers that fail to comply with the safety regulations.

QUESTIONS SUBMITTED TO THE GENERAL ACCOUNTING OFFICE

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

AMTRAK

Question. What promise is there for non-passenger related revenue?

In the past few months, Amtrak has announced numerous new initiatives, including the contracting out of their food preparation operation, new and expanded contracts with the Postal Service, as well as new contracts with the Burlington Northern/Santa Fe Railroad and the United Parcel Service to boost non-passenger revenue.

Mr. Anderson, would you care to comment on Amtrak's non-passenger revenues and their promise for growth in future years?

Answer. To reduce losses and to help reach the goal of operating self-sufficiency set by the Congress, Amtrak has aggressively pursued revenues from non-passenger sources, such as mail and express, telecommunications, and real estate. Initiatives that have the potential to contribute revenues year after year, such as mail, should help improve Amtrak's financial condition. Other initiatives that result in one-time increase in revenues (i.e., sales of real estate), while helpful, cannot be counted on to improve Amtrak's financial condition over the long-term, because they are nonrecurring.

Question. Mr. Anderson, your statement points out that Amtrak loses $2 for every dollar it earns in revenues from train operations. Why do you find that figure significant when fully one quarter of Amtrak's total revenues are not from train operations, when you exclude the Federal appropriation?

Answer. Amtrak continues to look for opportunities for non-passenger service revenues (such as real estate development and telecommunications) as a means to help turn its financial condition around. Yet most of its revenues and expenses are related to its passenger-related activities. Amtrak needs to look long and hard at its route structure and its train operations. This includes looking at opportunities to increase train-related revenues and reducing train- and route-related costs.

OFFICE OF MOTOR CARRIERS AND BUS SAFETY

Question. Are there unique problems with OMC oversight of bus companies? In NJ?

Each of the agencies represented at the witness table testified before the House Transportation Subcommittee this past Tuesday regarding problems with our Federal Office of Motor Carriers (OMC).

Can any of you identify particular problems that are unique to the bus industry and OMC's efforts to promote bus safety?

Answer. The most obvious difference between the bus industry and the truck industry is that a crash involving a bus has the potential for more injuries and fatalities. Even so, in 1997 crashes involving commercial buses resulted in 335 deaths and 27,275 injuries while crashes involving large trucks resulted in 5,335 deaths and 132,513 injuries. In its Motor Carrier Safety Program, the Office of Motor Carriers leaves it to the states to decide where the greatest safety problems lie and target their efforts accordingly.

While we have not done any work regarding bus safety throughout the nation, in our reviews of states efforts' to ensure that large commercial trucks and commercial busses entering the United States from Mexico comply with U.S. safety regulations, we found that state enforcement officials devoted much more time to inspecting trucks than buses. This occurred because there were 20 times as many truck crossings as there were bus crossings (an average of 12,000 truck crossings versus an average of 598 bus crossings each day).

Question. I have reviewed the data for each state regarding the percentage of buses and trucks that are ordered off the road for flagrant safety violations. When you look at the data for New Jersey, you find that commercial vehicles were ordered off the road at a rate that is below the national average in almost every category. However, in one category—the mechanical condition of buses—17 percent of all inspected buses were ordered off the road while the national average is 10 percent. Could this figure indicate that the New Jersey State Police are actually more aggressive than their neighbors in ordering unsafe buses off the road?

Answer. The statistic could represent several conditions. These might include that New Jersey enforcement officials were more effective in selecting buses with severe mechanical conditions than their counterparts, even if the physical condition of buses in neighboring jurisdictions did not significantly differ from those in New Jersey. (Enforcement officials typically select vehicles for inspection that they suspect have safety problems, rather than selecting vehicles randomly.) It also might mean that buses operating in New Jersey had more severe mechanical problems, everything else being equal.

Question. What observations can you make regarding how the motor carrier laws are enforced in each state? Is your view that these laws are enforced uniformly, or is there a wide variation among states?

Answer. Enforcement strategies vary by state. For example, California has chosen to build facilities to inspect a greater proportion of commercial trucks that enter the United States from Mexico. Texas had not done this as of the time of our work in 1997. Also, California had chosen to devote more enforcement officials to border crossings than had Texas. But, the consequence for California is that those same resources invested at the border are not available for enforcement activities elsewhere in the state. Also, as mentioned earlier, enforcement officials in the four border states had elected to devote much more effort to inspecting commercial trucks than to inspecting commercial buses entering the United States from Mexico, again representing their priorities. OMCHS recognizes the need for uniformity of laws and fines but has no current initiatives to further this goal.

Question. How do we ensure that bus operators continue to comply with the law?

As I mentioned in my opening statement, the Bruins transportation Company had a compliance review in 1996, and was found to be unsafe. They cleaned up their act long enough to be allowed to stay in operation. Two years later, after the accident that killed eight passengers, many of the same problems found in 1996 were still found to be existing at the carrier. These problems included sloppy hours-of-service logs, no evidence of drug and alcohol testing, and troubled vehicles.

What solutions would any of you propose in order to ensure that, once a carrier takes the necessary safety measures, there is adequate oversight to ensure that they continue to operate safely?

Answer. One response would be for additional compliance reviews to be conducted until enforcement officials are satisfied that safety improvements will not be abandoned once the federal or state presence is reduced. However, this creates a thorny problem. Because the number of compliance reviews that can be conducted in any one year is small (6,000–8,000) relative to the number of carriers in existence (over 400,000 interstate carriers alone), OMCHS' SafeStat criteria target carriers with actual safety problems (e.g., a carrier had an accident that involved a death or an injury). Performing a series of compliance reviews on a problem carrier whose performance has improved and remained consistent over a period of time would likely result in another carrier with a demonstrated and uncorrected safety problem might not be subject to a compliance review.

OFFICE OF MOTOR CARRIERS

Question. Why have compliance reviews and fines declined while budget resources have increased?

When you look at the OMC's efforts in the past six years, you see that the number of compliance reviews conducted by the federal inspectors has been allowed to decline by over 50 percent. Yet, during the same time period, funding for the office has grown substantially.

What can you tell as to why compliance reviews have declined by half at the OMC?

Answer. OMC has defended this decline in oversight by explaining that they now target compliance reviews on carriers that have shown specific indicators that they are likely to be unsafe and that overseeing these high-risk carriers is more time-consuming, resulting in fewer total reviews.

Question. If that is the case, why hasn't there been an increase in the amount of violations and fines levied as part of these compliance reviews?

Answer. We have not done any work looking at fines resulting from violations. The Department of Transportation's Office of the Inspector General has performed this work.

SUBCOMMITTEE RECESS

Senator SHELBY. The hearing will now be recessed. The subcommittee will reconvene next Thursday, March 4, at 10:00 a.m., in Dirksen 124, to hold an overview hearing on the Department of Transportation's 2000 budget request. The witness will be the Secretary of Transportation, Rodney Slater, and his staff.

Thank you, gentlemen, for appearing. The subcommittee is recessed.

[Whereupon, at 11:34 a.m., Tuesday, February 25, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2000

THURSDAY, MARCH 4, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Richard C. Shelby (chairman) presiding.

Present: Senators Shelby, Gorton, Bennett, Campbell, Stevens, Lautenberg, Byrd, Kohl, and Murray.

FISCAL YEAR 2000 DEPARTMENT OF TRANSPORTATION BUDGET OVERVIEW

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. RODNEY SLATER, SECRETARY OF TRANSPORTATION

OPENING REMARKS

Senator SHELBY. Mr. Secretary, thank you for being with us this morning. I am expecting that we will have a very well attended hearing because you seem to be, nowadays, a very popular witness and we appreciate your presence.

Secretary SLATER. Thank you, sir.

Senator SHELBY. Either you are doing a good job, Mr. Secretary, and several of my colleagues want to congratulate you, you can tell, or they have suggestions as to how you could do your job better. We will have to wait and see.

Clearly, Mr. Secretary, the members of this subcommittee on transportation appropriations are concerned and are very interested in your proposed budget and the activities of the Department and I have a few questions at the proper time of my own.

First, I want to make a couple of points about the President's budget request for the Department of Transportation. I will be very brief as I know your time is limited. My colleagues have a number of questions I am sure that they would want to ask. I want to give everyone here a chance to engage in a dialogue with you.

PRESIDENT'S BUDGET PROPOSAL

At first blush, Mr. Secretary, the President's budget looks fairly generous toward transportation. But I think the numbers in your budget were, in large part, determined last year when the President signed the TEA–21 legislation.

If we pull out the dollars associated with new user fee proposals and the increase in the highway and transit accounts due to the increased levels of gas tax receipts, we are left with a request for budget resources that is actually almost a billion dollars less than Congress appropriated last year. I am hopeful that this will be sufficient. But at this point under the current discretionary budget caps, I do not think even the President's allocation for the function 400 account can be achieved without some very substantial cuts in other programs. Well, we will have to see.

I think the President's budget does underscore the importance of transportation in continuing to support the infrastructure investment that fuels our national economy and promotes the quality of life that we all enjoy. Even though the investment in transportation infrastructure, whether it be roads, transit systems, airports, air space management systems or Coast Guard aircraft ships and facilities, has increased during the time you have been the Secretary of Transportation and while I have been the Chairman of this Subcommittee. The continuing constrained budget environment that we both must live in necessitates that we review all the programs and accounts under our stewardship and cull out with your help the unnecessary spending so that we can focus again on the Federal investment on those projects and programs that the American public wants and needs.

AIRLINE DEREGULATION AND DISCLOSURE ACT OF 1999

On another note, I also wanted to let you know, Mr. Secretary, that I am going to introduce a bill soon that provides greater transparency and clarity for the airline traveling public. I will call it the Airline Deregulation and Disclosure Act of 1999. And at the proper time I will have a statement on the floor of the Senate and I will have copies of the bill delivered to you and to the members of the subcommittee as well as the press and the public.

PREPARED STATEMENT

Mr. Secretary, as always, I look forward to working with you in the coming year and we are pleased that you are going to be here with us today.

[The statement follows:]

PREPARED STATEMENT OF SENATOR RICHARD C. SHELBY

Mr. Secretary. Thank you for being with us this morning. I expect that we will have a very well-attended hearing this morning—you seem to be a popular witness. Either my colleagues want to congratulate you on the job you are doing, or they have a few suggestions as to how you might run the Department better.

Clearly, the members of this Subcommittee are concerned and interested in your proposed budget and the activities of the Department and I have a few questions of my own. But first, I wanted to make a couple of points about the President's budget request for the Department of Transportation. I will be very brief, as I know your time is limited, my colleagues have a number of questions they want to ask, and I want to give everyone a chance to engage in a dialogue with you.

At first blush, the President's budget looks fairly generous towards transportation, but I think the numbers in your budget were in large part determined last year when the President signed the TEA–21 legislation. If we pull out the dollars associated with new user fee proposals and the increase in the highway and transit accounts due to the increased levels of gas tax receipts, we are left with a request for budget resources that is actually almost a billion dollars less than Congress appropriated last year. I'm hopeful that this will be sufficient, but at this point under the current discretionary budget caps, I don't think that even the President's allocation for the Function 400 account can be achieved without some very substantial cuts in other programs.

But I think the President's budget does underscore the importance of transportation in continuing to support the infrastructure investment that fuels our national economy, and promotes the quality of life we all enjoy.

Even though the investment in transportation infrastructure—whether it be roads, transit systems, airports, airspace management systems, or Coast Guard aircraft, ships and facilities—has increased during the time you have been the Secretary of Transportation, Mr. Slater, and while I have been the Chairman of this Subcommittee, the constrained budget environment that we both must live in necessitates that we review all the programs and accounts under our stewardship and cull out the unnecessary spending, so that we can focus federal investment on those projects and programs that the American public wants and needs.

On another note, I wanted to let you know, Mr. Secretary, that I intend to introduce a bill soon that provides greater transparency, more freedom and choice, and clarity for the airline traveling public. Every one of us here has an airline horror story to share, and my bill will encourage the airlines to be more competitive and responsive to their passengers. As soon as I introduce this legislation, I will have copies of the bill delivered to you and the members of the Subcommittee.

As always, I look forward to working with you in the coming year. Senator Lautenberg?

ALASKA VOLCANO OBSERVATORY

Senator SHELBY. Senator Stevens.

Senator STEVENS. Thank you very much. I am here to thank the Secretary. Secretary Slater came to my state last year and really spent a great deal of time. He is not like some of the summer visitors who spend more time fishing than they do looking at what the subjects are, but I like both kinds.

PREPARED STATEMENT

I do hope that you will come back up again this year as I have indicated to you. I am only here for one thing and I would ask my full statement go in.

Senator SHELBY. Without objection, so ordered.

[The statement follows:]

PREPARED STATEMENT OF SENATOR TED STEVENS

Good morning Mr. Secretary. We appreciate your taking the time to review the budget request with us today.

I believe you and I last discussed your department's budget in the Anchorage International Airport. Alaskans tell me they greatly enjoyed your visit last summer, and I hope we can get you up there again soon. You still haven't seen our ferry system, and we could use your expertise with many of the unique issues we face in rural Alaska.

One issue in your budget is notable for its absence. While I am told that you requested funds for the Alaska Volcano Observatory, the final budget we received did not mention this small but important program.

The observatory is not as important to Alaskans as it is to the millions of people who fly across the Pacific each year. As you know, the major transpacific air routes cross right over the Aleutian Islands, which is one of the most active volcanic regions on earth.

In 1989, 230 people almost lost their lives over Alaska when a 747 flew into the ash plume of Mt. Redoubt. The plane fell 13,000 feet before recovering, and all four

engines had to be replaced at a cost of $80 million. Globally, there are five close calls every year involving airplanes and volcanoes.

In 1997, the Alaska Volcano Observatory received a Golden Hammer Award from the Vice President for efficiently providing its important safety service.

I hope in the future that you, myself, the Vice President, the scientists and the aviation community who support this program can convince the budget writers that aviation safety is not a political issue.

Senator STEVENS. Thank you.

I know that you asked for funds for the Alaska Volcano Observatory, but those were not included in the President's budget. And I think that is very regrettable, and I want to call attention to everybody what this means.

That observatory has brought about the world's attention to the problem of high-flying aircraft in the vicinity of volcano eruptions. Every year, millions of people fly across the Pacific, and the transpacific routes come over the Aleutian Islands. That is the most active volcanic region on Earth. It is not just our planes. It is the planes of the world. We are the air crossroads of the world.

In 1989 there were 230 people on board a 747 when it flew into the ash plume arising from the eruption of Mt. Redoubt. That plane fell 13,000 feet. All four engines went off. Luckily—I cannot remember how many came back on, but they did come back on. All four engines, however, when examined had to be totally replaced to the cost of $80 million. There are five close calls every year on airplanes and collisions from airplanes in volcanic ash.

In 1997 that observatory received from the Vice President the Golden Hammer Award for efficiently providing this important safety service, but now it has been left out of the budget.

I congratulate you for asking, but I do want the committee to be on notice. That is one of the items I want to see put back into this budget. As a matter of fact, I had to change my destination and go to Fairbanks the night of that incident. And I drove down to Anchorage and I became very aware of what had happened and called the FAA and others together, and we started the concept that night of what finally lead to the observatory.

If you will, put in the record these statistics, Mr. Chairman. The AVO—that is what we call the Alaska Volcano Observatory—has given notice on several occasions that has resulted in saving lives.

In 1996 there were 3,000 earthquakes along the Aleutian chain in 2 days. That opened up a 10-mile long crack on Unimak Island. But the sensors that had been placed on that island by the observatory permitted our public officials to avoid a costly evacuation of the island to move the people to a safer part of the island. And I just cannot overestimate in our part of the world how much that observatory means to our safety.

Thank you very much. I hope you will put this in the record.

Senator SHELBY. Without objection, it is so ordered.

Senator Byrd, you want to yield to Senator Lautenberg.

Senator LAUTENBERG. That is very kind. Thank you. I look forward to hearing from Senator Byrd.

Mr. Chairman, we are doing the right thing at this moment. We are going to hear from our distinguished Secretary who has done a really good job, and I hear it from both sides of the isle, Mr. Secretary. And that is a pretty good sign things are okay.

We do not need any more turmoil than we have got around here. And I am glad to know that others agree that you are doing the job you are assigned to do. We appreciate it and respect it.

ECONOMIC EXPANSION

Last week we learned yet again that this Nation's economic expansion is continuing at a rate that is surpassing almost all expectation. The economy in the last quarter grew at a rapid 6.1 percent annual rate as measured by the gross domestic product, the broadest measure of the U.S. economy. This quarterly growth was one of the strongest ever in recent memory. It now looks as if our Nation's longest peacetime economic expansion is going to last for at least 8 years and, hopefully, a lot longer than that.

What does this good economic news mean for our national transportation enterprise? It means that we can expect stress on an already stressed transportation system. There is a good side and a bad side, obviously. But the best side is that we see growth.

Greater shipments by manufacturers will mean that our already congested freight rail main lines will be further congested. It means that our already congested highways will get even more congested.

And any member of this subcommittee who flies regularly can tell you that the runways at our airports are jammed and flight delays are on the rise. This past June we reached the highest level for airline delays for any month within the last 4 years, almost 40,000 flight delays of 15 minutes or more in a single month.

I do not need to review the data to speak to this problem. I and many of my constituents regularly fly through Newark International Airport. It is a beautiful airport with good and new facilities. However, the air congestion in the New York/New Jersey region in combination with growth in traffic has caused Newark to be ranked once again as the most delayed airport in the United States.

So as our economy expands and traffic increases, our U.S. Department of Transportation finds itself in a rapid game of catch up. We are years, if not decades, behind in making the necessary investments in transportation infrastructure. In recent years we have made some progress, especially since TEA–21 was enacted. But we will need to continue to make rapid progress if we are ever going to come close to reversing the trends we see in congestion.

In that regard, there is a lot to like in the budget that Secretary Slater will be presenting us this morning. For the first time the proposed annual DOT budget will top $50 billion. But I quickly point out that just on our highways it is estimated that the annual cost of congestion to our economy is close to $74 billion.

The budget before us fully honors the guaranteed spending levels called for under TEA–21. Under those funding levels we will see highway spending grow by 22 percent in the 2 years from fiscal year 1998 to fiscal year 2000. Transit spending will grow by 25 percent over the same period and a lot of this credit for this fine budget belongs to the Secretary.

MANAGEMENT CHALLENGES

Last week this subcommittee took some very sobering testimony from GAO and the DOT Inspector General regarding the management challenges at DOT. It was clear to this Senate that much more needs to be done toward ensuring highway safety, especially as it involves motor carriers including trucks and buses.

While the FAA is working hard to address the Y2K bugs in our air traffic control infrastructure, much more needs to be done in a very short period of time. Our hearing last week reminded all of us that this issue is not only how much we spend, but how we spend it.

I know that the Secretary agrees with that observation. I look forward to hearing his testimony this morning.

Thank you, Mr. Chairman, and thank you, Senator Byrd, for your courtesy.

Senator SHELBY. Senator Byrd now.

Senator BYRD. Mr. Chairman, I thank you.

TEA–21

The Transportation Equity Act for the 21st century or TEA–21 as it has come to be known was perhaps the greatest legislative accomplishment of the 105th Congress. It reversed a longstanding trend of Federal disinvestment in our Nation's infrastructure. The bill called for $216 billion in transportation investments over the 6 years, 1998 through 2003. Of that amount, $173 billion was provided in contract authority for our national highway system.

The authorized level for highway spending rose a full 40 percent above the level authorized for the previous 6-year period under the Intermodal Surface Transportation Efficiency Act or ISTEA. Importantly, this added highway spending allowed the unique needs of differing regions of the country to be accommodated.

As far as I am concerned, an important cornerstone of the bill was a provision of $2.25 billion in contract authority for the Appalachian development highway system. For other Senators it was funding for Federal lands, highways, or new roads to improve trade across our international borders.

Most importantly, TEA–21 put into law a mechanism to ensure that the funds deposited in our highway trust fund will be spent on the purpose for which they are collected; namely, the construction and restoration of our Nation's highways. This mechanism, now referred to as the highway funding guarantee, is extremely important as it embodies the Federal Government's commitment to keep faith with the taxpayers of the Nation who pay into that highway trust fund every time they go to the gas pump.

The highway funds that are guaranteed under TEA–21 are required to be appropriated each and every year through 2003. As such, the Congress' commitment to these guarantees could be tested through the appropriations process, especially when available funding for other domestic needs is scarce.

For the coming fiscal year the funding guarantees call for highway spending to grow by another $2.2 billion or 9 percent above the current year's level. But the overall spending cap that will gov-

ern our discretionary spending for the coming year is extremely tight.

For the most part, and I emphasize for the most part, the administration's budget honors the highway funding guarantee called for in TEA–21.

DISCRETIONARY SPENDING CAPS

But for this discretionary spending overall, the administration's budget seeks a program level well in excess of the spending cap and the existing budget agreement. In fact, the President's budget states clearly right on table S–4 of the budget that he is seeking $17.8 billion more than the cap for fiscal year 2000 will allow.

The Congressional Budget Office testified that the overage under their scoring is closer to $30 billion. The administration's budget proposes to close this gap by recommending several controversial offsets such as new user fees that have been rejected by previous Congresses and will be very difficult to enact this year.

USER FEES

A microcosm of this situation can be seen right within the budget for the Department of Transportation. While the overall budget for transportation proposes an increase of 4.5 percent or $2.2 billion, the budget simultaneously requests new user fees within the Department of Transportation totaling $1.657 billion. Almost $1.5 billion of those new user fees would be within the Federal Aviation Administration.

Mr. Secretary, it will not surprise you that many Senators will want to talk with you about how to spend your proposed increase of $2.2 billion. Far fewer Members will be interested in discussing your user fee proposal of $1.6 billion.

HIGHWAY FUNDING GUARANTEE

We are in the early stages of a very long debate over the final makeup of this year's budget. But I want to signal here and now that as far as I am concerned, the highway funding guarantee is not open to negotiation. That was fought for and won in TEA–21. I will continue to defend the principles that funds deposited in the highway trust fund should be spent on our Nation's highways.

Now you will note that earlier I stated that the administration's budget honors the highway guarantee included TEA–21, "for the most part." Well, I say for the most part because I find one significant and disturbing policy change included in this budget that serves to divert a portion of these highway revenues to other purposes.

The TEA–21 law included an important provision called Revenue Aligned Budget Authority. That program is at the core of our commitment to the gas taxpayers of America. It says that when gas tax receipts to the highway account of the highway trust fund exceeds the level that was anticipated under TEA–21, then highway spending will increase automatically by the amount of those increased tax receipts.

The TEA–21 law calls for this additional funding to be spent on highways and highways only. After all, we are talking about re-

ceipts to the highway account of the highway trust fund. I am disappointed, therefore, to see the administration's budget skim off almost a third of these funds, more than $450 million, for other non-highway purposes.

Funds are diverted to research programs, to transit programs, to the National Highway Traffic Safety Administration, and to the Federal Railroad Administration. I am not against funding those agencies, but I cannot support diverting these highway funds which are expressly authorized for the purpose of highway construction to non-highway uses.

I am glad that Secretary Slater is here this morning, and I look forward to discussing these and other issues.

Thank you, Mr. Chairman.

Senator SHELBY. Senator Gorton.

Senator GORTON. Mr. Chairman, you and Senator Byrd have eloquently outlined some of the troubling aspects of this appropriations bill. As a consequence, I am going to focus on only one of them, though I share the concerns that my colleagues have stated with respect to others.

USER FEES

In connection now with aviation, what this budget calls for is a huge increase in effective taxes on the aviation industry, the authorization of substantial increases in local passenger facility charges, a huge user fee initiative without any definition of what it would be and before the Federal Aviation Administration has developed any kind of cost accounting system on which a valid user fee scheme could be based.

And in return for those increased taxes, the Federal Government under this budget will substantially cut the amount of contributions that it is going to make. An Airport Improvement Fund reduction, large reduction from the amount that, with your leadership, we appropriated for this last year is even less than was requested last year.

Mr. Chairman, with the Secretary here, I know that you join with me in the opinion that he has been one of the most responsive secretaries I can remember in Republican or Democratic administrations. I have never called him without getting a prompt response, and I never asked for help without, at the very least, having had his attempt to do whatever he could.

So I cannot blame him for this budget. I think this budget was done at a level higher than he finds himself. And I think he is going to be a trouper and defend it. But I do not think that we here on this Committee can defend a budget that is based on user fees that he, the Administration, you and I, Senator Byrd and everyone else knows we are not going to impose. We simply are not going to do it.

So the real question is how do we treat these transportation priorities fairly and generously without the unrealistic accounting that the Administration has given us in this budget. I hope that after he has done his duty to the Administration and eloquently defended the budget that I think he knows is unrealistic, as we do, that he will at least privately help us. Come up with a way to solve all of these problems in the direction that we are likely to go.

Senator SHELBY. Senator Kohl.

Senator KOHL. Thank you, Mr. Chairman, and welcome, Secretary Slater.

We thank you for coming before us today to discuss the Department of Transportation budget for fiscal year 2000. It is encouraging that you have come here to discuss a budget that prioritizes and strengthens infrastructure investment overall, even if we differ on details.

HIGHWAY APPORTIONMENTS

One area where we do have a major difference is on where control of highway dollars should rest. Mr. Secretary, last year you took the time to visit the area surrounding Green Bay, Wisconsin, to talk transportation with state and local officials. And everyone walked away from that meeting feeling that the Administration respected the direction and decisions of those closest to their own states' transportation challenges.

Unfortunately, this year's budget reflects quite a different philosophy. It seeks to amend TEA–21 by moving resources away from the core highway programs and by reducing the funds available to the states, which in the case of Wisconsin will result in a $26 million reduction. The Beltway is a long way from the back roads of Wisconsin, and transportation decisions made inside the Beltway too often lead to dollars flowing out of my state and other states.

GREAT LAKES

In Wisconsin we also take issue with your Coast Guard budget. As you know, the Coast Guard plays a vital role in the economy of the Great Lakes. One-hundred eighty million tons of iron, ore, coal, grain, and timber are shipped through the lakes each year.

We are also the home of Marinette Marine where you had a chance to visit last year. Marinette is an important employer from my state as well as an important past and future contributor to the Coast Guard's safety mission. So the Administration's proposal to collect user fees on Coast Guard activities targets a critical piece of our economy.

We all want to keep the books in balance, and we have rejected this idea in the past, and it is my hope that we will do so again this year. The economic and safety implications are simply too great to do otherwise.

AIRPORT IMPROVEMENT PROGRAM

Mr. Secretary, let me also mention that while we in Congress must pass the Airport Improvement Program, AIP, it is my hope that we will then work together to secure a generous appropriation for AIP, one that is more than the Administration requested. Seventy percent of Wisconsin's airport improvements are threatened by delays in AIP funding. Further reductions would only add insult to injury and threaten critically needed improvements.

Let me close by simply urging that, as in all funding decisions, we pay for transportation in a balanced manner and one that does not unreasonably favor highway or transit over Amtrak, airports, or the Coast Guard. All the transportation pieces are important. I

hope we can work together to craft a balanced, cost-effective, and responsible bill.

Secretary SLATER. Thank you, Mr. Chairman.

Senator SHELBY. Mr. Secretary, your written statement will be made part of the record in its entirety. And, if you would, sum up your statement in time for us to ask you questions.

We appreciate you, again, being here. You may proceed as you wish.

STATEMENT OF SECRETARY SLATER

Secretary SLATER. Thank you, Mr. Chairman, and to members of the Subcommittee.

I want to thank for the opportunity to testify before you today, to hear of your concerns, and to begin the process of working with you to provide a record level of funding for transportation infrastructure. As many of you have noted through your many, many examples, transportation is about more than concrete, asphalt and steel, it is about people. It is about this Nation's economy. It is about how we invest our transportation dollars to rebuild communities. It is about keeping America moving.

A record $50.5 billion budget we have proposed for fiscal year 2000 will be vital to keeping America strong as we move into a new century and a new millennium. As the President stated in his State of the Union address, how we fare as a Nation far into the 21st century depends on what we do as a Nation today.

And I can think of no better discussion for focusing on the Nation's future than our discussion about the importance of transportation as we move into a new century, and a new millennium, and as we seek to secure our place in the international marketplace.

The fiscal year 2000 budget helps to set the course for investment to ensure that we have a transportation system that supports our needs in a new century, but that also enhances and undergirds our dreams, hopes, and aspirations as a country for the new millennium.

It is a budget not just about funding concrete, asphalt and steel, but it is a budget that speaks to the interests, needs, hopes, and aspirations of the American people. Those needs are addressed by the Department through our strategic plan which you, as Members of Congress, have recognized as the best in government. There, you recall, we focus on safety as our top transportation priority. Many of you have spoken about safety concerns this morning, and we will come back to those as we respond to your questions specifically.

But also the issue of mobility, economic growth, environment and security. Our strategic plan focuses on this collection of goals as well. What I would like to do in summary fashion is to speak to all five, though rather briefly, so that we can begin the process of questions and answers.

SAFETY AND SECURITY

Our efforts to improve transportation safety and security are measured in terms dear to all of us, the lives we save. Our fiscal year 2000 budget includes a record $3.4 billion for transportation safety, an 8 percent increase above the levels of our current budget.

These resources will be used to increase critical highway, rail, maritime and aviation safety programs.

Many of you have talked about our ability to move 615 million passengers throughout our skies, but also about the growing gridlock. Many of you have talked about the importance of road construction and its relationship to safety. All of these factors will be addressed in our proposed budget of $3.4 billion for transportation safety.

I also took special note of the fact that many of you said that we have done a good job—and note that I say we because I am fortunate to have a great team with me at the Department of Transportation. Just yesterday we concluded a very successful national conference on transportation safety, working with industry and also with many members of Congress who appeared before us. All of us made a commitment to safety and noted that it would be a promise that we would keep together.

Last year, as you know, nearly 42,000 Americans died on our roadways. Highway crashes are the leading cause of death for all individuals ages 6 through 27. Surgeon General Satcher came by and was with us for the conclusion of our historic commitment to work together better and underscored the importance of our work in that regard.

Also, today seat belts save about 10,000 lives annually. And we hope through these resources to increase that number. Last Saturday many of you will recall that the President announced a new requirement for universal child safety seats making it easier for parents to secure in a more simplified manner our most vulnerable and our most precious passengers, our children. And so, again, these investments help us in that regard.

The 2000 budget includes additional funding for programs to increase seat belt use to 85 percent by the year 2000. That is a goal that we share with the President and that we share with all of you. Annually over 5,000 people died in crashes involving heavy trucks, and I hope over the course of this morning's session we can talk about new work that we hope to do with you to address this question as well as bus safety.

And I know, Senator Lautenberg, you and I have talked about this issue in particular. I have recently asked former U.S. Representative Norm Mineta to help us working with others to review our motor carrier safety programs and to submit the findings to me by late spring so that, again, we can work with all of you in this regard.

All of you know that we have our FAA safe skies initiative and that last year we had zero crashes involving U.S. commercial carriers. We have $1 billion in safety resources for the FAA.

MOBILITY

As relates to mobility, a record $36 billion is requested for infrastructure investment. That includes significant dollars for highways as well as transit, roughly $6.1 billion for transit.

Also, I think it appropriate to note a phrase by former Secretary of Transportation John Volpe, who mentioned that no one mode of transportation can solve all of our Nation's transportation problems. Many of you in your comments have related the need to focus

on all modes of transportation. We look forward to working with you in that regard.

As relates to aviation, $8.4 billion in FAA operations and modernization efforts. We hope to have more discussion with you about that. Amtrak, $571 million. I think we are doing well with Amtrak. Record level ridership, record level resources last year, improved on-time performance, but we must do better.

Y2K

Y2K. I know that the Senate had an important hearing on that earlier this week. We will meet our obligations to you and to the American people in this regard. John Koskinen is leading a significant effort on the part of the entire Administration. But we have been told by the President and the Vice President that we in our departments have responsibility for working with industry and working with you to ensure that we meet our challenges here.

ECONOMIC GROWTH AND TRADE

Economic growth and trade. Just a few more comments and I am done. The importance of transportation to our economy is becoming clearer with every increase in jobs, every increase in the economic prowess of this Nation. You have mentioned the longest peacetime economic expansion in the history of the country.

Well, about 30 percent of our economic growth has been related directly to international trade, and our transportation system is giving us the ability to reach markets around the world. But we are not only concerned about untapped markets around the world. Through our Access to Jobs program that you have helped us with, we are investing $150 million to help people make the transition from welfare to work. We want to continue to work with you in that regard.

HUMAN AND NATURAL ENVIRONMENT

The environment. Our budget includes $3.9 billion for this purpose, a 13 percent increase. We believe that we can make our communities more livable. That is at the core of our livability agenda, and we look forward to working with you in that regard. It includes about $1.8 billion for the CMAQ program. It also increases our Transportation and Community and Systems Preservation Pilot program.

NATIONAL SECURITY

And I conclude on national security. Our national security goals include the protection of our transportation system which is the tie that binds us all together and binds us with the world. In fact, last January the Coast Guard, which many of you have mentioned, demonstrated their important role as it relates to our national security with a major seizure of cocaine, one of the five largest seizures in the history of the country, an amount over 5 tons that could actually provide one dose for every child in America. Because of their efforts, we prevented the flow of those drugs into the main streets of America. Again, I appreciate all that you say about the work that we have done.

But as the President said in his State of Union address, this is not a time to rest, but a time to build. Many of you in your questions note the fact that we have done many things together. But the future is bright and there are many, many things we have yet to do.

PREPARED STATEMENT

I and the members of my team look forward to doing those good things with you. So, again, thank you for the opportunity to be before you this morning.

[The statement follows:]

PREPARED STATEMENT OF SECRETARY RODNEY E. SLATER

Mr. Chairman, Members of the Subcommittee. Thank you for the opportunity to testify today in support of the Department of Transportation's (DOT) Budget for fiscal year 2000.

OVERVIEW

The record $50.5 billion budget we have proposed for fiscal year 2000 supports the powerful intermodal transportation network that is vital to keeping America economically strong. It builds new frameworks as well as advances those we have put in place to support President Clinton's and Vice President Gore's vision for the future of our country.

Over the last two years, we at the Department of Transportation have worked diligently to become a visionary and vigilant organization that casts its vision not only for the next three years, but for the next thirty. We must make decisions now to provide a policy architecture that will lead to a transportation system that will meet America's needs in the 21st Century.

The fiscal year 2000 budget continues our effort to set the course for investment to assure that we have a transportation system that supports our hopes and dreams for, and as important the needs of, the country in the next century and the new millennium. It is a budget not just about funding concrete, asphalt, and steel, but about meeting the infrastructure and human needs of America. We value life, so we must enhance and improve transportation safety and security. We as a nation value mobility, so we must provide for it efficiently and intelligently. Like those before us who saw the promise of rail and aviation, we have the opportunity—and the responsibility—to assess transportation needs for the future and to address them in our time.

As President Clinton said in his State of the Union address, "how we fare as a nation, far into the 21st century, depends on what we do as a nation today." Today, we have a safer—a more efficient—and a more environmentally-sound transportation system. But, as the President said, this is not a time to rest, but a time to build. He described some of the challenges we must be ready to meet in the 21st century:

—an aging population—with new mobility needs;
—a greater need for quality education—to support transportation systems which increasingly rely on technology—and to build a transportation work force for the 21st century;
—the need to strengthen families and communities—important when lengthy commutes already fray family ties;
—a truly global economy—with growing demands for more efficient worldwide transportation links; and
—new challenges to peace and security—as terrorism can strike targets once thought secure.

As a truly visionary and vigilant Department of Transportation, we stand ready to do our part in meeting these challenges by creating a transportation system for the 21st century—one that is international in reach—intermodal in form—intelligent in character—and inclusive in service.

A 21ST CENTURY TRANSPORTATION SYSTEM

To ensure a national transportation system that meets 21st Century demands, we must build upon the great network that we have today. Our five strategic goals to improve the nation's safety, mobility, economic growth and trade, environment and

security form the basis for us to achieve such a truly integrated transportation system.

America's transportation system is the circulatory system of our economy. It touches every one of us every day. Interruptions in any part of the system affect thousands of people instantly—Americans have come to expect their transportation system to work for them, and justly complain at the slightest interruptions. The economy grows and works best when there are no impediments to goods and people getting where they must—thus an economy that works for all Americans depends on a transportation system that is safe and serves all areas of the nation efficiently. I am convinced that better linkage of our transportation system, probably in ways we haven't even dreamed of today, will be critical to meeting our needs in this global economy. America's future success as a global competitor depends on whether we can move goods from U.S. factories to world markets efficiently, reliably and securely.

Transportation becomes a part of every good and service produced in the economy, and the mobility it provides is an essential ingredient of daily life. These benefits, however, come at a cost measured not only in dollars. Because of the enormous scale of transportation in the United States, the toll in terms of transportation fatalities and injuries, oil consumption and imports, and air and water pollution is high. We must use the system's existing capacity more intelligently and focus on eliminating its negative impacts. For example, the safety activities we conduct in the highway, rail, maritime and aviation areas focus on improving vehicles and addressing human behavior. For pipelines, our focus is on preventing damage to underground facilities through better excavation practices, and improving communication systems and location capabilities.

Many transportation fatalities are preventable. They occur when people do not buckle up or use life vests, or because they drink while driving or boating. America's seat belt use rate, while on the upswing, continues to lag behind that of other countries. Because of the lethal consequences, and the opportunity for improvement, additional funding is requested for programs to increase seat belt use to 85 percent in 2000, the President's goal.

Transportation accessibility has grown considerably in the past 30 years. Construction of the Interstate Highway System and airline deregulation have made it possible for all Americans to travel thousands of miles across this country easily. Implementation of the Americans with Disabilities Act has broadened transportation opportunities for disabled Americans, but work still remains to further these efforts as we move toward the millennium. The Vice President recently announced a program to encourage families to buy homes close to mass transit. The transportation system needs to be further broadened to support welfare reform by providing transportation from poverty-stricken neighborhoods to areas of job growth—often suburban locations. It is our responsibility to continue the expansion of transportation opportunities to those who do not have adequate access today.

Just as we were able to shape surface transportation for the 21st Century with passage of TEA–21, we have the opportunity to shape aviation's future with a comprehensive reauthorization of aviation programs this year. Our aviation reauthorization proposal, submitted last month, reflects our core objectives of improving safety and efficiency, expanding system capacity, enhancing competition and access, assuring stability in financing, and improving rural air service.

TRANSPORTATION INVESTMENT ACHIEVES RESULTS

We all should be proud of the great strides made in transportation infrastructure investment. We've invested in our transportation infrastructure to make our system safer and better able to handle the traffic generated by our growing economy. As a result, the condition and performance of our nation's key bridges and highways has improved. And we have opened over 100 miles of new rail transit service since 1993. We are investing a record $36 billion in infrastructure investment—an amount that is 72 percent above the average of the first four years of this decade—in fiscal year 2000 to continue this progress.

We at DOT have also worked to improve the management of the Department, as I know you heard about last week at your hearing with Assistant Secretary Basso and Inspector General Mead. The size of the DOT workforce is almost 10 percent smaller today than it was in 1993, with the reduction reflecting the priorities of the Department in a changing transportation climate. In order to keep our air traffic controller and maintenance technician workforce growing to handle safely the ever increasing demand for air travel, more dramatic downsizing occurred in the rest of the Department, primarily by restructuring administrative and oversight activities as recommended by the National Partnership for Reinventing Government (NPR).

We are working smarter by eliminating bureaucratic impediments and focusing on serving our customers. Through our ONE DOT initiative, the Department is developing creative, common sense, intermodal solutions to every-day transportation problems. These solutions can be as simple as encouraging people to buckle-up when they leave the airport and enter our highways.

LOOKING AT THE NEW CHALLENGES WE FACE

The Department has looked anew at the challenges our transportation system faces in the 21st Century and taken stock of the adequacy of the system to meet those challenges. The funding increases we request are critical to address key safety, mobility, economic growth and trade, environment and national security efforts. A major part of our funding proposal is to dedicate the $1.5 billion increase in funding due to higher than expected motor fuel tax receipts to our top priorities of improving safety, air quality, transit services including access to jobs, and research.

Also, the Department is actively addressing the year 2000 problem. First, we continue to make progress in fixing our internal systems. In February we reported to the Office of Management and Budget that 53 percent percent of our mission-critical systems were compliant. Additionally, 98 percent of the remaining systems that required repair have now been fixed. Of the systems we have fixed, testing is now completed for 79 percent of them. Based on these numbers, I expect to see a significant increase in compliant systems we report during the coming months. I also expect that all of our contigency plans will be completed and fully tested. Furthermore, the Department is actively working with the transportation industry domestically and internationally. We are assessing readiness, sharing best practices, looking for ways to eliminate obstacles to bringing systems into compliance and providing status information to the American people. Domestically we are seeing progress but remain concerned about international efforts. There is still a great deal of work to be done, but many dedicated men and women in the Department are working long hours, without complaint, to complete this critical work. We intend to be ready for the new millennium.

SAFETY

Safety is our top strategic goal—our North Star—and our transportation system's performance reflects the strength of this commitment. While our transportation system helps move America forward economically, we must continue doing all we can to make sure America is moving safely. This is true whether people are moving on our roads, transit systems, railroads, waterways or in our skies. The most serious unintended consequence of transportation is its impact on public health and well being. DOT safety programs are designed to help reduce transportation fatalities, injuries and property damage.

Travel has become safer in the past six years:

—highway injury and fatality rates are at all-time lows;

—the Coast Guard saves a life every two hours;

—we have seen double-digit decreases in rail fatalities over the past two years; and

—last year, for the first time in history, no scheduled U.S. air carrier suffered a fatal crash.

The President wants to enhance this progress even as our economy expands and travel grows. We propose to increase DOT safety funding to $3.4 billion, 8 percent over the fiscal year 1999 level.

Just yesterday, we concluded a successful national conference on transportation safety which served to focus our attention and vision to the development of a national safety action plan. As was recognized at the conference, we have to do better and we created an action plan to assure that we do better!

Since most transportation deaths occur on our roads, we must continue making them safer. We are extremely troubled by the fact that 63 percent of the motor vehicle occupants who died in traffic crashes last year were not buckled up, and almost 60 percent of the small children who died in traffic crashes in 1997 were not in safety seats. Unquestionably, the best way to save lives and prevent injuries on the road is for each and every one of us to use a seat belt and to protect our children by properly securing them in safety seats and keeping them in the backseats. Traffic safety must be an area of even more emphasis in the years to come since, with demographic and economic trends, the problem will worsen unless the Federal government and our State and local partners take aggressive action. That is why we propose to raise NHTSA spending by 12 percent, to $404 million, and FHWA safety funding to almost $900 million. This expenditure would support strategies that work:

—tough laws against drunk driving;
—expanded use of seat belts and child safety seats;
—safer road designs; and
—new technologies.

Ensuring safe motor carrier transportation is a critical part of our overall efforts to improve highway safety. Healthy economic growth and logistical innovations like "just in time" delivery have spurred significant increases in truck travel and have been a boon for the trucking industry. But while the motor carrier fatality rate has decreased significantly—from 3.7 per 100 million vehicle miles traveled in 1989 to 2.8 today—the number of large truck crash fatalities has increased from 4,462 in 1992 to 5,355 in 1997, and the fatality rate has not decreased significantly over the last few years. This is unacceptable and we are making the changes necessary to reduce deaths and injuries.

Federal motor carrier safety programs must be more focused and strategic, and channel resources to strategies that give us the highest payoff in reducing crashes. The fiscal year 2000 budget includes a total of $160 million, five percent above fiscal year 1999, for motor carrier safety programs, with special emphasis on creating a performance-based motor carrier program. The Inspector General recommended that FHWA replace its system for prioritizing carriers with a system that defines problem carriers based upon on-the-road performance. In response, FHWA implemented what is known as SafeStat risk assessment criteria, a more results-oriented, performance-based algorithm for the identification of "high risk" motor carriers in order to get best results from on-site compliance reviews. While the system isn't perfect, it is much better. We still need to work to get more complete and timely information.

FHWA is also making progress in nation-wide implementation of its Performance and Registration Systems Management (PRISM) program, with 20 states expected to be PRISM participants by the end of fiscal year 2000. PRISM uses safety data to identify carriers that are prone to accident involvement—thus allowing FHWA and the states to focus on unsafe carriers. In addition, FHWA will be increasing its inspection of trucks near ports of entry and stepping up the data exchange between the U.S. and Mexico to increase the level of safety for trucks entering the U.S. from Mexico.

However, recent events show that we must be ever more vigilant when it comes to motor carrier safety. That is why the Department has created a ONE DOT motor carrier safety team, including FHWA, NHTSA, OST, and other DOT units, to identify ways to improve motor carrier safety, in conjunction with an independent review of motor carrier safety led by former House Public Works Committee Chairman Norman Mineta. Whatever the rates or trends, 5,000 deaths per year is an unacceptable number. We intend to take all steps necessary to break through this plateau, and then continue to reduce the numbers as well as the rate.

We also propose a billion dollars—a 7 percent increase—for aviation safety programs. This includes the Safer Skies initiative that Vice President Gore announced to reduce aviation fatalities by 80 percent within a decade. Under this initiative, special teams of technical experts will zero in on the leading causes of crashes, fatalities and injuries so we can prevent them before they happen.

Even though safety on our railroads has improved, the amount of freight traffic handled by our nation's railroads has increased (revenue ton-miles have risen by more than a third since 1990) and we must remain vigilant regarding our safety responsibilities. $132 million, 38 percent above this year's level, is proposed to continue and expand upon our rail safety research and programmatic efforts, bringing together rail labor, management and DOT in a collaborative effort to determine the root causes of systemic railroad safety problems.

There are many dramatic examples of the Coast Guard's efforts to save lives at sea and, in fact, one life is saved every two hours by the Coast Guard. The fiscal year 2000 request includes $909 million, 6 percent above this year, for Coast Guard to continue and expand its search and rescue capability, by acquiring equipment that can operate in heavy weather, better detect those in distress, and better protect crewmen.

MOBILITY

In order to reach our strategic goals we must promote a transportation system that is not defined solely by mode of transportation (highway, rail, air, sea), but rather by our ability to reach the places we need to go efficiently and economically. As former Transportation Secretary John Volpe said, "no one mode of transportation will ever solve our transportation problems."

The transportation solutions of the past—build more roads, bridges and airports—can no longer be our first choice to give Americans the mobility they need. It's too expensive and too damaging to our communities and our environment. Instead, we must manage our transportation system better, and make more efficient use of our existing system. For example, automated strategic planning aids enable our air traffic system to handle double the number of planes it could a generation ago. As a nation, we should support those nascent efforts that will lead us to the mobility solutions of the next 40 years. Development and research of new technologies to serve the future of rail and aviation, such as maglev and free flight, are critical to such efforts and are proposed in this budget.

Support for our existing mobility programs, such as those reauthorized in TEA–21 and the Amtrak bill, is also crucial. The record levels of highway and transit infrastructure investment proposed in this budget are critical to keep us on our path of rebuilding America's infrastructure.

The Federal-aid Highway obligation limitation is proposed at $27.3 billion, almost 7 percent above the current level. This includes funding for new innovative programs that leverage funding and expand capacity, such as the $81 million proposed for Transportation Infrastructure Finance and Innovation Act, which could leverage up to $2.7 billion in project funding, and the $271 million proposed for the Intelligent Transportation System Program, which will help expand existing capacity with technology.

The $6.1 billion requested for transit programs in fiscal year 2000 reflects our commitment to transit programs across the nation and to maintaining a balance of funding between highways and transit. We have requested funding for 7 additional new full funding grant agreements.

The $571 million we request for Amtrak capital funding reflects a continuing commitment to the financial plans and the long term success of Amtrak and will enable Amtrak to invest strategically in capital equipment and infrastructure. Such investment is key to improving on-time service, increasing revenues, and reducing operating costs.

Last year Amtrak ridership increased substantially. This shows that many Americans continue to want intercity passenger rail transportation. The combination of cost savings, revenue generation, and capital support proposed in the President's Budget is essential if Amtrak is to achieve eventual operating self-sufficiency. As a member of the Amtrak Board, DOT will work to ensure that Amtrak continuously reviews, amends and implements programs and practices that improve its revenue situation and reduce its operating costs. However, it must be made clear that we see the need for continued capital appropriations to Amtrak in the foreseeable future. The definition of capital is proposed to be broadened, consistent with the definition used for transit.

The $1.6 billion requested for airport grants, when coupled with our proposal to permit airports to raise additional funding through airport passenger facility charges and combined with other revenue sources available to airports, provides record level funding to meet airport infrastructure investment needs. For modernization of our air traffic control system, $2.3 billion is proposed, 11 percent more than current levels. This funding will be used to further reduce the number of outages and delays and to maximize the use of our airspace.

In order to continue its capital modernization efforts, we request $350 million for Coast Guard assets. This includes $44 million to continue the deepwater recapitalization analysis begun this year, so that Coast Guard can modernize its deepwater assets in the most efficient and least costly manner.

ECONOMIC GROWTH AND TRADE

The economy is about jobs and a better standard of living for all Americans. The economy grows and works best when there are no impediments to goods and people getting where they must go. Thus, an economy that works for all Americans depends on a transportation system that is safe and serves all areas of the nation efficiently.

Our investment, and the nation's economic performance, are making a difference in people's lives. We have the lowest welfare rolls in 30 years. But, in spite of this success, the President recognizes that welfare recipients still face barriers: people can't go to work if they can't get to work. Our budget requests $150 million, double this year's amount, for the Job Access and Reverse Commute Program to help people make those crucial links through transit and alternatives such as vanpools to get to where the jobs are. This is essential to support the Administration's welfare-to-work goals and economic growth in our low-income workforce.

Our budget request supports economic growth and trade, not only through infrastructure improvements and a commitment to growing the future workforce, but also through a record $1.3 billion, 40 percent more than today, for research and technology. Our research and technology priorities include the development of new technologies that will keep America competitive, improve safety, and reduce transportation's impacts on the environment.

In an effort to increase efficiency and global competitiveness, the Department will continue to pursue its policy of Open Skies, seeking to establish free markets for air commerce between the U.S. and other nations of the world. In 1998, the U.S. more than doubled the number of Open Skies agreements.

ENVIRONMENT

Transportation makes our communities more livable, enhancing the quality of our lives and our environment. However, transportation generates undesired environmental consequences, such as pollution. The fiscal year 2000 budget includes $3.9 billion for DOT environmental programs, 13 percent above the current year, to support several programs and initiatives aimed at reducing air and water pollution, preserving wetlands and open space, and making transportation facilities more compatible with the environment.

We recognize that there doesn't have to be a conflict between mobility and prosperity on the one hand and a healthy environment and livable communities on the other. In fact, since President Clinton took office, air pollution contributed by cars and trucks has dropped by 11 percent, even with travel growth of 7 percent. And, while negative impacts are unavoidable, we are replacing two-and-a-half acres of wetlands for every acre lost to highway construction—better than double the rate of a decade ago.

As the Vice President said in announcing the Clinton-Gore Livability Agenda, "we can build an America for our children that is not just better off—but better." The transportation component of this agenda includes programs that enhance our transportation alternatives and improve transportation planning.

To aggressively implement this agenda, a record $6.1 billion, as already mentioned, is proposed for transit programs and a record $1.8 billion is proposed for the Congestion Mitigation and Air Quality Improvement (CMAQ) Program. The CMAQ Program was reauthorized in TEA–21 and changed so that air quality maintenance areas are eligible for CMAQ funding. The funding proposed for CMAQ includes $341 million directed from Revenue Aligned Budget Authority. This will help communities continue the activities that helped them reach and maintain healthy air standards.

Our budget also doubles the funding provided to the Transportation and Community and System Preservation Pilot Program, so communities can develop smart-growth plans to combat congestion and sprawl.

Additional funding is also requested for the Advanced Vehicle Program, DOT's contribution in the effort to develop clean, fuel-efficient vehicles for the new century. Programs like these are crucial to building a transportation system that meets the needs of future generations.

NATIONAL SECURITY

DOT plays a critical role in ensuring that the U.S. transportation system is secure, that U.S. borders are safe from illegal intrusion, and that the transportation system can meet national defense needs in time of emergency. In addition, the Coast Guard continues to perform four specific national security functions in support of the Department of Defense (DOD); these include defense readiness, support of commanders in chief operation plans, domestic support of critical ports and waterways and the specific functions spelled out in an agreement with DOD. A total of $1.5 billion is requested for DOT national security programs.

National security is a key transportation mission, and we have carried it out most effectively, producing measurable results. For example:

—During the last two years we've seen record seizures of illegal drugs by the Coast Guard. In January, I joined Coast Guard officials in Houston after they had seized nearly five tons of cocaine from a ship intercepted on the high seas. This was one of the largest seizures on record, keeping drugs off our streets and out of our schools.

—Even though it's not funded by this Subcommittee, the Maritime Administration's sealift capacity for defense purposes grew by 30 percent last year alone, thereby enhancing our readiness posture.

These efforts have helped increase the security of our nation. The fiscal year 2000 budget continues these programs.

A total of $566 million is requested for Coast Guard drug interdiction programs, enabling us to improve our performance over the 1999 level and accelerating progress towards the 2002 interdiction goal in the National Drug Control Strategy.

As international travel continues to grow, we must remain vigilant in our efforts to prevent terrorism, and to protect Americans and our visitors as well. For fiscal year 2000, the budget requests $100 million for the FAA to continue to support and purchase explosive detection equipment to be deployed at our nation's airports.

CONCLUSION

I believe firmly that our goals for transportation in the next century can only be achieved by making sure our transportation system remains healthy and able to serve, and that it does not obstruct—through want of resolve or resources—the safe and efficient movement of people and goods throughout this land and abroad. We are at a point in time where we can imagine a new and better world, and we must act to make such a world a reality. Our successes should be the result of our own talents and our own hard work, our ability to meet the challenges we face, and to take advantage of the opportunities we find. DOT's fiscal year 2000 budget request, is, I believe, critical to that end.

I look forward to working with this Subcommittee and the entire Senate and House to pass a forward-looking transportation appropriations bill that moves us into the 21st Century.

NATIONAL SPEED LIMITS

Senator GORTON. Thank you, Mr. Secretary. I gather it is the custom of the chairman of this subcommittee to engage in 8-minute questioning rounds. And so I will follow his custom and start, Senator Lautenberg, with you.

Senator LAUTENBERG. Thanks very much, Mr. Chairman.

Mr. Secretary, an excellent presentation I thought. Your attention to all modes of transportation, I think, is critical. We each have preferences at a given time, but principally this country, as you said was said by Secretary Volpe, has to solve its problems in as many different ways as we have available to us with transportation.

Last May, New Jersey began an 18-month test of the 65-mile-an-hour speed limit on certain limited access highways. Since then, there has been a 41 percent increase in tickets issued for driving faster than 80 miles an hour, and there have been 395 tickets issued for driving over 100 miles an hour.

Now, at 100 miles an hour, you get from one end of my state to the other very quickly, I must say. You have to start braking when you get to about Delaware. [Laughter.]

The crash at these speeds would be horrific. Do higher speed limits encourage even higher speeds as our experience in New Jersey suggests? Is that the general result? And the relationship between higher speeds and motor vehicle deaths, that higher speeds results in more highway deaths?

Secretary SLATER. Senator, you make a very good point. As you know, we removed the national speed limit in 1995 with the passage of the bill authorizing the National Highway System. At that time there was clearly some concern that raising the speed limit would result in more injuries and more deaths on our roadways. And at that time we were all already concerned about the roughly 42,000 people that we lose on our roadways annually anyway, notwithstanding any increase in the speed limit.

We have had now roughly 3 years or so to make an objective assessment of whether there is an incidence of increased injuries and fatalities as a result of the increased speed limits, and we have

found that there is, in fact, some correlation. Now we continue to study the matter.

We also take advantage of a report that was done by the Insurance Institute which suggests that the increase is probably in the neighborhood of about 15 percent. Our figures show an increase in fatalities at about 9 percent. So we are trying to compare the two studies and get a more accurate count. We are also working with state and local governments in this regard. But it is clear that the increase in speed limit has resulted in an increase in fatalities and injuries on our roadway.

Now, there are a number of things we can do. Enforcement, also educating drivers that really safety is a promise that we do have to keep—make and keep together. There is the responsibility that we all share with other individuals with whom we share the roads. And so we are going to use our increased resources and safety to increase education and to also work with the law enforcement community to increase law enforcement.

DRUNK DRIVING LAWS

Senator LAUTENBERG. Last year, the Senate voted to save lives with an amendment to the 6-year highway bill calling for a national drunk driving standard of .08 blood alcohol content. Unfortunately, the amendment was dropped during conference negotiations for TEA–21.

In the absence of a national standard, can we achieve another approach to the goal of .08 nationwide?

Secretary SLATER. We did, I think, fight a good fight last year in an effort to make the national standard for determining drunk driving that of .08 which would be the same, frankly, of most industrialized countries. Some, France in particular, actually has a drug alcohol content level that is lower.

But it was an effort that was not successful in that we did not put in the laws a permanent and clear national standard for the blood alcohol content level at .08. We did, though, working with the members and also working with the safety community, provide significant incentive resources that will allow us to work with states encouraging them to move to the .08 standard.

And the .08 standard was specifically mentioned in the legislation and that was good. As I recall, I think the amount was about 500 million dollars. I am not sure. But that is quite significant. We have been working with a number of states in that regard.

Let me also hasten to say that in 1997, for the first time, we saw the number of alcohol-related crashes and fatalities drop significantly. It actually dropped from roughly 41 percent to about 38.6 percent, which is a significant decrease. And we believe that that is the result of a lot of these efforts to bring this issue to the forefront of the American people, added enforcement and a growing understanding that there is one thing to be engaged and to respect one's ability to engage in social drinking, if you will. There is another thing when it comes to drunk driving. And I think that the country is becoming more and more aggressive in dealing with this issue, and appropriately so.

CRASHES INVOLVING SUV'S

Senator LAUTENBERG. The SUV, sport utility vehicles, light trucks included have become very popular. One third now of all registered vehicles account for half of all highway fatalities. In crashes between cars and SUV's or light trucks, the car loses and it is no match for the larger, heavier vehicle.

In fact, the fatalities from crashes between SUV or light trucks and cars have actually been increasing, and it is a worrisome thing. What can DOT do to address the extreme differences in size, weight, body structure of the SUV's and light trucks and the automobile?

Secretary SLATER. Well, once again, Senator Lautenberg, your question deals with a matter of safety. I want to state that we appreciate our relationship with all of the members, you in particular, in dealing with matters of safety. That is the No. 1 priority as stated by the President when it comes to the business of transportation and the work of the Transportation Department.

SUV's are, frankly, the station wagons of the nineties. As you noted, there is great popularity as relates to these vehicles. They are being sold in larger percentages than any other vehicles on the national scene.

Because of questions regarding compatibility, which goes to the core of your question about the impact and the greater likelihood that someone in a passenger vehicle would be injured more severely or killed as a result of a crash with a SUV, we have been working with the industry on this.

And recently, especially with the discussion of the new Ford Excursion, there has been the recognition that with that vehicle, even though it is larger than most SUV's, there is that lower bumper guard which makes it as low at that point as the height of most passenger vehicles, thus making it more compatible. You still have the issue of size and the rigidity of the frame of the SUV's, those kinds of considerations.

But this is one way where we have worked with industry to bring about greater compatibility. We continue to work on this question. It is an issue that the industry is very concerned about, and we hope to continue to find success. We are using technology, crash avoidance technology, those sorts of things to help us in this area as well.

Senator LAUTENBERG. Thank you. We urge you, Mr. Secretary, to keep focused on that. We have other questions, Mr. Chairman. Perhaps in the next round.

REVENUE ALIGNED BUDGET AUTHORITY

Senator BYRD. Mr. Secretary, as I said in my opening statement, the TEA–21 law included an important program known as Revenue Aligned Budget Authority. Under this program when gas tax receipts rise above the anticipated level, the guaranteed level of highway spending would increase the following year by the amount of that increase. As such, this program would provide an additional $1.5 billion in spending last year.

Am I correct, Mr. Secretary, that the TEA–21 law does require that this additional funding be spent on highways only?

Secretary SLATER. Well, clearly, Senator, you were very much involved in the crafting and construction of that legislation and you have got a very good sense of what it requires. And we respect that.

The way we have approached it, though, from the vantage point of the Administration, is a lot of the resources will actually go to highways. But we continue to try to strike the balance, other equities that were a part of the TEA–21 legislation as well.

A few examples. The balance between highways and transit. Our reconfiguration, if you will, or proposal as it relates to the Revenue Aligned Budget Authority is to provide an increase in transit that would be comparable to the balance and the record level dollars that we were able to make in transit and highways as a part of the broader TEA–21 legislation.

We also seek to focus some of the resources on research where we desperately need more focus to improve the quality of our roadways as well as transit and other forms of——

Senator BYRD. Mr. Secretary, you are taking up my time and you are not answering my question. Am I correct that the TEA–21 law requires that this additional funding be spent on highways only?

Secretary SLATER. There is probably a disagreement here, I think, Senator. And we believe that what we have proposed is in keeping with the spirit of the legislation and would like to work with you and the members of the committee——

Senator BYRD. Working with me is not going to be very easy. I can tell you that right now.

Secretary SLATER. I sense that, sir, and I respect that.

Senator BYRD. We like to go by the law that we write up here and that the President signs.

Secretary SLATER. That is correct. And he proudly signed the TEA–21 legislation. And, again——

Senator BYRD. He did. And I was there and you were there. He made a big speech.

Secretary SLATER. Yes, sir.

Senator BYRD. So I will go on to my next question for now.

USE OF GAS TAXES

Your budget requests that we include language in the Appropriations Act and supersede the TEA–21 law and divert a substantial amount of these extra gas tax funds to non-highway activities including transit funding, special projects in the Federal Railroad Administration, transit research and so forth. There is even funding directed specifically to a $20 million transit project in New York City.

I am not against these activities, but I must ask the following: Are not the gas tax receipts that provide for this extra spending deposited in the highway account of the highway trust fund?

Secretary SLATER. That is true. But the highway trust fund includes also an account for transit. And again——

Senator BYRD. I understand that. Answer my question, please.

Secretary SLATER. I am answering it, sir.

Senator BYRD. When you said that is true, that answered it, did it not?

Secretary SLATER. Well——

Senator BYRD. Without the "but."

Secretary SLATER. There is the "but," though.

Senator BYRD. But there is not. The gas tax receipts provides for this extra spending deposited in the highway account of the highway trust fund. It is not the transit account. It is the highway account. Since all of these non-highway activities that you propose can be funded elsewhere in your transportation budget, why did you propose to overrule the TEA–21 law and fund these activities from the Revenue Aligned Budget Authority program?

Secretary SLATER. Because it was our belief that the way we proposed adding additional resources to additional accounts is actually consistent with the overall spirit of the TEA–21 legislation which brings about a balance, a recognized balance, in funding for highways and transit and which also, itself, has a significant focus on safety and transportation research. And those were the areas of focus that we sought to provide additional money to as a result of the additional resources that come into the trust fund based on the Revenue Aligned Budget Authority.

Senator BYRD. Now I will read you the only programs that are authorized to get this highway—and I am quoting from subsection C of the Transportation Equity Act for the 21st century in section 1106: "Of the funds to be apportioned to each state under Subsection (B)(4) for a fiscal year, the Secretary shall ensure that such funds are apportioned for the Interstate Maintenance program, the National Highway System program, the Bridge program, the Surface Transportation program and a Congestion Mitigation Air Quality Improvement program in the same ratio that each state is apportioned funds for such program for such fiscal year but for this section.

Those are the only programs that are eligible. I suppose my time is up.

Senator GORTON. You have got a green light. You can go.

Secretary SLATER. Yes, sir. Just continue, Senator.

Senator LAUTENBERG. We are interested in your question, Senator Byrd.

Senator GORTON. I am not going to unchain the Secretary until you are finished. [Laughter.]

Secretary SLATER. I see. The light is red from where I sit. [Laughter.]

Senator BYRD. Thank you very much.

Secretary SLATER. Thank you, Senator.

Senator GORTON. Senator Kohl.

Senator KOHL. Thank you, Senator Gorton.

AIRLINE COMPETITION

Secretary Slater, as you know the Antitrust Subcommittee, of which I am the ranking member, has had a long interest in enhancing airline competition and stopping anticompetitive business practices by the major airlines. To be sure, not all behavior is bad or even illegal, but it seems to me that the big airlines have figured out that the way to make money is by not competing with each other.

Instead they sit back and dominate routes in and out of their fortress hubs giving them a sort of a monopoly. This is not good for

consumers. Fares in many places, as you know, have gotten out of control. I would like to ask you just a couple of questions about how your competition guidelines will work when they go into effect.

First, suppose a new entrant starts a route, say, hypothetically, from Milwaukee to Detroit, and then the incumbent carrier adds capacity and gives kickbacks to travel agents and lowers prices in a way designed to boot a new entrant from the market. What will you do, not can you do, but under the guidelines what will you do to be sure that this kind of predatory activity is terminated?

Secretary SLATER. Well, Senator, let me say thanks for adding your voice to the chorus of voices including members of the Congress, the Senate and clearly this Administration and the American people when it comes to dealing with this issue of access to low cost and quality air services.

Our proposal is designed, first, to encourage some discussion about the issue. It is a very difficult issue. As you know, roughly 20 years ago the airline industry was deregulated. Since that time we have seen a significant increase in ridership. We have seen the industry over the last 5 years enjoy record profits and the like, but we have also seen some pockets of pain, and you spoke to many of them.

With our proposal we are, again, seeking input. We have gotten about 5,000 comments thus far. We are analyzing those. At the end of the day we will, in fact, alter our proposal based on the quality of those recommendations.

But at present what we propose is a fine. If an airline is found to be engaged in anticompetitive practices, we outline enforcement action that will be taken. But our objective here is not to become a police of the airline industry. It is to ensure, as you have expressed appropriately, the desire of the American people to have quality access to good aviation transportation at a reasonable cost. So it is our desire that, working with industry even, we will be able to come up with a proposal that clearly outlines those actions that will not be tolerated and they, themselves, will police themselves. That is our ultimate objective.

Senator KOHL. Do you think perhaps that we need to look at revising our antitrust laws because the rules on predatory pricing are too weak or that cases are too hard to prove?

Secretary SLATER. We clearly have not made that recommendation at this point because it is our hope that we can address the issue appropriately with the guidelines. If, in fact, we cannot, then we have had extensive discussions with the Department of Justice about additional steps that might be taken. And clearly these would be steps that could be considered. But we have not, Senator, in all honesty, gotten to that point. It is our hope that we will be able to address this far short of that.

BLACK BOX TECHNOLOGY

Senator KOHL. Okay. Mr. Secretary, the State Troopers Association has contacted me regarding electronic controlled module or so-called black box technology in trucks. The troopers claim that, just as in airplanes, access to the information stored in these black boxes is critical to their efforts to investigate crashes and prevent a future loss of life on our Nation's roads. The troopers have sug-

gested that a standard protocol of information or reporting requirements may be appropriate to address their concerns about access—balanced, of course, with privacy considerations. It would seem that the education and outreach about the benefits of this data would also make a good deal of sense.

Mr. Secretary, what is the current status of the Department's work on this area? Will you work with me to make sure that the appropriate data is available to law enforcement and that the public secures the safety benefits of this technology?

Secretary SLATER. Senator, we will work with you and with others on this very important matter because it is our belief that technology can bring about significant safety benefits to the traveling public as well as greater efficiency when it comes to the movement of commerce.

We are looking quite extensively at what we call on-board technology which could include a black box but, frankly, it could go far beyond that. We are actually looking at technology that will not only record information that is provided with the black boxes that are, say, used by the airline industry, but the technology can also be enhanced to actually monitor the alertness of the driver. And many in the private sector in the motor carrier——

Senator KOHL. Just a minute. My understanding is that in most cases these black boxes are now available and installed in the trucks. The problem is in gaining access to these. These black boxes are under the possession of the truck owners.

What we need to do is to get that access out to state troopers to determine the causes of crashes. And we need your help in getting access to what is contained in the already installed black boxes. Can you help us with that?

Secretary SLATER. I see the nature of your question a bit better now. First of all, there are very few trucking companies that actually use the black boxes as we speak when you consider the family of motor carriers. Those that do argue that they're using those for business purposes and that that is a privacy matter. We would welcome the opportunity to work with you to explore this question but——

Senator KOHL. In other words, is it true that if the black box exists in the truck—and there are many, many more trucks than apparently you may be aware that have these black boxes—that unless access to that information is available to troopers, the information is not of that much value. And we need your help again with consideration of privacy matters to secure that access.

Secretary SLATER. I understand. Let us say that we would welcome the opportunity to work with you. I can tell you it is a very difficult issue when it comes to the privacy consideration.

Senator KOHL. I am happy that you are willing to work with us on that.

Secretary SLATER. Yes, we will work with you.

LORAN RADIO NAVIGATION

Senator KOHL. One more question. Under the direction of Congress, the Department commissioned an independent report on the Loran radio navigation system. As you know, fishermen, boaters,

general aviation pilots and others currently rely on Loran as a navigation tool.

Secretary SLATER. That is correct.

Senator KOHL. It is my understanding that a draft report commissioned by your Department at the direction of Congress was submitted in April of last year under the direction of Booz, Allen and Hamilton. That report confirmed that the user community overwhelmingly—94 percent—supports continuing Loran. It has also pointed out that keeping versus shutting down Loran would save $291 million, and that keeping Loran would provide a critical backup to other navigation aids; providing backups was recommended by the 1997 Presidential Commission on Infrastructure Protection.

Mr. Secretary, it concerns me that the Department's budget does not include the necessary funding for Loran improvements. Considering the draft report findings, how did you come to this funding decision and when will the final report on this issue be submitted to Congress?

Secretary SLATER. Our objective is to get the final report, I think, sometime this summer to the Congress because of the significant interest that we have seen in the user community. We are reconsidering the position that we took on the matter. We do see a benefit.

Now, at some point we would like to graduate to the use of the satellite communications systems. But at this point we see some continued value and would like to work with you, Members of the Senate and Congress, in continuing to provide this service to the user community.

Senator KOHL. I thank you. I thank you, Mr. Chairman.

FAA MANAGEMENT ADVISORY COUNCIL

Senator GORTON. Mr. Secretary, almost 3 years ago under the 1996 FAA bill, Congress mandated a management advisory council. Why has the mandate been totally ignored to the extent that we do not have a single nomination?

Secretary SLATER. It has not been ignored. We have actually finally provided the list to the Administration, and we are working through the various checks that are necessary when you are dealing with potential conflicts of interest and the like. And we should have that council announced very, very soon.

Now, speaking to that question of the management of the FAA, I would also hasten to say that I think that we have shown significant improvement on that front when it comes to having an administration now, an FAA, that is clearly results oriented, that is moving aggressively on a number of fronts, working closer with the industry, with the Congress, and with the traveling public. But, as you have noted, this was a legislative mandate, and we are now moving on that and will do so very, very soon.

Senator GORTON. Well, as I listen to people in the industry, the general statement about FAA management may be a bit exaggerated. I think you are moving in the right direction, but there seems to me to be a long, long way to go.

FAA USER FEES

Now, another question relating to my opening statement. How do you justify what amounts to a very large increase in Federal charges to airlines and the authorization of a substantial increase in local charges to airlines with a dramatic reduction in the amount of aid and assistance that is going to be provided to them, at least for construction purposes, in the budget?

Secretary SLATER. Well, as has been noted, we do propose a significant number of user fees. We have been on this course and have had some success with the Congress, though not a lot, in identifying those areas where you have a unique user community that benefits directly from a given service and using user fees as a means of providing a predictable, sustained means of resources for those services, so as to provide the resources to help deal with issues pertaining to modernization, improvements in the capital investment in our airports over the long term.

Clearly there are ways that we have done this differently in the past. But we just continue to suggest that there may be a way of doing it better in the future, and that is why we have offered forth these user fee proposals.

Senator GORTON. Senator Byrd, I got about as responsive answer to my question as you did, but an eloquent one nonetheless.

Senator BYRD. I compliment the Secretary. He is very smooth.

Senator GORTON. I have a couple of more local questions that I suspect I will get more direct answers to them from the Secretary.

SOUND TRANSIT

Mr. Secretary, when can Sound Transit in my Puget Sound area expect to enter into a full funding grant agreement with the FTA?

This Subcommittee and its Chairman are extraordinarily generous to me in spite of not having one. But the Committee is going to need it pretty soon and Lord knows we do. Can you help me out with that?

Secretary SLATER. Yes. Let me just say, first of all, there has been significant local support for this program. Actually, there is significant state and local support for transportation programs occurring across the country and also support for what we call smart growth initiatives which I think is central to this particular project. We look forward to working with you in the near term on getting the funding and the continued support from the Federal level to be coupled with what has already been manifested at the state and local level to move that project forward.

Senator GORTON. Can you be any more precise on the kind of schedule you see for the formal entry of a full funding agreement?

Secretary SLATER. I did not want to overstate the case on this. We are moving forward very well in the preliminary engineering stage. It is our desire to have this pretty much concluded by summer with work to begin, hopefully, by the end of year.

Senator GORTON. I thank you for that. That is a precise answer and that is a welcome answer. And we certainly want to help you in any way possible in reaching that goal.

Secretary SLATER. Thank you.

BORDER AND CORRIDOR

Senator GORTON. The border and corridor sections of TEA–21 are separate, of course, but have a single funding source. What is the breakdown of the funding of each section, 1118 and 1119? How are you determining what that breakdown should be and when is implementation due for the current fiscal year?

Secretary SLATER. We are in the process of receiving the applications on the program and, hopefully, we will be making an announcement pretty soon.

We decided to actually combine them because they both speak to, frankly, the same end, the importance of transportation to economic growth, economic vitality whether that is at the border or along the trade corridors, many of them actually running north and south because of the implications of NAFTA, and the fact that most of our interstates actually run east and west with all too few connections running north and south.

Our total budget there, as I recall, is about 140 or so million annually, if I am not mistaken. And we do not know just yet what the total breakdown will be as it relates to corridors as compared to border crossings because we just have not made the final decisions. I will say that the total request is in the neighborhood of $2 billion.

Senator GORTON. So you are going to merge the two and try to evaluate these $2 billion worth of applications as if it was a single application?

Secretary SLATER. That is correct.

Senator GORTON. I thank you very much.

We have just finished our first round, Senator Campbell. Would you like to make a statement or ask some questions?

Senator CAMPBELL. With your permission, I apologize for being late. I had to chair another committee, Mr. Chairman. As a new member, I am delighted to be here and would ask permission to submit my opening statement for the record.

SOUND TRANSIT

Secretary Slater, I had a number of questions concerning the Denver RTD and the Department of Transportation. But, I think, because I have come right in the middle of this and have not heard your statement, I will submit those questions and ask if you would send me the answers or responses back at your earliest convenience, if you would, so I could pass those on to our state.

Secretary SLATER. Yes, Senator. We will do that and gladly so.

Mr. Chairman, can I make one comment. I just got a note more specifically on your project.

We are in the preliminary engineering stage, and that is really the stage that has to be completed before we can move forward with the work. We do acknowledge growing progress on that, and so the timetables are pretty much the same. But I wanted to be a little more specific in giving you an assessment of exactly where we are, and what we would like to do is just stay in touch with you as we go forward.

MOTOR CARRIER SAFETY

Senator LAUTENBERG. I just had one question before we hear from Senator Byrd. This, Mr. Secretary, because we recently discussed it with the IG and other people. The subcommittee had some troubling testimony last week when we talked about the Office of Motor Carriers and their failure to meaningfully enforce the truck and bus safety laws. Among the things we were told by the Inspector General, the number of compliance reviews conducted by the Federal inspectors have been allowed to decline by over 50 percent even while the office's budget has grown.

The office has no safety data on more than 75 percent of the interstate bus operators. Now, morale in the office is awful, and the trucking industry does not take your enforcement efforts at all seriously. How do you react to the IG's observations and what is DOT doing, if anything, to dramatize strength in the efforts of the OMC?

Secretary SLATER. Well, first of all, clearly we received the IG's report with sober reflection. We then started the process of reviewing our own activities and, frankly, adding to some of the initiatives that we currently have underway—greater use of technology, also trying to prepare ourselves with state governments in particular when it comes to monitoring the movement of trucks along the border and the like.

We have worked with a number of states that have the highest incident of motor carrier truck crashes so as to better focus our activities in that regard. We have also provided additional funding to a number of states in an effort to get better data where we have found a higher incidence of crashes. So we continue those efforts.

But, as I noted in my opening statement, because of the Inspector General's report and also because of issues that have been raised by you and others in the Senate and also Chairman Wolf in the House, we are doing a total comprehensive internal review of our motor carrier operations that will include buses as well because I know we have had some particular trouble in the Pennsylvania/New Jersey area just last year where we lost, as I recall, about 15 people, which was significantly higher than was expected or the case historically.

That report is being led by former U.S. Congressman Norm Mineta. He is supposed to report back to me within roughly 90 days. That period is clearly far shorter than that now because the effort is underway.

We then will look at those recommendations, take into account the recommendations of the IG, work with the Congress to improve this program. I personally am committed to it. As many of you know, all of you, before becoming Secretary I was actually the head of the Federal Highway Administration where this was my direct responsibility. And so in this instance I feel some responsibility clearly working with Administrator Wykle. We also have Administrator Martinez with NHTSA involved as well as our overall DOT team. And this, Senator, is an area where we, too, have concerns and look forward to working with you and with others.

As I conclude my remarks on this point, I will note this, however, and that is we have seen, frankly, a sort of leveling off when it comes to the fatality rate as it relates to motor carriers. But we

have seen an up-tick in the numbers, and that is really where you have to have your focus.

I do not think it is enough for us to come before you and say that the rate of fatalities has not increased, that it has been level the last 3 or 4 years. That is not enough. We have to work with you, the industry and with others to continue to take that number down. And that is where we have not had the kind of progress that we have to have.

Also, I could say that this is a good performance where we are when you consider that in the last 10 years we have had a doubling on our roadways of motor carriers. I think it was about 190,000 in 1988 up to 450 or so thousand today. They are traveling more. They keep America moving. They are at the heart of our economy. But we still have to be mindful of these safety concerns. So we do not shrink from this responsibility and look forward to working with you, the industry and others in addressing the issue.

OMC LOCATION

Senator LAUTENBERG. I will close with this and just ask you, is there a question about where OMC is located within DOT? Is that something that ought to be looked at because I understand there are some concerns there?

Secretary SLATER. That issue has been raised. And I can tell you my position is this: that is clearly an issue that has to be taken into account in the overall review. But I think that we should also broaden the discussion to consider a number of issues here regarding funding, management, location, better ways of approaching this question with that being only one of issues to be addressed and that is what we have asked the blue ribbon sort of committee who is reviewing our internal operations to consider for us.

But at the end of the day that, too, will be—and justifiably so—one of the issues to be addressed.

Senator LAUTENBERG. Thank you, Mr. Secretary. We will submit some more questions.

NHTSA FUNDING

Senator CAMPBELL [presiding]. Mr. Secretary, before we hear from Senator Byrd I would like you to take note that I just arrived here 10 minutes ago, and I have already ascended to the chairmanship. So take care of Colorado. [Laughter.]

Secretary SLATER. Yes, sir.

Senator CAMPBELL. Senator Byrd.

Senator BYRD. Mr. Secretary, as a strong advocate for highway safety, I am very concerned that the funding for the National Highway Traffic Safety Administration has been apparently treated in a very cavalier manner. Last year the operating budget for this important safety agency was funded at $160 million. This year your budget proposes that we cut the regular appropriation for this agency by 55 percent down to $72 million.

You then ask us to take $120 million of the Revenue Aligned Budget Authority that are supposed to be spent on highway construction and divert them to reverse the cut that has been proposed in the core expenses of the highway safety agency. Is not the construction and rehabilitation of highways critical to highway safety?

Secretary SLATER. Definitely so.

Senator BYRD. Why then does your budget insist that we choose between the two?

Secretary SLATER. Well, clearly the point is well taken. Before the interstate was well on the way, the fatality rate on our roadways was about 5.5 for every 100 vehicle miles traveled. Today it is roughly 1.6. So clearly the improvements in our system, those improvements have had a significant impact on the safety of the system itself.

But our proposal does provide for $125 million of the Revenue Aligned Budget Authority to be placed into the NHTSA account. That was one of the focuses that we took into account once we realized that we were going to have about $1.5 billion more. We also earlier in our NHTSA proposal had recommended an increase as well to fund research and education programs and the like, and about $7 million more for funding our grant programs.

So we have tried to recognize our commitment to safety and the importance of NHTSA through recommended increases in its budget. It is, I think, appropriate to argue as to whether we have done enough. And when it comes to safety, I am not sure that you can ever do quite enough because one life lost is a tragedy. But we join you in recognizing the importance of NHTSA and the importance of investing in its budget.

Senator BYRD. We are both on the same wavelength in that regard. What I am talking about here is you have cut the regular appropriation for this agency by 55 percent, down to $72 million. Then we will do a little sleight of hand by moving $125 million of the Revenue Aligned Budget Authority funds that are supposed to be spent on highway construction, and divert them to reverse the cut that you propose in the core expenses.

In every other instance where you have asked us to divert these funds, these RABA funds to a non-highway purpose, whether for mass transit, rail activities or the Access to Jobs program, you have already asked for an increase in those programs in your regular budget. The diversion of the RABA funds would just make that increase even larger. But when it comes to highway safety, you are cutting the safety agency severely and then asking us to put the pot right by using these RABA funds.

How should we interpret this kind of budget gimmickry on the part of the Administration in terms of your commitment to highway safety?

Secretary SLATER. Well, because we view the Revenue Aligned Budget Authority recommendation as a part of our overall budget, we would hope that you would view it as our recommendation that we have a significant increase in the NHTSA budget. We would hope that you would see a willingness, again, to work with you and the members of the committee and the Senate as a whole to ensure at the end of day that is, in fact, the case.

Senator BYRD. That is all my questions at this point.

Senator CAMPBELL. Senator Bennett, did you have some questions?

Senator BENNETT. Thank you, Mr. Chairman. I appreciate the opportunity.

SALT LAKE CITY PROJECTS

Secretary Slater, I want to take the opportunity while you are here to thank you specifically, individually for your support of a number of projects that are vital in my home state. Your continued support of the North-South light rail transit project is very much appreciated. And I can report to you and through you to any interested listeners, the project is a year ahead of schedule and appears to be coming under budget, two things that are not normally associated with Federal projects.

With regard to the Airport to University extension of the North-South project, I should tell you and through you Administrator Linton, who came to my office and discussed this issue that last evening, the Utah State Legislature and Governor Leavett committed $5 million annually for the next 10 years to cover operating costs of the entire Airport to University extension. That was one of the issues that Administrator Linton raised with me saying he could not proceed unless he was sure that the operating subsidy would be in place, and the Legislature and Governor Leavett have stepped up to that challenge.

So we would hope that would remove a major obstacle to a full funding grant agreement for the Airport to University extension which leads to my question. Can I work with you and your Department to secure a full funding grant agreement to include funding for the Airport to University extension so that the project can be completed prior to the 2002 Winter Olympic Games?

Secretary SLATER. One thing I would like to do, Senator, is have discussion with Administrator Linton about really what the Governor and the Legislature have now done. That is a good report.

Senator BENNETT. Subject to my report being accurate is what you are trying to diplomatically say.

Secretary SLATER. Not necessarily that. I think that clearly we work very closely here together, and I believe the figures that you are giving me. I just need to know what other demands we might have on the overall program, and I would like to visit with Mr. Linton about that before committing to it.

Now I do know that to the extent that this is all a part of the Downtown Loop area, a part of that whole effort, then clearly it is within the commitment that has already been made. But I just do not want to speak out of turn about going beyond that without having a clear sense of whether we can fully keep that commitment and would like to just get back with you on the details of that.

Senator BENNETT. All right.

AUTHORIZATION FOR SALT LAKE CITY

I worked very hard last year to secure budget authority both from guaranteed and nonguaranteed funds to support $480 million in appropriations that are needed to complete the Airport to University project before the Winter Games.

I would ask, if you agree, that Section 3030(a) of TEA–21 authorizes appropriations sufficient to construct the Airport to University project and that section 3030(c)(2)(b) of TEA–21 also authorizes the appropriation of $480 million for the project as well as the $160

million for the other core projects that are needed to stage the Winter Games.

Secretary SLATER. Again, Senator, what I would like to do is look into it. I know that we were looking at a number of aspects of this overall project. The Downtown Loop is what we committed to. I know that there was the desire for, as you noted, the Airport to University extension.

Clearly we are pleased to hear about what the Governor and the Legislature have done. As you noted, you were quite successful in your efforts in getting some resources designated for the project as well.

What we would like to do is just take the new information, work with you, the Governor, the Legislature and see where we are with the project, the other aspect of the project.

Senator BENNETT. You may give the same answer to this question, but I need to have it in the record as part of the conversations. Do you agree that the authority provided in TEA–21 is sufficient for you to enter into a $640 million full funding grant agreement?

Secretary SLATER. There are just other things that are necessary——

Senator BENNETT. I understand that. But you do agree that we do have that authority in the law?

Secretary SLATER. Well, we have got it authorized.

Senator BENNETT. That is right.

Secretary SLATER. Yes. And there is the real challenge of actual appropriations and that is really what we want to work with you and your colleagues on as well as the Governor and the Legislature.

The fact that from that end there has been significant movement, I think, answers one of the questions that Mr. Linton discussed with you, and we just have to start from there to see what the distance is yet to be overcome when it comes to bringing this project to fruition.

Senator BENNETT. Okay. In June UTA, Utah Transit Authority, will be ready to enter a design/build contract that will shorten the time needed for construction of the Airport to University project. The contract calls for final design to begin in June in order to complete the project before 2002. The Utah Transit Authority will submit a final environment impact statement and an application for the $640 million full funding grant agreement before March 15. That is just around the corner.

Will you work with UTA to expedite your acceptance of the final environmental impact statement so that a record of decision can be secured to expedite your decision on a full funding grant agreement before the June deadline? Again with all the caveats you have outlined, I want to put you on notice as to where the timetable is here on trying to get this done.

Secretary SLATER. Right. I have noticed, Senator, your emphasis is on that, and clearly that is appreciated here because we are trying to, if we can, do this and other projects that we have definitely already committed to, getting those done by the Olympics.

We have recently had a meeting with your local officials, Mayor Corradini and her DOT team on this. We do look forward to working them and with you as we address this issue.

Let me also, if I may, take this moment to actually commend the Utah DOT and leaders there as we have had significant success with the design/build effort underway relating to I–15. And, hopefully, if we are able to move forward with the resources and with everyone working together, we can see quite possibly once again the use of this management approach which, as you noted, takes off time and brings about the use of a project much earlier at a much more reasonable cost. And we commend Utah for taking this kind of approach.

Senator BENNETT. I thank you for that. Again, I thank you for your cooperation as we worked through these sometimes difficult problems.

CONTROVERSY OVER THE OLYMPICS

I probably should make a statement about the Olympics because they are in the news, and the newspaper writers always go for the headline and talk about, quote, the scandal in Salt Lake City. As our Governor said, I think, very appropriately, the problems with the International Olympic Committee did not begin in Salt Lake City. But they will end there.

We are determined to make sure that with the Salt Lake City Olympics the atmosphere and culture that borders on extortion that has existed in the International Olympic movement will stop and that it will be the people of Salt Lake City that see to it that that kind of thing does stop.

There is no question that the games will be held in Salt Lake City, it would be absolutely a physical impossibility to put them on any place else in the world. And if there are going to be Winter Games in 2002, they will be in Salt Lake City. And those of us who are determined to see that they are put on in the finest possible fashion recognize that the No. 1 challenge we have with respect to the Olympic games is transportation.

I was at the games in Nagano and recognized that the Japanese spent something like $13 billion to put on those games, and by far the biggest part of that was transportation issues. Fortunately, the budget for the Salt Lake City games is one and a half billion dollars, about a tenth of the amount that the Japanese spent. We think for that budget we can put on the most outstanding Winter Games in the history of the Olympics.

The scandals of the past are being cleaned up and will be behind us and I hope forgotten by the time we have the celebration of the games. We recognize that the one thing that absolutely has to work for the games to work is transportation.

I appreciate your comments about the way the Utah DOT and UTA are working to solve this. I reciprocate them, again, as I did in my opening statement. If we had not had the kind of cooperation and support that we have had from you personally and from this administration generally, we would be in much more serious trouble than a few newspaper headlines about some scholarships that went to the wrong place. So I strongly, again, want to thank you

and commend you for all the work you are doing and for your willingness to help us work through these problems in the future.

Secretary SLATER. Thank you.

Senator, it has been our pleasure and that of the Administration to work with you and with the citizens of Utah and we are going to have successful games.

Senator BENNETT. Thank you, Mr. Chairman.

Senator CAMPBELL. Mr. Secretary, before I go to Senator Byrd, I come from the fourth fastest growing state in the union. So we have our problems, too, with Denver International Airport, and I–25 and light rail. As I mentioned a while ago, I am going to submit some questions to you and I would like the responses in writing. They were going to be pretty easy questions, but after hearing Senator Bennett I am going to toughen up my questions.

OLYMPICS SELECTION PROCESS

I would like to associate myself with his comments on the Olympic games. Since Senator Bradley left, I am the only one here that was on the Olympic team from the Senate and have been working with Senator Bennett and Senator Hatch and just want to reaffirm that the United States Olympic Committee nor the Utah Olympic Committee had anything to do with that. That is an International Olympic Committee problem.

And this is probably not the place to take it up. But the way that is set up, they name—if you can imagine this—an undemocratic process. The USOC does not name its delegates to the International Olympic Committee. They name the delegates within your country they want to be the delegates, which puts the person who is being named in a rather subservient position of owing something to someone at the international level.

The American Olympic Committee has never been able to get that changed. I met with them the other day. I told them it seems to me when you talk about Olympics, you think of gold. Since the United States Olympic Committee provides about 60 percent of all the money that goes to the International Olympic Committee, he who provides the gold ought to be writing some of the rules and so there is a big movement now to get all that changed.

But it should not reflect on the success of the Olympic games in Salt Lake. I would hope that ever since the Munich games we have recognized that when you have big international events, there is a huge amount of media worldwide which has created a forum for people that would like to get their statement out. And the killing of the Jewish team at the Berlin games was the beginning of kind of organized activities of terrorism toward athletes at the Olympic games or toward officials because they know they can get worldwide media.

Since that time, even though it was never intended that the U.S. Government should get involved in the Olympic games, we have got to be now. So we do provide security and we provide a lot of other things, too, and certainly transportation to move people rapidly is part of the equation, too. We are in the Olympic games whether we want to be or not from that standpoint.

With that, Senator Byrd, did you have any additional questions?

Senator BYRD. Just a few and then I will be done.

CORRIDORS

Mr. Secretary, we have exchanged correspondence regarding two very important initiatives in my state. The Tolsia Highway and the Mon-Fayette Expressway. Both projects are seeking funds under the national corridor planning and development program. Earlier in the year the Federal Highway Administration signaled that they expected to announce grants for this program by now. However, we are told now that grants will not be announced until the spring.

What can you tell me about how this competition is proceeding and what explains the delay in getting these funds released?

Secretary SLATER. Well, Senator, we have, as you noted, gotten some good applications from your state. We, frankly, were surprised by the public support for the program. We have actually gotten applications in the amount of at least $2 billion or more. And what we are trying to do is to work our way through all of that. That is why we have extended the time a bit.

But this is March. And when we say spring, that is the commitment that we make and we hope to have an announcement very soon. But we appreciate your support for the program and also for communicating your interest in the two projects that have come from West Virginia.

Senator BYRD. One of the projects, the Mon-Fayette Expressway will link critically important traffic between West Virginia and Pennsylvania. As a result, the State of Pennsylvania has voiced strong support for West Virginia's application.

Given the focus of this program on enhancing trade corridors on an interstate basis, will special consideration be given to these projects which have received statements of support from neighboring states?

Secretary SLATER. Clearly, because many of these corridors connect states or run through neighboring states, that will be one of the factors. And, frankly, getting words of support, encouragement from members like yourselves who actually gave us the ability to come forward with these kinds of programs, that is very helpful and also hearing from other states involved. A lot of times there are match requirements and clearly you have to have a commitment on the part of the states involved to be a partner with you in funding these kinds of important projects.

Senator BYRD. Another project for which the state has sought funding, the Tolsia Highway project is critically important to the economic development of southwestern West Virginia. Will the program take into account the economic development aspects of particular highways in evaluating who receives funding from this program?

Secretary SLATER. Well, as noted, Senator, during my opening remarks, I mentioned that as we have reviewed our role as a department in the development of our strategic plan, we have clearly recognized that safety has to be our No. 1 priority and that the whole essence of transportation is enhancing mobility. But there are also benefits to the economy, to the environment and to national security.

Clearly taking into account the economic impact that this kind of investment can have on a given region, I am thinking now of Ap-

palachia and the work of the Appalachian Regional Commission. Your involvement in that effort over the years has clearly demonstrated that transportation investment can increase the economic prowess potential of a community because it connects that community with a broader community of activity, trade, commerce, individuals, that these are factors that will be taken into account as we make these decisions.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. I thank you, Mr. Secretary, for your appearance before the committee. And I thank you for your responses to the questions.

Secretary SLATER. Thank you, sir.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR SHELBY

REVENUE ALIGNED BUDGET AUTHORITY AND FIREWALLS

Question. Transportation has been on an interesting budgetary journey this past year. In July 1998, the President signed the TEA–21 law that created budgetary firewalls for highway and transit spending. Last October—three months later—the Administration insisted on increased funding for the Access to Jobs program in addition to the funding included within the TEA–21 firewalls. Last month—seven months after the President signed TEA–21 into law—the Administration submitted a budget that would divert funding from the highway firewall into the transit account, the rail account, and the NHTSA non-firewall account. In addition, discrepancies in outlay scoring estimates between OMB and CBO with regard to the firewall accounts cost the discretionary caps over a billion dollars in outlays in fiscal year 2000.

In light of the Administration's actions since the creation of the highway and transit firewalls less than a year ago, do you think that off-budget or firewall treatment for the FAA accounts is advisable?

Answer. Both off-budget and firewall treatment for FAA is not advisable and we have not proposed it in the budget. Our nation has moved from a decade of enormous deficit into an era of strong economic growth and budget surpluses, due in part to the fiscal discipline required when making critical tradeoffs under a unified budget. The Administration strongly opposes any provisions that would drain anticipated budget surpluses prior to fulfilling our commitment to save Social Security and Medicare first.

Question. Will you aggressively and actively oppose the creation of a firewall for the Federal Aviation Administration or any part of that organization?

Answer. Yes. The President's Budget provides Congress an alternative proposal, which would fully fund the Federal Aviation Administration with aviation user charges (and excise taxes) that do not threaten the surplus or other federally funded programs.

Question. Please provide for the record any correspondence you have received from congressional committee chairmen and ranking members regarding the Administration's fiscal year 2000 RABA proposal.

Answer. A letter from Chairman Chafee is attached.

LETTER FROM SENATOR JOHN H. CHAFEE

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC, February 1, 1999.

Hon. RODNEY SLATER,
Secretary, U.S. Department of Transportation,
Washington, DC.

DEAR SECRETARY SLATER: I am writing to give you my initial reaction to the President's proposed budget for fiscal year 2000 Department of Transportation pro-

grams under the jurisdiction of the Senate Environment and Public Works Committee.

As you know, the President's budget proposal includes a $1.5 billion increase in transportation spending above the levels assumed in the Transportation Equity Act for the 21st Century. You will recall that pursuant to TEA–21, any fluctuation in federal gas tax revenue is mirrored by a corresponding adjustment to Highway Trust Fund expenditures. Any increase in revenue would be distributed equally across all Federal-Aid highway programs. This funding mechanism was included to ensure that transportation funding remains deficit neutral and to ensure that Federal gas tax revenues are directed to transportation programs.

The President's budget proposes to distribute this $1.5 billion increase in a different manner than provided in TEA–21. Specifically, the budget proposes that several programs, including transit and rail programs and the Congestion Mitigation and Air Quality Improvement Program (CMAQ), receive the majority of the $1.5 billion increase.

As you know, I am a strong supporter of many of these programs targeted for increased funding, and in fact, fought for them during the TEA–21 deliberations. Amongst these programs I support are CMAQ, transit, and highway safety. However, I have great reservations about the President's proposal. I believe this proposal has the potential to reopen the TEA–21 debate, particularly with regard to the state funding formula issue. You will recall that the funding formulas proved to be one of the most difficult issues to resolve during the TEA–21 negotiations. The President's budget proposal would upset the delicate balance finally achieved in those negotiations. Transferring the increased funds to transit programs and CMAQ skews the underlying formula agree to in TEA–21. I must oppose reopening such a sensitive issue, especially considering that TEA–21 was signed into law less than one year ago.

Notwithstanding my concern with the proposed formula changes, the President's budget also upsets the programmatic balance established in TEA–21, that is, the relative emphasis current law places on, for example, bridges, transit, and interstate maintenance spending. Again, I do not see a compelling reason to reopen these carefully negotiated issues.

Finally, it is regrettable to see that the Administration's budget proposes to avoid the jurisdiction of the Senate Environment and Public Works Committee. This is particularly troublesome given how closely we worked with the Administration to craft a fair transportation bill.

If you would like to discuss these concerns, please call me or have your staff call Mr. Dan Corbett of my Environmental and Public Works Committee Staff at 224–7863.

Sincerely,

JOHN H. CHAFEE.

USER FEES

Question. Each year since first assuming office in 1993, the Clinton Administration has proposed a budget for the Department of Transportation that is rife with new user fees and increases to current fees. Each year for the past seven years, Congress has rejected the Administration's proposal to raise taxes on transportation users. In fact, this subcommittee added a provision to last year's act to prohibit the submission of user fee proposal in the fiscal year 2000 budget request. Nevertheless, you are again requesting approximately $1.6 billion in new and increased user fee that Congress has already opposed. While the Administration continues to propose the tax increases that are "dead on arrival" on Capitol Hill, I believe we have reached the point where we can no longer afford these budget gimmicks. Do you sincerely believe that the Department cannot satisfactorily execute its duties without adopting a tax and spend policy?

Answer. As in previous Administrations the Clinton Administration policy is to introduce user fee funding where appropriate. Users generally are more willing to pay fees when such fees are dedicated to improving the quality of the programs that affect them directly.

Question. If Congress does not act on these tax proposals, and I believe it is safe to assume that we won't, what areas of the Department's budget would you, Mr. Secretary, cut to account for this $1.6 billion shortfall? With highways and transit protected by the firewall would you cut the FAA, Coast Guard, Federal Railroad Administration, or the safety administrations or do you believe it more appropriate to cut them across the board? What specific program reductions would you make to make up this shortfall? If Congress does not act on these tax proposals, are you will-

ing to assure us that this will be the last time that you submit a budget that proposes new or increased user fees?

Answer. If user fees are not enacted, there will be an overall budget gap to be filled. How such gap is to be made up would be one of the subjects of the overall budget negotiations between the Administration and the Congress. I cannot make any assurances about user fees included in future budget submissions.

ECONOMIC DEVELOPMENT HIGHWAYS

Question. The creation or improvement of transportation facilities through underdeveloped areas can act as a stimulus for economic growth and opportunity. It would seem to me that we should take a look at some of the rural areas that have not experienced significant economic growth over the past couple of decades and consider whether improving their highway facilities to tie them more closely to areas that have experienced greater economic growth or improving their regional airports for either cargo or passenger service might be a way of helping these depressed areas generate sustainable economic and commercial growth. Please describe any currently authorized programs that are directed toward these goals.

Answer. The Department provides funds for an important program that is the key to the economic development of the Appalachian Region. The economic condition of the region, comprising areas within 13 states, has historically lagged far behind the Nation as a whole. Growth depends on overcoming the region's isolation and providing this under served area with adequate infrastructure. The Department addresses this problem by providing $2.25 billion for fiscal years 1999 through 2003 for the Appalachian Development Highway System (ADHS) program. Supporting economic development in the Appalachia Region by strengthening the highway infrastructure will improve not only the region, but will have a synergistic affect on the Nation as a whole.

In 1965, the Appalachian Regional Commission (ARC) was established to help develop the region, and it runs the ADHS program. The Department makes funds available to the ARC for allocation by administrative formula to the 13 states to complete the 3,025 mile system authorized by Congress. FHWA administers the program and individual projects in the States through FHWA Division offices. Approximately 80 percent of the system is complete or under construction.

A study completed by Wilbur Smith Associates in July of 1998 indicates that this program has been extremely successful. The study focuses on the impact on economic development of 12 of the largely completed corridor segments. It concludes that by the year 2015, the ADHS will have created 42,000 Appalachia jobs and increased production or value added by $2.9 billion over the same time period. In addition, it will have created total travel efficiencies valued at $4.89 billion over the 1965 to 2025 period. The ADHS has helped the Appalachian Region better able to compete for economic opportunity. This competitiveness is valued at $2.7 billion over the 1965 to 2025 period.

In addition to this program, TEA–21 authorizes a total of $700 million for the National Corridor Planning and Development Program and the Coordinated Border Infrastructure Program. Under this new discretionary program, the Secretary may provide funding to significant regional or multistate highway corridors after taking into consideration several factors including the extent to which such a corridor may "encourage or facilitate major multistate or regional mobility and economic growth and development in areas under served by existing highway infrastructure."

The Federal Aviation Administration's Airport Improvement Program is not authorized to specifically direct funding for the purpose of helping depressed areas generate sustainable economic and commercial growth. However, the Administration's aviation authorization proposal includes provisions that should help encourage more funding to upgrade nonprimary airports to accommodate turbine-powered aircraft, such as business aircraft. The Administration proposal also includes a new, five-year, $35 million grant program to help rural communities attract increased air service; an allowable use of those grant funds would be to make available necessary airport facilities.

Question. Would you be willing to work with me and other interested members of the Senate to find other ways of achieving these goals?

Answer. DOT is a strong believer in programs such as the Appalachian Development Highway System program that support economic growth in rural areas. It is the role of the Federal Government to spur economic growth to unlock the potential in all areas of the U.S. The Department certainly will work with you to achieve these goals.

ACCESS TO JOBS

Question. Last year the administration successfully pushed for an increase above the guaranteed firewall level for the new TEA–21 "Access to Jobs" transit program, from $50 million to $75 million. And this year, you propose to use $75 million from the RABA funds to double this program's funding above the guaranteed level. Doesn't the budget request "jump the gun" by proposing to double this program above the authorized level, before DOT has had any chance to evaluate the program's success? How long will it take to evaluate the success of this new program?

Answer. The budget requests doubling the funding for the Access to Jobs program, a key element to the success of welfare reform. Gaps in our nation's public transportation system too often create barriers to employment for people who cannot afford to own a reliable car. The Job Access and Reverse Commute program will help build the transit services necessary to help welfare recipients and low-income workers reach employment opportunities and move from welfare rolls to payrolls. It is important to make an early investment in this program to achieve all of the benefits of welfare reform, including improving the lives of current welfare recipients, utilizing all of the nation's human resources, and reducing welfare costs to all levels of governments.

The Department has already seen a significant interest in the program, receiving 280 applications for fiscal year 1999. These applications request a total of over $111 million, in comparison to the $75 million appropriated. The program demands a very high level of local coordination before an application is submitted. Considering the short period of time between the enactment of TEA–21 and the application deadline, the Department is pleased with the response it has received. Localities will have more time to foster relationships, coordinate among interested parties, and develop applications for fiscal year 2000. As the program gains visibility among human service agencies, and with more time for coordination, the Department expects to see significantly more applications competing for Job Access and Reverse Commute funds in the next fiscal year.

Beginning in fiscal year 2000, the program's performance will be measured against the performance goal (increase the number of employment sites that are made accessible by Job Access and Reverse Commute transportation services) included in the Department's annual Performance Plan. Furthermore, in accordance with TEA–21, FTA will conduct a full program evaluation in fiscal year 2000.

Question. The Federal Transit Administration had planned to announce the 1999 Access to Jobs grants by the end of February. Please provide a listing of these grants for the record.

Answer. The FTA regional offices and headquarters have completed an extensive review of all applications, and are now in the process of making final recommendations for grant award in April. Once grantees have been selected, the Department will provide the Chairman with a final list.

ACCESS TO JOBS GRANT SELECTION CRITERIA

Question. What were the criteria for grant selection? Please also provide a copy of the published criteria for the record.

Answer. The Federal Transit Administration is selecting grantees based on the statutory criteria provided by TEA–21. These criteria were published in the Federal Register on November 6, 1998, and they read as follows (the number of points in parentheses indicates the maximum level of points for a given factor):

1. Coordinated human/services/transportation planning process and Regional Job Access and Reverse Commute Transportation plan (25 points). Evaluated based on the extent to which the applicant:

A. Demonstrates a collaborative planning process, including: 1. coordination with, and the financial commitment of, existing transportation providers; 2. coordination with the state or local agencies that administer the state program funded under part A of title IV of the Social Security Act (Temporary Assistance to Needy Families and Welfare to Work grant programs); 3. coordination with public housing agencies (including Indian tribes and their tribally designated housing entities as defined by the Secretary of HUD) if any, which intend to apply for Welfare to Work Housing Vouchers from the Department of Housing and Urban Development; 4. consultation with the community to be served; and 5. consultation with other area stakeholders.

B. Presents a Regional Job Access and Reverse Commute Transportation Plan addressing the transportation needs of welfare recipients and low-income individuals.

2. Demonstrated Need for Additional Transportation Services (30 points). Evaluated based on the extent to which the applicant demonstrates:

A. in the case of an applicant seeking assistance to finance a Job Access project, the relative need for additional services in the area to be served to transport welfare

recipients and eligible low-income individuals to and from specified jobs, training and other employment support services; and

B. in the case of an applicant seeking assistance to finance a Reverse Commute project, the need for additional services to transport individuals to suburban employment opportunities.

3. Extent to Which Proposed Services Will Meet the Need for Services (35 points). Evaluated based on the extent to which:

A. The proposed service will meet the need.

B. The applicant demonstrates the maximum use of existing transportation service providers and expands transit networks or hours of service, or both.

4. Financial Commitments (10 points). Evaluated based on the extent to which the applicant:

A. Identifies long-term financing strategies to support proposed services.

B. Identifies financial commitments by human services providers.

C. Identifies financial commitments by existing transportation providers.

FTA also will consider the extent to which the applicant addresses the following variable factors: (10 bonus points total)

—1. Innovative approaches that are responsive to identified service needs;

—2. Linkages to other employment-related support services; and

—3. Other strategies that are effective in meeting program goals.

QUESTIONS SUBMITTED BY SENATOR DOMENICI

BORDER PROGRAMS

Question. Secretary Slater, as part of our work on the TEA–21 legislation last year, Congress expanded authorized funding levels and projects dealing with increased traffic at international border crossings. New Mexico is one of the border states that is feeling pressure from increased traffic; both positively due to trade, and negatively due to drug trafficking and other safety concerns.

I helped to secure a few amendments which try to address some of these national transportation concerns. One was to ensure that the new Border and Trade program would utilize funds to detect and deter narcotics smuggling. Another was funding under the Trade Corridor and Border Crossing planning program should address projected increases in commercial border traffic. How has the Department planned to focus funding for the detection and deterrence of narcotics smuggling within the Border and Trade Program?

Answer. The Department will diligently and fairly review any application from an eligible recipient of Coordinated Border Infrastructure (CBI) funds that contains work elements linked to detection and deterrence of narcotics smuggling. By statute, eligible recipients are States and MPOs.

Question. Has the Department evaluated the projected future increases in commercial border traffic at border crossings?

Answer. The Department does not make an official DOT forecast of projected future increases in commercial border traffic at border crossings. The Department, does however, consider projections made by other agencies (e.g., States) in the context of reviewing applications for CBI funds.

Question. As to the new Border program funding, what criteria is the Department using for establishing border impact? For example, is direct proximity to the border imperative, or can arteries effected by increased traffic, even at further distance from the border, be considered?

Answer. The statute requires CBI projects to be in a border region. The Department considers projects within 100 km (62 mi) of the US/Canada or US/Mexico border to be in a border region. This consideration is based on language in an international treaty, which in turn, was based on an earlier agreement (Article I(d) of Annex II to the August 14, 1983, Agreement Between the United States of America and the United Mexican States on Cooperation for the Protection and Improvement of the Environment in the Border Area). The purpose of the earlier noted planning effort is similar to the purpose of this portion of the language in TEA–21.

NONDESTRUCTIVE EVALUATION AND TESTING

Question. Secretary Slater, the Administration continues to put an emphasis on the use of technology in transportation. You know of my interest in the work that is being done by the Aging Aircraft Nondestructive Evaluation Center (AANC), which is supported by the Federal Aviation Administration, and is now a partner in the Center of Excellence for Airworthiness Assurance. This collaboration has been very successful, but has had a bit of a set back this year with final congressional

approval of the President's lower 1999 budget request for the research programs funding these activities.

Mr. Secretary, will you please provide the Subcommittee with the Department's current funding profile for the Aging Aircraft Nondestructive Evaluation Center in Albuquerque, and for the various components of the Center of Excellence for Airworthiness Assurance Program?

Answer. In 1998, the Aging Aircraft Nondestructive Center (AANC) received approximately $750,000 in operational support (infrastructure support and short-term tasking), and another $2,250,000 in funding for specific technology testing and validation through the Airworthiness Assurance Center for Excellence (AACE).

Including the funding to AANC, the AACE received approximately $8,850,000 in contract work in fiscal year 1998. AACE also received approximately $300,000 in grants from the FAA. This funding level was established in response to Congressional direction pertaining to AACE and the Engine Titanium Consortium (ETC). (ETC was integrated into AACE in 1998.) In fiscal year 1999, FAA anticipates funding AANC at $3.3 million, including $1.9 million through AACE. An additional $1.1 million in contract work and grants is also anticipated for AACE.

FUNDING FOR AANC

Question. AANC in Albuquerque has been funded at $3 million per year. I believe the FAA intends to continue this level of support, however under the new Center $2 million of this amount will flow through this new mechanism. Do you expect the 1999 level of support of the AANC to remain at $3 million? When does the Department expect to commit these funds?

Answer. Through an interagency agreement, the FAA has obligated $1.2 million from its fiscal year 1999 Aging Aircraft budget to the Aging Aircraft Nondestructive Evaluation Center (AANC) for operational support and short-term tasking. Also, through this interagency agreement, AANC will receive a supplemental $250,000 for the purchase of a test-bed aircraft (a retired Boeing 747). In addition to this direct funding, FAA anticipates obligating another $1.9 million to AANC through the Airworthiness Assurance Center of Excellence (AACE). This figure includes $1.7 million for inspection-related research, $100,000 for composite repair doubler validation, and $75,000 for rotor craft research, totaling approximately $3.3 million.

Question. What is the request for the AANC and the program elements associated with the Center for Excellence in the fiscal year 2000 budget, and how does that compare to the proposed plan for fiscal year 1999?

Answer. The Aging Aircraft Nondestructive Evaluation Center (AANC) budget requests in fiscal year 1999 and fiscal year 2000, submitted as part of the Aging Aircraft budget line item, is approximately $3 million. The Airworthiness Assurance Center (AACE) does not have a specific budget request line item in fiscal year 1999 or fiscal year 2000. Rather, other Aircraft Safety budget line items request a minimum of $1 million for AACE-related work in fiscal year 1999 and fiscal year 2000.

Question. Is the request sufficient to support ongoing work? What are the program goals for fiscal year 1999 and fiscal year 2000 under the FAA's plan?

Answer. The Aging Aircraft Nondestructive Evaluation Center's (AANC) efforts are predominantly in support of the Aging Aircraft Research Program, whose budget for fiscal year 1999 is $14.7 million. The goals of the program will be satisfied by the current budget request. In particular, the funding request for AANC is sufficient to maintain the existing facilities and support projected needs in inspection research. In general, it is anticipated that AANC will play a key role in transitioning to industry at least two significant inspection techniques (technologies and procedures) per year.

AANC may be awarded additional tasks in the areas of rotor craft safety, composite repair, and non-structural systems, as appropriate. The funding for these tasks must come from the requests for these individual areas.

AVIATION SAFETY RESEARCH

Question. How does the budget request square with the commitment of the Administration to improve safety in the skies? The Vice President's Commission on Aviation Safety and Security defined the need for safety research and the FAA Administrator has established a Safer Skies initiative. Did the FAA request additional funding for the Airworthiness Assurance Center of Excellence in its budget submission to you, Mr. Secretary? Did the Department submit a request for additional funding to OMB?

Answer. The agency's overall R,E&D budget request reflects an increased focus on air traffic, cockpit, and maintenance human factors issues. The Aircraft Safety program request places highest priorities on survivability, weather, and uncontained

engine failure projects. In October 1998, in response to the White House Commission on Aviation Safety and Security recommendations, the FAA released its Aging Transport Non-structural Systems Plan. This plan is the foundation for the research program in support of the Commission. Immediately upon its release, the FAA reprogrammed $700,000 for aging nonstructural systems research.

AGING NONSTRUCTURAL COMPONENTS

Question. The AANC and the Center of Excellence has focused its research and technology development efforts largely on structural aging in view of the current fleet of commercial aircraft. The FAA has recognized the nonstructural aging issues as needing to be addressed, for example, the wiring issue. I understand that the FAA plans to commit a few hundred thousand dollars to this effort in fiscal year 1999. Can you please tell the Subcommittee what the current nonstructural aging program expects to accomplish in 1999 and how much the FAA intends to commit to this area of research?

Answer. The objective of the Aging Systems Research Program is to work with industry (airframe manufacturers and aircraft operators), the Department of Defense, and the National Aeronautics and Space Administration to accomplish six specific tasks outlined in the FAA Aging Transports Non-Structural Systems Plan.

The research program was initiated in early fiscal year 1999, immediately after the release of the plan. It is anticipated that funding ($700,000 reprogrammed from the aging structures program) will be spent in two ways:

Development of aircraft arc-fault circuit breakers: This project is a joint effort with the Office of Naval Research. A Broad Agency Announcement will be released this month and a technical effort initiated by mid-May. The development of arc fault circuit interrupters will reduce the incidence of arcing faults capable of causing electrical fire or explosion. The TWA 800 accident may have been caused by the spark-erosion of a metal conduit and subsequent vapor ignition. This type of fault would be preventable by this technology.

Development of a validation infrastructure: This project is progressing on two fronts: The acquisition of a wire test system, and acquisition of a systems test bed aircraft. The acquisition of a wire test system is a joint activity with the Product Reliability and Maintainability Office (PRAM) of the Air Force. The wire test system is applicable across aircraft platforms. FAA intends to apply it first to the DC 9 aircraft located at the Aging Aircraft Nondestructive Center (AANC). The PRAM office and the contractor (GRC/Eclipse) have received and addressed the FAA's technical requirements. FAA recently received and provided feedback on a draft proposal from GRC/Eclipse.

On the acquisition of a systems test bed aircraft, FAA is working with the Air Transport Association's (ATA) Aging Systems Task Force to explore the possibility of working together to jointly satisfy ATA's obligation to do tear-down evaluations of soon-to-be-retired aircraft, and the FAA's commitment to establish and baseline a systems testbed. In effect, the ATA members would assist FAA in providing a baseline for the aircraft. In the process, they will help to satisfy their obligation to do tear-down inspections. An added benefit of this approach is that the ATA would be more inclined to accept and support the resulting baseline. FAA expects to acquire an older Boeing 747 by the summer of 1999.

Question. I understand that the fiscal year 2000 request for this area of work is about $15 million overall. What does the Administration assume will be accomplished in the nonstructural aging area under its budget request? How much is budgeted for this work?

Answer. The entire Aging Aircraft budget request for fiscal year 2000 is approximately $16 million. In fiscal year 2000, The FAA expects to accomplish the following in aging nonstructural systems research: Complete wire assessments directed at determining the feasibility of managing aircraft wire safety issues with life limits. Determine the adequacy of visual inspection for assessment of wire condition. Develop an advanced prototype arc-fault circuit interrupter suitable for flight testing. Initiate research into advanced technologies and techniques for wire inspection and testing. And initiate research into flight critical mechanical systems.

Other efforts will be initiated in response to the recommendations of the newly-formed Aging Transport Systems Rulemaking Advisory Committee and the Air Transport Association's Aging Systems Task Force.

PROPULSION SYSTEMS SAFETY RESEARCH

Question. In 1998, the FAA in cooperation with the Secretary of the Department of Transportation announced the enhanced inspection initiative for engines. The focus of the program is on improved inspection practices for critical rotating compo-

nents of jet engines, a significant factor in reducing the number of propulsion-related incidents. The Engine Titanium Consortium, which brings together a leading research university with the major U.S. engine manufacturers was established by the FAA to address inspection research, development and implementation needs. What are the DOT plans to assure adequate funding for this program in fiscal year 1999 and fiscal year 2000?

Answer. The Engine Titanium Consortium (ETC) was allocated $3.4 million in fiscal year 1998. This is sufficient to fully fund ETC through fiscal year 1999. Within the fiscal year 2000 budget request, ETC funding is anticipated to be $2.6 million.

SHORT & LONG TERM RESEARCH EFFORTS

Question. The FAA has often been accused of "tombstone technology" with advances only being considered and made in the wake of some major incident. Industrial research efforts are being driven more and more by economics. Both the FAA and industrial focus is on short-term payback. What steps are in place to assure that your research programs are addressing both short-term issues and long-term needs?

Answer. In fiscal year 2000, approximately 35 percent of the research budget is for long range research. FAA provides guidance to researchers that emphasizes the need to sustain a viable long-term research program, FAA tracks requirements for both long-term and short-term needs, and when FAA constructs a research portfolio, they ensure that there is a balance between meeting long-term and short-term needs. Additionally, FAA is working closely with NASA to ensure that their aeronautics research program, which has a time horizon further out than FAA's, is responsive to long-term user needs.

UNIVERSITIES & NATIONAL LABORATORIES

Question. Are leading edge universities and national laboratories being included in the research process similar to the Airworthiness Assurance Center of Excellence program?

Answer. The use of leading edge universities and national laboratories is an important part of FAA's research program. In the addition to the Airworthiness Assurance Center of Excellence, FAA has Centers of Excellence (COE) for Aviation Operations Research and for Airport Pavement Research. The University of California at Berkeley, the University of Maryland, Virginia Polytechnic Institute, and the Massachusetts Institute of Technology are the principle universities associated with the COE for Aviation Operations Research. The University of Illinois at Urbana-Champaign and Northwestern University are the principle universities associated with the COE for Airport Pavement Research. Additionally, with NASA, the FAA sponsors the Joint University Program. This program involves Princeton University, Ohio University, and the Massachusetts Institute of Technology.

INDUSTRY INITIATIVES

Question. Are adequate plans in place to assure that the basic research programs that complement the industry initiatives and other short-terms programs are also in place?

Answer. The FAA engages in continuous dialogue with users and industry to ensure that the research program fits in with industry initiatives. This dialogue includes user initiatives for new operational concepts. FAA does this routinely with the FAA's Research, Engineering, and Development (R,E&D) Advisory Committee, RTCA, the Air Traffic Control Association, and a variety other groups representing users and manufacturers. For example, the R,E&D Advisory Committee, a group representing both users and manufacturers, meets three times a year to provide the Administrator guidance on research investments. They annually review the proposed research portfolio to ensure its responsiveness to the needs of the aviation community and, when necessary, provide recommendations for change to that program to improve the value of that portfolio to the aviation community.

FAA also meets with industry, when necessary, to address specific issues. These sessions are geared to address issues in a specific area and are undertaken to ensure, as much as possible, that FAA's programs and those of the manufacturers are directed towards meeting the aviation system users' needs. For example, FAA is sponsoring an Aviation Weather Research Forum on March 24, as part of a strategy to coordinate Federal Government and private sector activity in the availability and use of enhanced weather information.

AVIATION SAFETY INSPECTOR TRAINING

Question. Aviation safety is a major focus of this Subcommittee's work. This past year has been a real success with no fatalities in commercial air travel. The key to this success is largely in the hands of the aviation inspectors, and these same inspectors are the key to getting new technology into the actual inspections. How would you characterize the training budget for aviation safety inspectors? Are the proposed resources sufficient to adequately train these inspectors and keep them up to date on the latest aircraft and technology?

Answer. Within the overall constraints of the fiscal year 1999 budget, the FAA has allocated an appropriate level of resources to meet training needs for aviation safety inspectors, including training for the Air Transportation Oversight System (ATOS); Safety Performance Analysis System (SPAS); Operations Specification; Certification, Standardization, and Evaluation Team (CSET); and systems safety. As technical training for recent new hires is provided, they will be integrated into the inspector workforce to perform job functions such as record checks and facility inspections.

AVIATION SAFETY INSPECTOR TRAVEL

Question. Is the FAA providing sufficient travel funds for those inspectors who must travel? I understand that in testimony before the House authorizing subcommittee, the Albuquerque Flight Standards District Office (FSDO) was advised that travel funds are limiting overnight travel after this month so that the 12 inspectors can no longer service flight operations in El Paso. The witness raised the issue of both foregone inspections for some 2,000 flights, as well as a staffing deficit of as many as 12 inspectors for this office.

Answer. Job performance travel is a critical element in aviation safety inspectors' certification, surveillance and inspection work. Safety-related travel continues to be funded, and the FAA will conduct over 300,000 inspections, evaluations, and audits of air carriers, manufacturers, and personnel in the aviation industry this fiscal year. Given the fiscal year 1999 budget constraints, all non-operational and non-training travel has been prohibited, thus conserving funds for critical job performance activities.

Albuquerque FSDO is servicing flight operations in El Paso. Travel to El Paso is closely monitored, but inspectors continue to be assigned work in that area. The FSDO staffing had been at or near 17 inspectors since October 1, 1997, until three inspectors left since October 1998.

AVIATION SAFETY INSPECTOR STAFFING

Question. How do you characterize the FAA's safety inspection program? How many inspectors are currently on board? Do they have sufficient support staff? Do they have the necessary funding to do a good job?

Answer. The safety inspection program is continuing to operate in accordance with nationally developed priorities and requirements. Some work activities will be delayed until the third and fourth quarters of this fiscal year due to budget restrictions.

Based on the current FAA staffing standards applicable to Flight Standards field offices, FAA is close to full staffing for both aviation safety inspector (ASI) and safety support positions. As of February 28, 1999, Flight Standards had 3,257 field inspectors and 720 field support on board.

Funding restrictions are in place to reduce or eliminate certain types of travel and training. Priority in travel funding goes to the performance of certification, surveillance and inspection work activities. Restrictions are in place on such items as supplies, equipment, back-filling positions vacated by attrition, and administrative travel.

AIR TRANSPORTATION OVERSIGHT SYSTEM (ATOS)

Question. The FAA continually implements new safety programs as problems are identified. The Air Transportation Oversight System (ATOS) was designed to manage the certification of new carriers entering service. I understand that the training funding situation is impeding the implementation of this new program, and that the FAA actually redirected funding out of the Flight Standards budget which will exacerbate this problem. What is the FAA's rationale for this redirection of funding, and what are the plans for ATOS in the fiscal year 2000 budget?

Answer. The FAA decided to move funds from Flight Standards and other FAA organizations to address unbudgeted cost increases, unspecified reductions during the appropriations process, and loss of anticipated user fees. Flight Standards has

therefore had to reduce planned spending in several areas, including technical training. The Flight Standards Service is funding all of the required "baseline" training that the ATOS policy requires before aviation safety inspectors can work in the ATOS program. However, due to funding limitations, the Service will be unable to fund the aircraft-specific flight and systems training that is called for by the ATOS policy document. Fiscal year 2000 planned ATOS training includes carryover requirements from fiscal year 1999, as well as funds to develop and revise the ATOS training to prepare for the ATOS Phase II program, and begin training the inspectors who will be needed to work the Phase II portion of the ATOS program.

Question. I understand that a new carrier came on line this past October to serve the Pacific Northwest. Could you please describe for the Subcommittee how ATOS is working in this case? Is ATOS being implemented and what type of surveillance is the FAA undertaking to appropriately certify this new carrier for service? If ATOS is not being carried out, why not?

Answer. ATOS is based on using system safety and risk management certification and surveillance concepts to proactively prevent accidents. Although not completely developed, Phase I of ATOS was implemented on October 1, 1998. This implementation included the ten largest air carriers based on the number of passengers carried. Phase I also includes any new air carriers certified under a systems safety-based certification process that the FAA is currently finalizing. It is anticipated that newly certificated air carriers, who have been certified under the new process, will be coming into ATOS in fiscal year 2000. The carrier described as serving the Pacific Northwest has not been certificated under a systems safety-based process. Therefore, it will be included in Phase II of ATOS, which will include all other 14 CFR part 121 air carriers.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SAFETY HAZARDS OF SPORT UTILITY VEHICLES (SUV'S) AND LIGHT TRUCKS

Question. What Is DOT doing to address the known safety hazards of sport utility vehicles (SUVs) and light trucks?

NHTSA recently announced that during routine side impact crash tests many SUV's unexpectedly rolled over, likely due to their high centers of gravity. In fact, fully 37 percent of fatal crashes in SUV's involve rollover. This compares to only 15 percent for cars. Simple safety changes, such as stricter roof crush standards, could help to address this serious problem. What is DOT doing to address the serious rollover problem? Are you planning to revise SUV and light truck rollover standards?

Answer. Rollover is one of the Department's top priorities. While recently two SUV's rolled over in the side impact New Car Assessment Program (NCAP) crash test and one in the side impact compliance test, it should be emphasized that the vast majority of rollover crashes involve a single vehicle. NHTSA has initiated a number of engineering and consumer information initiatives to address the rollover issue.

NHTSA recently completed test track research on a number of rollover-inducing maneuvers to determine which might be most useful for identifying potential stability problems. The results are currently being analyzed to determine the feasibility of a rulemaking action or consumer information program that addresses vehicle rollover propensity.

NHTSA is continuing actions that may lead to improvements in roof strength and door retention. Research is near completion on the study of procedures and potential benefits for upgrading Federal Motor Vehicle Safety Standard 216, "Roof Crush Resistance." Based on this research, the NHTSA will make a determination of possible rulemaking in the spring of 1999. Many of the fatalities and injuries in SUV rollovers are due to full or partial ejection due to door opening. NHTSA intends to issue a notice of proposed rulemaking this year which will propose upgrades to the strength requirements of FMVSS 206, "Door Locks and Retention Components," which will be applicable to all passenger vehicles. Future rulemaking may also include the use of advanced side glazing for vehicle windows, and research on integrated seating systems that could help reduce injuries in rollover crashes.

Question. Have you issued warnings for current and potential SUV and light truck owners about the rollover risks associated with these vehicles?

Answer. On March 9, NHTSA issuing a final rule upgrading the 15-year-old text-only vehicle rollover warning label. In addition to using bright colors and graphics, the new label includes the heading, "Warning: Higher Rollover Risk". Under the heading are instructions to avoid abrupt maneuvers and excessive speed, and to al-

ways buckle up. The new label must be placed on either the sun visor or the driver side window of new vehicles. NHTSA is also requiring additional information on rollover in the owner's manual. These changes are expected to make the information more understandable to consumers and increase the chance that the labels can affect driver and passenger behavior to reduce rollovers and their consequences.

Also, NHTSA is noting for the public in their NCAP consumer information materials (brochure, Web Page, etc.) any vehicles that rolled over in the side impact NCAP test. Currently, NHTSA does not have a clear understanding of the mechanism that caused these SUV's to roll over in the side impact tests, and cannot say that these specific SUV models are more prone to rollover than other vehicles in the SUV class of vehicles. Nonetheless, the tests do reinforce real world crash experience with sport utility vehicles: SUVs—when struck in a side impact collision—are more prone to rollover than passenger cars. Accordingly, NHTSA is undertaking several actions to better understand this phenomenon. Test films are being re-evaluated and future tests will have additional high speed cameras for an engineering analysis of the vehicle behavior. SUV manufacturers have been contacted for information and their views. Real world crash and injury data are being analyzed to compare with the lab test results.

ENVIRONMENTAL IMPACTS OF SUV'S AND LIGHT TRUCKS

Question. What are the environmental impacts of SUV's and light trucks?

SUV and light truck sales are now more than half of the new vehicle market. Yet their fuel economy and emissions standards are much less strict than those for automobiles. This may have a profound environmental impact. The average SUV or light truck emits 70 tons of carbon dioxide over its lifetime. In contrast, the average car emits only 38 tons over its life. We seem to be turning back the clock on the environment. Does DOT plan to require SUV's and light trucks to meet environmental standards similar to those required of automobiles?

Answer. The Department of Transportation does not have the authority to require SUV's and light trucks to meet environmental standards similar to those required of automobiles. That authority resides with the Environmental Protection Agency (EPA). EPA is currently working on a rulemaking proposal for "Tier 2 Vehicle Emissions Standards and Gasoline Sulfur Control" that would require the same emission standards to be applied to passenger cars and light duty trucks under 8,500 lbs GVWR with a phase-in for passenger cars and light light duty trucks (LLDT) (those under 6,000 lbs GVWR) between model years 2004 and 2007 and for heavy light duty trucks (HDLT) (those between 6,000 and 8,500 lbs GVWR) between model years 2008 and 2009.

The Department of Transportation does have responsibility for setting Corporate Average Fuel Economy (CAFE) standards. The statutory criteria that NHTSA must consider in setting CAFE standards include "the need of the United States to conserve energy," but not specifically to reduce vehicle emissions. Congress set the passenger car standard of 27.5 mpg for Model Year (MY) 1985 and thereafter. There is no default standard for light trucks; NHTSA must set the standard for each future model year. NHTSA has done this for MYs 1979–2000, and in April will establish the standard for MY 2001 light trucks. Provisions in the DOT Appropriations Act for fiscal years 1996, 1997, 1998, and 1999 have forbidden NHTSA from raising fuel economy standards during these fiscal years. This results in the light truck CAFE standard being frozen at 20.7 mpg for MYs 1998, 1999, 2000, and 2001. The fiscal year 2000 budget proposes that the Congressional prohibition not continue so that NHTSA can resume its historical approach to setting and reviewing fuel economy standards, using the statutory criteria to determine the maximum feasible level.

ARGENTINA

Question. What can be done to ensure competition in the air market between the U.S. and Argentina?

American Airlines is the only carrier currently authorized to operate non-stop service between the U.S. and Argentina. The current agreement does not permit any others. American has also been given Justice Department approval to invest in the Argentine national airline, under the expectation that Argentina would open their skies to other carriers. This has not happened. What has DOT done to encourage Argentina to open the non-stop market with the U.S.? What is DOT's position concerning allowing the American Airlines alliance with the Argentine national airline to go forward before the market is opened?

Answer. Under the existing agreement with Argentina, two U.S. carriers, American and United, serve the U.S.-Argentina market. Each carrier is authorized to operate 14 round trip B–747 flights per week or their equivalent in smaller aircraft.

The Department is making a sustained effort to conclude an open-skies agreement with Argentina that will open the Argentine market to additional U.S. carriers. The Department met with the Argentines in March and December 1998 and will resume talks on March 23, 1999. Given the intent of the Government of Argentina to give its newly reorganized airline, Aerolineas Argentinas, a period of protection from new competition, the DOT is negotiating a transitional agreement in which new entry for U.S. carriers and new route rights that the Argentine carrier could use for code sharing with American Airlines would be phased in together.

With regard to an American Airlines/Aerolineas Argentinas alliance, we have informed the Argentines that DOT could only give serious consideration to such an application in the context of full open skies.

PROBLEMS WITH MOTOR CARRIER SAFETY

Question. As you know, there is an ongoing debate over where the Office of Motor carriers should be located within the DOT. Wouldn't you agree that the most important issue is whether this office is actually promoting safety?

Answer. The Department wholeheartedly agrees that the safety of the motoring public is the most important consideration in the debate over placement of motor carrier safety enforcement and oversight. The number one priority is safety, and the Department is working very hard to continually improve all aspects of transportation safety. To further address the issue of motor carrier safety, the Department is supporting an independent review conducted by former Representative Norman Mineta of that program. The Mineta review will identify the key safety strategies that will help reduce fatalities in crashes involving large trucks and examine the organizational structure which is best suited to execute these strategies.

Question. Do you believe the trucking industry currently takes your efforts at all seriously? If so, why are so many trucks and buses being ordered off the road?

Answer. There are many responsible, law-abiding motor carriers and drivers that give compliance with Federal and State safety regulations a high priority. However, as in other industries, there are carriers and drivers that ignore safety laws and regulations. FHWA's enforcement partners in the States examine data on the safety histories of carriers and actively look for visible signs of safety problems in selecting vehicles and drivers for roadside inspections. Targeting vehicles and drivers for inspection in this way results in higher levels of citations and out-of-service orders than if vehicles were randomly selected for inspection. This makes the most efficient use of motor carrier enforcement personnel and provides the greatest safety benefit in reducing risks for other motorists.

TEA–21 added enforcement powers authorizing fines up to $10,000 against carriers that do not comply with the regulations as well as granting the Department authority to put carriers out of business in a shorter time frame for non- compliance. These added sanctions will most certainly raise the consciousness of those carriers that do not currently comply.

AMTRAK FINANCIAL PROGRESS

Question. Is Amtrak "on track" to close the gap?

Mr. Secretary, DOT's Inspector General's office recently concluded a major assessment of Amtrak's financial condition. The IG concluded that Amtrak needed to close a budget gap of roughly $400 million if it is to achieve the goal of operating self-sufficiency by 2003. Of that amount, $93 million is the gap that needs to be closed for the current fiscal year, of which $22.5 million would be attributable to the quarter already completed. I understand from Amtrak that, based on their new cost reduction and revenue enhancing initiatives, they have more than closed the gap for the first quarter. Have you reviewed Amtrak's financial progress?

Answer. Amtrak is making great strides to become a successful, customer-oriented company. The Board, the management, and the rank and file employees are committed to remaking Amtrak into a cost effective provider of world class service.

Amtrak had a good year in fiscal year 1998. Passenger revenues surpassed the $1 billion mark for the first time in Amtrak's 27-year history. Ridership increased 4.5 percent over the previous year. This is the biggest increase in a decade. On-time performance increased to almost 79 percent, its highest level in 13 years. During the first quarter of fiscal year 1999, on-time performance was over 80 percent, an improvement of almost 5 percent over the previous year.

Question. Are you at all encouraged by what you've seen regarding their ability to tap new revenue sources and minimize costs?

Answer. Amtrak's Board and management are committed to seek out new sources of revenue and new opportunities to cut costs. Amtrak has been developing partnerships with States to support corridor development and regional services, with freight railroads and shippers to increase the transportation of express shipments, with telecommunications firms and developers for use of Amtrak's right-of-way and other real estate holdings, and with Fortune 500 companies such as Disney and United Airlines to jointly market their products. Amtrak has begun to contract out certain services, such as its commissary, in which others would perform the function at lower cost.

AMTRAK NORTHEAST CORRIDOR

Question. What are the costs to the government if Amtrak were eliminated?

Earlier this week, the FAA, once again, printed the list of the most delayed airports in the United States. But when you look at the list of the top ten most delayed airports in the United States, five of these airports are in the Northeast Corridor. They are Logan, Newark, LaGuardia, Kennedy, and Philadelphia International. The principal reasons that these are the most delayed airports is because they serve the most congested airspace in the country. Would you care to comment on what the impact would be on these already delayed airports if Amtrak's Northeast Corridor service were allowed to shut down?

Answer. Amtrak carries about 65 percent of the combined air-rail market in the corridor, with over 40 percent between Washington and New York City endpoints. During the peak travel periods when airport congestion is at its greatest, Amtrak carries a significant number of passengers in the Northeast Corridor. While some rail passengers might opt to travel by automobile or mass transit, a significant number of rail passengers will decide to fly, and adding these passengers into the aviation system would create serious problems. For example, the trips would become more circuitous and take much more time, such as flying to Islip on Long Island and taking a taxi or the Long Island Railroad back to Manhattan. Long term this would require expensive and time-consuming investment to expand highway and airport capacity.

Question. What impact do you believe the initiation of high speed service on the northeast corridor will have on congestion at these airports?

Answer. Initiation of high speed service on the Northeast Corridor will have its most profound effect on the Boston and New York City airports. When the service is in full operation, Amtrak will offer the same competitive trip times in this part of the Northeast Corridor as it does between New York City and Washington. Amtrak expects that the high speed rail service will divert a large number of existing air passengers, as well as absorb a portion of the expected growth in intercity travel, thus mitigating the demand for more costly capacity expansion efforts at these airports.

AMTRAK'S POTENTIAL OUTSIDE THE NORTHEAST CORRIDOR

Question. Mr. Secretary, I do not think that anyone would question Amtrak's importance to our transportation system in the northeast. Without Amtrak service, our roads and airports would be vastly more congested, resulting in greater delays, reduced quality of life, and diminished productivity. Are there corridors in other parts of the country where Amtrak could play a similar role in providing a high speed alternative to short-to-medium length automobile and aviation travel, thereby improving the overall functioning of other regional transportation systems?

Answer. A significant part of the future of Amtrak is in its high-speed rail service both within and outside the Northeast Corridor. The investments in upgrade of Amtrak service to high-speed in intercity corridors of up to 300 miles in length will pay significant dividends for Amtrak. It will also have significant benefits for the States in the form of better accessibility, less congestion on other modes, and a wide range of environmental benefits. Several States as diverse as California, Illinois, Michigan, New York, North Carolina, Washington, and Wisconsin have taken the initiative and partnered with Amtrak to develop the plans and begin the implementation of high-speed service on selected intercity corridors. Also, the States and Amtrak are emphasizing intermodal terminals and connections to provide relatively seamless transportation alternatives to air and highway trips. FRA is coordinating the existing Federal programs, for example the Next Generation High-Speed Rail program and the Section 1103(c) grade crossing hazard program, with Amtrak and the States to help mature plans and leverage significant commitments of funding from other funding partners.

EFFECT OF TRAFFIC CONGESTION ON QUALITY OF LIFE

Question. What can be done about the effect of traffic congestion on quality of life?

One of the President's priorities in the fiscal year 2000 budget is his Livability Agenda to promote Smart Growth and improve the quality of life in metropolitan areas. One key component of this Agenda is the desire to reduce traffic congestion—which, according to one study, costs $74 billion a year in lost time and fuel. Congestion is an increasingly large problem in New Jersey and in metropolitan areas across the country and I believe that we must do a better job at addressing this issue.

I have always fought for greater balance in spending between the various modes of transportation. We must be smart—invest not only in new roads, but in high speed rail, mass transit systems, and new technology. How does the Administration's budget attempt to address this problem and how do you think we can do a better job at reducing the amount of time people now waste stuck in traffic?

Answer. The Administration has included a Livability Initiative in its fiscal year 2000 budget. This initiative is a set of programs to ease congestion and promote community livability. As part of this initiative, the Department's budget proposes $6.1 billion for public transit and $2.5 billion for highway programs that provide flexible support to state and local efforts to improve transportation and land use planning, strengthen existing transportation systems, and promote broader use of alternative transportation. The following programs are included in the livability initiative:

$6.1 billion for all Transit programs to maintain and expand the nation's access to transit systems. Transit programs help provide basic mobility to millions of Americans, ease congestion on our roadways, and improve air quality.

$1.8 billion for the Congestion Mitigation and Air Quality Improvement Program (CMAQ) to support state and local efforts to east congestion and reduce air pollution in areas that do not meet federal air quality standards, and in areas that are working to maintain compliance with these standards.

$639 million for Transportation Enhancements to support projects such as the renovation of historic rail stations, bicycle and pedestrian paths, safety education, and scenic beautification.

$48 million for the Transportation and Community and System Preservation Pilot (TCSP) to support state and local efforts to coordinate transportation and land use planning, reducing environmental impacts and ensuring efficient access to jobs, services and centers of trade.

FUNDING BALANCE BETWEEN HIGHWAYS AND TRANSIT

Question. How do we maintain the funding balance between highways and transit?

Mr. Secretary, as you know, I strongly support the Administration's priorities within its reallocation of Revenue Aligned Budget Authority. Balanced transportation spending between highways, transit, rail, and research is essential to developing the most effective and efficient transportation infrastructure possible. I commend you for recognizing this. Unfortunately, there appears to be strong opposition to this proposal by those who either disagree with your priorities or who do not want to risk reopening TEA–21 debate. Is there a way to maintain a funding balance between highways and transit, as well as address the funding shortfall for research programs, outside of the firewalls created in TEA–21?

Answer. The Department has explored a number of options to maintain the balance between highways and transit, and to fund research at an appropriate level. The transfer of revenue aligned budget authority provides the best tool for addressing these issues and maintains the spirit of TEA–21 but protects the overall budget surplus for Social Security. Tax receipts have increased significantly more than what was anticipated when TEA–21 was being forged. The President's budget proposes that these unanticipated resources support important priorities established by TEA–21, such as transit and research programs.

QUESTIONS SUBMITTED BY SENATOR BYRD

GOALS FOR ALCOHOL-RELATED TRAFFIC DEATHS

Question. How will the administration reach its goal of reducing alcohol-related traffic deaths to 11,000 annually by 2005?

Mr. Secretary, in February 1995, the DOT set a goal of reducing alcohol-related traffic deaths to 11,000 annually by the year 2005. At the time you made this an-

nouncement there were 16,589 such deaths annually. By 1997, that number had declined only by 400 to 16,189. This is an average of one alcohol-related death every 32 minutes. It does not look as if we are making any real progress toward your goal of 11,000 deaths per year. How do you view the likelihood that you will reach your goal? Don't we need some dramatic new steps nationwide if you are going to meet your goal?

Answer. The Department recognizes the national goal of reducing the number of alcohol-related fatalities to 11,000 by 2005 is very ambitious, and one that will not be reached through "business as usual." With this recognition, in the fall of 1997, the Department brought together national partners to identify the action steps needed to reach this national goal. The steps necessary to reach the goal were determined and outlined in the group's report titled *Partners in Progress: Impaired Driving Guide for Action*.

The required actions focus mainly on four areas: Public Education; Legislation; Enforcement; and Partnerships. Following these recommendations, NHTSA is making progress toward the goal. In 1995, there were 17,274 alcohol-related fatalities. That number decreased to 16,189 in 1997, representing the lowest percent of alcohol-related fatalities in history (38.6 percent of all traffic fatalities). But much remains to be done.

NHTSA's plans focus specific technical assistance and support to those states with the highest alcohol-related fatalities and rates. This effort will begin with a five-state demonstration in fiscal year 1999, which will continue over a three-year period. The demonstrations will strongly emphasize highly publicized enforcement and education. If the results demonstrate a positive difference in those states with the most significant problems, NHTSA will continue to expand this focus to other high number states. States have the opportunity to also support this specialized enforcement initiative with TEA–21 funding through the Section 410 alcohol incentive grant program.

In the fiscal year 2000 budget, NHTSA is requesting an additional $500,000 to undertake a new innovative grant program targeted at three high risk groups: (1) 21–24 year olds; (2) repeat and high BAC offenders; and (3) youth. This innovative grant program will allow NHTSA to seek new ideas and technologies to "move the numbers" and to reach some of these high risk targets that are over-represented in alcohol-related fatalities. In particular, special attention must be focused on the exploding youth population, including underage college students.

NHTSA is building on the success of previous impaired driving-related public education campaigns. As recommended in the *Partners in Progress* action plan, NHTSA is developing a comprehensive multimedia campaign aimed at raising national awareness about the dangers of impaired driving and increasing public support for strict measures such as zero tolerance of underage drinking and the safety benefits of establishing .08 BAC laws. Resource kits will provide traffic safety partners with the necessary resources needed for effectively raising greater awareness about the deadly consequences of impaired driving. The resources will contain information such as how to effectively conduct public outreach, suggested partners, talking points, fact sheets, and public service announcements. As with other successful NHTSA safety campaigns, partners can add their names and logos to the ready-to-use material and implement the campaign in their communities at minimal cost and start-up effort.

NHTSA places considerable emphasis on the critical role that national organizations will play in reaching high risk groups (youth and 21–34 year olds) and in supporting the *Partners in Progress* campaign. NHTSA will share media and public information materials developed for the campaign with national organizations representing employers, public health and medicine, youth and diversity populations. This effort is intended to educate the national organization members about the campaign and engage them in activities designed specifically to reduce the impaired driving problem.

Finally, a high priority will be placed on engaging national organizations in support of the two national mobilizations to enforce the impaired driving laws planned for each July and December.

HIGHWAY ENVIRONMENTAL REVIEW PROCESS

Question. Should highway environmental review process be sped up for especially dangerous roads?

The environmental review process for some of the most important road construction projects in my state has been painfully long. This problem has plagued not only Appalachian Regional Corridor H, but also the Route 9 project in the West Virginia Panhandle. The TEA–21 law included $50 million for the restoration of the West

Virginia Route 10. This project received national press during the drafting of the TEA–21 law because it was identified as one of the most dangerous roads in the country. Last month, two high school girls died when their car crashed into a coal truck on Roue 10. A third passenger was injured. I am not saying that these lives could have been saved if the environmental review process had been conducted more rapidly. But I am concerned that many more citizens will die across the country because of endless environmental hurdles that serve to delay efforts to rebuild very dangerous highways.

Mr. Secretary, your agency is currently drafting rules to streamline the environmental review process for highway projects. Do you believe this streamlining initiative should take the potential danger of the road into account when determining which review should be expedited?

Answer. The TEA–21 environmental streamlining initiative is intended to establish a process to enable the Department and its partners to increase the efficiency and effectiveness of the environmental review of major highway (and transit) projects. The initiative's goals are to coordinate Federal agency involvement in such projects by identifying decision points and potential conflicts as early as possible, encouraging full and early participation of all relevant agencies, and establishing coordinated time schedule for agencies to act on a project. The Department is presently engaged in a rulemaking exercise to develop the regulations and guidance with which we will implement the environmental streamlining initiative. The safety of surface transportation facilities, and the people who use them, is of high importance to the Department. The relative safety of a highway may be one of a number of factors which agencies involved in the environmental review of a project need to consider in the course of selecting and approving a preferred alternative. TEA–21 did not eliminate Federal requirements such as the National Environmental Policy Act (NEPA) or the Clean Air Act, and finding the appropriate balance between complying with Federal laws and streamlining project delivery is the central challenge facing us in implementing the this as well as other planning and environmental provisions of TEA–21.

Question. Are there currently adequate provisions in the law to allow for an expedited review process for projects that are intended to improve very dangerous roads?

Answer. Projects intended to improve the safety of a highway or other surface transportation facility receive adequate provision in terms of an expedited review process under laws which the Department currently conducts its procedures.

AVIATION COMPETITION GUIDELINES

Question. Will we ever see new aviation competition guidelines?

The State of West Virginia is in great need of improved access to major aviation markets. Periodically, we have been approached by new entrant airlines that want to provide new service to West Virginia. However, as your Administration has observed, new entrant airlines usually face very tough competitive pressures from the major carriers to stay out of lucrative markets.

Last year you issued proposed guidelines to protect new entrant airlines from these anti-competitive practices. The Omnibus Appropriations Act requires you to conduct some studies before final guidelines can be published. Do you still plan to come forward with new competition guidelines?

Answer. The Department will issue its final guidelines following completion of the National Academy of Science's study (expected to be completed this spring) of airline competition and the Department's report to Congress on unfair competition and predatory pricing.

Question. Is there any truth to the rumor that the major air carriers have convinced you to abandon your efforts to put a stop to anti-competitive practices?

Answer. There is no truth to the rumor that major airlines have convinced us to abandon our efforts to stop anti-competitive practices. The Department has a responsibility to prevent unfair competition and the proposed policy is an important element in efforts to increase competition in the domestic airline industry.

Question. What other efforts does the Administration have underway to improve aviation service to cities likes Charleston, Parkersburg, and Martinsburg, West Virginia?

Answer. The Department has taken a series of actions and, in addition to competition guidelines which should help regional entrants, made legislative proposals to help competition and service to smaller communities. They include: (1) Exemptions from DOT rules administering landing and takeoff slots at Chicago O'Hare Airport to obtain regional jet service between Chicago and West Virginia, as well as other rural areas. (2) Modified Computer Reservation System rules to aid smaller airlines. (3) Proposed legislation that would give a blanket exemption to regional jets from

the Federal high density slot rule at O'Hare, LaGuardia, and JFK airports effective September 30, 2000. (4) Proposed complete elimination of the Federal high density slot rule at O'Hare, LaGuardia, and JFK airports effective September 30, 2004, allowing five years for carriers and communities these five years of lead time to make any necessary preparations. (5) Proposed requiring joint fares and interline agreements between major carriers and smaller carriers at dominated hubs. (6) Proposed a 5-year, $35 million program to help smaller communities willing to provide 25 percent matching funds to obtain better air service.

HIGHWAY EMERGENCY RELIEF FUNDS

Question. Why is there no request for highway emergency relief funds?

This afternoon, the Appropriations Committee will markup the Supplemental Appropriations Bill for the current fiscal year. I understand from the Federal Highway Administration that the emergency relief highway program is completely out of money. I further understand that there are over $365 million in requests pending at the Federal Highway Administration that cannot be funded. Obviously, there is also no money available for any national disasters that might require critical highway repairs for the remainder of this fiscal year. In prior years, we would have received a request from your department for emergency relief funds to replenish this program.

Why have we not received any request to date from the Administration for this program? By delaying this request, won't the affected states have to wait an inordinately long time to be reimbursed for their disaster expenses? Do you expect that we will receive a formal budget request from your department for emergency relief funds any time in the next several weeks?

Answer. It is true that there are very few unallocated funds left in the emergency relief program; however, the Department is able to borrow unallocated discretionary funds for emergency relief purposes. The Department is currently evaluating its options and will take the necessary steps in the very near future to meet State's needs.

QUESTIONS SUBMITTED BY SENATOR MURRAY

SOUND TRANSIT

Question. I agree with the Administration's view that increased spending on transit will help improve the livability of our communities. As you know, the central Puget Sound region is building an ambitious, top-quality high-capacity transit system that is 80 percent funded by taxes the resident voted to impose on themselves. I am very grateful that your budget recommends $8 million for preliminary engineering for Sound Transit's LINK light rail line and singles it out as one of the "strongest candidates in the New Starts pipeline". Sound Transit and FTA are engaged in intensive discussions about the Full Funding Agreement for LINK and FTA is understandably concerned about the size of this project. But can you assure me that your department will continue to work constructively and creatively with Sound Transit to develop a long-term federal funding strategy that meets your department's imperatives without adding to the cost or time of construction of the LINK light rail line?

Answer. The Department will continue to work with Sound Transit throughout the project's development. The Department enters into full funding grant agreements with high quality projects which are ready to begin construction. The LINK light rail line is a very promising project which has been rated "highly recommended" by the Federal Transit Administration. LINK is one of only four projects in preliminary engineering which have been recommended for funding in fiscal year 2000 to further its development into final design.

AIRPORT IMPROVEMENT PROGRAM

Question. The Administration has proposed cutting the Airport Improvement Program from $1.9 billion to $1.6 billion and increasing the cap on airport Passenger Facility Charges from $3 to $5. At many Washington State airports, most of the passengers travel on low-fare airlines like Alaska, Southwest, America West and Horizon. PFCs hit low-fare passengers hardest because they are a flat fee unrelated to ticket price. Why couldn't we amend the AIP program so it can better address the needs of airports like the smaller airports in eastern Washington and spend some of the surplus in the Aviation Trust Fund rather than increasing PFCs?

Answer. The Administration has proposed a comprehensive legislative package to meet the respective needs of large and small airports in the national aviation sys-

tem. First, the proposal includes a $2 increase to the current $3 cap on PFCs. Ninety percent of PFC collections accrue to the nation's 70 large and medium hub airports. However, smaller airports would also benefit from a $2 PFC increase because of higher PFC receipts and because large and medium hub airports, under Administration's proposal, would forego all Airport Improvement Program (AIP) entitlements as a condition for receiving the higher PFC. These foregone funds (approximately $160 million per year) would be made available to smaller airports under existing AIP formulae.

PFC revenues are better suited and more flexible than AIP revenues and other means of airport financing for funding projects at large airports, especially critical landside projects such as terminals and ground access to airports. PFC revenues can be used for a wider variety of projects than can AIP grants (especially terminal and financing costs), are predictable and reliable from year to year, do not require majority air carrier agreement, and facilitate the implementation of competitive terminal lease agreements. AIP can be targeted by the FAA toward critical development needs of smaller airports that do not have the enplanement levels needed to raise large amounts of PFC revenues.

The effect of a PFC increase on ticket prices and air travel is difficult to measure. Air carriers may absorb some of the increases by lowering non-PFC ticket prices in order to maintain passenger demand levels. The price effect of a PFC increase on airfares (as measured by percentage increase) could be more pronounced for a low-fare ticket than a high-fare business ticket. However, low-fare, new-entrant airlines and their passengers will benefit most if, as we plan to encourage, large hub airports use higher PFCs to expand constrained terminal space at large hub airports.

HARBOR MAINTENANCE TAX

Question. The Administration's budget assumes enactment of a new Harbor Services User Fee to replace the harbor maintenance tax that has been found unconstitutional as applied to exports. In the Pacific Northwest, we are very concerned about this new user fee for two reasons: first, our Puget Sound ports don't need any harbor maintenance, so the fees collected there are spent elsewhere; and more importantly, we are afraid that it may force shipping lines to leave our ports and call instead at Vancouver, British Columbia, where they don't have this fee. Has your department raised concerns about these port competitiveness issues within the Administration? Since this proposal hasn't yet been submitted to Congress, would you start/keep pressing those in the Administration to address this issue before finalizing this proposal?

Answer. The Department will work within the Administration to ensure that your concerns are raised.

SUBCOMMITTEE RECESS

Senator CAMPBELL. I think we are about finished up. So we will next reconvene on next Wednesday, March 10, here at Dirksen 124 at 10:00 a.m. to discuss Amtrak finance and operational issues. We will hear from Ken Meade the Department of Transportation Inspector General; from Mr. George Warnington, Amtrak's President; and Wisconsin Governor Tommy Thompson, the chairman of the new Amtrak board of directors.

With that, I thank you and this hearing of the Subcommittee on Transportation is now recessed.

Thank you, Mr. Secretary.

[Whereupon, at 11:45 a.m., Thursday, March 4, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 10.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2000

WEDNESDAY, MARCH 10, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Richard C. Shelby (chairman) presiding.

Present: Senators Shelby, Domenici, Specter, Campbell, Lautenberg, Reid, and Kohl.

AMTRAK FINANCE AND OPERATIONAL ISSUES

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF GEORGE WARRINGTON, PRESIDENT

ACCOMPANIED BY HON. TOMMY THOMPSON, GOVERNOR OF WISCONSIN, CHAIRMAN, AMTRAK BOARD OF DIRECTORS

DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

STATEMENT OF HON. KENNETH M. MEAD, INSPECTOR GENERAL

OPENING STATEMENT OF RICHARD C. SHELBY

Senator SHELBY. The meeting will come to order. This morning's hearing will center on the National Railroad Passenger Corporation or, as we know it, Amtrak. We will discuss issues relating both to Amtrak's short and long-term financial health and to the operational decisions which determine the railroad's present and future status.

I think at times, although maybe not by my friend from New Jersey, I think I have been misunderstood on the subject of Amtrak. Many of my congressional colleagues and members of the press and public seem to believe that all I am interested in as the chairman of this subcommittee is killing off the railroad. I want to set the record straight. I am not out to kill Amtrak. I am here, working with Senator Lautenberg, to try to make Amtrak work for you, real work.

But what I see when I look at this railroad is a Federal investment that up to now is not paying off the way it could, or I believe

it should. When Amtrak receives its second Taxpayer Relief Act payment next month, we will have spent more than $22.6 billion on this organization since it was formed in 1971, Governor, an average Federal cost of $800 million a year, and what are we getting for our money? That is what we want to ask.

Well, in some parts of the country, honestly, we are getting a very important and efficient alternate mode of transportation. There are certain corridors, usually linking densely populated urban areas that are not more than 300 miles apart, where Amtrak can give the passenger car and the airlines a real run for their money in terms of cost, travel time, frequency, and quality of service, and of course reliability, but this is the exception rather than the rule.

In fact, many of the Amtrak routes operate only three or four times a week and stop at inconvenient hours of the night in stations that do not even have the basic amenities such as restrooms or water fountains.

The financial performance of Amtrak routes varies widely, but every route save one loses money, and 14 routes lose more than $100 per passenger trip. System-wide in fiscal year 1997 Amtrak lost an average of $47 per passenger. There are parts of this rail system that just do not make economic sense, and it is clear that we have to push Amtrak to do something differently if we expect to get different results.

Since assuming chairmanship of this subcommittee I have actively looked for ways that Amtrak can save the American taxpayer some of the money that it has spent in covering its operating losses. I am convinced that the best way to improve Amtrak's financial picture is for the railroad to be more responsive to the demands of the market. Amtrak currently carries 21 million inter-city passengers annually, or about as many in a year as would fly over an average 13-day period. This is not an impressive market share. Amtrak must concentrate its efforts on business decisions I believe that are economically justified.

For example, Governor Thompson understands business. If I manufacture bicycles and kept producing banana seat bikes long after consumer preference had switched to mountain bikes and 10-speeds, I would not be making an economically justified business decision. I would lose money, and perhaps my business.

Now, there might be a small and vocal segment of the bicycle-riding public who really liked banana seats and wanted to continue riding them, but that does not mean that my company could afford to commit the same amount of capital to making banana seat bikes at the expense of investing in other product lines that the bicycle public does want to buy.

Similarly, Amtrak cannot afford to continue doing business, I believe, in a manner that is not responsive to its market, the traveling public. In particular, the current route structure and labor agreement stacked the deck against the railroad ever being able to be operationally self-supporting.

Admittedly, Amtrak's long distance routes have become the expensive exercise in nostalgia. The American taxpayers should not have to subsidize lines of business that will never come close to

breaking even, especially if only a handful of riders use the service provided.

The Department of Transportation's Office of Inspector General has taken a hard look at Amtrak's current financial status and strategic business plan, which sets out Amtrak's operating and capital budgets for the fiscal year 1999 until 2002. One of the most telling results of this review is that Amtrak's projected Federal funding will fall short of even minimal capital investment needs.

Now, capital investments are needed to keep any railroad's infrastructure in good operating condition and to generate new business opportunities. Every dollar spent unnecessarily on operating losses is a dollar taken from capital investment.

Amtrak's current infrastructure is too widespread and is not targeted to service that are economically justified. Amtrak's plans for the future become like a house of cards, and unless the foundations are glued down to market-driven decisions, the entire structure can come tumbling down all too easily.

Since I seem to be focusing on sobering news today, I will take this opportunity to sound the warning. Amtrak may be privatized a lot quicker than we all thought. If Chairman Schuster's aviation bill becomes law, Federal Aviation Administration programs will be increased by $5 billion, and fire-walled off from any appropriations adjustment. Think about that.

So there will not be any room left other than discretionary budget accounts in this transportation appropriations bill for Amtrak or for any other—any other—Department of Transportation programs assigned to FAA, highways, or transit, for that matter.

I hope that everyone here who supports rail programs knows that and heard that warning.

I would like to welcome our three witnesses this morning. The Amtrak Reform and Accountability Act restructured the management of the railroad by setting up a new reform board, whose chairman, Governor Tommy Thompson, joins us today. The board must vote on all of Amtrak's financial decisions and approve the strategic business plan that lays out the operating and capital program for the railroad from 1999 through the year 2002, after which the railroad, Governor, must, under the ARAA, achieve operating self-sufficiency.

For the fiscal year 2000, Amtrak is requesting $571 million and wants Congress to authorize the railroad to use these funds flexibly for any maintenance costs as well as for equipment, land, and rights of way purchase and construction cost.

We will ask Governor Thompson to defend this budget request. In addition, Amtrak's president, George Warrington, will testify here today, and I hope that Mr. Warrington can tell us how Amtrak is changing its operations in order to be more economically sustainable and responsive to market forces.

PREPARED STATEMENT

Finally today, the Department of Transportation Inspector, General Ken Mead, has joined us again after being before this subcommittee only 2 weeks ago to testify on DOT management issues. Today, Mr. Mead will summarize the findings of the recent inde-

pendent assessment of Amtrak's finances, and the railroad's strategic business plan, and share the results of that analysis.

I thank you, gentlemen, for joining us today.

[The statement follows:]

PREPARED STATEMENT OF SENATOR RICHARD C. SHELBY

The subcommittee will now come to order. This morning's hearing will center on the National Railroad Passenger Corporation, or Amtrak. We will discuss issues relating both to Amtrak's short- and long-term financial health, and to the operational decisions which determine the railroad's present and future status.

I think I've been misunderstood on the subject of Amtrak. Many of my Congressional colleagues and members of the press and public seem to believe that all I'm interested in is killing off the railroad. I want to set the record straight: I am not out to kill Amtrak. But what I see when I look at this railroad is a federal investment that is not paying off the way that it could or should.

When Amtrak receives its second Taxpayer Relief Act payment next month, we will have spent more than $22.6 billion on this organization since it was formed in 1971—an average federal cost of $800 million a year. And what are we getting for our money? Well, in some parts of the country, we are getting a very important and efficient alternate mode of transportation. There are certain corridors, usually linking densely populated urban areas that are not more than 300 miles apart, where Amtrak can give the passenger car and the airlines a real run for their money—in terms of cost, travel time, frequency and quality of service, and reliability. But this is the exception rather than the rule. In fact, many of Amtrak's routes operate only three or four times a week, and stop at inconvenient hours of the night in stations that don't even have the basic amenities, such as restrooms or water fountains. The financial performance of Amtrak's routes varies widely, but every route save one loses money—and 14 routes lose more than $100 per passenger trip. System-wide, in fiscal year 1997, Amtrak lost an average of $47 per passenger. There are parts of this rail system that just don't make economic sense, and it is clear that we have to push Amtrak to do something differently, if we expect to get any different results.

Since assuming chairmanship of this subcommittee, I have actively looked for ways that Amtrak can save the American taxpayers some of the money that is spent covering its operating losses. I am convinced that the best way to improve Amtrak's financial picture is for the railroad to be more responsive to the demands of the market. Amtrak currently carries 21 million intercity passengers annually, or about as many in a year as would fly over an average 13-day period. This is not an impressive market share. Amtrak must concentrate its efforts on business decisions that are economically justified.

If I manufactured bicycles, and I kept producing "banana seat" bikes long after consumer preference had switched to mountain bikes and 10-speeds, I would not be making an economically justified business decision. I would lose money, and perhaps my business. Now, there might be a small and vocal segment of the bicycle-riding public who really likes banana seats and wants to continue riding them. But that doesn't mean that my company can afford to commit the same amount of capital to making banana seat bikes, at the expense of investing in other product lines that the bicycling public does want to buy.

Similarly, Amtrak cannot afford to continue doing business in a manner that is not responsive to its market, the traveling public. In particular, the current route structure and labor agreements stack the deck against the railroad ever being able to be operationally self-supporting. Many of Amtrak's long-distance routes have become an expensive exercise in nostalgia. The American taxpayers should not have to subsidize lines of business that will never come close to breaking even, especially if only a handful of riders use the service provided.

The Department of Transportation's Office of Inspector General has taken a hard look at Amtrak's current financial status and strategic business plan, which sets out Amtrak's operating and capital budgets for fiscal years 1999 through 2003. One of the most telling results of this review is that Amtrak's projected federal funding will fall short of even minimum capital investment needs. Now, capital investments are needed to keep any railroad's infrastructure in good operating condition and to generate new business opportunities. Every dollar spent unnecessarily on operating losses is a dollar taken from capital investment. Amtrak's current infrastructure is too widespread, and is not targeted to services that are economically justified. Amtrak's plans for the future become like a house of cards—and unless the foundations

are glued down to market-driven decisions, the entire structure can come tumbling down all too easily.

Since I seem to be focusing on sobering news today, I'll take this opportunity to sound the warning trumpet. Amtrak may be privatized a lot quicker than we all thought. If Chairman Shuster's aviation bill becomes law, Federal Aviation Administration programs will be increased by $5 billion and firewalled off from any appropriations adjustment. So there won't be any room left under the discretionary budget caps in this transportation appropriations bill for Amtrak, or for any other Department of Transportation program besides the FAA, highways, or transit, for that matter.

I hope that everyone here who supports rail programs heard that warning.

I'd like to welcome our three witnesses this morning. The Amtrak Reform and Accountability Act restructured the management of the railroad by setting up a new Reform Board, whose Chairman, Governor Tommy Thompson, joins us today. The Board must vote on all of Amtrak's financial decisions, and approves the strategic business plan that lays out the operating and capital program for the railroad from 1999 through the end of 2002, after which the railroad must, under the ARAA, achieve operating self-sufficiency.

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Finally, Department of Transportation Inspector General Ken Mead has joined us again, after being before this subcommittee only two weeks ago to testify on DOT management issues. Today, Mr. Mead will summarize the findings of the recent independent assessment of Amtrak's finances and the railroad's strategic business plan, and share the results of that analysis. Thank you joining us today, gentlemen. Senator Lautenberg, do you have an opening statement?

STATEMENT OF FRANK R. LAUTENBERG

Senator SHELBY. Senator Lautenberg.

Senator LAUTENBERG. Thanks very much, Mr. Chairman, and I want to say this about our chairman, who is my friend and with whom I have served on this subcommittee for a number of years. I liked it better when I was chairman, [Laughter.]

But I will say this. Senator Shelby has raised the alarm, has cautioned us about expenditures and so forth, but he has I must say, despite some misgivings, despite some of his concerns, has enabled us to continue to support Amtrak and we have had a good, honest debate about it, and I hope that we will be able to continue in that vein, and as Senator Shelby, both of us have had some business experience before here, and the question of banana seats on the bikes is an interesting one, but I would rather use the analogy perhaps of some emergency facilities like a hospital or something like that.

We can shut it down if it does not carry its weight, but the impact on the community is one that is so severe that it is even, I think, dangerous to contemplate, that the railroad could not function or these other facilities could not function, because we face a congestion apocalypse in this country, and I know from being a regular user of either airports, up to the New York-New Jersey area, or the railroad, and I want to tell you, Amtrak is there like a life raft on many occasions.

It was not too long ago the airport had routine weather problems, and I was out there with Senator Boxer. We were going to New York to an engagement, and it was impossible. They were canceling flight after flight after flight, and we got in a taxi, we ran to the

railroad, we were lucky we were able to get seats—I used Senator Shelby's name—[Laughter.]

In July 1990, in the glorious days when I was serving as chairman of this subcommittee, I was presented with a unique and rare opportunity. In making the very hard choices that all subcommittee chairmen are required to make when developing an appropriations bill, I found at the end of a grueling process that I had $200 million in budget authority unused. It was then that I provided a fairly significant boost to the Northeast Corridor improvement program so that we would finally begin the process of electrifying the railroad all the way to Boston and provide other enhancements to bring about truly high speed rail in the Northeast.

After going to conference with the House, we successfully brought funding for that program from $24 million to $179 million in a single year, and since that time the annual level of investment has only grown, and I say that without shame.

The chairman reminded us that we spent some $20 billion since the early seventies—was it early seventies?

Senator SHELBY. 1971.

Senator LAUTENBERG. And I see in some of the statistics that we have available that Germany is going to spend $70 billion in a decade, France will spend $25 billion in 5 years based on GAO information, so that we are structured differently geographically, but in order to have a balanced transportation system—we are overloaded in the skies. Look at the delay times in every airport in the country, and particularly in a crowded airport like Newark Airport, but wherever you go, delays, delays, delays, and often inability to even get where you want to go.

Well, it is clear to me that Amtrak would not have had a future without a truly first-class high speed service in the most congested corridor in the Nation. Today, with the initiation of high speed service just months away, we see even more clearly that the entire future of the railroad depends on the success of this initiative.

Much has happened to Amtrak since July 1990, not the least of which was the enactment of the Amtrak Reform and Accountability Act of 1997. That law promised dramatically increased capital investment in Amtrak, roughly $5 billion over 5 years. In exchange for that meaningful investment, Amtrak would be required to reduce its Federal operating subsidy to zero by the year 2003.

That requirement now looms large in the minds of Amtrak leadership, the administration, and the Congress. As such, it now appears that the entire near-term financial survival of the railroad is dependent on the new revenue expected from the high speed rail initiative begun in 1991.

This morning, we are going to hear a debate between Amtrak's management and the Inspector General over how much revenue we can expect from this initiative in the fiscal year 2000. The IG will tell us that in his view Amtrak has overestimated the revenue that it should expect this coming year.

Importantly, however, the IG will also testify that between now and 2006 Amtrak has underestimated the total revenues that they might expect from high speed rail, so the debate is not over whether Amtrak will get these new revenues. The only issue is when.

According to Amtrak's projections, by 2002 the Northeast Corridor will generate 180 million in annual profits from the high speed rail service, but this new income stream by itself will not get Amtrak out of the woods. The IG estimates that Amtrak has substantial unmet capital needs totalling more than $3 billion that are not currently reflected in the railroad's investment plan, but we have to look back and see what happened in 1991 when we began to make the kind of investments to modernize a portion of the Amtrak system which now could actually achieve a profit.

Now, as we enter the new millennium, we will see that that investment finally is going to be paid off. The question that we must now ask ourselves is, will we permit ourselves to return to the judgment of the past, or will we make the necessary investments to continue to modernize the railroads.

Having made the investment to modernize the Northeast Corridor, will we now let it, and the entire national rail network, deteriorate for the lack of adequate continued investment?

Now, I feel compelled to remind my colleagues that the Amtrak Reform Act anticipated continued sizable capital appropriations well into the future. The act called for operating self-sufficiency, not total self-sufficiency, which is quite different when you are talking about the capital costs, et cetera.

As we have gotten closer to the initiation of high speed rail in the Northeast Corridor, we have heard increasing interest from other regions. Even Birmingham, Alabama has an interest in high speed service.

Senator SHELBY. Absolutely.

Senator LAUTENBERG. These regions include the Pacific Northwest, the South, and the Midwest, where our witness this morning, Tommy Thompson, whom we welcome here, has been an outspoken advocate for improved rail service, and as a fellow advocate of Amtrak and high speed rail I welcome their interest.

Amtrak's detractors have always liked to focus on the considerable dollars that are lost per passenger on the long distance trains that operate outside of the Northeast. Unfortunately, so long as that service is slow and not really comfortable, those dollar losses will persist. I believe that higher speeds and reliable service could make a big difference to those cars, but it must be recognized up front that the cost of these improvements will be substantial.

In evaluating Amtrak's real fiscal needs in comparison to its current strategic plan, the IG performed a very valuable service in identifying the amount of Federal investment that will be needed if Amtrak is to make real progress in these outer corridors.

According to the IG, it would require an additional $450 million each year over and above the levels requested in the budget for Amtrak to make the substantial investment needs in development of these cars, so for those of my colleagues who are interested in these new cars in the Midwest, the West, the South, and the Northwest, I point out the cost of meaningful development is not only the $571 million Amtrak has requested for fiscal 2000. The cost is more like $1.12 billion per year, $1 billion $120 million. If the funding for those cars is not going to come from Amtrak's budget, it is going to have to come from somewhere else.

Mr. Chairman, I for one am prepared to submit an appropriation that serves the needs of really getting this passenger rail service on its feet. That is the $1.2 billion for Amtrak. I have never apologized for my support of investment in improved rail service that relieves congestion. We are dozens of years and billions of dollars behind our industrial competitors in terms of investment in passenger rail service, and if we cannot provide that level of funding for Amtrak, Mr. Chairman, I hope we will at least listen to a resolution recently adopted by our Nation's Governors and grant the States the necessary flexibility to use their highway formula dollars to make investments in high speed rail.

These are sound investments that Governors will not make if they do not make sense, and I hope my colleagues from all over the country, especially those who are interested in these new, improved rail cars, will join me in these efforts.

Mr. Chairman, yesterday there was an announcement about what might be happening when we get our new rail service underway. That should be by the end of this year, and there is enormous excitement about the possibilities that exist. They call it new moon for Amtrak, not boom.

PREPARED STATEMENT

Senator SHELBY. I want to ride on that train with Senator Lautenberg, as long as he is not the engineer.

Governor THOMPSON. I have already promised Senator Lautenberg that he can help drive it.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LAUTENBERG

AMTRAK FINANCE AND OPERATIONAL ISSUES

In July of 1990, while serving as Chairman of this subcommittee, I was presented with a unique and rare opportunity. In making the very hard choices that all subcommittee chairmen are required to make when developing an appropriations bill, I found, at the end of a grueling process, that I had $200 million in budget authority left over. It was then that I provided a dramatic boost to the Northeast Corridor Improvement Program so that we would finally begin the process of electrifying the railroad all the way to Boston, and provide other enhancements to bring about truly high speed rail in the Northeast. After going to Conference with the House, we successfully brought funding for that program from $24 million to $179 million in a single year. Since that time, the annual level of investment has only grown. It was clear to me then that Amtrak didn't have a future without truly first class high-speed service in the most congested corridor in the nation. Today, with the initiation of high speed service just months away, we see even more clearly that the entire future of the railroad depends on the success of this initiative.

Much has happened regarding Amtrak since July of 1990, not the least of which was the enactment of the Amtrak Reform and Accountability Act of 1997. That law promised dramatically increased capital investment in Amtrak, roughly $5 billion over five years. In exchange for that meaningful investment, Amtrak would be required to reduce its federal operating subsidy to zero by the year 2003. That requirement now looms large in the minds of Amtrak's leadership, the Administration, and the Congress. As such, it now appears that the entire near-term financial survival of the railroad is dependent on the new revenue expected from the high-speed rail initiative begun in 1991.

This morning, we will hear a debate between Amtrak's management and the Inspector General (IG) over how much revenue we can expect from this initiative in fiscal year 2000. The IG will tell us that, in his view, Amtrak has overestimated the revenue it should expect this coming year. Importantly, however, the IG will also testify that, between now and 2006, Amtrak has underestimated the total reve-

nues they should expect from high-speed rail. So the debate is not over if Amtrak will get these new revenues. The only issue is when.

According to Amtrak's projections, by 2002, the Northeast Corridor will generate $180 million in annual profits from the high-speed rail service. But this new income stream, by itself, will not get Amtrak out of the woods. The IG estimates that Amtrak has substantial unmet capital needs totaling more than $3 billion that are not currently reflected in the railroad's investment plans.

Starting in 1991, we began to make the kind of investments to modernize a portion of the Amtrak system such that it could actually achieve a profit. Now as we enter the new millennium, we will see that investment finally pay off. The question that we must now ask ourselves is will we return to the mistakes of the past or will we make the necessary investments to continue to modernize the railroad? Having made the investment to modernize the Northeast Corridor, will we now let it and the entire national rail network deteriorate for lack of adequate continued investment? I feel compelled to remind my colleagues that the Amtrak Reform Act anticipated continued sizable capital appropriations well into the future. The Act called for operating self-sufficiency, not total self-sufficiency.

As we have gotten closer to the initiation of high-speed rail in the Northeast Corridor, we have heard increasing interest from other regions of the country in modernizing their rail service. These regions include the Pacific Northwest, the South, and the Midwest, where our witness this morning, Governor Thompson, has been an outspoken advocate for improved rail service. As a fellow advocate of Amtrak and high-speed rail, I welcome their interest. Amtrak's detractors have always liked to harp on the considerable dollars that are lost per passenger on the long distance trains that operate outside of the Northeast. Unfortunately, so long as that service is slow and unpredictable, those dollar losses will persist. I believe that higher speeds and reliable service can make a big difference in those corridors. But it must be recognized, up front, that the cost of those improvements will be substantial!

In evaluating Amtrak's real fiscal needs in comparison to its current strategic plan, the Inspector General performed a very valuable service in identifying the kind of federal investment that will be needed if Amtrak is to make real progress in these other corridors. According to the IG, it would require an additional $450 million each year, over and above the levels requested in the budget, for Amtrak to make substantial investment in the development of these corridors. So, for those of my colleagues who are interested in these new corridors in the Midwest, the West, the South, and Northwest, I point out that the cost of meaningful development is not just the $571 million Amtrak has requested for fiscal year 2000. The cost is more like $1.12 billion per year. If the funding for those corridors isn't going to come from Amtrak's budget, it is going to have to come from somewhere else.

Mr. Chairman, I, for one, am prepared to support an appropriation of $1.12 billion for Amtrak. I have never apologized for my support of investment in improved rail service that relieves congestion and eases pollution. We are dozens of years and billions of dollars behind our industrial competitors in terms of investment in passenger rail service. If we can't provide that level of funding for Amtrak, Mr. Chairman, I hope we will at least listen to a resolution recently adopted by our nation's governors and grant the states the necessary flexibility to use their highway formula dollars to make investments in high speed rail. These are sound investments that Governors will not make if they don't make sense. I hope my Senate colleagues from all over the country, especially those who are interested in new improved rail corridors, will join with me in these efforts.

STATEMENT OF BEN NIGHTHORSE CAMPBELL

Senator SHELBY. Thank you. Senator Campbell.

Senator CAMPBELL. Thanks, Mr. Chairman. I will submit a statement for the record.

Senator SHELBY. Without objection, it will be made part of the record.

Senator CAMPBELL. Let me make a couple of general comments. It is nice to see my friend Governor Thompson here, who I know, whose primary interest in transportation happens to be on two wheels, like mine, rather than rail, but I am sure he did not ride his bike in the snow days when I did.

I think I understand a little bit about Amtrak and the fact it has been in the red for so many years now. There has been some con-

sternation on some of our colleagues' parts about putting more money into it, and I very frankly believe that making it self-sufficient by 2002 is a little unrealistic, but having lived in Japan a number of years, I lived there 4 years, I absolutely got addicted to the bullet train in Japan. I found it the most convenient, fast, and relaxing, if you can relax at 150 miles an hour on rails, a form of transportation, and I would ride that much more than having to go by car or airplane when I was traveling around Japan those 4 years, so I am a big believer.

You mention only one corridor is making money. I assume that is the Northeast Corridor. So I am not sure it fits as well all over the country, out where we live in the mountains I know there are fewer riders and less big metropolitan areas and so on, and I do not know what the reform board has in mind to tackle those areas that does not have that ridership, but at this point I am still inclined to support Amtrak. I think it has a very needed place in our future transportation.

Thank you, Mr. Chairman.

STATEMENT OF HERB KOHL

Senator SHELBY. Senator Kohl.

Senator KOHL. Thank you, Mr. Chairman. I am glad today that with our Governor here we have good, strong representation from the State of Wisconsin.

Though many think of Amtrak as being an issue mostly of concern to the Northeast, a successful Amtrak is just as vital to those of us who live in the Midwest. In fact, there is no place that will not benefit from a strong and balanced transportation system, one that includes a revitalized rail system. Just as Wisconsin sits at the center of the Nation, a strong Amtrak sits at the center of a transportation system of planes, trains, and automobiles.

Ridership on Amtrak is up in Wisconsin and up across the country. Last year a half-million Wisconsinites rode on Amtrak. With the help of this subcommittee we tried to meet this increased demand. We supported a plan for more commuter rail in the Kenosha/Racine/Milwaukee corridor, and dedicated funds to the Midwest high speed rail initiative, an ambitious plan for the nine Midwestern States and our regional rail system.

Indeed, we invested a great deal to keep Amtrak viable. Investment so far has been worth it, but for the long term, much is left to be done. For this reason, it is my hope that we will leave here today with renewed confidence in Amtrak's business plan, its efforts to improve customer service, and its ability to increase both fare box and nonpassenger revenues.

It is my honor to introduce and warmly welcome our first witness, Wisconsin Governor Tommy Thompson, chairman of the Amtrak board of directors. We know that he brings a good dose of Wisconsin know-how and common sense to his work for Amtrak. Our presence together here today should stand as solid evidence that passenger rail is alive and well in the Midwest. We thank you, Governor Thompson, for joining us here today. We thank you also, Mr. Warrington and Mr. Mead. We look forward to your input, and with that, we pass the microphone to you.

STATEMENT OF TOMMY THOMPSON

Senator SHELBY. Governor Thompson, your written statement, all of your written statements will be made part of the record in its entirety. You may proceed as you wish.

Governor THOMPSON. Thank you, sir, very much. First, let me thank my friend Senator Kohl for introducing me, and thank him so very much for being a strong supporter of passenger rail service in Wisconsin.

Senator Lautenberg, it is always a pleasure to meet you again and talk to you about our mutual love affair with passenger rail service in America.

Senator SHELBY. Governor, you are going to make him take a test before letting him engineer the train, aren't you?

Governor THOMPSON. No, I trust him.

Senator LAUTENBERG. The wonderful thing about new trains is, it does not spill a drink. It does not. It is very level. [Laughter.]

Governor THOMPSON. Mr. Chairman, I would like to say thank you to you, and I appreciate your statement, and I am here to tell you that I have the same concerns, and I want to address your concerns this morning, and I thank you so very much for raising them.

Senator Campbell, I would like to, just for the record, point out that in 1981 our favorite motorcycle company was in terrible shape. In fact, it was bankrupt, and it was putting out an inferior product, and then, because of new management, new direction, it went from bankruptcy, with the help of the Federal Government and the State of Wisconsin government, it—Harley Davidson—turned around and is now the champion motorcycle in the world. It is the only real motorcycle being built in the United States, and both Senator Campbell and I drive, or ride, Harley Davidsons.

Senator SHELBY. And a waiting period to buy one.

Governor THOMPSON. It is not a good time to buy one. You have to wait 14 months to buy one now.

Senator SHELBY. Except for you and Senator Campbell.

Governor THOMPSON. Oh, Senator Campbell and I could probably get one. If you want one, Senator Shelby, we will see what we can do to help get you one.

And I also would like to point out that that is the same thing we intend to do with Amtrak, and so I am appearing before you today in my role as chair of the Amtrak Reform Board—an entity that you people, the Senate and the Congress, brought into existence 10 months ago. We have only been in operation 10 months—and I am here to represent the views of the entire board.

When I was first approached by Speaker Gingrich, and the White House, I thought long and hard about joining the Amtrak Reform Board. I served on the Amtrak Board from 1990 to 1994, and it was not a totally pleasant experience. I am familiar with the difficulties Amtrak faces up here, and I certainly was brought to that realization again by listening to my friend Senator Shelby this morning. I know it is a tough situation facing this Subcommittee, but to try and put the levels of investment in perspective here, highways will see nearly $30 billion in Federal funding this year, aviation about $11 billion, mass transit about $5 billion, and mari-

time about $4 billion. Amtrak, we are only asking for $571 million—M, not B—that is with an M.

Now, my State depends upon Amtrak, as all of your States do, so when I was approached, I looked a little closer at the company. The General Accounting Office and the DOT IG said, "Amtrak is in precarious financial condition." I have heard the same thing about the welfare system. It does not mean you should avoid the responsibility and the opportunity to serve. It means you should commit yourself to improving it, and that is what I have done.

I accepted the responsibility of being on the Amtrak Board, and I have the support of my colleagues on the Board, who elected me as chairman. The rest of the board is absolutely passionately committed to turning Amtrak around. Michael Dukakis is the vice chairman, and as you know, Senator Shelby, Michael Dukakis and I do not agree on very much at all, over the years, but I want you to know that Michael Dukakis and myself are 100 percent together on this, and we are dedicated to turning around Amtrak for you, Senator Shelby, for the Senate, for the Congress, and for the people of the United States.

The reauthorization bill passed in 1997 demonstrated that Congress and the country want a national passenger railroad system, and it explicitly recognized rail as essential to a balanced transportation system for mobility, accessibility, congestion relief, and economic growth. The legislation said, "operate the system like a business and make this business grow," so I and my colleagues on the Board accepted this challenge, and that is exactly, Senator Shelby, what we intend to do.

Our strategy is not complicated. It has six components. We know we need to maintain a national system, because a system that serves only the Northeast Corridor is not going to get the support of you, Mr. Chairman, or Speaker Hastert, or Senator Kohl, or Governor Davis of California, or Senator Campbell, or Senator Lott, nor many of the other Members of this Subcommittee. We need to become operationally self-sufficient because the law requires it, and I would like to say we are going to do it by the year 2003, and we are committed to making that happen.

First, we adopted a business plan in October. Now, the Inspector General is going to give you information on the business plan that was in existence last year. The operational business plan that we adopted is brand new and different from that. We adopted it in October of this past year. It will get us to operating self-sufficiency by 2003. I will repeat, we are going to reach that goal, and we are already ahead of our operational business plan that we adopted in October. We have only had this plan in place now for 5 months, and we are already $11.2 million ahead of the business plan that will make us operationally self-sufficient by the year 2003.

Second, we are going to build a market-based network just like you asked us to, Mr. Chairman. For the first time, Amtrak is going to work to define a national system in market terms. We are going to look—we are reviewing, this year, every service we are operating. We are going to gauge it as far as the potential it has, what we are losing on it, and what we need to do to turn it around. We are making an intensive study of that particular aspect of our business.

Third is to develop corridor services. Amtrak is going to take the expertise it has gained by planning, engineering, and implementing the complex infrastructure upgrades in the Northeast Corridor, and use it to develop new rail corridors across the country.

I happen to be excited about what is happening on the Northeast Corridor. We were in New York for the last 2 days, where we kicked off our business plan and our new operational plan for high speed rail, and right there we had more individuals come out and more press than you can imagine. There is a new love affair for passenger rail service in America. There is a new renaissance, and we are going to put these high-speed trains on the track, and we are going to be able to go from New York, Mr. Chairman, to Washington, DC, in 2½ hours.

Now, commuter air is going to take 3 hours downtown to downtown, so we are going to beat the pants off of that. I want to point out that in Penn Station where I was yesterday, we are handling 88 million people a year. Not all on Amtrak, but also commuter rail, nonetheless 88 million people use rail service in New York City in Penn Station alone, while the three airports together last year only handled 80 million, so you can see that rail is very, very important.

The fourth component is to leverage public and private partnerships by expanding alliances with private businesses, which you have asked us to do, Mr. Chairman, and investment partnerships with State and local governments.

We are also reaching out to the freight railroads. You know, Amtrak used to have this awful relationship, this antagonistic relationship, with freight railroads. President Warrington and myself are sitting down and having dinner with the freight presidents and discussing how we can cooperate, how we can make freight railroads more profitable, and at the same time invest in their freight rail so that they can allow us to be more on time with our passenger rails. And they are willing to help us, and that is the first time in 20-some years that freight rails have ever been in an agreeable, cooperative, relationship with Amtrak.

Amtrak is putting the right people—George Warrington, who the Board selected as president—is going to do an excellent job for you and for me and for the board and for the people of this country. We also got Sandy Brown, Arlene, some great people who are really doing a great job for Amtrak, turning this around, giving us new vitality, giving us new energy.

Last, by revitalizing the Amtrak brand ACELA, the company is going to reposition its services. ACELA is a combination of two words, acceleration and excellence. That is our new brand name. ACELA is designed to clearly present a new promise for travelers in the marketplace.

I know it sounds pretty ambitious, and I know you have to be somewhat skeptical, because you have not always received candid responses from the Amtrak Board and from Amtrak management. I am here to tell you, I pledge to you one thing, Senator Shelby, that you are going to get candid responses from me and from this Board, and when we make a mistake we are going to come over here and you are going to be the first one to know about it.

It is ambitious, but in the 10 months that I have been on this Board, and the 6 months since I have been chairman, we have developed a good story to tell, and I want to tell that story quickly this morning.

We ended fiscal year 1998 with a net loss of $353 million, which is not good, but that was compared to $762 million, one-half of the previous year's loss.

Second, the corporations' actual cash deficit was $50 million, one-half of what was forecasted, which was supposed to be $100 million.

Passenger revenues last year topped the billion-dollar mark for the first time in our corporation's history. Ridership grew 4½ percent last year, the largest increase in 10 years, and we are on our schedule to increase it again this year. We are already meeting those milestones.

And just as important as financial indicators, the company became a safer place to work. Employee injuries were down 14 percent from the previous year, 14 percent.

Looking ahead, our goals still appear ambitious, but they also appear achievable. First quarter results for fiscal year 1999 shows the same trends. We have met or exceeded our financial targets, starting off the year, on October 1, $3 million ahead of our business plan forecast, and at the end of February this year, we are $11.2 million ahead. I want to reiterate that that business plan puts us operating self-sufficient by 2003. We are $11.2, $11.3 million ahead of the plan.

Amtrak is out there pounding the pavement to find new business partners, and since the beginning of the year we have signed five new business deals, five new business deals that together are expected to generate more than $20 million in annual revenue and $28 million in long-term savings. These deals look very promising.

Let me tell you about these five deals. First, we are increasing our mail and express business. The freight railroads said, you know, you have service on a daily basis, so we are going to give you an opportunity to increase your express. So, last year we picked up $83 million in express revenues, we think we will be earning over $100 million in mail and express this year.

Second, we went out and began to get involved in the refrigerated car business. The freight railroads want to get out of this business. Now, can you imagine Amtrak pulling "reefers, as these cars are called, from Oklahoma to California. Because we go daily out there, we can do it more reliably than the freight railroads. It is an $8 billion business. We are going to do it, and we are going to start very slowly, but we think, Mr. Chairman, that this is something that Amtrak could really earn some money doing.

Third, we went out and did something that needed to be done. We have been preparing all of our own meals, and they haven't been that good on Amtrak, so we entered a contract with Dobbs International, which serves all the airlines, and they are going to prepare the food—they are going to buy it, they are going to truck it, they are going to prepare it. We will serve it with our own employees on the trains, but Dobbs is going to prepare it, and we are going to improve the quality of the food.

We are also going to have regional foods. Down south we will have different kinds of foods than we have up in the Northeast and Southwest, and in Wisconsin we will serve you brats and beer, and a little cheese, so everybody should get excited about that, and you know something, this contract is going to be better quality food, but you know what else? We will save $20 million in 5 years. $20 million.

Senator SHELBY. Governor Thompson, you are talking our kind of language here.

Governor THOMPSON. I know it. I knew that, Senator Shelby, and that is why I wanted to tell you about that. $20 million is not peanuts, and we are going to save it over 5 years on this contract.

So we are out there building these new business partnerships. We are also going to go to some of these—Senator Lautenberg, we are going to go to some of these big truckers, like Schneider National Trucking in Wisconsin, and we are going to partner to put on some road-railers. We are not going to in any way harm our passenger service, but we are going to be able to put on a couple of extra cars to haul some express.

We are going to try and introduce that with some of the big trucking companies in the United States, and haul some of their road-railers, and be able to pick up some extra money. These are the kinds of contracts we are looking at, refrigeration, express, mail, food preparation, as well as working with the freight railroads to create better opportunities for us to pick up some more express business, and thus help us become operationally self-sufficient.

We as a Board know we do not have all the answers. However, there are plenty of good people willing to give us advice. We have a good working relationship with the Amtrak Reform Council, which you set up to monitor us. We also have the DOT IG, Ken Mead, who we are working very closely with, but I want to point out that his assessment is on last year's business plan, not the new board's business plan, I want you to remember that. As you know, his staff is going to conduct annual assessments of our financial condition.

We are going to listen to Congress, our Nation's governors, mayors, and other officials. I look at the Members of this Subcommittee, and I see the importance of Amtrak reflected in every one. The chairman's State has two Amtrak services which carry more than 54,000 passengers into and out of Alabama—the Crescent, and the Sunset Limited. Amtrak employs 29 Alabamians who earn more than $1 million annually.

Amtrak is beginning to work on developing a corridor, which we kicked off in New Orleans about 3 months ago, with Senator Trent Lott and Mayor John Robert Smith from Mississippi, that is going to go into Alabama. It is called the Gulf Coast high speed rail corridor, and I am sure once the Northeast high-speed rail starts, that the South will gain momentum in developing a high speed rail corridor, and that is why we were down there.

The Amtrak board is also going to other parts of the country. Next month we are going to be down in Mississippi for our monthly meeting. Yesterday, we were in New York. Last month, we were in California.

In Missouri, Amtrak service is more than 635,000 passengers. In Colorado, Senator Campbell, Amtrak carries nearly 240,000 and employs 86 residents, who earn more than $4½ million from Amtrak annually.

Senator Specter is not here, but he certainly knows the importance of Amtrak to his state. We carry nearly 870,000 passengers through Washington, for Senator Gorton and Senator Murray, who are on this Subcommittee, and for my good friend from New Mexico who just came in, we carry 100,000 passengers into or out of the State of New Mexico every year, and Amtrak employs 57 residents, who earn in excess of $3 million annually. And I am sure Senator Lautenberg can describe Amtrak's impact in New Jersey, where we are a lifeline for the citizens of that State, operating nearly 100 trains daily, carrying more than 3.3 million people a year. We employ more than 1,700 residents in your State, Senator Lautenberg, earning more than $86 million annually, and we purchased another $28 million in goods and services last year.

Wisconsin, Senator Kohl, enjoys daily service, as you know. You have been on the train, and it is a wonderful service, carries one-half million passengers into and out of the State of Wisconsin yearly. Amtrak employs 68 residents in my State, and every single Member of this Subcommittee, to varying degrees, benefits from Amtrak.

The Board's commitment, and my commitment to you, is not based on romanticized notions of rail. We support Amtrak for concrete fiscal and mobility reasons.

Yesterday we were at Penn Station. Eighty-eight million people a year use Penn Station.

I came here today to tell you a little bit about how Amtrak is doing, where we are heading, and how we plan on getting there. I am also here to ask you, at a minimum, to fully fund the Administration's request for $571 million in capital.

With $571 million in the flexible capital—which we need, it is absolutely essential—Amtrak can adhere to the strategic business plan that we set up in October, and stay on the path to operating self-sufficiency. Not fully funding us, or not providing us with the full Federal Transit Administration definition, would be extremely short-sighted. It would compromise the investment that you have already made, that was already made in Amtrak through the provisions of the Taxpayer Relief Act [TRA] funds. Adequate appropriation ensures that Amtrak can preserve the TRA funds to use on high rate of return capital investments, and anything less than $571 million would force us to instead use the TRA funds for daily survival.

If that is the outcome, the financial performance of the company will not be able to continue to improve. You will sacrifice the investment already made, so I urge the Committee, in the strongest possible terms, to fully fund the corporation's request for $571 million.

I stand ready to answer any questions you may have, and I thank you so very much, but I would like to just mention three things quickly, and I know my time is up. Three things. High speed trains are going to be kicked off by the end of this year. Every Member of this Subcommittee should be on that first inaugural run

just to see how it operates. We are committed to it, and we are going to be able to go from New York to Washington, DC, in 2½ hours. We are going to be able to go from New York to Boston in 3 hours.

Senator CAMPBELL. With Senator Lautenberg driving?

Governor THOMPSON. Senator Lautenberg and Senator Shelby are both going to be in the cab, and you and I are going to be right behind them, Senator Campbell, watching them.

We are going to pick up an additional $180 million annually from that service. Now, we know we have some disagreement with Mr. Mead about when we realize those returns, and we can explain our differences, but we feel very confident that we are going to be able to bring that amount in.

Second, we were out in California last month for a board meeting. California is going to have an additional 19 million citizens by 2020, 19 million more citizens. Now, you know, all of you have been in California, there is no way that they are going to be able to build the highways or the airports to handle that kind of population. The only salvation for that is going to be passenger rail service. That is why development of high-speed rail out there is so important.

Third, and the most important thing is, is that once the high speed train is kicked off from New York to Boston and New York to Washington, Senator Kohl, Senator Reid, Senator Shelby, Senator Campbell, and Senator Domenici are going to be asking for the same kind of high speed corridors in their States.

We have to develop them, and we in the Midwest are probably advanced in regards to getting the next corridor. We have nine States committed to do it, all the governors are committed to do it, the transportation people are committed to do it, and on top of this, I am confident that we can be as successful as the Northeast Corridor is going to be.

PREPARED STATEMENT

So with that, Mr. Chairman and members of this committee, I thank you for the opportunity to tell you the new story about Amtrak, and you can see we are excited about it, and I can tell you, we are going to deliver, we are going to be self-sufficient by the year 2003 with your help and cooperation.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF TOMMY THOMPSON

Mr. Chair: I'm appearing before you today in my role as the Chair of the Amtrak Reform Board—an entity you brought into existence ten months ago when you confirmed me, Vice-Chair Michael Dukakis, and Mayor John Robert Smith of Meridian, Mississippi. The United States Secretary of Transportation also serves as a member, as do Governor Linwood Holton and Amy Rosen, both confirmed by the Senate last fall. I sit here today representing the entire Board.

Fifteen months ago, the United States Senate passed the Amtrak Reform and Accountability Act (ARAA) of 1997 by unanimous consent, which authorized adequate funding for Amtrak for five years, mandated an annual Independent Assessment of Amtrak's financial condition by the U.S. Department of Transportation's Inspector General (DOT IG), and created an additional oversight body called the Amtrak Reform Council (ARC), whose basic mandate is to evaluate Amtrak's progress to achieving the statutory goal of operating self-sufficiency by the end of fiscal year 2002. If, at least two years after implementation by the new Board of a plan to reach operating self-sufficiency, the ARC believes Amtrak will not be able to achieve

that goal, the ARC is required to notify the President and the Congress of the situation and submit a restructuring plan for the corporation within 90 days. Amtrak is concurrently required to submit a liquidation plan.

I can assure you, viewing the Amtrak guillotine from the safety of Madison, when I was first approached by the White House, I thought long and hard about joining the Amtrak Reform Board. I believe in a national passenger rail system and had no intention of presiding over the death of it in this country. I had served on the Amtrak Board from 1990–1994, and I was familiar with the difficulties Amtrak faces up here, receiving less than three tenths of one percent of the federal transportation budget. Less than one percent, and having to fight—really fight—for every penny of it. I know its a tough situation for this Subcommittee—particularly with the recently erected fire walls for highways and transit, and now some promoting the same sort of treatment for aviation. You have an incredibly difficult job. But the fact remains that funding for highways, transit, aviation and maritime have all seen significant increases—increases which I have no objection to—for years. To try and put the levels of investment in perspective here: highways will see nearly $30 billion in federal funding this year, aviation about $11 billion, mass transit about $5 billion, and maritime nearly $4 billion. And, Amtrak is asking for $571 million dollars. With an Am. And I know we'll have to fight for every penny of it.

So, I thought long and hard about accepting an appointment to the Board—and I'm sure many of my fellow Board members did too. I like challenges, but not tilting at windmills. So, I looked at Amtrak last year, operating under an acting president, with interim management, and with the majority of its employees working under contracts that had expired several years earlier. Madison was still a little chilly in late Spring, but looked relatively pretty comfortable. But my State depends on Amtrak for jobs, for transportation, and for economic development, so I looked a little closer, at this leaderless company that the General Accounting Office and the DOT IG said was in precarious financial condition. I've heard the same thing said about the welfare system—it doesn't mean you should give up on it, or get rid of it—it means you should commit yourself to improving it. I enjoy challenges.

The Reauthorization bill had shown that the Congress and the country wanted a national passenger rail system. It had recognized rail as an essential component of a balanced transportation system, for mobility, accessibility, congestion relief and economic growth. The legislation said operate the system like a business, and make this business grow. So, I and my colleagues on the Board, accepted this challenge. We set to work developing a strategy and a plan: A plan about customers, money, performance, consequences and success.

The strategy isn't complicated. We know we need to maintain a national system, because a system that serves only the Northeast Corridor isn't going to get my support, Speaker Hastert's, Governor Davis', or Senator Lott's, nor many of the Members of this Subcommittee. We know we need to become operationally self-sufficient, because the law requires that. And, we decided to do it by putting in place smart, commercially-oriented management, and directing them to use proven business techniques to maximize Amtrak's potential in the marketplace.

The plan is also pretty simple, with five core components:

Build a Market-Based Network.—An extensive market-based research analysis is underway to define consumer demand and to identify opportunities to grow rail service and increase Amtrak's share of the travel market. For the first time, Amtrak will define a national system in market terms.

Develop Corridor Services.—Amtrak will phase in the Northeast Corridor's High-Speed Rail programs late this year in an exciting culmination of years of effort, and this service will greatly enhance the corporation's bottom line. Then we're going to take the expertise Amtrak has developed in planning, engineering and implementing complex infrastructure upgrades and use this to develop new rail corridors across the country. More than a dozen corridors have been identified which offer real potential for future growth.

Leverage Public and Private Partnerships.—Amtrak needs to expand the development of business alliances and investment partnerships to generate revenue which supports basic rail service. It means aggressive commercial partnerships to leverage our assets, and innovative public partnerships with State and Local governments.

Deliver Consistent Quality Service.—Amtrak needs to deliver a predictable, consistent level of quality service on every train, every day. Improving service standards by putting the right people in the place with the proper support to deliver top-notch service. That means better hiring and better training, and it means rewarding employees when the company meets or exceeds its goals but not tolerating employees who stand in the way. A company with successful customer service is a company that has engaged its workforce in achieving that success.

Revitalize the Amtrak Brand.—Amtrak is repositioning its services and product lines with a new national brand, one that is designed to more clearly present a new promise to the marketplace. It will represent products responsive to customers, and the consistent delivery of quality service. Like any business, this will inspire new and repeat customers.

I know it sounds pretty ambitious. But I also know Amtrak is capable of it. Not a static, lumbering Amtrak, but 24,000 dedicated employees who care about the system, and the energetic new management we've put in place. And so far, in the ten months since I've been on this Board, we have a good story to tell. We ended fiscal year 1998 with a net loss of $353 million, nothing to be proud of, but good compared with the fiscal year 1997 loss of $762 million. The corporation's actual cash deficit was $50 million—one-half of what was forecasted—passenger revenues topping the $1 billion mark for the first time in the corporation's history, and ridership grew 4.5 percent last year—the largest increase in ten years. On-time performance is the highest it has been in nearly thirteen years, and mail and express revenue increased 19 percent. And just as important as financial performance indicators, the company became a safer place to work: employee injuries were down 14 percent from the previous year. When I look at the past year's results, our goals still appear ambitious. But they appear achievable.

First quarter results for fiscal year 1999 show the same trend: We met or exceeded our financial targets, starting off the year with a bottom-line result $3 million ahead of the business plan forecast. Ridership grew 3 percent in the first quarter, representing an unbroken streak of eight quarterly ridership increases. Passenger revenues grew by 7.4 percent over the first quarter of fiscal year 1998, on-time performance was 80 percent systemwide, and employee injuries continued to decrease.

Amtrak is out there pounding the pavement to find new business partners. Since the beginning of the year, we have signed five new business deals that together are expected to generate more than $20 million in annual revenue and $28 million in long-term savings. We signed a deal with Dobbs International Services, the nation's leading transportation caterer, to take over the operations of Amtrak's 11 commissaries in order to improve the quality and efficiency of on-board food service. We signed a deal with Burlington Northern Santa Fe Railroad to provide transportation for Amtrak's growing express business, which includes shipping packages for UPS. We have expanded our business with the United States Postal Service to carry new mail business from Springfield, MA and Philadelphia, PA to Los Angeles and Oakland, CA. We finalized deals with ExpressTrak, Inc., to allow Amtrak to enter the refrigerated carload business, and with Dynamex, to inaugurate a new package express service between New York and Washington, D.C.

These kinds of financial results and new business partnerships allow me to sit here today, representing the Amtrak Board, reporting on our ten months of existence, and feel good about. I know that this is only the beginning of difficult decisions and countless challenges. But these results allow me to look, optimistically, to the times to come.

We as a Board know we don't have all the answers, and we have also learned that there are plenty of people willing to give us advice. Many of these sources we recognize as experts whose dispensations we should pay heed to. We have established a good working relationship with the Amtrak Reform Council, chaired by former Federal Railroad Administrator Gil Carmichael, supported by Vice-Chair Paul Weyrich. The Council is made up of professionals with expertise in rail labor, rail management, transportation and finance, representing a cross section of views, ranging from outspoken critics of the national railroad system to those who vociferously support it. They provide a good sounding board, and we intend to listen and we learn. We also have the DOT IG, Ken Mead, whose staff will conduct annual assessments of our financial condition. We have, and we will continue to, carefully review his thorough and thoughtful reports and comments. The infrastructure put in place to support Amtrak's emergence as an operationally self-sufficient entity is sound, and we will rely on it for support.

And we will listen to the Congress, our nation's governors, our nation's mayor's, and other officials. I look at the Members of this Subcommittee and I see the importance of Amtrak reflected in every one:

The Chairman's State has two Amtrak services—the daily Crescent and the tri-weekly Sunset Limited, carrying more than 54,000 passengers into or out of Alabama. Amtrak spent more $9 million in the State last year on goods and services, and employs 29 Alabama residents who earn more than $1 million annually. Alabama is also part of the recently designated Gulf Coast High-Speed Rail Corridor, selected last December by Secretary Slater as one of the nation's emerging rail right-of-ways. Amtrak has attended two meetings in the last month hosted by the

Southern Rapid Rail Transit Commission to begin work on a strategic plan to develop and invest in this Corridor.

Utah currently hosts only one daily service, the California Zephyr, which carries more than 31,000 passengers into or out of the state. We employee 49 Utah residents, who earn about $2.8 million annually. Salt Lake City would like us to provide commuter service for the Olympics, and we are working closely with the Deputy Mayor of the City, the host railroad and others to see if we can provide such service.

In Missouri, we carry more than 635,000 passengers annually, on the Southwest Chief, the Texas Eagle, the St. Louis, the Kansas City Mules, the Ann Rutledge, and the State House. We employ nearly 100 Missourians, who earn nearly $4.8 million annually, and Amtrak spends another $4.3 million on goods and services. In just a few weeks, I'll be in Kansas City and St. Louis announcing some significant investments Amtrak is making in the stations in those cities.

In Colorado, Amtrak carries nearly 240,000 residents with the daily California Zephyr and the daily Southwest Chief. We employ 86 residents, who earn more than $4.5 million, and spend another $3.3 million on goods and services.

Senator Specter can certainly expound on the virtues of Amtrak to the Commonwealth of Pennsylvania better than I, and I've heard him do so. More than 103 Amtrak trains pass through Pennsylvania every day, taking more than 4.5 million people off the roads, and serving as an absolutely essential component in the transportation system. We are also an essential component of the state economy. We employ more than 2900 residents, who earn more than $134 million, and Amtrak spends another $87 million on goods and services in the Commonwealth.

The Coast Starlight, the Empire Builder, and the Amtrak Cascades carry nearly 870,000 passengers through Washington every year. We employ 412 residents earning nearly $18 million annually, and we spent another $2.6 million on goods and services in the State. The Cascades service is one of many success stories, where we have seen ridership quadruple over the past four years.

The Southwest Chief, the Sunset Limited and the Texas Eagle serve New Mexico, carrying nearly 100,000 passengers into or out of the State. Amtrak employs 57 residents earning in excess of $3 million annually.

I'm sure Senator Lautenberg can describe Amtrak's impact in New Jersey more passionately than I, and I have heard him do so. We are a lifeline for the citizens of the State, operating nearly 100 trains daily carrying more than 3.3 million people. We employ more than 1,700 residents, earning more than $86 million annually, and we purchased another $28 million in goods and services last year.

Wisconsin enjoys daily Empire Builder and the Hiawatha services, which carry nearly half a million passengers into, out of, or through the State. Amtrak employs 68 residents who earn more than $3.3 million annually, and the corporation spent another $12.6 million purchasing goods and services in the State last year.

In West Virginia, the Cardinal and Capitol Limited carry more than 42,000 passengers annually. Amtrak employs 32 West Virginians who earn nearly $1.5 million annually, and spent another $3.4 million purchasing goods and services last year.

Seventy-five Amtrak trains serve Maryland every day, carrying more than 1.5 million passengers and serving as an essential component of the State's transportation network. Amtrak employs 2,300 Maryland residents, who earn in excess of $108 million annually, and the company spent another $34 million on goods and services in the state last year.

Every single Member of this Subcommittee benefits from Amtrak, of course to varying degrees. Whether it is 34,000 passengers or several million—whether it is 29 employees or 2,900—ask one of those passengers how they would have reached their destination if Amtrak didn't exist, or one of those employees where they would be working. So you see, our commitment to Amtrak is not premised on romanticized notions, the sounds of steam whistles blowing, or the historic role trains have played in America's history. We are strong supporters of Amtrak for very concrete fiscal and mobility reasons, and we are committed to making it succeed.

I came here today to tell you a little bit about how Amtrak is doing, where we are heading, and how we plan on getting there. I am also here to ask you to, at a minimum, fully fund the Administration's request for $571 million in capital. With $571 million and the flexible capital definition—which is absolutely essential—Amtrak can adhere to its Strategic Business Plan and stay on the path to operating self-sufficiency. Not fully funding us, or not providing us with the full Federal Transit Administration definition, would be extremely short-sighted. It would compromise the investment the Congress has already made in Amtrak through the provision of the Taxpayer Relief Act (TRA) funds. Adequate appropriations ensure that Amtrak can preserve the TRA funds for high rate of return capital investment. Anything less than $571 million would force us to instead use the TRA funds for daily

survival. If that is the outcome, the financial performance of the company will not continue to improve, you will sacrifice the investment already made.

I urge the Committee, in the strongest possible terms, to fully fund the Corporation's request for $571 million, and I stand ready to answer any questions you may have.

Senator SHELBY. Governor, the high speed rail that you are going to build next between Atlanta and New Orleans will take care of myself and Senator Lott.

Governor THOMPSON. Yes. Senator Lott was at the event, and he is committed.

Senator LAUTENBERG. We never applaud at committee meetings, but——

[Applause.]

Governor THOMPSON. Thank you, Senator Lautenberg.

Senator SHELBY. Mr. Warrington.

STATEMENT OF GEORGE WARRINGTON

Mr. WARRINGTON. Mr. Chairman, Members of the Subcommittee, I want to take this opportunity to thank you for the opportunity to be here before you today.

Amtrak, as Governor Thompson has indicated, has really made tremendous progress over the past year, but I will tell you honestly that we have many challenges to continue to overcome.

I know well that Amtrak must present consistent, accurate, and verifiable proof of our progress to transform this corporation into a commercially oriented, customer-focused, and financially sound business enterprise. I fully understand that you have issued a challenge to this railroad to become financially sound.

Personally, I take this challenge very seriously, otherwise, I will tell you that I would not have accepted the position of president and CEO of Amtrak. Just this past December the Board appointed me to lead this corporation's turn-around. Last year, as the interim president, my interest level, quite frankly, was not nearly as high. At that time, I looked forward to returning to Philadelphia and my position as president of the Northeast Corridor business unit.

However, after a few months here in Washington, I realized that the challenges and the promise of the Northeast Corridor really were, and really are, a microcosm of the much bigger whole—the National Railroad Passenger System.

I began to see how the lessons I learned leading the Corridor, the Northeast Corridor, could be applied to other parts of this country, and I saw the possibilities for bringing the national passenger rail system forward to make it not only operationally self-sufficient, but also one of the best service providers in the marketplace. I know, and I truly believe, that this corporation can become profitable operating a national passenger railroad system across this country.

Over the past year, I have led Amtrak's management team, with the advice and support of Governor Thompson and the board of directors, in crafting a business plan to revitalize the national rail passenger system by transforming Amtrak into a businesslike, market-driven company that delivers services customers genuinely want. Amtrak is putting in place a business planning process and an internal discipline to stick to that process that will incremen-

tally move this corporation forward and will prove, to you and the American public, that we are accomplishing our shared goals.

I am proud to report, as Governor Thompson indicated, that last year Amtrak achieved record passenger revenues topping $1 billion. This record was powered by the largest ridership rise in a decade, 4½ percent across the system. On-time performance, which is the single most critical attribute for our customers, reached 78 percent, the highest that it has been in 13 years.

I can tell you that for the first quarter of this fiscal year we are sustaining that trend, with ridership up another 3 percent and revenues hitting the target set in our strategic business plan, and we are accomplishing this despite competing against extremely low, as you know, gasoline prices.

On-time performance now, this month, stands at 80 percent system-wide. In fact, at the end of the first quarter of fiscal year 1999 we are $25 million ahead of where the DOT Inspector General's report projected we would be, and year to date, year to date through February, we are $41 million ahead.

We have a commercially focused business plan that will maintain this momentum. It contains valuable lessons we have learned from successful businesses that we have incorporated to fit our own unique culture, and our own unique environment. Our core objective is to increase market share, squeezing every single dollar of revenue we can by leveraging every single asset that we have got and never, ever missing a business opportunity.

It is all about making money. It is all about building and delivering consistent quality service and quality operations across this country, on every train everybody steps on every day. We will achieve success by introducing, as Governor Thompson indicated, high speed rail service in the Northeast, by developing other high speed corridors around this country, forging partnerships with State governments and governors all across this country, private businesses, including the freight railroad industry, and operating a market-based national route structure and improving and guaranteeing, much like we do on our Coast Starlight service in California today, consistency and quality of service.

All of this will contribute to improving our image, which will attract more travelers and ultimately improve our bottom line. At the end of this year, Amtrak will phase in America's first high speed service on the Northeast Corridor. We will make America proud.

High speed rail in the Northeast is the cornerstone, one cornerstone, that underpins our financial turn-around. We conservatively estimate, as Governor Thompson indicated, it will bring in $180 million in incremental revenue annually by the end of 2002. This will be money that Amtrak will use to support this entire system across this country.

I have no doubt in my own mind that high speed rail in the Northeast will revitalize train travel throughout America. We have gained unique expertise in planning, building, and operating high speed service. We are ready to leverage that experience to develop high speed corridors in other densely populated regions, another key component of our business plan.

In early January, Governor Thompson and Secretary Slater, Administrator Molitoris, and Board member Amy Rosen and I trav-

eled to Chicago to announce a $25 million investment in high speed service in the Midwest, linking Chicago, Milwaukee, Detroit, and St. Louis. Late last year I joined Governor Thompson and other Federal, State, and local officials in New Orleans for the designation of a high speed corridor along the Gulf Coast. We are making tangible investments in the Pacific Northwest, the Southeast, Upstate New York, Albany-Buffalo, Southern California, San Diego—Los Angeles—San Francisco, across this entire country.

Long-term capital funds will be critical over the long haul. On a sustained basis, in making these high speed corridors a reality, we will require capital support.

You will note that many of these are regional corridors that criss-cross State lines. In other words, it genuinely is a cooperative effort.

Building these partnerships is another key component of Amtrak's blueprint to fiscal solvency. This corporation will aggressively forge alliances with States, with local governments, with freight railroads, and commercial leaders to generate additional revenue and savings. I also understand, Mr. Chairman, that there exists a tremendous opportunity to increase revenue and market share by increasing and stimulating demand in areas where Amtrak now provides service, or by expanding service where it will positively impact the bottom line.

To accomplish this, Mr. Chairman, Amtrak is undertaking for the first time in its 27-year history a genuine market-based analysis of our entire national system with an eye, though, on growth opportunities. It is another key strategic component of our business plan that will speed our path to profitability and allows us to better tailor our service to meet the demands of the transportation marketplace.

I want Amtrak to have an expanded national system, one that actually increases our market share. We must become a relevant part of the country's transportation infrastructure, which will require long-term, sustained capital investment. We cannot do that by continually cutting routes, services, or the frequencies of our trains. We cannot cut ourselves to prosperity.

However, Amtrak can only expand into those markets where research, hard facts, and data, not hunches, not nostalgia, not historical precedent, indicate a strong chance for commercial success.

While the market-based analysis will give us the demographics and the transportation data we need to increase market share and revenue, we will never reach prosperity if we do not deliver high and consistent quality service to our customers.

Without a doubt, the single most significant challenge before Amtrak today is to fundamentally change the way we interact with our customers. We put together a top level team to establish and implement company-wide service standards in cooperation with our labor organizations. The team has benchmarked the best in the business at customer service, including Ritz-Carlton, Sears, Continental Airlines, and even the U.S. Postal Service.

Our road map to excellent service relies on several tactics. We will improve and expand employees' training. We cannot expect even the most competent and professional employees to deliver consistent service without fundamental and intense training.

Second, we are thoroughly overhauling our hiring procedures. It is vital we hire the right people for the right jobs. We have not always done that in the past. We are doing it now.

Third, we will offer our employees incentives for exemplary job performance. This is crucial—to reward hard work and extra effort.

Finally, since none of these initiatives is effected without excellent management, we are instituting a 360-degree evaluation program for every manager at Amtrak. Management performance will be evaluated from above, from peers, and from direct report troops and employees. This is the only way to build effective leadership for this corporation.

Recognizing labor's role in this initiative, I would like to commend the union leadership for its shared commitment with Amtrak for a prosperous future. It is a cooperative effort, and to that end today collective-bargaining agreements have been ratified, or tentatively agreed upon, with more than 87 percent of our unionized workforce. I expect we will reach agreements with the two remaining unions very shortly.

Together, the leaders of Amtrak's unions and management are working very, very hard to ensure financial stability for 23,000 employees covered by collective-bargaining agreements and for the corporation as a whole, in terms of productivity savings—real work rule and real productivity savings around the day-to-day operation.

Without this cooperation to improve service standards, we will not maintain nor grow our customer base, no matter what our demographic studies tell us about population and transportation demands. If we cannot deliver service, and service delivery is the one thing we can always do better than our competition, no number of studies or market assessments will be worth either the time or the effort to implement them.

I want to assure you, Mr. Chairman, and Members of the Subcommittee, that Amtrak is turning the corner to become a commercially oriented, customer-focused, financially sound business enterprise. We have put in place an aggressive and commercially focused business plan, the first in this corporation's history. I stand behind this plan, and I know that Governor Thompson and the Amtrak Board of Directors do as well. For us, this is all about making money and putting customers first. It is about keeping our commitment to you to achieve operational self-sufficiency by following through on every one of our business initiatives.

To do this will require a commitment from the Congress as well, as agreed to in the Amtrak Reform and Accountability Act of 1997, to provide adequate capital investment funds which will enable our business plan to succeed.

Let me share with you an example, a brief example of wise investment in technology using the TRA funds. Three years ago, this corporation's telephone reservation call centers were, frankly, the laughing stock of the travel industry. After about $10 million of investments in that system, training our people, good arrangements with labor, investments in the Internet, and investments in automatic ticket machines, our call centers were named, 2 months ago, as the best in the travel industry by Call Center Magazine, and at the end of the day we will end up saving, this year, as a result of

those investments and those improvements in technology, $17 million.

And that savings does not involve us having to touch one single train out there. It is about managing business smart, and having the right management people in the right places who are able to develop the right kind of business systems around managing this asset.

Our call centers now generate more revenue at less cost. For our customers, it means they spend less time on hold and receive more thorough, professional information, and we sell more tickets, less expensively.

As you see, Amtrak's need for long-term capital support is no different than all other modes of transportation—highways, airways, transit, and maritime. As I stated, adequate capital enables Amtrak to enter more substantial investment-sharing partnerships with States and private businesses to boost our revenues, increase savings, and grow ridership.

To this end, we are asking the Subcommittee to support the administration's fiscal year 2000 budget request for $571 million for Amtrak. This is $38 million less than Congress approved for Amtrak in fiscal year 1999, and reflects our genuine commitment to lessen our dependence on Federal operating support. As with last year, this request is for a capital-only grant.

The other key component of our grant request is Congress' confirmation of our ability to invest these funds in the same manner as every other transportation mode. Amtrak's request is that you renew our ability to use these funds as other modes do, for maintenance of equipment, as you did in last year's bill, Mr. Chairman, and extend this flexibility to be used for maintenance of way as well.

To prove beyond a shadow of a doubt that we are making real progress, genuine progress to assure you that Amtrak is using Federal funds prudently, I will see to it that Amtrak continues to work very closely with you, and Ken Mead, the DOT Inspector General, and the Amtrak Reform Council. Amtrak has worked very hard to establish a good working relationship with the ARC and its chairman, Gil Carmichael, and its vice chairman, Paul Weyrich, and we look forward to their future guidance and cooperation.

Let me close by telling you again how confident I am, personally, that we will succeed in turning around Amtrak. Our performance results for the past year, and for the first quarter of this year, are evidence of that turnaround, but we do have a long way to go. As you watch us for the rest of 1999, you will see more pieces of our business plan, more commercial opportunity, more business partnerships unfold. You will see the launch of high-speed rail in the Northeast. You will see continued investment in other corridor services, and you will see improved customer service and ridership and revenue growth.

PREPARED STATEMENT

Amtrak, all 24,000 of our employees, have been entrusted with a national asset. It is in good hands today, Mr. Chairman, and will be in even stronger hands tomorrow.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF GEORGE D. WARRINGTON

Mr. Chairman, Members of the Subcommittee, I want to thank you for the opportunity to appear before you today.

Amtrak has made tremendous progress over the past year, but still has many challenges to overcome. I know well that Amtrak must present consistent, accurate and verifiable proof of our progress to transform this corporation into a commercially oriented, customer-focused and financially sound business enterprise. I fully understand that you have issued a challenge to this railroad to become financially sound. I take this challenge very seriously, otherwise I would not have accepted the position of president and chief executive officer in December.

FISCAL YEAR 1998: A YEAR OF TANGIBLE PROGRESS

Over the past year, Amtrak has undergone tremendous change. In accordance with the Amtrak Reform and Accountability Act of 1997, the corporation has a new Board of Directors led by Chairman Governor Tommy Thompson. I wholeheartedly share this Board's goal to make Amtrak the envy of transportation providers worldwide.

This past December, the Board appointed me to lead the corporation's turnaround as its president and chief executive officer. Last year, as the interim president, my interest level was not as high. At that time, I looked forward to returning to my position as president of the Northeast Corridor. However, after a few months here in Washington, I realized that the challenges and the promise of the Northeast Corridor were really a microcosm of the bigger whole: the national system. I began to see how the lessons that I learned leading the Corridor could be applied to other parts of the country. And, I saw the possibilities for bringing the national passenger rail system forward to make it not only operationally self-sufficient, but also one of the best service providers in the marketplace. I know and truly believe that this corporation can become profitable, operating a national system.

Over the past year, I have led Amtrak's management team, with the advice and support of the Board of Directors, in crafting a business plan to revitalize the national passenger rail system by transforming Amtrak into a business-like, market-driven company that delivers services customers want. Amtrak is putting in place a business-planning process and an internal discipline to stick to that process that will incrementally move this corporation forward, and will prove to you and the American public that we are making progress toward our shared goals.

I am proud to report that last year Amtrak achieved record passenger revenues, topping $1 billion. This record was powered by the largest ridership increase in a decade, 4.5 percent. On-time performance, which is the most critical attribute for our customers, reached 78 percent, the highest it has been in 13 years. I can tell you that for the first quarter of this fiscal year Amtrak is sustaining that trend with ridership up another three percent and revenues hitting the targets set in our strategic business plan. And, we're accomplishing this despite competing against extremely low gas prices. On-time performance now stands at 80 percent systemwide. In fact, at the end of the first quarter for fiscal year 1999, we are $25 million ahead of where the DOT Inspector General's Report projected we would be.

FISCAL YEAR 1999: BUILDING FOR THE FUTURE

We have a commercially focused business plan that will maintain this momentum. It contains valuable lessons we have learned from successful businesses that we have incorporated to fit Amtrak's unique environment. Our core objective is to increase our market share in the travel market, squeezing every dollar of revenue we can by leveraging our assets and never ever missing a business opportunity. It's all about making money and building and delivering a consistent, quality operation.

We will achieve success by introducing high-speed rail in the Northeast, developing other high-speed corridors nationwide, forging partnerships with state governments and private businesses, operating a market-based national route structure, and improving and guaranteeing consistency and quality of service. All of this will contribute to improving our image, which will attract more travelers and ultimately improve our bottom line.

Launch High-Speed Rail

At the end of this year, Amtrak will phase in America's first high-speed rail in the Northeast Corridor. We will make America proud. High-speed rail in the Northeast is a cornerstone that underpins Amtrak's financial turnaround. We conserv-

atively estimate that it will bring in $180 million in net incremental revenue annually by the end of 2002. This will be money that Amtrak will use to support the entire system.

With 20 new trainsets in service, travel times will be reduced in the Northeast to as little as three hours and between New York and Washington to as little as two hours and 30 minutes. Exactly or even better than we had planned.

The high-speed program is expected to meet its projected completion date. The phase in of service will begin late this year. The trainset will arrive in Pueblo, Colorado, for testing in March, with the first revenue trainsets ready for operation before the end of the year. Virtually all infrastructure work to reduce travel times, including installation of 365,000 concrete ties, 129 miles of new continuously welded rail, installation of the new signal system and the Advanced Civil Speed Enforcement System, replacement of 42 bridges and curve alignments has or will be completed by the end of the year.

Develop Corridor Services

I have no doubt in my mind that high-speed rail in the Northeast will revitalize train travel throughout America. Already, transportation planners in busy corridors are turning to rail to solve transportation problems. Amtrak has gained a unique expertise in planning, building and soon operating high-speed service. We are ready to leverage that experience to develop high-speed rail corridors in other densely populated regions, another key component of our strategic business plan.

For instance, in January, I, along with Chairman Thompson, Secretary Slater, Administrator Molitoris and Board member Amy Rosen, traveled to Chicago to announce a $25 million investment in high-speed service in the Midwest, linking cities such as Chicago and Milwaukee, Detroit and St. Louis. Late last year, I joined other Amtrak Board members, federal, state and local officials in New Orleans for the designation of a high-speed corridor along the Gulf Coast. We're also making tangible investments in the Pacific Northwest, the Southeast, upstate New York and in Southern California along Amtrak's second busiest corridor from Los Angeles to San Diego. Long-term capital funds will be critical in making these high-speed rail corridors a reality.

Leverage Public and Private Partnerships

You'll note that these are regional corridors that crisscross state lines. In other words, it is a cooperative effort, partnerships, which will make improved rail service a reality in these regions. Building these partnerships is another key component of Amtrak's blueprint to fiscal solvency. This corporation will aggressively forge alliances with states, local governments, freight railroads, and commercial leaders to generate additional revenue and savings.

Here are a few examples of what I mean.

In 1993, Amtrak entered into a partnership with the states of Washington and Oregon to provide their citizens with better transportation options through rail service. I can tell you this partnership has been an achievement that bears repeating. By the close of 1998, ridership in the Pacific Northwest Corridor had risen 347 percent. Customers consistently gave the service the highest satisfaction rates in the Amtrak system. I would be at fault if I did not stress another crucial player in this partnership, the Burlington Northern Santa Fe Railroad, which owns the track. Working as partners, travel times will decrease further. We will gain more repeat customers and we will further tap into this lucrative market. Continued progress with this partnership and the many others Amtrak has entered into with other states will hinge on long-term capital support from the federal government.

We understand that the national passenger rail network is a tremendous national asset. I can tell you we are taking this asset and using it wisely in partnership agreements with private businesses. For example, Amtrak's three-hour Metroliners provide timely and reliable service between New York and Washington. In a partnership with Dynamex Inc., we will inaugurate a pilot program to deliver commercial parcels door-to-door on this busy route.

Now let me tell you about a business venture complete with partnerships that has grown tremendously. I'm sure most of you are aware of our growing mail and express enterprise. Since a favorable Surface Transportation Board ruling last year in our mail and express business set a record $83 million in revenues and is on target to increase another 29 percent to $107 million this year. Simply put, the reliability and frequent schedules of our long-distance trains are attractive to shippers who have had no other alternative but use trucks. In a bellwether partnership with the Burlington Northern Santa Fe Railroad, Amtrak has begun transporting packages for UPS and four other shippers. In partnership with the Norfolk Southern Railroad, we will be able to further grow the express portion of the business. And, we've

recently expanded business with our biggest commercial partner, the United States Postal Service. Recent decisions to purchase additional equipment will increase our ability to handle mail transportation on additional cross-country routes. And, we are continuing to enhance and develop a network of periodicals distribution to speed up delivery of magazines.

In addition to the partnerships we have entered, we are also leveraging our assets through profitable commercial ventures. For instance, our three heavy maintenance facilities are staffed by the best workers in the industry. We are leveraging our expertise by competing for contracts to refurbish rail equipment such as the $7 million contract awarded to Amtrak by the Fort Worth Transportation Authority a few months ago. In the Northeast Corridor, we are also leveraging the right-of-way and stations we own for telecommunications, advertising, parking and more ventures. Together, all our commercial ventures earned $93 million in profit in fiscal year 1998.

Now here's an example that I'm quite proud of on the other side of the balance sheet, cost savings.

The railroad recently signed a partnership agreement with Dobbs International Services, the leading caterer in the airline industry, to take over our commissary operations. While our commissary employees performed well, we are not food service experts. Quite frankly, we should have gotten out of the catering business years ago. In terms of the bottom line, the seven-year agreement with Dobbs will save at least $28 million. And, it will improve the quality of food we offer to our customers.

These are just a few examples of seizing business opportunities to generate more revenue and reduce costs. You have my word that Amtrak will continue to scrutinize its operations to identify every possible opportunity to achieve profitability.

Build a Market-Based National Network

I also understand that that there is tremendous potential to increase revenue and market share within the passenger rail market, by increasing and stimulating demand either in areas Amtrak now serves or by expanding service where it will positively impact the bottom line.

To accomplish this, Amtrak is undertaking a market-based analysis of our national system with an eye on growth opportunities. It is another key strategic component of our business plan that will speed Amtrak's path to profitability and better tailor our service to the needs of the transportation marketplace.

I want Amtrak to have an expanded national system, one that actually increases our market share. We must become a relevant part of the country's transportation infrastructure, which will require long-term capital investment. We can't do that by continually cutting routes, services or the frequencies of our trains. We cannot cut ourselves to prosperity. However, Amtrak can only expand into those markets where research—hard facts and data, not hunches, nostalgia or historical precedent—indicates a strong chance for commercial success.

Deliver Consistent Quality Service

While the market-based analysis will give us the demographics and the transportation trend data we need to increase market share and revenue, we will never reach prosperity if we do not deliver a high and consistent level of service to our customers. Without a doubt, the most significant challenge before Amtrak today is to fundamentally change the way we interact with our customer. Only by providing world-class service will our current customers choose to use Amtrak more often, and will potential customers even consider traveling with us.

We have put together a top-level management team to establish and implement company-wide service standards, in cooperation with our labor organizations. The Team has benchmarked the best in the business at customer service, including the Ritz-Carlton, Sears, Continental Airlines, and the U.S. Postal Service. Our roadmap to excellent service relies on several tactics. First, we will improve and expand our employee training. We can't expect even the most competent and professional employees to deliver consistent service without a fundamental and intense training standard. Second, we are thoroughly overhauling our hiring procedures. It is vital that we hire the right people for the right job. We haven't always done that in the past. We're doing it now. Third, we will offer our employees incentives for exemplary job performance. That is crucial, to reward hard work and extra effort. Finally, since none of these initiatives is effective without excellent management, we are instituting a 360-degree evaluation program for managers. Management performance will be evaluated from above, from peers and from direct-report employees. This is a way to build effective leadership.

Recognizing labor's role in this initiative, I would like to commend union leadership for its shared commitment with Amtrak for a prosperous future. It is a coopera-

tive effort, and to that end today, collective-bargaining agreements have been ratified or have been tentatively agreed upon with more than 87 percent of our unionized workforce. I expect we will reach agreements with the two remaining unions soon. Together, the leaders of Amtrak's unions and management are working very hard to ensure financial stability for the 22,000 employees covered by collective-bargaining agreements and for the corporation in terms of productivity savings.

Without this cooperation to improve service standards, we cannot maintain and grow our customer base, no matter what our demographic studies might tell us about population and transportation trends. If we can't deliver enviable service—and service delivery is the one thing we can always do better than our competition—no number of studies and market assessments will be worth the time and effort to implement them.

Revitalize the Amtrak Brand

What does all this change mean for Amtrak? New corridors, new partnerships, new service quality? What this means is that we're a different company that needs to present a different face to its customers and potential customers. I am not talking about a new name for Amtrak. I'm talking about a new promise that Amtrak will make—and keep—to its valued customers. Part of following through with our business plan is our branding effort, which will give Amtrak a new face. It will begin with the introduction of the all-new high-speed rail service in the Northeast. It will give Amtrak a new look, a new feel, a new promise. It will expand to other product lines as the service standards initiatives are put in place. The new look will position Amtrak as not just a new level of passenger service but as a newly committed company that is determined to succeed in the marketplace.

FISCAL YEAR 2000: THE RESOURCES NEEDED TO ENSURE SUCCESS

I want to assure you that Amtrak is turning the corner to become a commercially oriented, customer-focused and financially sound business enterprise. We have put in place the most aggressive and commercially focused strategic business plan in this corporation's history. The sum of its parts is greater than the whole, with each key strategy complimenting another.

I stand behind this plan and so does Amtrak's Board of Directors. For us, it is about making money and putting customers first. It is about keeping our commitment to you to achieve operating self-sufficiency by following through on our business initiatives. To do this will require a commitment from Congress, as agreed to in the Amtrak Reform and Accountability Act of 1997, to provide adequate capital investment funds, which will enable our business plan to succeed.

Last year, Amtrak received the first installment of the $2.2 billion in capital investment funds from the Taxpayer Relief Act (TRA) of 1997. Soon, Amtrak will receive the second installment. Amtrak has moved quickly to invest these funds in critical, high rate-of-return infrastructure projects that will deliver tangible bottom-line improvements to the corporation and improvements to our trains that will benefit our customers. To date, some $541 million in TRA funds have been invested. This fiscal year Amtrak will invest $823 million total in capital projects, which includes TRA funds. This investment in the future financial stability of Amtrak will leverage $303 million in outside funds. Just as importantly, this investment will improve Amtrak's bottom line by $129 million.

Let me share with you an example of wise capital investment in technology. Three years ago, our telephone reservations call centers were the laughing stock of the industry. After more than $10 million in capital investments, our call centers were named the best in the travel industry by Call Center Magazine. Our call centers now generate more revenue per call at less cost. For our customers, it means they spend less time on hold and receive more thorough, professional information. And we sell more tickets less expensively.

So you see, Amtrak's need for long-term federal capital support is no different than all the other modes of transportation: highways, airways, transit and maritime. As I have stated, adequate capital enables Amtrak to enter more substantial investment-sharing partnerships with states and private businesses to boost our revenues, increase savings and grow ridership.

To this end, Amtrak is asking the Subcommittee to support the Administration's fiscal year 2000 Budget Request for $571 million for Amtrak. This amounts to $38 million less than Congress approved for Amtrak in fiscal year 1999 and reflects Amtrak's genuine commitment to lessen our dependence on federal operating support. As with last year, our request is for a capital-only grant.

The other key component of our grant request is Congress' confirmation of Amtrak's ability to invest these capital funds in the same manner as every other transportation mode. Amtrak's grant request asks that you renew our ability to use these

funds as other modes do for maintenance of equipment, as you did in last year's bill, and extend this flexibility to be used for maintenance of way investments as well. Last year, the Congress provided Amtrak with partial flexibility. This year the Administration included in its fiscal year 2000 Budget Request flexibility for both maintenance of equipment and maintenance of way, as it did last year.

To prove beyond a shadow of a doubt that we are making real progress and to ensure you that Amtrak is using federal funds prudently, I will see to it that Amtrak continues to work closely with you, the DOT Inspector General's office and the Amtrak Reform Council.

Amtrak has established an excellent working relationship with the ARC and its Chairman, Gil Carmichael, and Vice Chairman, Paul Weyrich, and we look forward to their future guidance.

Let me close by telling you again how confident I am that we will succeed in turning around Amtrak. Our performance results for last year and the first quarter of this year are evidence of the turnaround. As you watch us for the rest of 1999, you will see more of the pieces of our business plan unfold: business partnerships, the launch of high-speed rail in the Northeast, investment in corridor service, improved customer service and ridership and revenue growth.

Amtrak—all 24,000 employees—have been entrusted with a national asset. It is in good hands today and will be in even stronger hands tomorrow.

Thank you.

STATEMENT OF KENNETH MEAD

Senator SHELBY. Mr. Mead.

Mr. MEAD. Thank you, Mr. Chairman, Senator Lautenberg, Senator Reid.

As you know, we are required by law to perform an annual financial assessment of Amtrak's business plan. As Governor Thompson pointed out, we did, in fact, review the March 1998 strategic plan.

We are currently reviewing the new plan issued in October, and of course we will have actual experience to see how that plan is playing out. In fact, when we do our work, the information will be shared with Amtrak and they will be able to make adjustments proactively as we go along.

Now, our overall assessment to date is that with strong leadership, intense management, and continued favorable economic conditions, it will be possible, albeit difficult, for Amtrak to meet its congressional mandate and become operationally self-sufficient by 2003. Nevertheless, even if Amtrak does reach operational self-sufficiency, it will continue to require indefinitely substantial capital funding.

I would like to touch on five things in my oral statement Mr. Chairman, they are Amtrak's 1998 operating results, Amtrak's ability to achieve operating self-sufficiency by 2003, cost and schedule for the Northeast Corridor, Amtrak's funding needs for capital, and Amtrak's request for funding flexibility.

First, Amtrak's operating results. They were better than the $845 million operating loss that Amtrak projected for 1998, but the loss still totalled $823 million. Now, I want to explain the difference here between the $353 million Governor Thompson used and our figure of $823 million.

The figure that Governor Thompson used includes as income or revenue the Federal grants and subsidies. We backed those out, because the idea here is to get Amtrak to operate subsidy free. Also, the loss did not include a $107 million cost adjustment related to Amtrak's labor settlements. Those costs that Amtrak planned to record in 1999 raised the operating loss in 1998 to $930 million.

Amtrak's ridership and passenger revenue increased in 1998, but not quite as much as Amtrak had expected. Nonpassenger revenues from activities like commuter operations, mail and express service, and commercial development have become very important to Amtrak.

I want to stress this last point about the nonpassenger revenues because of its importance to Amtrak's survival. In 1998, nonpassenger revenue sources accounted for 37 percent of all Amtrak revenue. That is $626 million out of about $1.7 billion in total revenue.

Expenses for the railroad also were less than projected. Amtrak had projected a 7-percent increase. Expenses actually increased about 4 percent.

Second, our review of Amtrak's March 1998 strategic business plan indicated that Amtrak would sustain an additional $823 million in operating losses between 1999 and 2003, and that its unfunded cash loss in that year would be in the neighborhood of $300 million. That figure is, in fact, $167 million more than Amtrak itself has forecast. Amtrak management is aware of our concerns, and is now executing plans projected to increase revenues and cut costs.

We made several recommendations in our assessment, and we understand that Amtrak is in the process of addressing all of them.

I do want to stress that to reach operating self-sufficiency by fiscal year 2003, the railroad must first and foremost provide good, timely service to its customers. It must also implement high-speed rail service in the Northeast Corridor, and rigorously pursue new mail and express package business.

As I think both Mr. Warrington and Mr. Thompson pointed out, on-time performance, courteous and efficient personnel, I would add to that clean lavatories, pleasant travel environment, are essential building blocks for all those results. But Amtrak will really have to pursue the mail and express package business. That is going to be the key, along with high-speed rail.

In addition, the West Coast and the Northeast Corridor States have proven to be strong financial supporters for Amtrak. Amtrak needs to pursue similar partnerships with other States, regional, and local governments.

The cost of the high-speed rail program in the Northeast Corridor has grown to about $2.5 billion. That is a $500 million increase. That has happened for two reasons. First, Amtrak expanded the size of the project, adding more train sets and electric locomotives, but second, the cost of the electrification project north of New Haven experienced significant cost overruns. There is no more room for cost overruns without eating into capital that is directed toward other projects in the system.

Now, as you know, the electrification project has experienced repeated delays. It is on a very tight schedule for implementation in October 1999. Though system testing was originally scheduled for July 1999, now that will not occur. The final testing will not occur until October 1999. That is the same month electrified service is supposed to begin.

The first high-speed train set is scheduled for operation in December, so between now and the end of the year, three distinct

things must all come together. First, electrification; second, delivery of the train sets; and third, progress on the Central Artery.

Finally, a word on Amtrak's needs for capital investment, and this is not maintenance. This is traditional capital investment. These needs range from a minimal level of about $2.7 billion to a developmental level of $4.0 billion. Senator Lautenberg alluded to this earlier. It is a very important point that you understand that the $4 billion includes projects outside the Northeast Corridor.

The $2.7 billion would keep the railroad infrastructure in good operating condition through 2003. The $4 billion would allow Amtrak to expand and develop new business opportunities.

If Congress provides funding consistent with the Administration's request to 2003, Amtrak's funding will fall short of the minimum capital needs by about $500 million. The amount will be more if Amtrak's operating losses are higher than Amtrak projects, and that is why Amtrak is stressing the importance of cutting those operating losses.

Finally, Amtrak has requested congressional approval to spend its capital appropriation for maintenance of way. Last year, they received the approval for maintenance of equipment. What Amtrak is basically asking for is to be able to spend money in accordance with the transit definition of capital. If Amtrak does not get this approval, Amtrak simply will not be able to cover its losses in 2000. It could be forced to default on current obligations.

There is a certain irony here, because this default could occur even though Amtrak will have more than $1 billion in the bank. And that is because Taxpayer Relief Act funds cannot be used for maintenance of way. They can only be used for maintenance of equipment and traditional capital investment. So Amtrak has $1 billion in the bank, and yet they may be defaulting on their obligations. So I think the implication of my remark is, Senator, that you should seriously consider the Amtrak proposal.

PREPARED STATEMENT

Last, I do want to point out that Amtrak has been cooperative, responsive in all phases of our work. There have been disagreements. Some of them have been sharp, but they have been forthrightly and respectfully handled. I think you have a good team running Amtrak, and we enjoy working with them.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF KENNETH M. MEAD

Mr. Chairman and Members of the Subcommittee: We appreciate the opportunity to testify on Amtrak's financial outlook. Our overall assessment is that with strong leadership, intense management, and favorable economic conditions, it will be possible, albeit difficult, for Amtrak to become operationally self-sufficient by 2003. Nevertheless, even if Amtrak reaches operating self-sufficiency, it will require substantial and continuing capital funding to support the system as it currently exists. Today our testimony addresses 5 areas related to Amtrak's financial outlook. They are:

—Amtrak's 1998 operating results,
—Amtrak's ability to achieve operating self-sufficiency by 2003,
—Cost and schedule for the Northeast Corridor High-Speed Rail Project,
—Amtrak's funding needs for capital improvements, and
—Amtrak's request for funding flexibility.

First, Amtrak's operating results were better than the $845 million operating loss (including depreciation) projected for 1998, but the loss still totaled $823 million. This loss did not include a $107 million cost adjustment related to Amtrak's labor settlements. Amtrak had expected to record these costs in 1999.

Amtrak's ridership and passenger revenue increased in 1998, but not as much as Amtrak had projected. Non-passenger revenues from activities such as commuter operations, mail and express service, and freight access fees have become increasingly important to Amtrak. In 1998, these sources accounted for 37 percent of all Amtrak revenue.

Second, our review of Amtrak's March 1998 Strategic Business Plan showed that Amtrak would sustain an additional $823 million in operating losses between 1999 and 2003, and that it would have an unfunded cash loss of $304 million in 2003, which is $167 million more than it forecast. Amtrak management is aware of our concerns and has indicated that it has taken actions to increase revenues and cut costs. Amtrak has been responsive to the recommendations we made in the Independent Assessment.

To reach operating self-sufficiency by fiscal year 2003, first and foremost, Amtrak must provide good timely service to its customers. It must also implement a robust high-speed rail service in the Northeast Corridor and greatly expand mail and express service, an area that offers considerable opportunity for non-passenger revenue. Amtrak must also improve ridership and revenue on Intercity and Amtrak West trains, and enhance partnerships with State, regional, and local governments.

Third, the cost of the high-speed rail program in the Northeast Corridor has grown as a result of increasing the number and scope of the projects included in the high-speed rail budget and cost overruns on the electrification project. All project reserves have been depleted and any further cost increases will need to be funded by diverting funds from other system-wide capital needs. The electrification project has experienced repeated delays and is on a very tight schedule for implementation in October 1999.

Fourth, Amtrak's capital funding needs range from a minimum of $2.7 billion to keep the railroad infrastructure in good operating condition through 2003 to $4.0 billion for expansion and business opportunity development. Amtrak's funding will fall short of even the minimum needs by at least $500 million. The amount could be more if Amtrak's operating losses are higher than Amtrak projects.

Finally, Amtrak received congressional approval to spend its 1999 Federal capital appropriation for maintenance of equipment. Amtrak has now requested approval to spend its Federal funding for maintenance of way as well. Without this authority, Amtrak will not be able to cover its operating losses and could be forced to default on current obligations. This could occur even though Amtrak is likely to have $1 billion in Taxpayer Relief Act (TRA) funds in the bank.

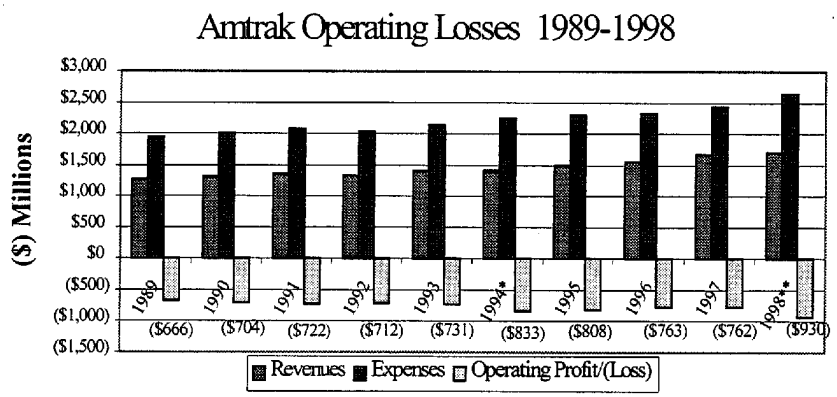
A PERSPECTIVE ON AMTRAK'S FINANCIAL GOALS

Since Amtrak was created in 1971 to provide national intercity passenger service, it has been the goal of Congress for Amtrak to become self-sufficient. For Amtrak, this means covering its operating expenses with revenues generated from the services it provides. Despite this long-standing goal, Amtrak has continued to sustain significant operating losses, and has remained dependent on Congress to provide assistance for both operating and capital needs.

In the 1997 Amtrak Reform and Accountability Act (ARAA), however, Congress mandated that Amtrak develop a plan to eliminate its need for operating support after fiscal year 2002. Thereafter, Amtrak is prohibited from using Federal funds for any operating expenses other than for excess contributions under the Railroad Retirement Tax Act (RRTA). Amtrak has never defined self-sufficiency as generating enough revenues to cover capital needs, and anticipates needing Federal capital support indefinitely. Amtrak does believe it can achieve the Congressional mandate of operating self-sufficiency.

OPERATING RESULTS

Amtrak's 1998 Operating Loss Was Less Than Projected.—Amtrak's 1998 operating loss was $823 million. This was $22 million better than Amtrak's projection. Amtrak recorded an additional $107 million loss as a post-audit adjustment for its labor settlements. The lump sum adjustment for the settlements was for labor expenses for unions that settled their contracts in 1998 or were expected to settle in 1999, and included retroactive payments as far back as 1995. Amtrak had planned to record the costs in 1999, so the additional loss in 1998 is basically an offset between years. The following chart shows the history of Amtrak's operating losses.



* 1994 excludes a one-time charge of $243.8 million in restructuring costs

** 1998 includes retroactive labor expenses

Ridership and Passenger Revenue Have Increased But Not As Much As Projected.—Amtrak's system-wide ridership and passenger revenues increased in 1998 by 4 percent over 1997 but both fell short of projected growth by about 3 percentage points. The charts on the following page illustrate the overall growth trends in Amtrak's ridership and passenger revenue.

PASSENGER REVENUES BY STRATEGIC BUSINESS UNIT

[1995 through 1998]

	Northeast corridor	Intercity	West
1995	$430	$376	$67
1996	459	367	74
1997	484	397	84
1998	503	407	90

RIDERSHIP BY STRATEGIC BUSINESS UNIT

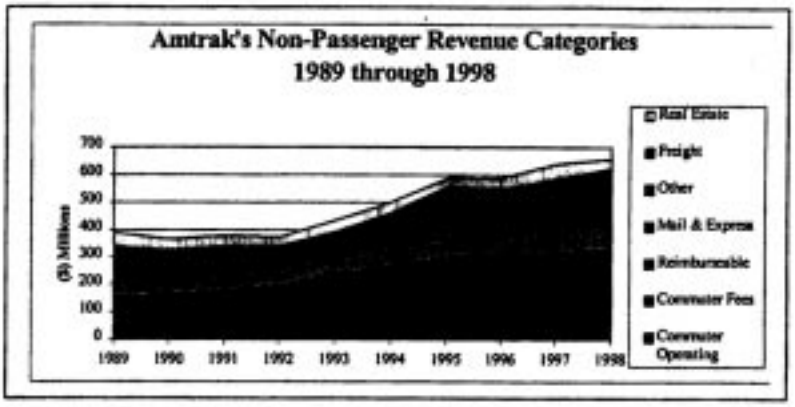
[1994 through 1998]

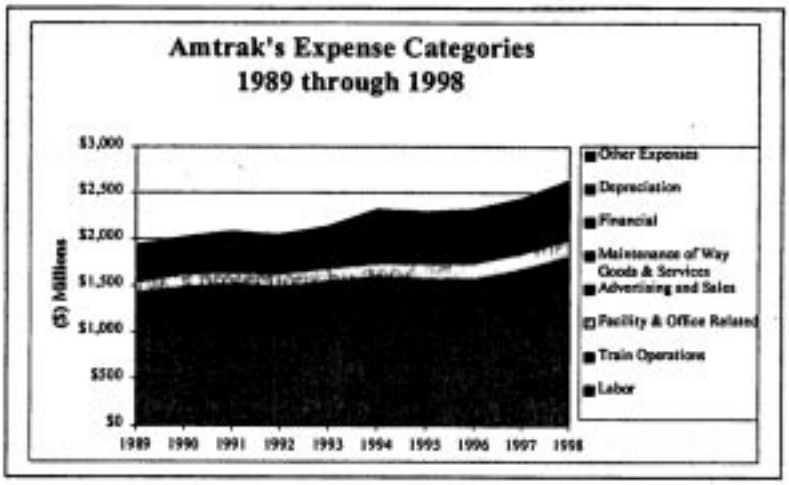
	Northeast corridor	Intercity	West
1994	11.7	6.3	3.1
1995	11.6	6.1	3.0
1996	11.0	5.4	3.3
1997	11.1	5.4	3.7
1998	11.9	5.6	3.6

Non-Passenger Revenue Has Increased and Is Now A Critical Part of Revenue.—Amtrak's non-passenger revenues, such as those it receives from operating commuter rail services, carrying mail, providing express package service, and allowing freight railroads to access Amtrak's system have increased 60 percent in the past 10 years, from $391 million in 1989 to $626 million in 1998. Commuter operations alone have tripled since 1989. Amtrak has significant opportunities for growth in the non-passenger revenue market, especially in its mail and express package business. The growth of Amtrak's non-passenger revenue is expected to continue, and indeed, will be a critical factor in Amtrak's ability to meet its financial goals. The

chart on the following page illustrates the growth of non-passenger revenues since 1989.

1998 Expenses Were Less Than Projected.—Amtrak projected a 7 percent increase in expenses between 1997 and 1998. Due to favorable fuel prices and other savings, the actual increase excluding the post-audit adjustment for the labor settlements was 4 percent. The following chart depicts Amtrak's expenses since 1989.





ABILITY TO REACH SELF-SUFFICIENCY

Our review of Amtrak's March 1998 Strategic Business Plan showed that Amtrak expected to reach operating self-sufficiency by fiscal year 2003. We estimated, however, that if Amtrak were to follow its 1998 plan without any adjustments, Amtrak would sustain an additional $823 million in operating losses between 1999 and 2003, and that it would have an unfunded cash loss of $304 million in 2003, $167 million more than it forecast. (The cash loss does not include depreciation.) Amtrak management is aware of our concerns and has indicated that it has taken actions to increase revenue and cut costs.

A key determinant of Amtrak's future is its ability to increase revenue and reduce costs throughout its system. Revenue improvements will require robust implementation of high-speed rail in the Northeast Corridor, greatly expanded mail and express service, and improved ridership and revenue on Intercity and Amtrak West trains.

Amtrak must also develop enhanced partnerships with State, regional, and local governments. Cost reductions will require close attention to actions contained in the Strategic Business Plan and achievement of the productivity increases that are part of the newly negotiated labor agreements.

High-speed rail in the Northeast Corridor is vitally important to Amtrak's future. Amtrak's projected passenger revenues of $3.72 billion between 1999 and 2003 on the Northeast Corridor exceeded what we believe could reasonably be expected, given Amtrak's projected fares, frequencies, and trip times in the Corridor. Our projection of revenues is $3.50 billion during this time period, a difference of $219 million. Our extended projections, however, indicate that the revenues are likely to exceed Amtrak's projections by 2006.

Expanded Mail and Express revenues are key to improving the performance of Intercity routes. In our 1998 assessment, we reduced Amtrak's projected net revenue from Express package service from $104 million to $67 million cumulative in 1999 and 2003. We restated Amtrak's projections only minimally in the years 2001–2003, reflecting our belief that Amtrak could become a competitive player in this market despite the slow start-up in performance. Although Amtrak has recently established several additional partnerships with shippers, Amtrak must vigorously pursue its marketing plans and meet the operating expectations of its shippers if it is realistically to capture more of this traffic.

Business Plan Actions must be achieved to produce cost savings. Amtrak's 1998 Strategic Business Plan contained 296 actions that cumulatively accounted for $1.1 billion in net bottom line impact between 1999 and 2003. We identified 94 actions that required impact adjustments totaling $440 million. The restatements resulted in $153 million in reduced non-passenger revenue projections and a $287 million reduction in expense savings. For 35 of the 94 actions, totaling $372 of the $440 million, Amtrak recognized the fact that the action would not achieve the intended result. For example, a decision by the Federal Energy Regulatory Commission foiled Amtrak's plans to purchase power wholesale for its own use and to resell to other Northeast Corridor users. Amtrak withdrew the action from its business plan, thereby eliminating a projected $212 million in cost savings between 1999 and 2003.

Amtrak's 1999 Strategic Business Plan contains new plans to reduce costs whose financial impact will be important to the success of the 1999 Strategic Business Plan. Amtrak management and the Reform Board must pursue forcefully the actions contained in the 1999 plan and must monitor carefully their implementation. In this year's assessment, we will also be monitoring these proposed expense reductions and will consider the likelihood of their achievement.

Labor productivity agreements reached as part of Amtrak's recently settled labor agreements must be fulfilled to offset part of the settlement costs. Amtrak's labor settlements included plans to offset 20 percent of the incremental cost of the agreements with $53 million in productivity increases. We believe that these productivity targets are achievable. The onus is squarely on management and labor to see that the cost-saving targets are met. In this year's assessment, we are reviewing the specific work-rule changes geared to achieving the cost savings and will assess the likelihood that they will be implemented as required.

NORTHEAST CORRIDOR IMPROVEMENTS

Amtrak projects that, by 2002, over $180 million in net revenues will result from high-speed rail service in the Northeast Corridor. These revenues are a critical element of Amtrak's plans to become self-sufficient.

High-speed rail is on schedule to begin at the end of 1999 but the schedule is extremely tight there is no room for slippage. Testing of the trainsets is progressing as planned and we have no reason to believe that they will not be delivered on schedule. The electrification project has experienced repeated delays, however, and is on a very tight schedule for completion and full system testing. The original schedule called for completion of all system testing by July 1999, the current schedule is for October 1999, the same month service is set to begin. A further complicating factor, partially outside of Amtrak's control, is the intersection of the Northeast Corridor with the Central Artery project. Central Artery bridge and tunneling work must be completed on schedule in order for Amtrak to implement high-speed rail as planned. We are not aware of any problems that are likely to adversely impact the scheduled completion of this work.

The high-speed rail program has had cost overruns. The current high-speed rail budget is $2.47 billion, an increase of almost $500 million from project initiation. However, most of this increase stems from an expansion of the project size and scope. For example, Amtrak's addition of 15 high-horsepower locomotives to the high-speed rail program added $120 million to the total project budget. But 40 per-

cent of the budget growth reflects a cost overrun in the electrification project between New Haven and Boston. Because of Amtrak's projected capital funding shortfall between now and 2003, any further cost overruns will need to be funded by diverting funds from other system-wide capital needs.

CAPITAL NEEDS

Amtrak has significant capital investment needs, including improvements to keep the railroad infrastructure in good operating condition and investments to generate new business opportunities. We identified needs ranging from $2.7 billion to $4.0 billion. The $2.7 billion is lower than Amtrak's estimate of minimum needs, but even at the lower amount, Amtrak's projected Federal funding will fall short by at least $500 million between 1999 and 2003. If operating losses are higher than Amtrak projected, Amtrak will have to spend more of its scarce capital funds to cover operating losses, and the gap between available funding and capital investment needs will increase.

Amtrak will need $125 million more per year in capital appropriations between 2000 and 2003 than the Administration's request in order for it to attain its minimum needs level of capital investment. The $2.7 billion minimum level of capital investment we estimated would be enough to keep Amtrak operating in a steady state through the end of 2003, but would make Amtrak vulnerable to equipment problems after that date. We want to be very clear that this level of funding would make Amtrak susceptible to equipment and schedule reliability problems beyond 2003, thereby threatening its operational self-sufficiency. We do not recommend this level if Amtrak is to remain as currently structured.

Amtrak would require an additional $200 million each year through 2003 to sustain operations at its current level beyond 2003. With this level of additional funding, projects in progress could be completed and equipment overhauls continued, but no new investments could be made, most notably in new corridor development, one of Amtrak's highest long-term priorities.

Amtrak would require an additional $450 million each year in Federal appropriations in order to invest in the types of new corridor services and other business that it projects will result in improved operating results and will be the key to Amtrak's long-term financial stability.

SPENDING FLEXIBILITY

Funding Amtrak with an annual capital grant should not obscure the fact that Amtrak still requires operating assistance through fiscal year 2002. Amtrak's plans to achieve operating self-sufficiency depend on continued operating assistance, and without this help, Amtrak cannot survive until 2003.

Amtrak requests flexibility in spending its Federal funding. Amtrak was given some flexibility to spend this year's appropriation on maintenance of equipment (an operating expense). In 2000, Amtrak is also requesting flexibility to use its Federal appropriation for maintenance of way expenses. Amtrak's request is consistent with the 'transit' definition of capital applied by the Federal Transit Administration. There are strong economic arguments for making all maintenance expenses eligible for funding through Amtrak's capital grant. Amtrak needs the ability to decide whether refurbishing its existing capital assets makes better economic sense than investing in new replacements. Such decisions should be based on the economic merits of each expenditure and not on the relative availability of maintenance and investment funds.

Expanding eligible expenses in next year's Federal appropriation is financially imperative. If the same funding restrictions as in the fiscal year 1999 appropriation are applied next year, Amtrak will not be able to cover its operating losses and could be forced to default on current obligations, in spite of the fact that Amtrak will likely have about $1 billion in Taxpayer Relief Act funds in the bank.

Amtrak has strong incentives to economize on operating losses. Amtrak's current strategic business plan, and thus its long-term viability, is grounded on the revenues that are expected to flow from critical capital projects. Every dollar spent unnecessarily on operating losses is a dollar taken from these capital investments.

How Amtrak is funded will have no effect on determining whether it can meet its congressional mandate. Amtrak abides by generally accepted accounting principles (GAAP) and must adhere to the requirements of its external auditors in determining whether an expense is classified as operating or capital. Therefore, regardless of the type of Federal grants Amtrak receives or how Amtrak is permitted to spend them, Amtrak will have to cover all of its operating expenses (except for excess payments for RRTA) in fiscal year 2003 from non-Federal sources. In other words, maintenance of equipment and maintenance of way expenses would, under

current law, no longer be eligible for Federal funding in 2003. That is the mandate from ARAA, and it is the standard we are using to gauge Amtrak's financial viability in our assessments.

Mr. Chairman, this concludes our statement. I would be pleased to answer any questions.

INDEPENDENT ASSESSMENT

Senator SHELBY. Mr. Mead, your office has monitored this independent assessment of Amtrak very closely, right?

Mr. MEAD. Yes.

Senator SHELBY. If Amtrak loses more than they projected in the strategic business plan, as you have just mentioned, does it not mean it is less likely that Amtrak can reach operating self-sufficiency by 2002? That is what you are saying, is it not?

Mr. MEAD. Yes, it is. I am also saying, though, that the essential design of our work is to provide Amtrak with warning signs.

Senator SHELBY. Sure.

Mr. MEAD. Alerts, so that Amtrak can adjust its plans.

HIGH-SPEED RAIL SERVICE

Senator SHELBY. High speed rail initiative. The administration has taken a multifaceted approach to expanding the high speed rail service in the U.S. beyond the high speed corridor. Governor Thompson talked about that. Mr. Warrington talked about it. The Federal Railroad Administration's budget includes $12 million for high speed rail technology development and another $35 million is proposed to be shifted from the revenue aligned budget authority funds for a positive train control system, differential global positioning systems, railroad crossing improvements on high speed corridors.

One important piece that is missing from this high-speed rail program is capital funding to improve the freight track over which high-speed passenger rail service would operate.

This kind of capital investment, as you know, Governor Thompson, is very expensive. The total price tag for just one corridor program, the Midwest regional rail initiative—you are very familiar with it—is over $3 billion, and that is just one regional part of the program. It does not take into account other planned or hoped-for high speed rail corridors around the country.

I will ask you this, Governor, and also Mr. Warrington. The Amtrak capital business plan includes only about $32 million total this year for corridor development. I know at the moment of no other Federal source for capital rail improvement. Who do you expect to pay for capital improvements to support high-speed rail corridors, because besides Amtrak, which has enough trouble staying afloat financially, what are the other possible funding sources?

Governor THOMPSON. Well, Mr. Chairman, first off, we cannot do it without you. We cannot do the high-speed corridors without the Federal Government. There is no way possible.

Senator SHELBY. No way, is it?

Governor THOMPSON. No way, without the Federal Government helping us, can we develop the high-speed corridors. We just cannot complete them.

Second, you can expect that the States are going to have to contribute a portion of that. They have got to be a partner with the

Federal Government in developing this. Amtrak cannot do it, even though Amtrak gave $25 million this year to start to develop the Midwest high-speed corridor.

We are also developing some new non-electric, diesel locomotives. They are going to be able to pull non-electric trains at about 115–125 miles per hour, without electrification.

Senator SHELBY. So you would have to electrify these other corridors?

Governor THOMPSON. No. We are developing new diesel locomotives that are going to be able to pull trains about 115 miles to 125 miles, and that would be what we would be putting in the Midwest and down in the Southeast.

Senator SHELBY. Who is doing that? Are we doing that in the U.S.?

Governor THOMPSON. Yes, we are.

Senator SHELBY. Is that GE, or General Motors?

Governor THOMPSON. The Federal Railroad Administration is working on it with a consortium led by Bombardier. It will not be electrified, and it will be high speed. All we will have to do is close down some intersections, some grade crossings, and improve the rail beds, but these services will not be electrified, which will save a lot of dollars compared to the Northeast Corridor. But without the Federal Government we will not be able to proceed.

Senator SHELBY. Governor Thompson, what incentive would freight railroads, have to invest in these kinds of infrastructure improvements themselves? Do they directly benefit from high-speed passenger service, and if so, how?

Governor THOMPSON. Well, they will benefit. They will benefit because by improving the rail lines, the rail beds, to handle our high-speed service, that is going to help them with their freight service, to be more efficient and deliver their commodities more on time, which will help them become more profitable. And if we get the Federal Government and State Governments to invest, that will save them from having to make the improvements all by themselves, so it really is a net gain for the freight railroads in America.

AMTRAK ROUTE SYSTEM

Senator SHELBY. I have a question before my time is gone for Mr. Warrington.

Mr. Warrington, since the General Accounting Office report was published last May, have you restructured your route system in any way to respond to the operating losses on 39 of your 40 routes? Have you done it thus far?

Mr. WARRINGTON. The first thing that I did in the aftermath of that report, number 1, and in the aftermath of me being appointed to the position of president on an acting basis, was launched what I referenced earlier, Mr. Chairman, for the first time in the company's 27-year history, a genuine market-based assessment of every route and every segment. Not with an eye toward shutting the system down, but with an eye toward understanding what the market potential is, and the demand, for every route and every segment in the system, not just from a passenger point of view, but from a commercial point of view as well.

Senator SHELBY. The whole system.

Mr. WARRINGTON. The entire system, and I will tell you, Mr. Chairman, that if you go back to the 1950's and the 1960's and you look at the bottom line associated with every freight carrier in this country, all of those private freight carriers were hauling passengers in passenger divisions, and if you go to their bottom line, and you look at where they secured their revenue that made them profitable in those days, 45 to 48 percent of the revenue that was attributable to passenger service that made them profitable came from the mail express business.

Amtrak has lost that piece of business for 20 years. We are pushing it hard these days.

Senator SHELBY. Trying to get back on track.

Mr. WARRINGTON. Yes, Mr. Chairman.

Senator SHELBY. GAO cites, Mr. Warrington, that 17 of your 40 routes carry in total only about 2 million or 10 percent of your total annual ridership. Wouldn't some of these routes be logical places for cutting back the railroads cumulative operation?

Mr. WARRINGTON. I cannot answer that question off the top of my head——

Senator SHELBY. But you will be looking at that.

Mr. WARRINGTON [continuing]. And without the benefit of, for the first time, an unbiased, nonnostalgic, and not politically based examination of the system, with a view toward developing a system that is driven by business sense, and understands the importance of growing market share. We will have a much better sense of what this national system needs to look like and what its opportunities are, Mr. Chairman, toward the end of the year.

Senator SHELBY. Mr. Mead, last, you have already got a head start of this question of the route system. You know it well. Does this strike you as a possible way to see where operating savings can or cannot be realized, and what are some of the potential problems we would face if we went farther with this proposal?

And what I am referring to, at the February 25 Department of Transportation oversight hearing which you attended, I proposed that we think about a pilot project that we give Congress the Amtrak Reform Council and Amtrak's own management comparable data about operating costs on a given route. You understand where I am coming from.

Mr. MEAD. Yes, sir, I do, and I did reflect on your question at that hearing, and I have warmed to that idea somewhat. This is the idea of contracting out a route, perhaps two. There are two important caveats, though. One is, you would not want to have something short-term if you expected the contractor to make capital investments. That just would not happen.

If you want to do something analogous to what Amtrak already does when they contract out with commuter rail operators, that could be shorter term in duration.

Another caveat, and Amtrak's legal department would have to go over this one, is a labor issue. Now, I know FAA and the air traffic controllers managed to get low-level activity control towers and contract those out. I do not know how it would work with rail labor.

I would put out a request for proposals and see what is proposed. I do not think the idea should be dismissed out of hand.

Senator SHELBY. But if you save Amtrak, as Governor Thompson is talking about, and Mr. Warrington, if you are able to save Amtrak, make it viable, make it financially secure, whatever that means, you are saving jobs, and labor has a stake in this, and I think it is up to Amtrak and perhaps us to sell that, to market that. We are in this together, that everybody loses if the passenger, the people that are dependent on jobs, if this goes down. Don't you agree with that? Do you, Governor Thompson?

Governor THOMPSON. I certainly do, Mr. Chairman.

Senator SHELBY. So, Governor Thompson, labor is going to have to buy into making Amtrak viable, are they not?

Governor THOMPSON. Yes, they are.

Senator SHELBY. And they will play a big role in whether or not Amtrak survives one way or the other, will they not?

Governor THOMPSON. There is no question about that, Mr. Chairman, and I have been impressed since I have been chairman with the kind of cooperation we have received to date from labor, and this is a lot different than it was the first time I served on the Amtrak board from 1990 to 1994.

Senator SHELBY. Not adversarial but cooperative, where we are all in this together?

Governor THOMPSON. That is what we are trying to do, and our new contracts reflect that very explicitly, Senator.

Senator SHELBY. Senator Lautenberg.

Senator LAUTENBERG. Thanks very much, Mr. Chairman, and my compliments to all the witnesses for providing good, clear, and focused testimony, and Governor, in case you decide to go out of Government, I think that with me doing the marketing plan and you doing the selling, we would be a hell of a combination. [Laughter.]

Governor THOMPSON. Well, I would like to team up with you, sir.

Senator SHELBY. Can we buy stock?

Governor THOMPSON. Yes, you can.

Senator LAUTENBERG. Yes. I think we would do something like Internet Travel, because that will get us good stock prices and we would not have to be in business long. [Laughter.]

Mr. Warrington, I am pleased that you have taken over the way you have. We have high expectations, and we are encouraged by Governor Thompson's endorsement of what is taking place.

NORTHEAST CORRIDOR HIGH-SPEED RAIL INTRODUCTION

So much of what we are anticipating depends on the success of our high-speed rail introduction. Is there anything that comes to mind that could stop us, or prevent us from meeting the anticipated date of introduction?

Mr. WARRINGTON. No. We are still concentrating and focusing on late 1999. As a matter of fact, our high horsepower locomotives are being tested at the test track. Our first train set will be going out there in the next several days, and all of the testing that we have done so far has indicated that we have got a winner. But we will be continuing to test the equipment and those train sets over the next couple of months.

The electrification project, as Ken indicated, has slipped a bit. That is a design-build contract, and you may recall that the origins of that project have a fairly ugly history, going back to the early

nineties, when Morrison Knudsen basically defaulted and we had to move the design and engineering work over to Mass Electric and Balfour-Beatty, and the engineering had to be redone.

It has slipped a bit. I will tell you that I personally am engaged with the president of Mass Electric and Balfour-Beatty on a weekly basis. I spoke with them as recently as yesterday and they assured me that that project will be completed before the end of the calendar year, and assured me that we will be in a position to operate trains before the end of the year. They have committed to me, and committed to us, that they are throwing every resource available at it, and Amtrak as a matter of fact, our engineering organization and our maintenance of way organization, are throwing everything that we can at that project to support it, and to support the contractor in a whole host of ways.

Senator LAUTENBERG. When we talk about high-speed service on the corridor, are we talking about Boston to Washington, because basically you just said if there was a delay in that northern leg, that should not, would it, prevent us from offering service Washington to New York?

Mr. WARRINGTON. Absolutely not, Senator. As a matter of fact, there really are two elements to this project, and one of them is Washington to New York. You know, when we originally conceived of the high-speed program between Washington and New York, our original estimates were that we would bring travel time down from 3 hours to 2 hours and 45 minutes, and when we launch at the end of the year, we will actually be running trains between New York and Washington in under 2 hours and 30 minutes, not every train, but we will have express trains with one or two stops that will be under 2–30, and I will tell you, that will knock the socks off the competition.

It will not just be a safety valve for air travel. It will be the primary method of travel, and regardless of schedule and electrification, the ability to tap into that market and launch that service between New York and Washington will certainly be there.

Senator LAUTENBERG. That would be excellent, because with the reliability factor you can throw away 30, 45 minutes and not worry about it if you know that you can get there, and I commend you on the scheduling that is taking place, the on-time scheduling that is taking place of recent vintage.

I must say, other than one glitch that we had when there was a total power failure, I get on the train to work and I get here on time, and I always used to fly, always, but now I take advantage of even the improvement, the service that is being provided, and I see that some of the cars, even currently, Governor, have been rehabbed, I understand by Amtrak in its own facility, a pretty good ride. Getting rid of those square wheels makes a heck of a difference. [Laughter.]

Governor THOMPSON. On-time performance, too.

Mr. WARRINGTON. Senator Shelby's point earlier, which relates to your point about overhauling those cars—our entire metroliner fleet over the past 2 years—was completely overhauled in a program designed and done by our own employees, and I would stack those employees up against any employees in this industry around the country.

As a matter of fact, they are so good that just about 3 months ago Amtrak won the contract to overhaul cars and locomotives for the Dallas-Fort Worth Transportation Authority.

Senator SHELBY. That is good news.

Mr. WARRINGTON. And we are getting very aggressive about not necessarily contracting out operations, but where we are good, and where we have a specialty, and we are efficient and productive to contract business into the corporation.

Governor THOMPSON. It is another line of income that we are looking for.

Senator SHELBY. That is excellent.

Mr. MEAD. May I throw a little water on this?

Senator LAUTENBERG. Sure. Warm or cold water?

INFRASTRUCTURE CONDITION

Mr. MEAD. Cold. No, luke warm. I do not want to overemphasize, overstate the point, but the infrastructure condition of the south end of the corridor really does need work, the track, the bridges, the tunnels——

Senator SHELBY. Are you speaking of the Washington area?

Mr. MEAD. Washington to New York. These trip times that Amtrak is projecting are very sensitive to the condition of the infrastructure. Amtrak owes you a plan—an infrastructure plan for the south end of the corridor—and I am hoping it gets here soon.

Mr. WARRINGTON. That is true, Mr. Chairman, and we and the Federal Railroad Administration are wrapping up that plan, and it is the long-term investment requirement, the phase 2 study for the south end. The trip times that we will deliver on the south end are based upon investments that have been made and are being made before the end of the fiscal year to get us where we need to get to.

I will tell you though, maintaining to those tolerances and investing prospectively, is absolutely critical, not only to improve those travel times, but to maintain those travel times and not degrade.

Senator LAUTENBERG. Do you think that we can improve with the appropriate kind of investment the time necessary to travel between here and New York?

Mr. WARRINGTON. Absolutely. As a matter of fact, we can do better than 2–28, but everything costs money. I will tell you that this year, every minute of travel time that we take off a Metroliner trip between New York and Washington translates roughly into $8 million a year in revenue. You cannot get pay-back like that anywhere.

The difficulty is that the investments we have made to date have been relatively inexpensive, but the cost of each incremental minute becomes more expensive, because you have to invest in the harder things in order to get those incremental minutes.

Senator LAUTENBERG. Yes. One thing I would say about the Inspector General here, and that is that he is never embarrassed or holding back on things that need to be said

Mr. WARRINGTON. Nor he should.

Senator LAUTENBERG. And I agree 100 percent, so any time that you think there is something to throw in here, please do not be bashful, because we are all working to the same objective.

Mr. Warrington, how big do you think are the nonpassenger revenue opportunities?

Mr. WARRINGTON. We have had a lot of successes on that front just over the past year, and my testimony and Governor Thompson's testimony highlighted some of those opportunities.

PARTNERSHIP OPPORTUNITIES

You know, we tend to be a traditional railroad with lots of, as I say, operating guys. We are amongst the best professional operating folks in the world, and I would stack our guys up against—men and ladies—up against anybody. But we are pushing very hard to inject a much more commercial and business orientation into the corporation, to break out of the box and recognize that partnerships are where our future is, not only partners with State and local governments around funding and around service plans, but partnerships with private businesses around investing in our company, sharing the risk and sharing the benefits.

We are beginning to do that aggressively with a whole host of great carriers around the mail and express business. As Governor Thompson indicated earlier, it was very significant that Amtrak executed a deal with Dobbs just a couple of months ago, to basically convey Amtrak's commissaries around this country to the private sector, and we did it the right way. We did it with our employees. We did it in partnership with organized labor.

Our unions understood the importance of doing this. We agreed over time we would absorb those employees, or enable a buy-out of those employees. We are going to save $28 to $35 million over 5 years. We did it the right way with labor rather than in any confrontational way, and we are going to get better food, and we are going to save a lot of money.

There are lots of partnership opportunities like that across the system, Senator, and we are going to seize every single one of them.

Senator LAUTENBERG. Mr. Chairman, if I might, I have a safety question.

Senator SHELBY. Go ahead.

SAFETY OF NORTHEAST CORRIDOR

Senator LAUTENBERG. You know that ever since the Chase, Maryland accident I have had a long safety concern regarding freight traffic on the Northeast Corridor. Do you foresee a situation where either CSX or Norfolk Southern will run freight on the Northeast Corridor utilizing electric locomotives? Can we get a compatibility there that helps both of us, both parts of this to improve their service at the same time, not create that problem?

Mr. WARRINGTON. The first thing I want to do, Senator, is genuinely thank you for your leadership around the safety question. After the Chase incident, and largely thanks to you, lots of improvements have been made, around regulatory and engineering and design improvements on the Northeast Corridor, relating to train control, positive stop, and signal systems. Much of the required improvements are entirely attributable to legislation you authorized, and we have a much, much safer railroad out there today as a result.

I will tell you that many, many years ago there were many more freight trains operating on the Northeast Corridor. I would not in any way enable another freight train to operate on that corridor unless I was comfortable, and all of our operating folks were comfortable, that we were doing it safely, because our primary core business is passenger safety. Safety comes first in this operation.

We will execute a deal with Norfolk Southern very shortly around road-railer service on the Northeast Corridor and on the Harrisburg Line, which is one of our underutilized assets, and we will have windows from 10 p.m. to 6 in the morning. We will utilize those windows when we are not operating significant levels of passenger service.

Our first priority is safety. Our second priority is not disrupting our passenger operations, on Metroliners, Northeast Direct, or our sizable commuter operations.

We not only have that opportunity on the south end, but we are working with the P&W Railroad on the north end, which serves the port of the Providence area, Quonsett Point. We are working to complete the third track up there, to enable freight traffic in and out, and in some part using the Northeast Corridor.

I will tell you that we will not do this unless we are comfortable and satisfied that we can do it right and do it safely and, in addition, assure that the freight carriers are fully compensating us for any excess wear and tear or a diminution of useful life of any of those assets. I assure you, that is the way we will run this operation, and we will also make a few bucks out of it.

Governor THOMPSON. Mr. Chairman, Senator Lautenberg, can I just have 5 seconds? I just want to tell you, the new direction of this Board and the management will be, if we have troubles in regards to meeting our schedule on our operation, you individuals will be the first to know. We will not try to hide it, obfuscate it. We will come up and tell you exactly what our problems are so that you will be the first to know, so that you can respond.

Senator LAUTENBERG. Thank you, Mr. Chairman.

Senator SHELBY. Senator Reid, thank you for your indulgence.

Senator REID. Mr. Chairman, thank you very much.

INCREASE IN RAILROAD SUPPORT

I have a little different philosophy than I have heard here today. I believe that we need to support our railroads more, and I am not at all embarrassed to vote for subsidizing rail traffic in this country. I think if you look what we do for airports, for airlines, for automobiles—I had some people come to me from Nevada yesterday. We are going to give them about 3,000 acres of Federal land. Why? Because it is an airport. It is part of the law.

I do not know what that land is worth, but lots of money, but that is the law. We are going to help them create an airport.

It seems as if rail travel gets the short end of everything. It seems to me that we have lost track of the fact that of all we do for highways, all we do for passenger car travel, the trucks in this country, they devastate our highways around the country. They pay a minimum amount.

Airports, we have all kinds of ingenious ways to charge airlines and others that use our airports to subsidize air travel in this country.

I am glad to hear you are working on some of those rail cars. The fact is, we should be buying new ones. How old are some of those cars that we are renovating?

Mr. WARRINGTON. 20 to 25 years.

Senator REID. Those are probably some of the newer ones. I think that we could not stop patting ourselves on the back enough last time we passed a highway bill. Out of this huge bill, hundreds of billions of dollars, we have a small amount in that bill, a tiny amount in that bill for doing something with magnetic levitation.

We invented that in this country, but we were too cheap as a Government to subsidize research and development for that mode of travel, and now we have the Germans and the Japanese developing magnetic levitation, and we are going to use it here in this country. We will be importing that equipment to the United States.

I think it is wonderful, the things that I have heard here today, how you have improved upon the reservation system, and Governor Thompson, you have a reputation for being a man who looks at dollars and where they are spent. I think it is great you have this assignment, and you have accepted it.

But I guess what I am saying is, let us be realistic about this. We need help with our rail system in this country. In Las Vegas, take Las Vegas, the destination, the resort capital of the world. We have the largest hotels in the world. The 20 largest hotels in the world are in Las Vegas.

Our airport is jammed. We have spent hundreds of—no, billions of dollars in that airport. Our highways are jammed. You know, we cannot bring more people by car into Las Vegas.

Railroad, there is nothing happening. We have been struggling to get a few people coming in there every year, and that has been a 2- or 3-year battle to get rail service from Southern California to Southern Nevada.

I just think that we have to recognize where we are in this country. We need help with rail travel in this country, and I would like to hear from you gentlemen if any of you agree with me.

Governor THOMPSON. Senator Reid, I would like to respond first, and I know George Warrington wants to as well. Just to give you the perspective, $30 billion is going to be spent in Federal funding this year for highways.

LAS VEGAS TO LOS ANGELES SERVICE

We are the poor stepchild. But we think that we can do a job with that money, Senator Reid, and make ourselves operationally self-sufficient. We will never be able to do it without some kind of capital support. And I appreciate your willingness to support us in that regard.

In regards to Los Angeles to Las Vegas, we took the Board out to California last month. We had a real good discussion about it. And we think that we will operationally—we are looking at February of next year—have a full round-trip train going into Las Vegas, from Los Angeles, daily. And we are completing an assessment with the Federal Railroad Administration on a Talgo train

set. We are talking to the Mayor and the Governor about some subsidies for us. And we are also talking to the tourist industry out there.

And I want to thank you for your letter. You and Senator Bryan wrote a very supportive letter about the service. And we think that we will be able to operate that new train set from Los Angeles to Nevada. And we believe it will be going at 8 o'clock in the morning from Los Angeles, right George?

OPERATING SUBSIDY

Mr. WARRINGTON. Yes. On the overall policy question, Senator, we have been directed by public policymakers, by this Congress and this administration, that we need to be operating subsidy-free by the close of 2002. So, that is a challenge. That is a charge. That is just the way it is when you sit in this seat.

And we have examined the numbers. It is going to take a lot of hard work and a lot of, as Ken said, good economic climate, good business sense, lots of commercial partnerships, successful high-speed rail. The elements are there to make this work. But I am going to be perfectly straight, that that will be a short-lived success story unless between now and then we have a very frank conversation about the real capital cost associated with sustaining and growing America's Railroad. And we have not really had that discussion.

I have an obligation, we have an obligation, to come back to you toward the end of this year, when we have got our market-based assessment concluded. And we will tell you what the real capital cost and operating benefits are, associated with the existing system and other new services and new, higher speed corridors. There will be a price tag that goes with that. And our success will be short-lived if we do not figure out a way, as a matter of public policy, to bite the bullet and have a real frank discussion and solve the problem around what we genuinely believe we are entitled to.

I will tell you, we have a credibility problem at Amtrak around this operating subsidy question. I need to continue to demonstrate to you that we are chipping away at that problem and getting to the point where we can behave and operate commercially subsidy-free. But the deal has to be, as we get there, we also need to not have that be a fruitless exercise. We need to figure out what the right long-term solution is, so we are not living on the edge of our seat every year, not knowing whether we are going to be able to invest in this railroad.

And as a matter of public policy, we believe, if we are credible and demonstrate to you that we can do that on the operating side, we really are entitled to the same comparable level of capital support that every other transportation mode in this Nation receives. Much of it is indirect. It is direct to Amtrak, and it is like a target on our backs.

But the aviation industry, the maritime industry—I used to run the Port of Philadelphia—the maritime industry, everybody is in line for those bucks, and we are simply not getting them. And, worse than that, the States and the governors do not even have today the flexibility to take their Federal dollars and make locally based decisions around their willingness to perhaps allocate their

share of Federal transportation funds to the intercity rail network. So, not only do we not get it directly, we cannot even enable governors to make that kind of a decision about investing in high-speed service or intercity service.

Senator REID. Did you have something, Mr. Mead?

Mr. MEAD. I just wanted to make two quick observations. For a number of years, this railroad has been groveling for crumbs and has been the victim, you might say, of serious disinvestment. The Taxpayer Relief Act was a substantial infusion of capital. There is a lot of promise being placed on that.

But there is no question, they have just been groveling for crumbs. At the same time, there is the expectation for the railroad—why do we not have a good, first-class railroad with quality service? Well, one reason we do not is because there has been this gradual disinvestment. And now Congress steps in with the Taxpayer Relief Act.

The second is to return to the chairman's point—the one he made in his opening remarks. If you want more money for Amtrak, there are several very serious decisions facing Congress regarding the funding of aviation this year. The general fund is where some of this aviation money comes from. And if general fund dollars get locked up for aviation, there will be substantially less for Amtrak and Coast Guard; that is a tradeoff only Congress can make.

Senator REID. Mr. Chairman, Senator Lautenberg and members of the panel, I would hope that someone of the stature of Governor Thompson—and I am not meaning to pick on you, but someone of your stature—we need national leaders talking about the need to do something about rail travel in this country.

SERVICE OUTSIDE THE NORTHEAST CORRIDOR

It is easy to talk about this Northeast Corridor, because it is a money maker. But there are other parts of the country that are not, but could be. But it will not happen unless we invest money in building the lines, so that there are credible—spend some money on magnetic levitation and other high-speed train travel, as they are doing in other places in the world. Otherwise we are going to rue the day—I repeat—our highways and our airports are crowded. I do not think we will ever build in America another major airport.

Governor THOMPSON. Senator Reid, if I could respond quickly.

I did not take this job just to build the Northeast Corridor. The reason that I accepted the responsibility and the challenge to try and turn Amtrak around is because I believe in it. I passionately believe in rail passenger service in America. We need to do it.

If France can do it, Germany can do it, Japan can do it, why not the United States? We need rail passenger service. And I said earlier, California is going to have 19 million more people by the year 2020. The only salvation is to have a good rail passenger service in California. They cannot build enough airports. They cannot build enough highways to do that.

And I am out speaking about Amtrak all over this country. As you probably know, I am not a shrinking violet. I love to get out and tell people what I think. And I have been in your State, and I have talked about it, 2 weeks ago, about the need for Amtrak service from Los Angeles to Nevada. And I think there is a new

kind of renaissance in America, a new feeling for passenger rail service, that people really are starting to believe in.

And I think we have to show you that we can do it. And this Board, this management team, together, along with the cooperation of Ken Mead, are going to show you that we can make it. And if we can make it to operating self-sufficiency, then we are going to come back to you and say we want to develop the high-speed corridors in California, in Nevada, in Alabama, in Mississippi, and Wisconsin, and Chicago. And we are going to have to have some capital in order to do that. But we have to first show you that we can deliver a good product. And that is what we have to do this year.

And it is difficult. We have got some real tough challenges in front of us. But we are dedicated to making that happen.

Senator REID. Mr. Chairman, I have some questions I would ask to be submitted for the record.

Senator SHELBY. Without objection, that will be done.

CONTRACTING IMPROPRIETIES AND GENERAL FAILURES

If I could, we will have a second round.

Last month, the GAO's Office of Special Investigations published a letter to me regarding an allegation that they had received through GAO's Fraudnet, concerning a consulting contract that had been improperly awarded. GAO found that the contract, the arrangements of which, violated numerous Amtrak procurement requirements, caused the unnecessary expenditure of $1.3 million by Amtrak.

The same GAO letter stated that according to Amtrak's own Inspector General, 95 percent of Amtrak's consulting contracts reviewed by the IG did not have proper approval authority or written justification, and 90 percent were not properly approved.

Mr. Warrington, how has the railroad responded to these findings of contracting improprieties and general failure to follow Amtrak's procurement policies and rules?

Mr. WARRINGTON. Frankly, Mr. Chairman, I jumped on this one well before I received that report.

Senator SHELBY. Good.

Mr. WARRINGTON. As a matter of fact, when I came down to D.C. a year or so ago, frankly, I had some concerns about the disparate nature of the way the procurement function was organized. It was highly decentralized. And there was a fair amount of looseness. And that was from my vantage point in Philadelphia.

When I moved to D.C., I made a very firm set of decisions about change. The first thing I did was contracted with Price-Waterhouse-Coopers to do a review and assessment of what was going on, because my gut was telling me that, you know, this was not quite right. And I pride myself on strong and focused management. My career is built around being focused and decisive and being a leader around management. And that kind of stuff bothers me.

I got a set of recommendations from Price-Waterhouse-Coopers several months back. And I brought them to Governor Thompson and the Amtrak Board of Directors, along with a whole host of other organizational management changes related to the strength-

ening and the centralization of the procurement function across the board, including pulling all of those contract functions out of the engineering organization.

Senator SHELBY. Has it been done? Are you doing it? Are you in the process of doing it?

Mr. WARRINGTON. The organization design is in process. And I am in the process of interviewing five very strong candidates. As a matter of fact, Price-Waterhouse is doing the recruiting for me. They are very, very good on this stuff. They come out of the—a lot of them have military, private sector and public sector backgrounds. And we will get one of the best and the brightest, to make sure that we are in good shape there, Senator.

CAPITAL SPENDING PLAN

Senator SHELBY. Thank you.

Governor Thompson, the Amtrak Board approved a $1.4 billion capital spending plan for fiscal year 1999. That includes the following funding streams: The Taxpayer Relief Act and general appropriated capital funds, State or leveraged funds, bank loans, reprogrammed funds, and matching funds. In the fiscal year 1999 Transportation Appropriations Act, Amtrak received $609 million in capital grants, of which 40 percent, or $244 million, is available for obligation this year.

How will this capital appropriation be spent? And is it true that very little, to none, of these capital funds will be spent for traditional capital expenses, such as equipment, track and track improvements, facilities and rights-of-way purchases?

Mr. WARRINGTON. You are talking about fiscal year 1999, Senator, correct?

Senator SHELBY. Yes, we are talking about this year.

Mr. WARRINGTON. Yes, which is the current year.

Senator SHELBY. Yes.

Mr. WARRINGTON. Yes. As a matter of fact, when we converted from a capital and operating grant to a capital grant, the basic deal was that we needed more flexibility to spend in a way which had previously been defined as operating. And we have been very straight about that.

And, frankly, that is not unlike what all the other modes have done, as well. It defined capital maintenance in a broader way. As a practical matter, in fiscal year 1999, we will end up using about $484 million of that $609 million for capital maintenance, which is not necessarily hard capital.

Senator SHELBY. Would that include your idea, or what you are doing, capital maintenance, spent on maintenance of equipment and debt service?

Mr. WARRINGTON. As a matter of fact, about $50 million of that $609 is going to debt service. And the remaining is for operating—like expenses.

Senator SHELBY. We have been told that less than $3 million will go for traditional capital purposes.

Mr. WARRINGTON. I think it is a little bit more than that. I will have to get you the precise number.

[The information follows:]

Amtrak received 40 percent, or $244 million, of the appropriated $609 million in fiscal year 1999. Of that $244 million, $50 million was used for capital purposes—$44 million of which was for debt service principal and $6 million for other capital projects, including those suggested by the Senate Appropriations Committee (such as the Southern Pines, NC, and Erie, PA, station renovations). Debt service is considered a traditional capital expense because it represents the principal for capital purchases made in previous years. The remaining 60 percent of the $609 million will be spent in fiscal year 2000, for which the capital budget is still being developed.

Mr. WARRINGTON. But the lion's share of that money is being used for—$484 million is for capital maintenance; about $50 million is for principal on the debt; and the balance is for some combination of operating and capital. I believe it is primarily capital.

Senator SHELBY. That is an unusual use of that kind of capital money.

Mr. WARRINGTON. Mr. Chairman, we were very frank last year, and I am being very frank with you this year.

Senator SHELBY. I know you are.

Mr. WARRINGTON. If we are getting a capital-only grant, for all of this to work—we may not like all of the elements of this—but for all of this to work, we need a certain level of funding, and we need the flexibility to spend it in a way which we incur costs around.

Senator SHELBY. But if we give you money for capital expenditures, and you desperately need capital expenditures, it seems to me that ought to be—you are investing in the future there.

Mr. WARRINGTON. That is true.

Senator SHELBY. And I know you are treading water at times in other areas. But, in a sense, you are using capital funds for non-capital—what traditionally would be known as non-capital expenditures.

Mr. WARRINGTON. Mr. Chairman, in an ideal world, I agree with you. But you have to deal with the hand that you are dealt. And we did make a conscious decision to wall off the TRA funds. And I will tell you, Mr. Chairman, we received a lot of pressure, frankly, a year ago, to use the TRA Fund for these kinds of purposes. And we and the Amtrak Board of Directors, management and the Board, resisted a lot of pressure to use the TRA as the easy way out, and to spend down TRA for capital maintenance.

And we took a policy position that we promised the Congress that we would reserve that TRA money exclusively for high-yield capital investment. It is one of the reasons why we are ahead of plan this year, because we have invested that money wisely in things like the call center, where you get real payback.

So, we made a conscious decision, and we were very up-front about it. We will reserve the TRA money for high-yield capital investments, but we have got to have some flexibility if we are going to make this plan work over the next couple of years, to use the annual capital appropriation for capital maintenance, like all other modes, all other federally funded modes do. But the commitment is that by the time we get to 2002, the share of that annual capital appropriation that is being devoted to capital maintenance is significantly declining.

Senator SHELBY. Will any of the capital funds be used for what we call excess railroad retirement payments?

Mr. WARRINGTON. The total excess railroad retirement payment, by 2002, will be close to $200 million a year.

Senator SHELBY. It is my understanding that Amtrak can only use its own revenues for these retirement payments.

Mr. WARRINGTON. That may be the case, Senator. But it all comes together into a bottom line. And, in effect, what the basic deal has been is that by the close of 2002——

Senator SHELBY. Are you using the "fungible" maybe?

Mr. WARRINGTON. Yes.

Senator SHELBY. Your money is fungible.

Mr. WARRINGTON. The basic deal, and what was written in the law last year, Senator, was that, by the close of 2002, we are operationally self-sufficient, except—except there was a recognition that there is this excess railroad retirement burden out there that we all need to figure out a way to deal with effectively. And we project that number to be, by 2002, somewhere between $185 million and $200 million.

Senator SHELBY. Mr. Mead, do you want to comment on that?

Mr. MEAD. There are two parts to this. One is the nomenclature, "capital grant"; we really need some sunshine here. Because, in truth, "maintenance of equipment" and the "maintenance of way" are considered operating expenses. And yet we have here something called a capital grant. Although you have to readily concede that while "maintenance of equipment" and "maintenance of way" are essential to maintain capital, they are in fact quite different from capital.

On the excess Railroad Retirement Payment point, I was not sure that, in 2003, that was an item that Congress had agreed to fund.

Mr. WARRINGTON. Our understanding is it is an item that Amtrak is not responsible for covering as an operating subsidy expense. It is an item out there that does not fit into the demand—that is not included within the demand for Amtrak coverage from an operating——

Senator SHELBY. Basically, Mr. Warrington and Governor Thompson and Mr. Mead, should we not call it what it is? Should we even call this appropriation designated "capital grants"? Perhaps we could call it preventive maintenance.

Governor THOMPSON. We should.

Senator SHELBY. In other words, let us be candid with each other about it.

Governor THOMPSON. We should. Mr. Chairman, we should.

Senator SHELBY. And you all seem to be candid people. And I think we all do better on the committee and we do better with everybody when we put it on the table. Do we not, Governor Thompson?

Governor THOMPSON. I agree with you, Mr. Chairman. I think we should. And that is why we wanted flexibility in the language. But I think we would be much better just to tell everybody what it is for.

Senator SHELBY. Absolutely, where we are.

Governor THOMPSON. Where we are. We want to be candid with you, and we would like to be able to have everybody understand what we are spending the money on.

PARALLELS BETWEEN AMTRAK REFORM AND WELFARE REFORM

Senator SHELBY. Absolutely. Senator Gorton could not be here. He is a very active member of this committee. And he asked me to ask this question, Governor Thompson, of you. In your testimony earlier, you compared the daunting task of reforming Amtrak to welfare reform, which you have got an exemplary record in as Governor. By using this analogy, are you suggesting that we take the same approach with Amtrak, and return power to operate this system to the States, and look at new ways of doing things instead of trying to operate under the same failed model? Would you comment on that a little, because you have had the same experience?

Governor THOMPSON. I certainly would, Mr. Chairman. And I thank you so very much for the question.

Senator SHELBY. This is on behalf of Senator Gorton.

Governor THOMPSON. I understand that. But everybody understands that railroad passenger service does not stop at the State line. It goes all over. And it would be impossible for States to do this. If you are going to have a national passenger rail service, it has got to be a partnership with the Federal Government, with Amtrak and with State governments, along with the freight railroads. We are all in this together, and we cannot do it individually. And we cannot survive without your help and guidance.

And that is why we are here today, to tell you that there is a new Amtrak Board, a new Amtrak direction out there, and we are going to be brutally candid with you, and we expect the same from you. And the States could not do it. This has to be a Federal/Amtrak partnership.

Senator SHELBY. Senator Lautenberg, do you have any other questions or comments?

Senator LAUTENBERG. Yes, thank you very much, Mr. Chairman. I just have a couple of things.

FARLEY BUILDING

One is that as we develop an attraction for railroading, we know what happened, for instance, when Union Station here was rehabbed. It is a place that people want to come to and they feel comfortable in. We are seeing the same thing in Philadelphia.

Mr. WARRINGTON. That is right.

Senator LAUTENBERG. The question of New York, the Farley Building, has also got to be part of the attraction. Because, very frankly, you have been to Penn Station, I have been to Penn Station, it is not a pleasant place to be.

Mr. WARRINGTON. It is not adequate.

Senator LAUTENBERG. It is hopelessly inadequate, because you have got all the commuters coming in that place. It is awful.

Anyway, Mr. Warrington, are you aware of any funding shortfall that might obstruct the completion of the Farley Building project?

Mr. WARRINGTON. I will tell you that we are very interested—you know, we spent the day yesterday in New York, and it became clear to everyone there that, with the kind of demand for the existing Penn Station, we are not going to be able to make this all work over the next 10 or 15 years. And this is really around the long-haul demand. And when you project out the demands on that facil-

ity—even today it is difficult, but down the road, it even begins to pose a safety hazard around clearing platforms.

And I think, working together, with have been very supportive of and want to participate seriously in a new station in New York, which should be and needs to be the Farley project. So, we are very interested in being supportive and being helpful and figuring out the right way to make that project work.

But, meanwhile, we have got high-speed trains coming in the next year, and we also need to invest some money in the existing facility in order to accommodate the demand that is there today and the demand that will be there over the next several years, until the Farley Building and the Farley project can be successfully completed.

Governor THOMPSON. I would like to say something. On the Board, we had a really heated discussion about this on Monday evening of this week. And the Board's position is that we cannot afford, right now, putting our capital into the Farley Building. Our primary goal is to become operationally self-sufficient by the year 2003. And any diversion of money is not going to be acceptable to this Board.

NEED FOR TRANS-HUDSON TUNNEL

Senator LAUTENBERG. That is an interesting thing, Governor. Just a couple of days ago, Representative Bob Franks, from New Jersey, a senior member of our delegation, a Republican, did propose looking at the possibility of a new tunnel, a rail tunnel, between New York and New Jersey, between the north and the south, which is essentially what we are talking about. Because I am very familiar with that tunnel and its operation. I was Commissioner of the Port Authority, and that is what attracted me to transportation before I came to this Senate. And the capacity there is really limiting.

So, as we examine what it is that we are going to need for serious high-speed rail service—and I am encouraged by what I have heard you say here today—and that is if we make the investment, if we ever got that New York ride down to less than 2½ hours, it would relieve the air use, the aviation throughout the country. Because if you can pull these things, the shuttles, give them a little relief up there in terms of scheduling them into the airports, it would work to the advantage of every airport across this Nation. Because what happens in New York happens all over. The same thing in Chicago. The same thing in Denver. And we ought to be doing it.

We opened recently in New Jersey a line, with some trackage work, called Midtown Direct, so people in the suburbs can get from some of the suburbs directly into New York without having to change trains. The response is overwhelming. It gets so crowded that the conductor is having a tough time getting through and collecting all of the tickets that he has to. Real estate values, I am told, have gone up all along the corridor because of the convenience of being able to get to the City. We have a huge commuting people.

And so there are two things that come out of this discussion we are having, Mr. Chairman. And that is when I hear what the plans are, I may have to change my mind about something I earlier said

and stay here and nurse Amtrak through its development and progress.

Senator SHELBY. We would love for you to stay. [Laughter.]

Senator LAUTENBERG. The other thing is I wonder if we could ever put slot machines in some of our longer-run trains. [Laughter.]

That is another revenue source.

Senator SHELBY. Thank you, Senator Lautenberg. [Laughter.]

Governor THOMPSON. Senator Lautenberg, you are absolutely correct. There needs to be, long range, another tunnel. There is no question about that. And anybody that is a visionary is looking at that. And there needs to be an improvement on the Penn Station and the Farley Building. But Amtrak cannot afford those kind of thoughts at the present time.

Senator SHELBY. Maybe out of some other funding mechanism.

Governor THOMPSON. There has to be, because all Amtrak can do is, to survive right now——

Senator SHELBY. Senator Lautenberg is right, though, as far as the redevelopment, like Union Station and so many others that he has alluded to.

Governor THOMPSON. It is a beautiful asset.

Senator SHELBY. It is a big capital expenditure, but I think it is ancillary to what we are doing.

Governor THOMPSON. That is true.

ADDITIONAL COMMITTEE QUESTIONS

Senator LAUTENBERG. Thank you, Mr. Chairman. This was a good hearing.

[The following questions were not asked at the hearing, but were submitted to the agencies for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO AMTRAK

QUESTIONS SUBMITTED BY SENATOR SHELBY

Question. Since the General Accounting Office's (GAO) report was published in May 1998, has Amtrak restructured its route system in any way to respond to the operating losses on 39 of 40 routes? Do you have any route restructuring or closures planned?

Answer. The fiscal year 1999-fiscal year 2002 Strategic Business Plan (SBP) lays out numerous initiatives that will improve the financial performance of Amtrak's routes. Some of the highlights are listed below:

—Frequency additions and new service launches on the West Coast:
  —2nd frequency on the Cascades between Seattle and Vancouver, 5th and 6th frequencies on the Capitol corridor
  —5th frequency on the San Joaquins (Bakersfield-Sacramento)
  —Auto Train service on the Coast Starlight;
—Planned new service in Oklahoma
—Launch of high speed rail in the Northeast
—Mail and express growth on many long-distance routes
—Additional auto carrier capacity on Auto Train
—New equipment procurement on select routes (Cascades, San Diegans, Acela Express, and North Carolina service), providing a better product to customers
—Labor productivity improvements

In addition, the market based network analysis (MBNA) that is currently underway will consider significant route restructuring. The results of the MBNA will be phased in, beginning with the fiscal year 2000 business plan.

Question. GAO cites that 17 of your 40 routes carry, in total, only about 2 million, or 10 percent of your total annual ridership. Wouldn't some of these routes be logical places to look for cutting back the railroad's cumulative operating losses?

Answer. While GAO accurately points out that many of our routes have relatively low ridership, they fail to point out the differences between routes that make cutting back simply on the basis of low ridership an unwise proposition.

Of the 18 routes that made up approximately 10 percent of our ridership in fiscal year 1998, 10 were state supported services operated in Illinois, Michigan, New York, North Carolina, Pennsylvania and Vermont. The remaining routes were long-distance trains that represent more of Amtrak's total revenue than their percentage of ridership may indicate.

In addition, many of these long-distance and state supported services connect with other routes. Eliminating one or more of these routes will therefore have an adverse impact on the financial results of the routes that remain.

Despite the qualifications made above, Amtrak is considering changes to its existing network as part of the Market Based Network Analysis which is currently underway. The results of this initiative will be incorporated into the fiscal year 2000 business plan.

Question. Please provide the most recent route-by-route performance statistics for all short and long distance routes, similar to that found on pages 221–222 of part 5 of the House Appropriations Committee's fiscal year 1999 hearing record.

Answer. See attached table.

Financial and Statistical Performance of Amtrak Routes
(Financial Data Excluding Depreciation)
FY1998 vs. FY1997

Description		FY98 Total Revenue (in millions)	FY98 Total Expense (in millions)	FY98 Profit/ (Loss) (in millions)	FY97 Profit/ (Loss) (in millions)	P/L $ Change (in millions)	P/L % Change					FY97 Ridership (in thousand s)	% Change in Rider-ship	FY98 Train Miles (in thousand s)	FY97 Train Miles (in thousand s)	% Change in Train Miles
Amtrak Intercity SBU																
Route 63	Auto Train	53.8	63.2	-9.3	-19.4	10.1	52%	61%	60%	1%	244	241	1%	620	625	-1%
Route 28	Southwest Chief	57.0	94.8	-37.7	-38.9	1.2	3%	64%	58%	6%	290	257	13%	1,623	1,625	0%
Route 19	Silver Meteor	25.1	44.7	-19.7	-22.5	2.8	13%	53%	56%	-4%	249	255	-2%	1,005	1,015	-1%
Route 45	Lake Shore Limited	29.9	55.9	-26.1	-25.9	-0.1	0%	61%	63%	-2%	334	355	-6%	843	845	0%
Route 17	Three Rivers	19.8	37.3	-17.5	-14.7	-2.9	-20%	49%	53%	-4%	121	140	-14%	667	630	6%
Route 25	Empire Builder	49.0	94.0	-45.0	-40.8	-4.2	-10%	75%	62%	14%	422	347	22%	1,879	1,481	27%
Route 48	Silver Palm	25.3	48.9	-23.6	-24.0	0.3	1%	49%	44%	5%	220	188	17%	1,061	963	10%
Route 26	Capitol Limited	18.0	36.7	-18.7	-19.1	0.4	2%	53%	54%	-1%	186	179	4%	569	569	0%
Route 52	Crescent	26.5	55.4	-28.9	-33.0	4.0	12%	53%	51%	2%	267	247	8%	1,007	1,008	0%
Route 16	Silver Star	25.0	52.7	-27.7	-29.0	1.3	4%	51%	55%	-3%	263	270	-3%	1,040	1,060	-2%
Route 27	California Zephyr	45.5	101.9	-56.4	-37.9	-18.5	-49%	69%	54%	15%	387	292	32%	1,763	1,327	33%
Route 30	City of New Orleans	13.3	33.6	-20.2	-19.7	-0.5	-2%	50%	48%	2%	198	174	14%	681	621	10%
Route 33	Sunset Limited	16.7	45.9	-29.3	-29.0	-0.3	-1%	51%	52%	-2%	121	124	-3%	853	885	-4%
Route 32	Texas Eagle	12.3	36.3	-23.9	-18.9	-5.1	-27%	52%	48%	4%	101	114	-11%	527	432	22%
Route 18	Cardinal	4.8	14.8	-10.0	-8.5	-1.5	-18%	55%	51%	4%	86	80	7%	289	289	0%
Route 49	Pioneer				-10.2	10.2	n/a	0%	45%	-45%	0	51	-100%	0	312	-100%
Route 60	Desert Wind				-12.2	12.2	n/a	0%	52%	-52%	0	80	-100%	0	474	-100%
Amtrak Intercity Long Distance		**421.9**	**816.1**	**-394.2**	**-403.7**	**9.5**	**2%**	**56%**	**55%**	**1%**	**3,488**	**3,395**	**3%**	**14,429**	**14,161**	**2%**
Route 67	Piedmont	3.9	4.2	-0.3	-0.8	0.5	60%	43%	40%	3%	48	44	10%	124	124	0%
Route 66	Carolinian	14.0	16.3	-2.3	-3.6	1.3	37%	41%	42%	-1%	233	231	1%	345	348	-1%
Route 23	Illini	5.6	8.2	-2.6	-3.6	1.0	28%	37%	33%	4%	102	89	15%	225	225	0%
Route 56	Kansas City-St Louis	8.0	13.6	-5.6	-6.1	0.4	7%	43%	41%	3%	179	156	15%	410	409	0%
Route 24	Illinois Zephyr	4.5	8.0	-3.5	-4.2	0.6	15%	39%	33%	6%	96	82	17%	190	192	-1%
Route 41	International	4.7	9.3	-4.6	-5.1	0.6	11%	24%	25%	-1%	115	124	-7%	233	231	1%
Route 21	Hiawathas	11.9	24.5	-12.6	-16.2	3.6	22%	38%	34%	3%	406	361	12%	401	363	10%
Route 20	Chicago-St Louis	9.0	21.8	-12.8	-12.6	-0.1	-1%	40%	35%	5%	271	237	15%	577	530	9%
Route 65	Pere Marquette	2.3	5.8	-3.5	-2.9	-0.6	-19%	39%	38%	1%	66	65	1%	129	127	1%
Route 57	Pennsylvanian	4.5	11.7	-7.2	-6.1	-1.1	-19%	25%	26%	-1%	144	160	-10%	324	318	2%
Route 22	Chicago-Pontiac	10.0	30.9	-20.9	-24.5	3.6	15%	37%	42%	-5%	375	418	-10%	644	659	-2%
Route 54	Chicago-Indianapolis	0.0	0.3	-0.2	0.0	-0.2	n/a	n/a	n/a	n/a	2	0	n/a	12	0	n/a
Route 64	Gulf Coast Limited				-2.1	2.1	n/a	0%	32%	-32%	0	21	-100%	0	48	-100%
Amtrak Intercity Medium Distance		**78.4**	**154.6**	**-76.1**	**-87.8**	**11.6**	**13%**	**36%**	**36%**	**0%**	**2,039**	**1,989**	**3%**	**3,612**	**3,575**	**1%**
Total Amtrak Intercity		**504.3**	**973.0**	**-468.6**	**-491.1**	**22.5**	**5%**	**53%**	**52%**	**1%**	**5,580**	**5,422**	**3%**	**18,110**	**17,792**	**2%**

Financial and Statistical Performance of Amtrak Routes
(Continued)

Description	FY98 Total Revenue (in millions)	FY98 Total Expense (in millions)	FY98 Profit/ (Loss) (in millions)	FY97 Profit/ (Loss) (in millions)	P/L $ Change (in millions)	P/L % Change				FY97 Ridership (in thousands)	% Change in Ridership	FY98 Train Miles (in thousands)	FY97 Train Miles (in thousands)	% Change in Train Miles
NEC SBU														
Route 40 Adirondack	4.5	8.3	-3.8	-5.1	1.4	26%	37%	43%	-6%	83	99	-16%	138	174	-21%
Route 04 Vermonter	4.9	9.7	-4.8	-3.5	-1.3	-37%	43%	45%	-1%	83	85	-2%	182	182	0%
Route 01 Metroliners	178.6	141.1	37.5	39.1	-1.6	-4%	49%	48%	2%	2,135	2,081	3%	1,991	1,990	0%
Route 05 Northeast Direct	250.1	344.7	-94.5	-81.7	-12.8	-16%	40%	39%	1%	5,786	5,549	4%	5,491	5,288	4%
Keystone & Clocker Service (Rts. 13, 14, & 42)	30.9	53.6	-22.7	-26.1	3.4	13%	47%	40%	7%	2,509	2,150	17%	913	811	13%
Route 15 Empire	40.7	77.9	-37.2	-35.5	-1.7	-5%	43%	40%	2%	1,166	1,057	10%	1,634	1,485	10%
Route 03 Empire-Ethan Allen Express	1.6	5.8	-4.2	-1.7	-2.5	-149%	45%	35%	10%	42	29	42%	96	60	58%
Total Amtrak NEC SBU	**512.4**	**644.1**	**-131.7**	**-117.3**	**-14.4**	**-12%**	**43%**	**41%**	**2%**	**11,875**	**11,093**	**7%**	**10,464**	**10,007**	**5%**
Amtrak West SBU														
Route 34 Coast Starlight	35.3	77.8	-42.5	-40.4	-2.1	-5%	64%	61%	3%	498	497	0%	970	1,010	-4%
Route 39 San Joaquins	32.7	38.4	-5.7	-6.4	0.7	11%	35%	36%	-1%	668	688	-3%	900	914	-2%
Route 37 Capitols	15.8	21.0	-5.2	-7.3	2.1	29%	31%	33%	-2%	462	490	-6%	384	371	3%
Route 36 Amtrak Cascades	15.6	22.3	-6.6	-8.0	1.3	17%	49%	41%	8%	401	335	20%	526	453	16%
Route 35 San Diegans	43.6	73.0	-29.4	-31.3	1.9	6%	31%	33%	-2%	1,571	1,635	-4%	1,297	1,145	13%
Amtrak West Medium Distance	**107.6**	**154.6**	**-47.0**	**-53.1**	**6.1**	**11%**	**34%**	**35%**	**-1%**	**3,103**	**3,148**	**-1%**	**3,107**	**2,883**	**8%**
Total Amtrak West SBU	**144.2**	**234.3**	**-90.1**	**-93.9**	**3.7**	**4%**	**43%**	**42%**	**1%**	**3,640**	**3,678**	**-1%**	**4,090**	**3,902**	**5%**
All Amtrak Route Operations	**1160.9**	**1851.4**	**-690.5**	**-702.2**	**11.8**	**2%**	**48%**	**47%**	**1%**	**21,096**	**20,193**	**4%**	**32,664**	**31,701**	**3%**

Note: Route-level data is from Amtrak's Route Profitability System (RPS). Expenses exclude retroactive labor settlements and depreciation. Revenues exclude federal payments and interest earned on federal payments.

Question. Please update the Committee on Amtrak's own market-based route study. Is this an in-house or contracted out study? When will it be completed? Do you anticipate that this study will assist the Board in making route closure and rationalization decisions?

Answer. Amtrak's market-based network analysis (MBNA) is managed by Amtrak staff, with individual projects being performed by both Amtrak staff and consultants. The collaboration covers both the strategic direction of individual tasks as well as the technical work itself.

The prime components of the study include market research, variable cost model development, contribution analyses, train mix analyses, corridor and long distance demand modeling, physical characteristics studies, operational analyses and capital investment analyses.

The Corporation plans to complete the MBNA in late summer of 1999 such that implementation can begin in fiscal year 2000. The capital and operating budgets developed for the fiscal year 2000-fiscal year 2004 Strategic Business Plan, as well as the long-term forecasts shown in that plan, will incorporate the results of the MBNA.

By analyzing demand for passenger rail service across the country, and considering the requirements associated with potential route options, Amtrak can reposition the Corporation as more relevant to its customers, and in doing so, make it more commercially viable. In this way the MBNA will guide management and Board decisions to redefine the national network.

Question. The Amtrak board approved a $1.4 billion capital spending plan for fiscal year 1999 that includes the following funding streams: Taxpayer Relief Act and general appropriated capital funds, state or leveraged funds, bank loans, reprogrammed funds and matching funds. In the Fiscal Year 1999 Transportation Appropriations Act, Amtrak received $609 million in capital grants, of which 40 percent, or $244 million is available for obligation in fiscal year 1999. How will this capital appropriation be spent? Is it true that very little to none of these "capital" funds will be spent on traditional capital expenses, such as equipment, tracks and track improvements, facilities and rights-of-way purchases?

Answer. Of the $244 million received during fiscal year 1999, $50 million will be used for traditional capital investments. The remaining appropriated funds received are being used for maintenance of equipment expenses. When the remaining funding for fiscal year 1999 is received in fiscal year 2000, it will be used to repay TRA loans and subsequently used for traditional capital purposes.

Question. Will any of these capital funds be used for excess railroad retirement payments?

Answer. The fiscal year 1999 capital appropriation will be used for traditional capital projects and maintenance of equipment expenses. The portion of railroad retirement costs associated with Amtrak labor costs incurred in maintenance of equipment functions would be included in the maintenance of equipment costs covered with federal support.

Question. Why are these funds even called "capital grants?" It doesn't appear that much, if any, of the appropriated funds are being used for capital purposes. Would it make more sense to simply appropriate funds under the heading "Grants to the National Railroad Passenger Corporation," and not attempt to delineate which funds are for capital costs, which are for maintenance costs, and which are for operating costs?

Answer. Amtrak will always require federal capital support, similar to that received by all other modes of transportation. This suggestion to have a general grant provided to Amtrak without any artificial restrictions imposed on it makes absolute sense, and would allow Amtrak to behave more like a business. That is what the Amtrak Reform and Accountability Act calls for—a straight grant—so it would be consistent with the authorizer's intent for Amtrak to receive grants this way. Congress and the Amtrak Reform Council would still be able to measure Amtrak's dependence on federal support for operating expenses, through the annual audit process, so the integrity of the Congressional directive to achieve operational self-sufficiency would remain intact.

Question. The Federal Railroad Administration has sent up a request for $570,976,000 for fiscal year 2000, and the Amtrak legislative grant request is for a total of $571,000,000. What accounts for the $24,000 difference?

Answer. Amtrak's strategic business plan is based on $571,000,000 for fiscal year 2000. Amtrak considers the difference of $24,000 as immaterial, and would suggest the committee direct the question to the Federal Railroad Administration.

Question. If the Federal Transit Administration's expanded capital definition were applied to Amtrak capital, what is the maximum amount of the $571,000,000 in the fiscal year 2000 request that could be used for: maintenance of equipment, mainte-

nance of facilities, and maintenance of way? (Please break out your response by category.)

Answer. Amtrak's current business plan forecasts that maintenance expenses will total $481 million in fiscal year 2000—$308 million for maintenance of equipment and $177 million for maintenance of way and facilities.

The use of federal funds for this purpose, however, is limited by the cash flow requirement of the corporation. In fiscal year 2000, $362 million will be required for maintenance purposes—$184 million of which will be paid from the cash received for the fiscal year 1999 federal appropriation and $178 million for the fiscal year 2000 federal appropriation.

Question. The Amtrak capital business plan includes only about $32 million total this year for corridor development. There is no other federal source for capital rail improvement grants. Who do you expect to pay for the capital improvements to support high-speed rail corridors? Besides Amtrak, what are the other possible funding sources?

Answer. Amtrak's fiscal year 1999 capital program includes $144 million of corridor development investment and leverages another $243 million in state and private investment.

All the high-speed rail programs developed thus far assume a combination of local, State, and Federal funding to progress upgrades of these corridors. As reflected in the recent National Governors Association rail policy, these states believe that they should have the flexibility to apply federal surface transportation dollars to high-speed rail development work. In addition, there is growing support for a dedicated funding source that can be used to invest in high-speed rail improvements, similar to the funding that can be used today to build and support highways, airports, transit and maritime systems. In California, voters will decide whether to increase the state sales or fuel taxes to support a substantial portion of the proposed high-speed rail system. However, some level of federal capital support still would be required.

Question. What incentive would freight railroads have to invest in these kinds of infrastructure improvements themselves? Do they directly benefit from higher-speed passenger service?

Answer. High-speed rail can be a win-win opportunity. Upgrade of trackage to permit high-speed operations requires updated signal systems, improved trackage, increased track capacity, grade crossing and other safety upgrades. Freight railroads can benefit significantly from these improvements, which can enable them to move freight more quickly, reliably and safely. The most important issue for freight railroads will be to ensure that increased passenger service does not adversely impact their ability to move freight. As a result, it is essential that high-speed rail corridor initiatives adequately take into account capacity issues by designing the railroad to permit long-term freight and passenger traffic growth.

Question. I am concerned that spending any federal funds on high-speed rail infrastructure improvements on rail that is owned by the freights is tantamount to subsidizing private, for-profit companies. Is this a valid concern?

Answer. The cost up upgrading existing, albeit privately owned, rail lines in our most densely congested transportation corridors will be a tiny fraction of the cost of highway and airport expansion. Many of these rail lines connect downtown business centers, and are right-of-ways that could never be reassembled today. Hence, investment in these rail lines can save the federal government immense funding. If a publicly owned alternative were pursued, adequate safeguards can be included to protect the federal government's investment in high-speed rail corridors.

Question. What mechanisms are in place to prevent gold plating, or the unfair distribution of allocated capital improvement costs on freight lines that would be upgraded for high-speed passenger service?

Answer. In order to develop high-speed corridors on tracks not owned by Amtrak, there will have partnerships where all stake-holders benefit. This means the improvements to infrastructure necessary for higher speeds or increased capacity need to benefit the passenger service as well as the host railroad if the service is going to be successful. Amtrak is committed to approaching partnerships with freights in this way, while also ensuring that state and federal money is spent in a manner most optimal for all involved. Furthermore, Amtrak, the states, and the Federal Railroad Administration will rely on a detailed capacity analysis to ensure that the appropriate upgrades are made. The fiscal realities ensure that these safeguards are inherently in place.

Question. Please update the Committee on all proposed regional high-speed rail corridors of which Amtrak is aware. Please provide detailed information on each proposed corridor, including: (1) total projected cost for each corridor, as well as anticipated timeframe; (2) the amount of capital funding committed by Amtrak, the

affected States, the freight railroads and other interested parties; (3) the level of current services and what service improvements the high-speed corridor will bring about; (4) each project's primary proponent, as well as other parties in the coalition of forces; and (5) current ridership figures, and estimated ridership growth.

Answer. The General Accounting Office recently issued a report on high-speed rail that included, as an appendix, an excellent summary of other corridors under planning and development around the country, which addresses all the issues raised in the question. Amtrak has attached a copy of this report.

Question. Amtrak was directed by the appropriations conferees to work closely with Northeast Corridor communities, state transit officials, and owners of the track to identify danger spots and install perimeter fencing along the corridor, wherever it is needed, and in particular, focus on increased community coordination in communities where problems or concerns have been expressed. Please update the Committee on Amtrak's efforts to comply with this directive.

Answer. The Final Environmental Impact Statement (FEIS), Section 5.1–1, directs Amtrak to repair, replace or install fencing at 29 locations between New Haven and Boston. The Federal Railroad Administration identified areas with "worn, well-established paths, as well as along school yards, playgrounds and other recreational areas." Section 5.1–1 also states that "Amtrak will on a regular basis consult with local authorities to identify any new areas where significant levels of trespassing are occurring, and measures that might lessen trespassing." (Note: the Record of Decision (ROD) subsequently revised the list from the FEIS, increasing the fencing required at certain locations and reducing it at others.)

In response, over the past three years, Amtrak has been meeting with communities along the Northeast Corridor, public officials, and police departments to identify areas where additional fencing would be appropriate. With few exceptions, every request that has been made has been investigated and approved for additional fencing.

The fencing mandated in the ROD is currently being installed. The additional fencing will be installed once installation of the ROD fencing is complete.

Question. Please provide historical data from fiscal years 1989 through 1998 on trespasser and crossing fatalities on the Northeast Corridor.

Answer. The following table consists of Class E Trespasser fatalities that occurred in the states of: DE, PA, MD, DC, RI, NY, ME, VT, NH, CT, NJ and MA.

	Fiscal year							
	1991	1992	1993	1994	1995	1996	1997	1998
Total	17	11	8	13	13	12	9	18
Crossings	.....	.....	.....	2	1	.....	.....	.....

Note: These figures do not include Commuters. Total includes Grade Crossing Accidents.

Question. Please describe the efforts Amtrak is making to educate the public concerning north end catenary electrification.

Answer. Amtrak has been an active participant in Operation Lifesaver, a public-private effort to present safety information in schools, to bus and trucking company representatives, and to community groups on the dangers of trespassing on or near the railroad tracks. During the past year, Amtrak's presentations have been updated to stress the dangers associated with electrification of the catenary system.

In addition, in early March, Amtrak held informational meetings with public safety authorities between New Haven and Boston. Information was provided on Amtrak's progress to date on installation of the catenary system, as well as on the energization and testing that will take place in the coming months.

Amtrak has also contracted with a private organization, Operation Respond, that will provide intensive training in each of the municipalities impacted by electrification. The training is currently underway and will be made available to each town prior to the implementation of high-speed rail service.

Question. Amtrak is the lead contractor for construction of the "third track" freight rail line paralleling the Northeast Corridor between Quonset Point/Davisville and Central Falls, Rhode Island. What are the inherent challenges in building a new freight rail line mere feet from an electrified high-speed line that is in regular use? What is the construction schedule for the third track project? How does this construction schedule interrelate with the schedule for completion of high-speed rail electrification, other capital improvements on the north end, and the schedule for testing the rail, electrification system, other infrastructure, and trainsets?

Answer. The primary inherent challenges in building a new freight rail line near the high-speed line are (1) ensuring everyone's safety when working, and (2) ensuring that the work on this project has a minimal impact on high-speed rail service, while also meeting the project schedule.

The completion date for the third track, as determined by the Rhode Island Department of Transportation (RIDOT), is the last quarter of 2001. This is an extremely aggressive timetable, which Amtrak is in the process of reviewing. It will have no impact on the high-speed rail schedule, but if any conflicts do arise, the third track work will be secondary to completion of electrification.

The only other capital project with which the third track project interrelates is the Warwick Train Station at T.F. Green Airport. Rhode Island has indicated that both projects are a priority, and the location of the Station will have an impact on the geometry of the third track. RIDOT is currently exploring its options and the impacts of these options on both projects.

Question. Please describe the need for Amtrak's requirement that all trains operating on Northeast Corridor property be controlled by the advanced civil speed enforcement system (ACSES)?

Answer. The ACSES requirement was promulgated by the Federal Railroad Administration as a waiver condition for operating above 110 mph. In general, it provides for speed control around curves (civil speed control) and positive stop as a more direct control over train movements. The system includes wayside locomotive controls and is being installed between New Haven and Boston, as well as in several sections between New York and Wilmington. All locomotives operating between New Haven and Boston will require the ACSES capability. Only Amtrak equipment will be equipped south of New York, since interlockings provide effective control over train interference.

Question. When will the requirement that all trains operating on Northeast Corridor property be controlled by the ACSES go into effect? How many Amtrak locomotives are affected by this requirement? How many of these locomotives currently have ACSES installed?

Answer. Coinciding with the initiation of high-speed rail service, anticipated in late 1999, ACSES will be required on every locomotive operating on the north-end of the Northeast Corridor. Because of flanking protection on the south-end of the corridor, locomotives operating south of New Haven, CT are not required to have ACSES by the same deadline.

Eventually, ACSES will affect every locomotive running where high-speed rail operates, that is, on electrified track from Boston to Washington. A total of 161 Amtrak locomotives will be affected by the ACSES requirements. The specific classes of locomotives to be outfitted with ACSES by the October 1, 1999 deadline are as follows:

—52 AEM7 electric locomotives
—24 F40 diesel locomotives
—30 road switchers
—15 high-horsepower electric locomotives (HHP)
—40 High Speed Rail locomotives

To date, two locomotives, one electric and one diesel have ACSES hardware installed and are working prototypes.

Question. What other railroads are affected by the ACSES requirement? What is the per unit cost of installing the hardware? Are there any additional operating costs associated with ACSES?

Answer. The following commuter railroads will be affected by ACSES requirements:

—Massachusetts Bay Transit Authority (MBTA)
—Connecticut Department of Transportation's Shoreliner East
—NJ TRANSIT

The following commuter railroads operate on the south-end of the corridor, and will not be immediately impacted by the ACSES requirement, but will be affected in the future:

—Southeastern Pennsylvania Transportation Authority (SEPTA)
—Maryland Rail Commuter (MARC)
—Virginia Rail Express (VRE)

The following freight railroads will be affected:

—CSX
—Norfolk-Southern
—Providence and Worcester

The average per unit cost of installing the hardware is $50,000. This figure includes labor and materials.

Daily inspection of the ACSES system is a recurring task that will be incorporated into daily operational procedures. Costs can be expressed in terms of man-hours. It is expected that system testing will require 0.1 man-hours each day. Repairs to the ACSES system will result in variable, non-recurring costs.

Question. What is the timetable for the delivery of Amtrak's 20 new high-speed rail trainsets and 15 new electric locomotives? What is the payment schedule for this major procurement?

Answer. Amtrak expects delivery of the first two trainsets in December 1999 and the 20th trainset in August 2000. New ACELA Express service will be phased in as the new trainsets arrive. With delivery of the final trainset in August, Amtrak will convert its interim trainset financing to long-term permanent financing.

Question. Please outline the construction schedule and related costs for the three high-speed maintenance facilities. Please describe the cost-sharing arrangements for the construction and operation of these maintenance facilities with Bombardier.

Answer. The high-speed trainset facilities have progressed extremely well and are ahead of schedule. The Ivy City (Washington) maintenance and S&I (service & inspection) building, and the Southampton Yard (Boston) S&I facility will be turned over to Amtrak in May 1999. The Sunnyside Yard (New York) facility will be turned over to Amtrak in September 1999. The three facilities cost as follows: Ivy City B $51 million; Sunnyside B $34 million; Southampton B $28 million. The facilities will be staffed by Amtrak workers managed by the consortium for at least the first 10 years after acceptance of the 20th trainset. Maintenance is projected to cost approximately $42 million, per year. The consortium is subject to strict performance penalties regarding daily performance and cleanliness of the trains.

Question. Please describe the contractual penalty clauses that Bombardier is subject to regarding trainset delivery and maintenance.

Answer. Under the contract with the consortium, liquidated damages are imposed for late delivery of the trains to Amtrak resulting from delays caused by the contractor. These penalties are as follows:

Days	*Per day*
0–30	$1,000
30–60	2,000
60–90	4,500
90+	6,000

The consortium is also responsible for managing the trainset maintenance and is subject to strict performance penalties. These include:

—$10,000 per trainset that is not timely provided to Amtrak for service

—$5,000 per trainset that fails to achieve scheduled trip time due to a mechanical failure

—$1,000 per failure of any system on board a train, e.g., toilet, AC, intercom, etc.

Question. What will the new top speeds be when the American Flyer trainsets go into service?

Answer. The trainsets will be able to operate at up to 150 mph in revenue service. The top speed of the trainsets is 165 mph.

Question. Please describe the testing components of the Northeast Corridor high-speed project. Include timetables and benchmarks for: testing on trainsets at the Transportation Technology Center in Pueblo, Colorado and on the Northeast Corridor, testing of the corridor's electrification system; and testing of other corridor infrastructure.

Answer. The trainsets, electrification, and track must be tested and approved for operation at the planned speeds (up to 150 mph).

Trainsets.—Trainset testing will take place at both Pueblo and the Northeast Corridor. Pueblo testing is underway and will extend through September 1999. The testing includes operation of all onboard systems, diagnostics, contract specifications (acceleration, deceleration, braking, etc.), and FRA safety and Tier II equipment tests and qualifications. Basic safety testing is performed first. Once the trainset has met these requirements, the second trainset can be tested on the Northeast Corridor. These tests will include contract compliance, safety and qualification testing, as well as specific passenger amenities and systems. This testing is scheduled to be completed by the end of October 1999.

Electrification.—The electrification system must be tested and commissioned prior to acceptance by Amtrak. Testing of the electric supply system (electrical facilities) is currently underway; system-wide testing begins in July and will extend through the Fall. This testing will ensure accurate positioning of electric wires, compliance with the National Electrical Safety Code, power supply, and impact on the electric utilities providing the power.

Infrastructure.—Amtrak will operate its equipment at up to 150 mph, the first Class 8 track speeds in this country. The track must be maintained to this track Class and this will be reviewed by the FRA. In addition, FRA has detailed specific testing required to use the new ACSES system.

Amtrak and the FRA closely monitor the testing and approval process and maintain a monthly CPM schedule of all FRA-Amtrak interfaces. This helps ensure that testing is progressed in a timely manner and nothing is missed along the way.

Question. How much in profit does Amtrak expect the northeast corridor high-speed rail operations will reap? Is this an annual profit? When does the railroad anticipate that this annual profit level will be realized? What will the annual profits be leading up to this point?

Answer. High-speed rail operations will be introduced and transitioned into service in the Northeast Corridor in late calendar year 1999 which marks the end of the first quarter of fiscal year 2000. This transition will continue through fiscal year 2000 with scheduled delivery of full high-speed rail service to be completed by the end of the fiscal year, which ends September 30, 2000. After this transition, fiscal year 2001 will be the first full year inclusive of high-speed rail service as part of the Corridor's total product offering. Budget result improvement in fiscal year 2001 is projected to be $150 million. During fiscal year 2002, the Corridor's budget result is projected to improve by $180 million.

Question. The independent assessment of Amtrak's financial status has found Amtrak's estimates of the Northeast Corridor's high-speed rail profits to be overly optimistic. What is the actual discrepancy between the independent assessment's conclusions and Amtrak's figures? What do you think is the basis of this discrepancy?

Answer. The DOT–IG's risk analysis forecasted a 6 percent variance in high-speed passenger related revenue. Amtrak disagrees with the demand modeling methodology used in the assessment and questions some of the key assumptions and conclusions such as the:

—Inclusion of 12 months of expenses and 3 months of revenue;
—Inclusion of only 18 of the 20 high-speed trainsets;
—Conclusion that no new high-speed passengers will be diverted from auto for trips of less than 75 miles;
—Conclusion that ridership growth will be largely diverted to conventional rail rather than high-speed rail due to the reduced travel times for conventional rail; and
—Neglect to take into consideration available pricing and yield management options.

Actual experience tells us otherwise:

—The highest priced fares, for Club service, often filled with shorter-distance riders and sold out, suggest that increased comfort and shorter trip times are in demand;
—The current trip time differential between Metroliner and conventional service on the south-end is 30 minutes. The advent of high-speed rail will increase the trip time differential to 40–45 minutes, increasing the demand for the faster high-speed service rather than diverting the demand to conventional service;
—Similarly on the north-end, the travel time differential between high-speed and conventional service will be 40–60 minutes, further creating an increased demand for high-speed service (even if the travel time differential was reduced to the same 30 minute differential that currently exists on the south-end, the strength of current Metroliner revenue performance and ridership growth indicates that there would be significant diversion to high-speed service);
—There will be more high-speed service options than conventional rail options offered on the north-end, attracting more ridership to high-speed trains due to service frequency benefits; and
—In markets of 75 miles or less there is no air competition. Given the population densities along the Northeast Corridor, there are numerous city pairs that are less than 75 miles that currently contribute to significant Metroliner revenue (Trenton-NY, Metro Park-NY, BWI–DC, Wilmington-Baltimore, etc.).

The assessment methodology also excludes the valuation of the positive financial impact of marketing campaigns, class of service offerings, new trainsets, service standards program, station improvement programs and reservation and fare collection re-engineering. Amtrak believes that the assessment has underestimated high-speed revenues.

Question. Last month, the GAO's Office of Special Investigations published a letter to me regarding an allegation that they had received through GAO's FraudNET concerning a consulting contract that had been improperly awarded. GAO found that the contract, the arrangements of which violated numerous Amtrak procurement requirements, cause the unnecessary expenditure of $1.3 million by Amtrak.

The same GAO letter stated that, according to Amtrak's own Inspector General, 95 percent of Amtrak's consulting contracts reviewed by the IG did not have proper approval authority or written justification, and 90 percent were not properly approved. How has the railroad responded to these findings of contracting improprieties, and general failure to follow Amtrak's procurement policies and rules?

Answer. Last year, as the result of an independent review of Amtrak's purchasing processes by Price Waterhouse, a new Vice President level position on Amtrak's Management Committee for Procurement and Administration was created. This senior level manager will oversee centralizing all Amtrak procurements, manage Amtrak inventories, and ensure a more independent and effective purchasing control environment. In addition, a task team with representatives from Amtrak's Finance and Law Departments has been working with Amtrak's Inspector General to rewrite Amtrak's consultant hiring and approval policies to facilitate compliance and accountability.

Until a new policy is put in place and the Vice President for Procurement and Administration begins functioning, senior Amtrak management has tightened its focus on ensuring that existing policies are strictly enforced.

Question. How much will contracting out food services to Dobbs International Services save the Corporation (announced week of January 18)? Please provide a detailed cost comparison. What happens to the 13 commissaries and 350 Amtrak food service employees?

Answer. The requested information follows:

[In millions of dollars]

Financial Terms	*Annual Savings*
Food & Beverage Savings (Based on estimated 7.25 percent savings of fiscal year 1998 purchases of $35 million)	2.5
Labor Savings (Based on estimated labor costs of $19.3 million for fiscal year 1999)	5.2
Total Savings	7.7
Management Fee	−2.5
NET SAVINGS	5.2

The projected savings over the seven-year contract period is approximately $35 million. Severance agreement costs, including both labor and management are anticipated to range from $6.845 million (50 percent acceptance) to $13.54 million (100 percent acceptance). The project is estimated to result in a net savings ranging from $21.5 million to $28.1 million over the length of the contract.

The eleven commissaries where Amtrak previously operated (in Albany, Boston, Chicago, Los Angeles, Miami, New Orleans, Oakland, New York, Sanford, Florida, Seattle and Washington, DC) will be turned over to Dobbs by April 10, 1999.

It is anticipated that approximately 300 Amtrak positions (management and agreement combined) will be eliminated. Amtrak has developed a comprehensive severance package for both management and agreement employees.

Management employees affected may apply for other management positions within Amtrak, including 14 new management positions associated with food and beverage business administration; they may exercise seniority back into an agreement position if they were previously employed as an agreement employee; or, they can accept a severance package based on years of service.

Those who do not elect a severance package will be transferred to other positions.

Question. Please provide a table showing the actual versus budgeted revenues for fiscal years 1997, 1998, and anticipated for 1999, including all revenue sources broken out by type.

Answer. The following schedules show the breakout of actual versus budgeted revenue by line of business:

[In millions of dollars]

Line of business	Fiscal year					
	1997		1998		1999	
	Actual	Budget	Actual	Budget	Forecast [1]	Budget
Core	1,226	1,230	1,294	1,331	1,417	1,438
Commuter	242	244	260	267	254	255

[In millions of dollars]

Line of business	Fiscal year					
	1997		1998		1999	
	Actual	Budget	Actual	Budget	Forecast [1]	Budget
Reimbursable	91	90	91	90	96	106
Commercial	115	52	63	69	61	51
Total	1,674	1,615	1,708	1,757	1,827	1,850

[1] Forecast as of 1st quarter fiscal year 1999 actural.

Note: Revenues exclude Federal payments received related to grants and the Taxpayer Relief Act.

Question. Please provide a breakout of the fiscal year 1997, 1998, and anticipated for 1999 commuter service revenues by route location.

Answer. The following schedule shows the breakout of commuter service revenues by SBU by commuter agency:

[In millions of dollars]

	Fiscal year		
	1997 Actual	1998 Actual	1999 Budget
Mass. Bay Transportation Authority (MBTA)	141	154	165
Connecticut Dept. of Transportation (CDOT)	6	5	6
Maryland Dept. of Transportation (MARC)	17	18	20
Virginia Railway Express (VRE)	9	8	10
Total NEC Commuter	174	186	200
Florida Fun Train	.....	4	.....
Total NEC Commuter	.....	4	.....
Metrolink Commuter Rail Svc	27	27	15
Penninsula Commute Service	34	37	33
Coaster Commuter Service	7	7	7
Total West Commuter Service	68	71	55
Total Commuter Revenue	242	260	255

Question. Please list the Corporation's rent and retail locations, amount of space, and associated income in fiscal years 1997, 1998, and projected for fiscal year 1999.

Answer. The requested information follows:

AMTRAK NORTHEAST CORRIDOR—COMMERCIAL DEVELOPMENT DEPARTMENT

[In thousands of dollars]

Revenue category	Fiscal year		
	1997 Actual	1998 Actual	1999 Forecast [1]
Real Estate	[2] 2,845.4	[3] 2,176.6	1,200.0
Retail	[4] 7,555.5	[4] 7,763.1	[4] 7,500.0
Telephones	538.1	625.4	485.0
Pipe & Wire	3,212.6	3,177.0	2,000.0
Parking	3,553.5	4,077.7	3,700.0
Advertising	2,646.1	3,153.2	3,100.0
Telecommunications	[5] 59,137.5	[6] 27,675.2	[7] 17,400.0
Other	[8] 22,663.0	702.2	[9] 15,750.0

AMTRAK NORTHEAST CORRIDOR—COMMERCIAL DEVELOPMENT DEPARTMENT—Continued

[In thousands of dollars]

Revenue category	Fiscal year		
	1997 Actual	1998 Actual	1999 Forecast [1]
Total	102,151.7	49,350.4	51,135.0

[1] Actuals through February and forecast March through September.
[2] Includes: $1,711.5 one-time revenue events (i.e. property sales, audit findings).
[3] Includes: $951.4 one-time revenue events (i.e. property sales, audit findings) plus $80.0.
[4] Includes: All Amtrak owned NEC Stations.
[5] Includes: $3,000 Omnipoint and $45,000 Qwest.
[6] Includes: $6,000 flagging protection and $5,187.6 one-time payments.
[7] Includes: $1,800 flagging protection.
[8] Includes: $10,324 NJT EEC, $11,086.3 Providence Land Sale and $1,100.0 Pepsi Spon.
[9] Includes: $14,100.0 Providence Sale, $1,300.0 MA Condemnation, $350.0 32nd Street.

Question. Please list existing or incipient partnerships with other carriers for express freight. That income was derived from express freight services in fiscal year 1998? With the summer 1998 STB decision authorizing Amtrak's express freight services, how will that income level increase in fiscal year 1999? What income levels does Amtrak's strategic business plan count on from express freight in fiscal years 2000, 2001, and 2002?

Answer. Amtrak has partnership agreements on express with Burlington Northern Santa Fe and Norfolk Southern, and is close to an agreement with Illinois Central. In addition, Amtrak has agreements with several short line railroads including Minnesota Commercial, Grand Rapids Eastern, San Diego and Imperial Valley, Dallas Garland and Northeastern, and is close to agreement with several others. Amtrak also has agreements to move traffic for various trucking carriers including UPS, Swift, and Roadway Express.

Total mail and express revenues for fiscal year 1998 were $83 million—an increase of 19 percent from $70 million in fiscal year 1997. Revenues from the mail business alone have been increasing steadily at a rate of 10 percent a year. The Amtrak Periodical network currently reaches 60 out of 96 US Postal Service Distribution Centers. Amtrak projects that this aspect of mail revenue and profit along will increase 60 percent by 2002. Amtrak has long recognized that the market for "goods handling" in the U.S. is vast, representing an over $247 billion national industry. The bulk of the business is in ground transportation via trucking. Only $32 billion is transported by rail freight.

[In millions of dollars]

	Fiscal year			
	1999	2000	2001	2002
Mail	78.3	91.8	116.2	119.8
Express	26.5	53.7	73.3	94.8

Mail is targeted for significant growth during the plan period, based on improved market share in the handling of periodicals. Amtrak plans to target its service offerings to include direct service from major periodical mailing points to all postal distribution centers in the lower 48 states. Where service is not available, the APN is planned to provide connecting truck service with complete systems and continued fleet expansion will enable the United States Postal Service to ship more periodicals via Amtrak. Amtrak plans to continue to pursue increased business opportunities with the Postal Service.

The carload express business, including RoadRailer express business, is expected to continue on its current revenue growth track through the forecast period. With express cars, market development is focused on the long-haul east-west lanes such as Los Angeles-Philadelphia and Albany-Oakland. These lanes yield the highest gross revenues and net contribution. RoadRailer is effective primarily in the medium-distance corridors such as St.Paul-Albany and Philadelphia-Jacksonville. All long distance trains are expected to begin carrying express at some time during the plan period and many short-haul trains, such as Grand Rapids-Chicago, will act as feeders to the long-haul network. As trains fill up, revenue growth will come from yield management. Key to the continued growth of express net contribution is con-

tinued fleet growth, particularly the effective development of refrigerated cars and trailer, which offer the highest yields, and continued expansion of terminal locations and capacities.

Question. Please describe the cost-sharing partnerships that Amtrak has developed with states for both capital and operating support for Amtrak service, including what states participate and at what level.

Answer. A detailed breakdown is provided in response to the following question.

Question. For fiscal years 1997, 1998, and anticipated through 1999, please breakout the level of state support by State, with totals for each year.

Answer. The requested information follows:

SUPPORT FOR OPERATIONS

States	Fiscal year		
	1997	1998	1999 [1]
Alabama			$1,425,502
California	$41,349,600	$47,162,454	54,642,000
Illinois	6,938,145	8,162,541	8,787,504
Michigan	2,096,250	2,296,250	2,096,244
Missouri	3,686,432	3,937,875	4,716,000
New York	960,000	967,500	960,000
North Carolina	4,996,363	5,756,005	6,145,830
Oregon	1,246,506	2,000,000	1,545,000
Pennsylvania	1,994,758	2,146,664	2,600,000
Vermont	630,948	631,200	629,000
Washington	3,543,853	5,122,297	8,926,000
Wisconsin	2,650,948	4,429,151	3,487,500
TOTAL	70,093,803	82,611,937	95,960,580

[1] Anticipated 1999 State Contribution.

Capital improvements

[In millions of dollars]

1997 Projects:	
Michigan Mercury Project—FRA High Speed Positive Train Control Grant with MDOT Track Infrastructure Improvements	7.448
Reconstruction of Fuel House—1600 Lumber Street, Chicago, IL	1.5
NPCU Conversion of Five F–40 Locomotives	0.450
Grade Crossing Improvement—DET–CHI Corridor	0.441
Pen Station Redevelopment—NY Penn and Service Building	17.0
Joint Benefits Projects	5.2
NJT Joint Benefits Projects	25.0
NJT Capital Projects	3.0
Delaware Shops—Modernize Locomotive Overhaul Facilities	1.0
Siding Construction Project, Encinitas, CA	2.6
Design of King Street Station, Seattle, WA	16.1
King Street Coach Yard—Maintenance Facility, Seattle, WA	50.0
1998 Projects:	
HLI Chicago	0.443
NJT Joint Benefits Projects	25.0
VRE Joint Benefit Projects—Washington	1.0
NJT Reimbursable Projects	3.0
MARC Joint Benefits Projects	3.0
DelDot Joint Benefits Projects—Station	0.719
Oakland Maintenance Facility	30.0
Pacific Northwest Infrastructure Program	6.6
King Street Station Intermodal Project	16.25
Salem, OR Multimodal Facility	3.7
Los Angeles Service and Inspection Facility	5.0
Centralia, WA Platform	3.73
King Street Coach Yard Maintenance Facility	9.145

1999 Projects:

DelDot Joint Benefit Projects	0.719
MARC Joint Benefit Projects	3.0
New York State Agreement	18.0
Michigan Crossties & Resurfacing	3.042
Southeast Corridor Equipment	5.5
West Detroit, MI & Porter, IN	0.5
Battle Creek, MI Station Track	0.5
Chicago Lake Street Interlocking	10.0
Harrisburg Line Improvements	1.0
Wilmington Station	1.90
Union Station, Washington, DC	3.2
Pacific Northwest Infrastructure Program	5.4
King Street Coach Yard Maintenance Facility	12.255
King Street Station Intermodal Project	16.25
DET–CHI Corridor High Speed Program	0.247
High Speed Rail—North	8.0
Operational Reliability—New	28.0
Commercial Development, and Lanvale Park	13.5
Amtrak & Metrolink TVM's	1.939
Marysville Bypass	5.295
San Joaquin Corridor Infrastructure	29.6
Lomas Santa Fe Double Track	15.883
Sacramento, CA Station Renovation	36.58
Salinas Station Improvement	2.979
San Diego Station Improvement	0.4
Albany, OR Multimodal Station	11.0
Eugene, OR Multimodal Station	3.6
Everett, WA Intermodal Project	40.43
Tukwila, WA Station	24.2

Question. This Committee has supported giving state departments of transportation the flexibility to use highway funds for Amtrak. To what extent can this now be done (e.g., CMAQ funds)? What states, if any, utilize the current flexibility? Are other states, to your knowledge, planning to utilize the current level of flexibility?

Answer. Amtrak has been very grateful to this Committee for its support on this issue but, unfortunately, there is no flexibility in current law. States are prohibited from opting to spend any federal transportation dollars on rail service. Many states, however, have sought exemptions on this matter, though it requires a specific waiver by the Secretary of Transportation. Oregon is the only state that has ever been granted such a waiver. The State of Vermont secured a "demo" provision in the fiscal year 1999 Omnibus Appropriations bill which allowed them the same type of flexibility. However, no other state can use TEA–21 funds, other than enhancement funds, on intercity passenger rail.

Question. If state DOTs had complete flexibility to use either highway or transit funds to support Amtrak capitalization and operations, which states would participate?

Answer. 34 states currently contribute to Amtrak services in their states, even without the flexibility to spend their federal transportation dollars on rail service. Amtrak could assume that the same states might take advantage of the flexibility provision if enacted. Governors have stated their support for complete flexibility, as evidenced by the national Governor's Association (NGA) rail policy, which was adopted unanimously in February. We are also aware that New York State and North Carolina have CMAQ as the primary source of funding for their rail programs, and thus are working very hard for statutory approval of the desired flexibility.

Question. Amtrak has worked toward securing a dedicated funding source in the past. Would Amtrak riders pay a ticket tax, similar to the gasoline tax for highway users and the passenger ticket tax for airline passengers, to create a dedicated funding source for Amtrak capitalization or operations support?

Answer. Current rail fares are determined using a process known as yield management: operational costs and customer demand along specific routes are weighed to determine what price the market will bear. An additional ticket tax would be inconsistent with Amtrak's strategic business plan in two fundamental ways. First, it could effectively price Amtrak tickets out of the market, causing a significant loss in ridership and revenue—directly affecting the financial performance of the train. Secondly, a ticket tax would adversely affect Amtrak's efforts to reach operational self-sufficiency. Since current ticket prices do not sufficiently cover all of the oper-

ational costs of a particular route, any additional revenue gained through ticket price increases would be applied towards operational costs—not capitalization. However, it should be noted that Amtrak does pay the gas tax and, unlike transit and aviation, does not benefit from the tax in any way.

Question. Please describe all contracts between Amtrak and freights wherein the Corporation makes payments on a contractual or incentive basis. Prepare a table that breaks out the types of payments and the amount paid, by freight railroad and total, for fiscal years 1996, 1997 and 1998.

Answer. Amtrak has contracts with all major freight carriers. Amtrak pays the incremental (avoidable) costs to operate over their rail lines plus incentives when train performance is between 80 percent and 100 percent on time. Amtrak assesses penalties when train performance is below 70 percent. No incentives are paid or penalties assessed for performance between 70 percent and 80 percent on time.

Please see attached table.

AMTRAK'S PAYMENTS TO FREIGHT RAILROADS

Railroad	Fiscal year 1996 actual costs			Fiscal year 1997 actual costs			Fiscal year 1998 actual costs		
	Cost	Incentive	Total	Cost	Incentive	Total	Cost	Incentive	Total
BNSF	$12,383,384	$5,659,051	$18,042,435	$12,252,123	$9,520,213	$21,772,336	$13,791,356	$8,190,969	$21,982,325
Canadian National	1,331,138	25,184	1,356,322	937,869	.....	937,869	961,097	.....	961,097
Conrail	3,368,620	.....	3,368,620	7,736,618	776,836	8,513,454	7,556,733	1,426,402	8,983,135
CP–SOO	1,430,144	1,061,679	2,491,823	1,378,036	646,955	2,024,991	1,375,751	332,453	1,708,204
CSX Transportation	9,749,383	3,607,748	13,357,131	12,158,012	2,761,136	14,919,148	11,868,752	4,506,921	16,375,673
Delaware & Hudson	345,142	375,816	720,958	479,483	465,832	945,315	442,206	395,185	837,391
Grand Trunk Western	346,519	.....	346,519	305,141	.....	305,141	319,244	.....	319,244
Illinois Central	1,770,593	458,158	2,228,751	2,014,095	647,031	2,661,126	1,860,722	891,730	2,752,452
Metra—Chicago	163,225	87,827	251,052	747,122	.....	747,122	119,500	120,185	239,685
Metro North	5,977,697	186,481	6,164,178	6,245,326	626,284	6,871,610	6,407,190	738,690	7,145,880
NCTD (2)	1,154,090	.....	1,154,090	868,208	.....	868,208	1,310,378	.....	1,310,378
New England Central	760,521	452,696	1,213,217	700,988	380,724	1,081,712	894,587	427,415	1,322,002
Norfolk Southern	1,876,511	1,097,120	2,973,631	1,979,366	1,059,888	3,039,254	2,075,832	1,033,063	3,108,895
Other Railroads NEC	5,851	.....	5,851	451,331	22,260	473,591	441,408	23,705	465,113
Other InterCity	160,684	.....	160,684	85984.87	333,970	419,954.87	579,741	752,934	1,332,675
SCRRA	1,529,235	.....	1,529,235	1,208,324	742,420	1,950,743	1,110,172	756,582	1,866,754
Union Pacific	3,113,740	1,011,255	4,124,995	2,847,631	1,737,099	4,584,730	1,520,514	(142,091)	1,378,423
SP	8,965,704	1,466,492	10,432,196	8,560,114	947,925	9,508,039	9,896,878	(991,246)	8,905,632
SPCSL Corp	837,617	668,627	1,506,244	942,254.77	557,443	149,9697.77	839,093	632,969	1,472,062
DRGW	360,891	(64,127)	296,764	350,237	(17,674)	332,563	(57,065)	(86,230)	(143,295)
VIA—Vancouver Service	271,718	.....	271,718	346,299	.....	346,299	315,377	.....	315,377
TOTAL	55,902,406	16,094,007	71,996,413	62,594,562	21,208,342	83,802,904	63,629,464	19,009,636	82,639,100

Question. Please describe all contracts between Amtrak and freight railroads wherein freights are given access to routes over Amtrak-owned tracks.

Answer. Freight service is provided over the rail lines in the Northeast and Michigan that Amtrak acquired in connection with Conrail's formation in 1976, pursuant to trackage rights that were granted to freight railroads at the same time. A certain number of these rights have subsequently been transferred to other railroads.

The terms of these rights are set forth in various agreements between Amtrak and the freight railroads. The compensation Amtrak receives under these agreements is for the most part based upon the number of car miles (one freight car travelling one mile) that the railroads operate over Amtrak-owned lines.

The following is a summary of the rights covered by these agreements:

—Conrail has rights between New Rochelle, NY and Washington, DC; Philadelphia, PA and Harrisburg, PA; Kalamazoo, MI and Michigan City, IN; and over certain trackage in Southern Connecticut.

—Delaware & Hudson Railway, a subsidiary of Canadian Pacific Railway, has rights, none of which it currently exercises, between Perryville, MD and Washington, DC, and over short track segments in New York, NY, Philadelphia, PA, and Harrisburg, PA.

—Springfield Terminal Railway, a subsidiary of Guilford Rail System, has rights between Berlin, CT and Springfield, MA, as well as currently unexercised rights between New Haven, CT and Berlin, CT.

—Providence & Worcester Railroad has rights over certain Amtrak-owned lines in southern Connecticut, Rhode Island, and near New Rochelle, NY.

—Connecticut Southern Railroad has rights between New Haven, CT and Springfield, MA.

During fiscal year 1998, Amtrak received the following payments, totaling $18,247,893, from freight railroads for their operations over Amtrak-owned lines:

Conrail	$16,698,200
Springfield Terminal	148,133
Providence & Worcester	137,805
Connecticut Southern	1,263,755

As a result of the recent acquisition of Conrail by the Norfolk Southern Railway (NS) and CSX Transportation (CSX), Conrail's rights will be divided between, and in certain cases shared by, NS and CSX, with Conrail retaining rights between Northern New Jersey and Philadelphia to conduct local operations on behalf of NS and CSX. Also, Amtrak has recently entered into an agreement with Triple Crown Corporation, which will be a wholly-owned subsidiary of NS following the Conrail acquisition, with respect to its planned RoadRailer operations over Amtrak-owned rail lines on which NS will acquire operating rights from Conrail between Northern New Jersey and Washington, DC, and Philadelphia and Harrisburg, PA. Question. Please provide a breakdown of fiscal year 1998 Amtrak ridership by State, as well as the number of residents employed directly by Amtrak in each State.

Answer. The requested information follows:

State	Boardings	Alightings	Total	No. of residents employed
Alabama	27,485	27,108	54,593	29
Arkansas	8,895	8,871	17,766	27
Arizona	46,741	47,222	93,963	24
California	3,196,007	3,186,549	6,382,556	3,526
Colorado	120,748	118,797	239,545	86
Connecticut	446,371	464,960	911,331	727
District of Columbia	1,526,288	1,527,689	3,053,977	348
Delaware	346,288	348,740	695,028	1,073
Florida	454,679	458,231	912,910	983
Georgia	73,628	73,856	147,484	68
Iowa	26,761	27,462	54,223	11
Idaho	2,157	2,305	4,462	1
Illinois	1,442,672	1,438,826	2,881,498	2,095
Indiana	54,689	58,795	113,484	1,239
Kansas	19,735	19,970	39,705	27
Kentucky	4,874	4,551	9,425	3
Louisiana	99,225	100,571	199,796	320
Maine	(1)	(1)	(1)	14

State	Boardings	Alightings	Total	No. of residents employed
Massachusetts	598,405	575,349	1,173,754	2,346
Maryland	769,393	769,623	1,539,016	2,379
Michigan	313,481	313,700	627,181	177
Minnesota	79,414	78,365	157,779	81
Missouri	237,316	237,617	474,933	95
Mississippi	45,229	45,300	90,529	55
Montana	62,934	63,398	126,332	56
North Carolina	253,394	253,492	506,886	136
North Dakota	39,466	39,746	79,212	15
Nebraska	18,613	18,771	37,384	16
New Hampshire	911	811	1,722	161
New Jersey	1,727,229	1,731,626	3,458,855	1,740
New Mexico	49,575	50,439	100,014	57
Nevada	39,722	46,537	86,259	31
New York	4,590,623	4,563,038	9,153,661	2,040
Ohio	76,214	76,318	152,532	58
Oklahoma	([1])	([1])	([1])	2
Oregon	285,483	287,331	572,814	85
Pennsylvania	2,285,055	2,286,586	4,571,641	2,915
Rhode Island	184,583	194,105	378,688	395
South Carolina	91,429	90,228	181,657	60
Tennessee	23,595	23,992	47,587	16
Texas	75,139	74,119	149,258	158
Utah	15,688	16,136	31,824	49
Virginia	449,903	449,591	899,494	785
Vermont	49,576	51,437	101,013	13
Washington	442,835	441,758	884,593	412
Wisconsin	252,856	255,188	508,044	68
West Virginia	22,666	24,236	46,902	32
United States Total	20,977,970	20,973,340	41,951,310	
British Columbia	41,504	45,009	86,514	
Ontario	49,319	50,403	99,722	
Quebec	25,372	25,412	50,784	
Canada Total	116,195	120,825	237,020	
Amtrak Total	21,094,165	21,094,165	42,188,330	
Total Ridership [2]	10,547,082	10,547,082	21,094,165	

[1] Service to be initiated.
[2] The above figures represent total boardings and alightings in each state. Since each trip contains two endpoints, total ridership is equal to half of total boardings and alightings.

Question. What is the status of Amtrak's pending proposal before the Federal Energy Regulatory Commission regarding the Corporation securing wholesale status for the purchase and resale of electric power? If this application is still pending, what is the likely time frame for its approval? If the application has been denied, what were the given reasons?

Answer. As background, Amtrak had executed a contract with Enron to purchase electric power on a wholesale basis, conditioned upon Enron's ability to obtain transmission rights from the regional power pools. The terms of the contract would have reduced Amtrak's propulsion costs by almost 50 percent. Enron's request to the Pennsylvania-Jersey-Maryland (PJM) Pool was denied and Enron filed a complaint with the Federal Energy Regulatory Commission (FERC) seeking to compel PJM to provide transmission based upon the wholesale characteristics of its sale to Amtrak. FERC ultimately dismissed Enron's complaint in April,1998, but on a narrow technical basis that avoided a decision on Amtrak's eligibility as a wholesale entity. In-

stead, FERC focused on the private ownership of Amtrak's outstanding common stock as a disqualifying condition under the Federal Power Act.

Question. What kinds of income-generating initiatives would wholesale status permit? What are the costs and potential income of these initiatives?

Answer. If Amtrak were authorized to engage in the wholesale sale of electricity, the railroad would be able to receive revenues from sales of electricity to retail and wholesale customers. As a wholesale entity, Amtrak would be able to make bulk power purchases in the service territory of one utility and transmit it across the Amtrak transmission system to serve loads in different areas. Amtrak could receive revenue from both the sale of electricity and the transmission of electricity at both the wholesale and retail levels, although sales to retail customers may be limited to those states that have allowed retail competition. In addition, as a wholesale entity, Amtrak may be able to avoid having to pay access and transition charges on purchases of traction power once the electrification project in the north end of the Corridor is complete. This could save between 1.5 and 3.0 cents per kilowatt hour, depending on the charge of the local distribution company.

Question. Please provide data on station renovation costs for fiscal years 1997, 1998, 1999, and planned for fiscal year 2000.

Answer. The requested information follows:

FISCAL YEAR 1997 STATION RENOVATIONS

Station	Amtrak	Funding other	Total
Chicago Union Station, IL	$900,000		$900,000
Great American Station Foundation	2,000,000		2,000,000
NY Penn Station Redevelopment		$17,000,000	17,000,000
NEC Stations and Facilities	1,300,000		1,300,000
Met. Lounges Wash. and NY Penn	1,000,000		1,000,000
NY Penn Station Elevator	400,000		
Design of King Street Station	2,300,000		2,300,000
Total Fiscal Year 1997 Station Renovations	7,900,000	17,000,000	24,500,000

FISCAL YEAR 1998 STATION RENOVATIONS

Station	Amtrak	Funding other	Total
New AutoTrain Facil., Sanford	$250,000		$250,000
Miami Transfer Satellite	126,000		126,000
CUS Mail Dock Upgrades	943,000		943,000
Mail Service Terminal & Equipment	4,600,000		4,600,000
N. Auto Train Terminal Replace. Phase II	8,000,000		8,000,000
Chicago Union Station Redevelopment	600,000		600,000
Lancaster Station	250,000		250,000
30th Street Station Development	10,000,000		10,000,000
HSR—Station Improvement/Design	2,000,000		2,000,000
PHL Structural Restoration	3,000,000		3,000,000
High Speed Rail Program [1]	14,200,000		14,200,000
VRE Joint Benefits Project		$1,000,000	1,000,000
Life Safety Washington to New York [1]	750,000		750,000
Philadelphia, PA—N. Parking Deck	1,200,000		1,200,000
Penn Station Redevelopment	22,500,000		22,500,000
NEC Stations & Customer Service Improv	6,900,000		6,900,000
Retail Development—NYP & Others	732,000		732,000
Assessment—NEC Stations Inv. & Improv	250,000		250,000
Leverage State/Local Funds (MARC & VRE)	550,000		550,000
Centralia, WA	281,000	3,730,000	4,011,000
King Street Station Intermodal Project	5,000,000	16,200,000	21,200,000
Sacramento Station Rehabilitation	500,000		500,000
Pacific Northwest Stations	600,000		600,000
Pacific Northwest Platforms	600,000		600,000

FISCAL YEAR 1998 STATION RENOVATIONS—Continued

Station	Amtrak	Funding other	Total
Las Vegas Infrastructure Program [1]	2,000,000	.....	.....
Salem, OR Intermodal Station	1,000,000	3,700,000	4,700,000
Total Fiscal Year 98 Station Renovations	86,832,000	24,630,000	109,462,000

[1] This is the portion of the project related to stations.

FISCAL YEAR 1999 STATION RENOVATIONS

Station	Amtrak	Funding other	Total
King Street Station Intermodal Project	$4,000,000	$16,250,000	$20,250,000
Minneapolis-St.Paul, MN	500,000	.....	500,000
Raleigh, North Carolina Station Expansion	444,000	.....	444,000
Chicago Union Station	5,519,000	.....	5,519,000
Southern Pines, NC Station Restoration	800,000	.....	800,000
Erie, PA Station Renovation	1,400,000	.....	1,400,000
NEC Stations & Customer Service Improv	4,850,000	.....	4,850,000
Washington Union Station—Lower Level	.....	3,200,000	3,200,000
MetroPark Station	600,000	.....	600,000
Wilmington Station	3,000,000	1,900,000	4,900,000
TuPwila, WA Station	500,000	24,200,000	24,700,000
Everett, WA Intermodal Project	1,000,000	40,430,000	41,430,000
Eugene, OR Multimodal Station	500,000	3,600,000	4,100,000
Albany, OR Multimodal Station	500,000	11,000,000	11,500,000
San Diego Station Improvement	800,000	400,000	1,200,000
Salinas Station Improvement	300,000	2,979,000	3,279,000
Sacramento, CA Station Renovation	1,500,000	36,580,000	38,080,000
Great American Station Foundation	1,000,000	.....	1,000,000
Total Fiscal Year 1999 Station Renovations	27,213,000	140,539,000	167,752,000

The fiscal year 2000 Capital Budget is currently under development and therefore no specific information relating to station renovation costs have been included.

Question. Amtrak's October 1998 strategic business plan capital program budget includes $800,000 for the restoration of the historic Southern Pines railroad station. It has come to the Committee's attention that Amtrak has told local officials that it will not be going forward with the project. This project was included as an earmark in the Senate transportation appropriations bill, and was the subject of a letter to Chairman Shelby and Senator Lauch Faircloth assuring the Senators that the project would be funded and would go forward. What is the agenda and timetable for the restoration of this station? Please include dates for all needed process approvals, engineering and design benchmarks, and construction.

Answer. Amtrak fully intends to participate in the restoration of the historic Southern Pines railroad station. When the funding was originally provided, Amtrak and the Committee understood that the North Carolina Department of Transportation (NCDOT) was planning to purchase the Southern Pines facility from CSX Corp. In January, 1999, Amtrak received a letter from NCDOT notifying us that the state had decided against purchasing the station. Amtrak subsequently began negotiating with CSX for the property and did not begin restoration of the station until the ownership issue was resolved. If all goes as planned, Amtrak will begin performing work on the property in the summer of 1999.

Question. House report 105–825, accompanying the Fiscal Year 1999 Omnibus Consolidated Appropriations Act, strongly encourages Amtrak to consider funding rehabilitation and renovations at the Erie, Pennsylvania station when selecting projects for the state and local partnerships. What is the status of this station? Are renovation costs assumed in Amtrak's fiscal year 1999 capital spending plan? Has a state or local partnership been formed?

Answer. Repairs are desperately needed at the Amtrak station in Erie, PA, and Amtrak has begun planning for a major rehabilitation project. The City of Erie and

the Commonwealth of Pennsylvania have both committed to partner with Amtrak in the rehabilitation project. Amtrak recently received proposals from three local architects and will soon be selecting a final plan for the station. A groundbreaking ceremony is tentatively planned for the summer of 1999.

Question. In Senate report 105–249, Amtrak was directed to report to the Senate Committee on Appropriations by February 1, 1999 on progress toward establishing a station at T.F. Green Airport in Providence, Rhode Island. To date, the Committee has not received this report. Please provide this report for the record.

Answer. A draft of the final joint Amtrak/Federal Railroad Administration report has been completed and is currently in the Administration's review process. As soon as the review is complete, we will provide the Committee with the final report.

Question. In the fiscal year 1999 appropriations conference report (House report 105–825), Amtrak was directed to report to the House and Senate Committees on Appropriations by March 1, 1999 its findings on the necessary improvements and related costs for track upgrades between Washington, D.C. and Richmond, Virginia that would enable higher-speed service. To date, the Committees have not received this report. Please provide this report for the record.

Answer. This joint Amtrak/Federal Railroad Administration report is currently being finalized by Amtrak and FRA staff. It is then subject to internal review processes. As soon as the internal reviews are complete, we will provide the Committee with the final report.

Question. Please update the Committee on the status of the signaling upgrades between Brattleboro and White River Junction, Vermont. Has Amtrak included this project in its fiscal year 1999 capital spending plan? What cost-sharing arrangements have been made with the State of Vermont and the New England Central Railroad?

Answer. This work, defined in the project agreement as "White River Junction" down to "Windsor/East Northfield," is nearly complete. Amtrak will cover its share of costs from the fiscal year 1999 capital budget. The cost-sharing arrangement, however, is still under discussion.

Question. Please provide a breakout of the active passenger car and locomotive fleets owned and leased by Amtrak as of February 1999.

Answer. The requested information follows:

Equipment Type (active)	*YTD Avg. as of Mar. 1999*
Diesel Locomotives	286
Electric Locomotives	65
Switcher Locomotives	60
Superliner Cars	456
Amfleet I Cars	465
Amfleet II Cars	138
Heritage Cars	80
Material Handling Cars	136
Horizon Cars	100
Viewliners	52
Auto Carriers	64
Baggage Cars/Misc	131
Turboliner Cars	3
Cab Cars	18
Roadrailers	283
Express Cars	250
Total Owned and Leased Units	2,587

Question. Please provide a detailed breakdown of fiscal year 1999 rolling stock purchases and leases, listing the type of equipment and number of vehicles that will be procured with fiscal year 1999 funds. Please provide the same breakdown for estimated number of vehicles that you plan to procure in fiscal year 2000.

Answer. There were no federally funded capital dollars allocated for the acquisition of equipment in fiscal year 1999. The following equipment was approved to be procured through financing:

—70 Auto Train auto carrier units;
—27 switcher locomotives;
—44 mailvans, 139 trailers, 134 intermediate bogies, and 132 couplermate bogies;
—40 trainsets for the San Diegan service (funding for this service is spread through capital funding allocated from fiscal year 1998 to fiscal year 2001);
—358 refrigerator cars; and
—locomotives and trainsets for the Southeast Corridor.

Amtrak is currently in the process of developing its capital plan for fiscal year 2000. The equipment recommended to be procured next year will be presented to the Board of Directors in September 1999.

Question. What is the status and outlook for the Federal Railroad Administration's passenger car safety regulation that may potentially affect the use of Talgo equipment in the United States?

Answer. On September 23, 1997, the Federal Railroad Administration's NPRM regarding railroad passenger car safety equipment appeared in the Federal Register. No final rule has been issued to date, and because it is not involved in promulgating the final rule, Amtrak is unable to comment on the outlook for the regulation.

Question. What is the level of investment has Amtrak made or is Amtrak planning to make in the Talgo leases for the Northwest Seattle to Vancouver corridor and for the Los Angeles to Las Vegas service?

Answer. None of the three Talgo trainsets currently operating in the Pacific Northwest as the Amtrak Cascades are leased. Two are owned by the state of Washington, and Amtrak owns the third. Amtrak also owns the fourth Talgo train set, scheduled to operate as the second round-trip between Vancouver, BC, and Seattle, WA, later this year. Amtrak's investment in the Talgo train set for the Los Angeles-Las Vegas service is a $3.6 million lease over three years.

Question. When will the Los Angeles to Las Vegas Talgo service begin? Will this be a higher-speed operation? What is the current travel time versus the expected travel time on the Talgo service?

Answer. Los Angeles-Las Vegas service could start as early as the first quarter of 2000, pending the completion of the Federal Railroad Administration's evaluation of the recent risk assessment of the Talgo equipment, and the availability of Union Pacific track gangs for completion of the necessary track work. There is currently no passenger rail service between Los Angeles and Las Vegas. Amtrak's Desert Wind, discontinued in May of 1997, did serve the Los Angeles-Las Vegas market, with a travel time of seven hours. The proposed service would operate at speeds up to 79 mph, with an expected travel time between the two cities of five hours, 30 minutes.

Question. Please describe any cost-sharing arrangements which have been agreed to for the operation of the Los Angeles to Las Vegas Talgo service.

Answer. The service is made possible by unique partnership arrangements. RIO Hotel and Suites has agreed to purchase 10,000 seats per year for the service, and other potential partners are showing serious interest. The Las Vegas Convention and Visitors Authority will be providing cooperative advertising programs. Amtrak is also selling interior and exterior advertising on Southern California services.

Question. Please describe the capitalization issues that must be resolved to make this service possible. What level of cooperation and investment is being made by the freight railroad that owns the route trackage? What level of capital support has Amtrak committed?

Answer. A preliminary agreement has been reached with the Union Pacific Railroad over the magnitude and scope of the infrastructure improvements that will allow implementation of the service on the proposed operating schedule. A second track will be installed on the Union Pacific mainline between Cima and Kelso, a distance of just over 20 miles, at an estimated cost of $28 million. Engineering on these improvements is currently underway by the Union Pacific Railroad. Amtrak's fiscal year 1998 Capital Budget provided $9 million in funding to initiate Los Angeles-Las Vegas service. An additional $5 million in capital funding was included in the fiscal year 1999 Capital program. If after three years Amtrak chooses to continue operations between Los Angeles and Las Vegas, Amtrak would be obligated to pay the remaining $14 million to the union Pacific Railroad.

Question. At the Senate subcommittee's March 10, 1999 hearing, Governor Thompson stated unequivocally that the Amtrak Board will not support further Amtrak investment in the Farley Building in New York City. How much has Amtrak spent on this project thus far? What is the cost-sharing arrangement for this project? Is the federal component of funding for this project complete? What is the current timetable for completion of this project?

Answer. In 1996, the Penn Station and Farley projects were bifurcated, with Amtrak assuming responsibility for Penn Station and the Pennsylvania Station Redevelopment Corporation (PSRC) assuming full responsibility for Farley. Prior to the bifurcation of the projects, Amtrak contributed $9 million to the planning and design of the station, and $53.3 million to life-safety improvements within Penn Station that were part of the Farley scope of work.

PSRC is responsible for managing public investment in Farley. They are relying on a combination of federal, city and state funds, with the relative funding shares now being renegotiated.

Question. What are the benefits to Amtrak services and passengers of developing the Farley Building as part of capital improvements to Pennsylvania Station?

Answer. A new train station in the Farley Building will address severe overcrowding in the existing Penn Station facility. Current conditions are expected to worsen materially over the next 10 years as all three railroads (Long Island Rail Road, NJ TRANSIT, and Amtrak) increase service frequencies and, ultimately, ridership. The most pressing issue is vertical circulation (moving passengers to and from platforms). The limitations in the existing Penn Station configuration mean that modern fire safety requirements can only be met by increasing vertical egress. Because Penn Station was built between bedrock, the platforms cannot be widened nor can new tracks be built in a northerly or southerly direction. However, Amtrak's platforms extend westward under the Farley Building, providing the opportunity to create additional circulation from the platforms into a new Farley concourse.

Question. On an annual basis, approximately what level of capital funding from federal sources will Amtrak require beyond the end of fiscal year 2002?

Answer. Amtrak is currently in the process of developing a capital plan as part of its fiscal year 2000 strategic planning process. The plan will incorporate the results of the market based network analysis and service standards efforts.

Question. How will the federal appropriations role differ after "operating self-sufficiency" is reached?

Answer. After operational self-sufficiency is achieved at the end of fiscal year 2002, Amtrak will still require ongoing capital funds to support the national network. Amtrak intends to seek a dedicated source of capital funding, similar to what is currently enjoyed by other modes of transportation.

Question. What were the total additional costs associated with the BMWE labor agreement? Were the retroactive, non-recurring costs assessed against fiscal year 1998 or 1999? What is the outyear component of these additional costs?

Answer. Amtrak predicts an incremental wage cost associated with the BMWE labor agreement of $33.95 million. Offsetting this cost are work rule and other productivity improvements valued at $6.9 million, and reimbursable payments of $2.6 million. The additional net cost associated with the BMWE labor agreement is estimated at $24.45 million. The signing bonus and lump sum payments were assessed against fiscal year 1998 and the retroactive wage payments were assessed against fiscal year 1999. The fiscal year 2000 incremental wage cost associated with the BMWE labor agreement is $10.33 million. Offsetting this cost are work rule and other productivity improvements valued at $3.3 million, and reimbursable payments of $1.2 million. The net additional cost associated with the BMWE labor agreement in fiscal year 2000 is estimated at $5.83 million.

Question. Have Amtrak's other unions used the BMWE agreement as a blueprint? Which unions have reached agreement? What are the costs associated with these other agreements?

Answer. The BMWE labor agreement sets a conceptual framework that has been followed in our subsequent labor agreements. That framework has two components: wage packages less than those reached nationally by the freight railroads, and offsetting work rule savings of about 20 percent of the incremental wage cost. All agreements reached to date have met this framework. Amtrak has reached agreement with the majority of its unions, covering about 87 percent of our employees (see attached table). The additional net cost associated with these subsequent labor agreements is estimated at $143.11 million. Only the United Transportation Union (UTU) (Conductors, Yardmasters, Stewards) and Brotherhood of Locomotive Engineers (BLE–ATDD) (Train Dispatchers) have not reached new agreements.

WAGE PACKAGES FROM 1988-1995 ROUNDS OF NEGOTIATIONS FORWARD

DATE	BMWE	BRS	TCU	ASWC	BLE	ARASA MW	AFRP	All Shopcrafts & ARASA OBS	BLE-ATDD & UTU Cond, RYA, Stew
Headcount	2604	818	5499	2112	1494	190	307	6539	2833
									Still under negotiations
10/1/96			4.0%	4.0%					
1/1/97									
7/1/97	3.5%	3.5%			3.25%	2.5%	3.5%		
10/1/97			3.5%	1.75%				3.5%	
1/1/98									
7/1/98	3.5% LS	1.25%				2.50%	1.25%	1.75%	
10/1/98			1.75% & 3.5% LS	3.5%	3% LS & 3.5% LS				
12/15/98				3.5% LS					
1/1/99									
7/1/99	3.5%	3.5%			3.5%	3.5%	3.5%	3.5%	

LS = Lump Sum

Percentages (%) without further notation are GWI's.

Certain amounts shown above are offset by cost of living adjustments made under the terms of prior agreements and/or health care cost contributions.

QUESTIONS SUBMITTED BY SENATOR GORTON

Question. How can Amtrak expect to compete effectively with trans-continental air travel when times are approximately ten times greater for rail?

Answer. Over 80 percent of Amtrak's long-distance customer base are leisure travelers. Amtrak's competitive strategy in this market segment is not to compete on travel time, but rather, to improve its delivery of a travel experience that is enriching, relaxing, convenient, comfortable, productive, and on-time. These are the traditional benefits and advantages of long-distance rail travel, and the very same benefits and advantages that Amtrak will leverage though its service standards program and its market-based network analysis to improve its competitive position in the market.

Question. Are the long-distance routes primarily utilized by leisure travelers?

Answer. Yes. As previously noted, leisure travelers are over 80 percent of Amtrak's long-distance customer base.

Question. On the long-distance routes, even if every seat on the trains were filled, would the route operate at a profit?

Answer. There are some long distance routes that would be profitable if every seat on the train were filled. Amtrak's market based network analysis (MBNA), will determine the market potential of every Amtrak route. The results of the MBNA, which will include recommendations to restructure the network to better meet this market potential, will be incorporated into the fiscal year 2000 business plan.

Question. What is the status of the fourth Talgo trainset in the Pacific Northwest corridor? What is the time frame for incorporating this trainset into service?

Answer. The fourth Talgo trainset is slated to go into service as the second round-trip between Seattle, WA, and Vancouver, BC. Originally scheduled for July 1, that start date is currently being modified. The assembly of the fourth Talgo trainset is near completion.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

Question. Mr. Warrington, you assert that without the expanded transit definition for the use of capital appropriations, Amtrak will face insolvency in the coming fiscal year. According to you, at the level requested in the budget, Amtrak will face an operating shortfall of $47 million without the expanded definition. Last year, Amtrak ended the year with a cash shortfall of $50 million, which Amtrak accommodated through short-term borrowing. Please explain why this $47 million shortfall at the end of this year will endanger Amtrak's solvency, when the $50 million shortfall at the end of last year did not.

Answer. In fiscal year 1998, Amtrak required $50 million in bank borrowings to cover its cash deficit. The cash deficit is projected to be $100 million for fiscal year 2000, which Amtrak will cover with bank borrowings (assuming that the expanded transit definition is provided). Without the expanded definition, there is no planned funding source available for the additional $47 million cash shortfall. Amtrak's short-term line of credit will have been exhausted. The irony is that even though Amtrak would have $1 billion in the bank, it would be unable to use these funds to satisfy our obligations.

Question. Amtrak is currently doing a great job of closing the revenue gap that the Inspector General has identified for the current fiscal year. Mr. Warrington, what are the potential show stoppers that might endanger your continued progress in closing your operating shortfall for the current fiscal year?

Answer. Amtrak's fiscal year 1999 year-to-date results through February have been $9.3 million better than plan. Revenue and ridership are up over fiscal year 1998, and passenger revenue is right on plan. Amtrak is well on its way to meeting it fiscal year 1999 target.

Unforeseen problems could potentially hinder Amtrak's financial results during the year. Most significant would be a substantial downturn in the economy and costs generated as a result of the City of New Orleans accident. However, Amtrak continually looks for and acts on new opportunities for revenue generation and cost savings, and intends to meet or exceed planned operating results for fiscal year 1999.

Question. What about your operating shortfall by 2003? What are the largest risk factors you see in terms of your ability to reach operating self-sufficiency by 2003?

Answer. The largest risk factor that Amtrak faces regarding its ability to reach operating self-sufficiency by 2003 is the receipt of adequate capital funding to invest in equipment and infrastructure improvements, technological support, partnership opportunities and corridor development.

Question. Amtrak's recently-signed labor contracts include both a wage increase and some significant work rule changes to improve the railroad's productivity. The IG has told us that these productivity improvements are critical to Amtrak's ability to become self-sufficient. Mr. Warrington, what can you report to us to date on your progress in achieving the productivity improvements?

Answer. By the end of fiscal year 1998, Amtrak had signed agreements with about 46 percent of its employees. By the end of the first quarter of fiscal year 1999, that percentage had grown to about 70 percent, and has now reached about 87 percent. Amtrak saw productivity improvements and other agreement offsets of about $1.6 million in fiscal year 1998 grow to $3.5 million in the first quarter of fiscal year 1999. We expect continued growth in productivity improvements as the labor agreements implemented since December 1998 bear fruit. Additionally, some of the productivity improvements (such as the elimination of Amtrak's commissaries, the on-duty injury management program and a change in some wage rate progressions) have later implementation periods, and for the most part, were not planned to produce savings until fiscal year 2000.

Question. Mr. Warrington, you state in your testimony that the establishment of new partnerships with the states will be critical to the future solvency of the railroad. What costs are currently on Amtrak's books that you expect to be covered by the states in future years?

Answer. Amtrak currently receives approximately $95 million annually from states supporting operations and in fiscal year 1999 was successful in leveraging over $300 million of capital investment from state and local governments. Amtrak anticipates that this level of support will continue and will grow over the business plan period. The specific financial participation from any state will depend upon that state's transportation plan and service needs, the results of the market based network analysis and the amount of capital that Amtrak has to invest in state partnership projects.

Question. Mr. Warrington, as you can imagine, I am very enthusiastic about the advent of truly high-speed rail in the Northeast Corridor. At this point, what would you identify as the potential "show stoppers" that will keep us from getting high-speed rail by October of this year?

Answer. Amtrak is not aware of any "show stoppers" at this point that would prevent the implementation of high-speed rail by the end of the year. It is important to note, however, that while both the trainsets and the electrification system rely heavily on "proven" technology, both are new systems and require extensive testing. Thus far, testing has not revealed any major concerns requiring design changes. This bodes well for timely completion of testing and implementation of high-speed service.

Question. What major infrastructure improvements will not be completed by that time?

Answer. Several infrastructure projects will extend beyond the start-up of high-speed rail service but will not appreciably impact trip time. All trip time improvements are planned for completion by Fall 2000.

New Haven Interlocking.—Amtrak's two high-speed tracks will be completed in 1999. The entire project, which includes significant Metro North rationalization, will not be completed until 2002.

Stamford.—The center island platform project will not be completed until 2003. Amtrak will be able to begin serving Stamford from the center island platform in 2001.

Shell.—The new at-grade junction at Shell interlocking will not be fully completed until 2002. Amtrak expects a 30-mph speed through the junction by Fall 2000 and a 45 mph speed by the end of 2001.

Thames River Bridge.—Replacement of the draw span at Thames will not take place until 2002.

Question. How much does the fiscal solvency of the railroad in fiscal year 2000 depend upon your revenue estimate from the high-speed rail initiative for the coming year?

Answer. High-speed rail will generate $202 million in revenue in fiscal year 2000 and have a positive budget impact of $87 million.

Question. When can we expect two-and-one-half hour service between New York and Washington? What further improvements need to be made to make that a reality?

Answer. High-speed rail is on schedule to be unveiled late this year and will offer a trip time between New York and Washington of 2:45. Amtrak is currently developing a shorter stopping pattern and, in the spring of 2000, will initiate a train that offers a New York to Washington trip time of 2:30.

Question. When does your budget anticipate that those improvements will be made?

Answer. Amtrak's business plan assumes the launch of high-speed this year offering trip times between New York and Washington of 2:45. Any improvement on this will have a positive impact on Amtrak's budget and put the corporation ahead of plan.

Question. As I said in my opening statement, Amtrak and the Inspector General have differing estimates for the revenue stream that can be expected from high-speed rail in the Northeast Corridor. I understand that one of the driving factors that lies behind this differing estimates regarding how many passengers the new high-speed rail service will take off the highway. Some highway user groups have claimed that we could eliminate each and every Amtrak route and not increase highway congestion at all. Mr. Warrington, what evidence can you provide regarding the likelihood of high-speed rail services serving to relieve congestion on our highways?

Answer. Ridership increases in the Northeast Corridor due to high-speed rail will exceed 2,000,000 additional rail trips each year, beginning in fiscal year 2001. In end point markets—for example, New York/Boston and New York/Washington—55 percent of the incremental ridership will be diverted from cars and 45 percent from planes. In intermediate markets—for example, New York/Philadelphia, Philadelphia/Washington, New York/New Haven, New Haven/Boston—90 percent of the incremental ridership will be diverted from cars. As a result, the high-speed rail program is expected to relieve some of the congestion on highways in the Northeast region.

Question. Mr. Warrington, your statement points out that you have been able to have record increases in passengers over the last year, even during the period of extremely low gas prices. Are you optimistic that, when gas prices rebound, we will see even greater passenger growth?

Answer. Amtrak is very encouraged that ridership has remained so strong, given the historically low gasoline prices. This reflects that congestion has become so severe in many corridors that travelers will look to reliable, safe, and fast train service regardless of the price of gasoline or airfares. We believe that the competitive trip times and terrific amenities offered by ACELA Express will result in extremely strong ridership on the Northeast Corridor. These same factors would similarly enhance ridership in other high-speed rail corridors around the country.

Question. Mr. Warrington, you have pointed out that your mail and express business is growing because shippers are finding you schedules to be more attractive, and your performance more predictable then the trucking industry. Doesn't that indicate, on its face, that Amtrak service is taking trucks off the highway?

Answer. Yes, in fact we are doing so with the cooperation of a number of trucking companies, including UPS and Swift Transportation. UPS moves trailers of packages on two Amtrak services and Swift, the nation's third largest truckload carrier, provides express service via Amtrak between Chicago, Philadelphia and Florida. Other trucking companies are considering converting from highway to Amtrak, and we have operated test loads for Consolidated Freightways and Roadway Express. Amtrak is clearly helping to mitigate highway congestion by taking trucks off the roads and, what surprise many people, is doing it cooperatively with the truckers.

Question. Mr. Warrington, the Inspector General's testimony states that Amtrak would require $125 million more per year than they are requesting simply to make the minimum level of capital investment necessary to operate at your current level of service. What will be the consequences of not providing this additional $125 million?

Answer. Amtrak will require additional capital funding after fiscal year 2000 and is currently identifying its capital needs as part of the strategic business planning process. The fiscal year 2000 Strategic Business Plan will integrate results from the market-based network analysis and service standards efforts. If Amtrak does not receive sufficient capital funding in the future, it will be unable to achieve or maintain operating self-sufficiency.

Question. Mr. Warrington, do you agree with the Inspector General that the funding levels anticipated in your strategic business plan do not make adequate capital investment to maintain the current level of Amtrak service?

Answer. Amtrak has consistently stated that a secure and stable capital funding source is needed in order to make the capital investments necessary to reach and maintain operating self-sufficiency. Amtrak agrees that additional capital funding will be required after fiscal year 2000.

Question. Mr. Warrington, you mentioned in your statement that the key to achieving success outside of the Northeast Corridor is to develop a "market-based"

national route structure. Toward that end, you are undertaking a market-based analysis of your existing system. When will this analysis be completed?

Answer. The Corporation plans to complete the MBNA in the late summer of 1999, so that implementation can begin in fiscal year 2000. The capital and operating budgets developed for the fiscal year 2000-fiscal year 2004 Strategic Business Plan, as well as the long term forecasts shown in that plan, will incorporate the results of the MBNA.

Question. Is it likely that you will be proposing route changes or reductions as a result of this analysis?

Answer. By analyzing demand for passenger rail service across the country, and considering the requirements associated with potential route options, Amtrak can reposition the Corporation as more relevant to its customers, and in doing so, make it more commercially viable. In this way the market-based network analysis will guide management decisions to redefine the national network.

Question. Governor Thompson, the growth in Amtrak's non-passenger-related revenue has been, and will be, essential to the railroad's fiscal solvency. The Inspector General has pointed out that this area of revenue has grown by 60 percent over the last ten years. When the Amtrak Board meets to approve plans for non-passenger revenue items, have you ever debated the question as to whether you are straying too far from the railroad's mission to providing intercity passenger service?

Answer. The first and foremost goal of the National Railroad Passenger Corporation is to provide safe and efficient intercity passenger rail. All other activities, while critical to the financial performance of the corporation, are secondary. Amtrak passenger rail service provides a critical element of a well-balanced, intermodal transportation network. It is advantageous for the corporation to seek further non-passenger revenue opportunities if it financially supports passenger rail.

Question. Do you ever face a genuine choice between providing adequate or improved passenger service versus leveraging an additional dollar for non-passenger-related revenue?

Answer. No. Amtrak's primary mission is to provide quality intercity passenger rail service. The corporation is willing to explore any non-passenger revenue options that support that goal.

QUESTIONS SUBMITTED TO THE DEPARTMENT OF TRANSPORTATION INSPECTOR GENERAL

QUESTIONS SUBMITTED BY SENATOR SHELBY

AMTRAK'S ROUTE SYSTEM

*Question.*At the February 25th Department of Transportation oversight hearing, I proposed that we think about a pilot project that would give Congress, the Amtrak Reform Council, and Amtrak's own management comparable data about operating costs on a given route. I proposed that we select just one Amtrak route and contract out that route's operation to another vendor for a limited amount of time, and then compare performance to similar routes on Amtrak's current system, and to that specific route's own performance over the past few years. Would such a pilot project help us see where operating savings can, or can't, be realized? And what are some of the potential problems we would face if we went forward with this proposal?

Answer. This proposal has merit, but there are two important caveats. First, It could not be a short-term arrangement if one expected the third-party operator to make capital investments. A short-term arrangement would make it particularly difficult for an operator of a single route to establish its own independent maintenance facilities for the equipment on that single route.

Second, there may be legal issues surrounding Amtrak's current labor contracts that would have to be resolved. The primary costs likely to be directly within a new operator's control are direct labor cost of train operations. Most of the other current costs of operation may not be reducible. Foe example, trackage-rights agreements with the freight railroads would continue at their current costs. Station operations and maintenance costs are often shared among routes, and it may not be possible for a new operator to reduce them for its share of operations. Finally, corporate overhead functions such as marketing, purchasing, and accounting would still need to be performed by the new operator, likely at a higher cost than Amtrak's because Amtrak can spread the cost over more routes. If direct labor costs were the main source of third-party cost savings, the contracting-out arrangement could be viewed as an attempt to bypass Amtrak's legal labor obligations. While this would have to

be addressed, I do not think the idea of contracting out a route for comparison purposes should be dismissed out of hand.

Question. If this idea seems unworkable, is there a way to break out the different functions that Amtrak performs, such as equipment and track maintenance, marketing, reservations and ticketing, purchasing, etc. and compare Amtrak's costs and productivity in performing these functions to other companies that provide similar services? Does the Inspector General's office have the necessary depth of knowledge of the detailed working of Amtrak's operations to "pull out" these different functions, and make meaningful comparisons with other private sector companies that perform similar functions? Please provide a list of functions that could be broken out in this manner, and of benchmark private sector companies that currently provide these functions.

Answer. I believe this alternate approach-examining each function that Amtrak performs, such as marketing, purchasing, and equipment maintenance, and comparing Amtrak's cost and productivity in performing those functions to other benchmark companies-also has merit. While there are no other passenger railroads in this country to which Amtrak as a whole can be compared, the individual functions Amtrak performs are readily comparable to those of other firms.

For example, the costs and labor productivity for equipment maintenance, track maintenance, and train dispatching and control can be compared to those of the freight railroads or commuter operators. Passenger-related functions such as marketing, reservations, ticketing, and catering can be benchmarked to efficient airline companies. Finally, overhead functions, such as accounting, financial management, and purchasing can be compared to any number of efficient companies with lean management structures. This type of benchmarking would likely indicate where Amtrak has opportunities for cost reduction and efficiency improvements.

The Office of Inspector General has the capability of providing such an analysis, though such an extensive analysis would likely have to be performed in phases over a number of years. However, it is our view that this type of study would be the natural province of the Amtrak Reform Council—bringing the collective business and transportation expertise of its members to bear in combination with the work of its staff. It seems to us that this type of analysis and its potential recommendations are what the Congress had in mind in creating the ARC. However, if ARC does not have the resources available to it to perform these analyses, we would work with the Congress to develop and perform this benchmark analysis.

As noted, the functions that might be benchmarked include equipment maintenance, equipment servicing, maintenance of way (track, structures, and signaling), train dispatching and control, marketing, reservations and ticketing, catering, purchasing, accounting, financial management, and executive management. We would be pleased to work with the Congress and the ARC to identify the appropriate benchmark companies for such a study.

QUESTIONS SUBMITTED BY SENATOR GORTON

ROUTE STRUCTURE

Question. If Amtrak were to move to privatization, do you believe that private entities would see Amtrak's current route structure as potentially profitable?

Answer. If Amtrak were to move toward privatization, we do not believe that private entities would see Amtrak's current route structure as potentially profitable. Even if Amtrak were to reach its goal of operating self-sufficiency, there would still be significant and continuing capital needs for the foreseeable future.

Question. If not, do you think there would be interest in purchasing the rights to operate certain corridors if these private entities were allowed to take advantage of non-passenger revenue? If so, which corridors would be attractive? Would the Pacific Northwest corridor be included in this group?

Answer. Amtrak is currently conducting a market-based network analysis, the results of which will enable it to identify the passenger and non-passenger revenue potential for each of its routes and corridors. This is scheduled to be completed in the summer of this year, and will be included in Amtrak's fiscal year 2000 Strategic Business Plan. We will thoroughly analyze these results as part of our assessment of Amtrak's fiscal year 2000 Strategic Business Plan. Until the market-based network analysis is completed, however, we are not in a position to identify which corridors would or would not be attractive to private entities.

Amtrak receives significant operating and capital funds from the states of Washington and Oregon to support Pacific Northwest corridor services. If a private entity were to purchase the rights to operate in these areas, it would likely need similar

assistance and would need to negotiate its own agreements with the states. Whether the service would be profitable without such subsidies may be better assessed after the market-based analysis is completed.

Question. Doesn't a corridor-based system seem like a more logical approach to rail travel in this country?

Answer. Amtrak's current mandate is to provide a national network of rail passenger service. Once the results of the market-based network analysis are known, we would be better able to assess whether it would be more logical to switch to a corridor-based system. It is possible that certain corridors could prove to be profitable, while certain cross-country routes would not. If the non-profitable routes were abandoned, this would allow capital spending to be redistributed to the more profitable corridors. This would, of course, be at the expense of the national network. Were Amtrak to abandon the less-profitable routes, it is highly unlikely that a private entity would decide to operate passenger rail in these areas unless state or Federal subsidies could be negotiated. If these were not forthcoming, portions of the country would not be served by passenger rail transportation.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

CHALLENGES TO SOLVENCY IN 2000/CHALLENGES TO SOLVENCY IN 2003

Question. Mr. Mead, I understand that you concur in Amtrak's observation that, without the expanded transit definition for the use of capital appropriations, Amtrak will face insolvency in the coming fiscal year. According to Amtrak, at the level requested in the budget, they will face an operating shortfall of $47 million without the expanded definition. Last year, Amtrak ended the year with a cash shortfall of $50 million, which Amtrak accommodated through short-term borrowing. Please explain why this $47 million shortfall at the end of this year will endanger Amtrak's solvency when the $50 million shortfall at the end of last year did not.

Answer. Amtrak has a credit arrangement that permits $121 million in short-term borrowing this calendar year. Its financial plans require short-term borrowing of $100 million this year and commit the balance to fund requirements of equipment financing agreements. The forecast operating shortfall is based on the assumption that the short-term borrowing is essentially rolled over when it becomes due and, therefore, there would not be any additional short-term financing capacity available to cover the shortfall.

The cash loss that must be covered by Federal appropriations predicted for fiscal year 2000 is $355 million of which expenses for maintenance of equipment comprise $308 million. Because federal appropriated funds can be used to cover maintenance of equipment, there remains a shortfall of $47 million.

DOES HIGH-SPEED RAIL PULL CARS OFF THE HIGHWAY?

Question. As I said in my opening statement, Amtrak and the Inspector General have differing estimates for the revenue stream that can be expected from high-speed rail in the Northeast Corridor. I understand that one of the driving factors that lies behind this difference is the differing estimates regarding how many passengers the new high-speed rail service will take off the highway. Some highway user groups have claimed that we could eliminate each and every Amtrak route and not increase highway congestion at all. Mr. Mead, what evidence can you provide regarding the likelihood of high-speed rail service serving to relieve congestion on our highways?

Answer. During the 1998 independent assessment, we projected that by 2001, high-speed rail service in the New York-Boston market would attract about 148,000 travelers who otherwise use autos for their trips. This amounts to 3 percent of the auto traffic in that market in 2001. For the entire North-end market, high-speed rail service would attract about 450,000 auto travelers, or 1 percent of the forecast auto trips in 2001.

WHAT CAUSED ELECTRIFICATION COST OVERRUNS?

Question. Mr. Mead, your testimony points out that 40 percent of the budget growth in the Northeast Corridor Improvement Project is attributable to cost overruns on the electrification work. What caused electrification cost overruns? What can you tell me about what caused these cost overruns?

Answer. Since the electrification project began in December 1995, the costs have increased $228 million—from $353 million to $582 million. The chart on the following page identifies the basic cost elements of this growth.

Question. What danger is there that the electrification work will not be done in time to do adequate testing before the initiation of high-speed service in October?

Answer. The electrification project is scheduled for completion and full testing by October 1, 1999, in time for fully electrified service to begin sometime that month. This completion date represents a schedule slip of approximately 3 months. While Amtrak believes this schedule is feasible, management agrees that there is no more pad in the schedule to absorb further delays.

We are not aware of any current condition that will delay the completion of the electrification work. However, any additional delays in the electrification project will result in delays in the startup of service. Amtrak has committed to beginning this service in October and has indicated its willingness to provide any support or resources to the contractor necessary to fulfill this commitment. Such actions might include additional track outages and service disruptions while the contractor works simultaneously in multiple blocks of track.

ESTIMATED INCREASES ON ELECTRIFICATION PROJECT

[Dollars in millions]

Categories	Dec. 1995	Aug. 1998	Major Causes of Overruns
Contractor	$335	$438	$95.5 million for change orders and allowance items on the electrification contract. 4.4 million for additional foundation subcontractor to make up for schedule delays. 3 million to close out original prime contract that Amtrak terminated in 1995.
Technical and Legal Support.	.4	17.1	cost of private legal counsel to manage and negotiate change orders.
Amtrak Protection (Flagging).	11	62.7	42 million increase in flagging protection costs. Electrification contract requires Amtrak to provide flagging protection during construction. To make up for schedule delays, the contractor is working in nine sections of rail track, rather than two, requiring more flagmen than anticipated. 4 million identifying cable conflicts. 2.4 million flagmen training. 1.5 million for relocation of fiber optic cables.
Land Acquisition	2	4.6	cost for additional real estate required for electrical facilities and along the right-of-way for catenary pole foundations.
Project Management	5	23.4	increased costs of design/inspection construction management. additional 1.5 positions for environmental contract.
Barriers	.....	25.6	20 million related to change in project scope to use solid barriers to cover catenary under bridges. 5.6 million in safety features to restrict public access to catenary wires.
Other Issues	.....	10.3	6.8 million in costs related to hooking up commercial electrical utilities. mitigation at Roxbury, MA power substation, including relocating a substation to address local concerns. additional insurance issues.
Total	353.4	581.7	228 million increase (Rounded).

IS AMTRAK ADEQUATELY FUNDING ITS CAPITAL NEEDS TO MAINTAIN CURRENT SERVICE?

Question. Mr. Mead, you state in your testimony that Amtrak would require $125 million more per year than they are requesting simply to make the minimum level of capital investment necessary to operate at the current level of service. Is Amtrak adequately funding its capital needs to maintain current service? What will be the consequences of not providing this additional $125 million?

Answer. Our projected funding shortfall in meeting Amtrak's minimum capital needs is not expected to occur until 2001, largely because of the availability of TRA funds through 2000. Amtrak will have enough capital to complete the high-speed rail project, but other infrastructure, rolling stock, and technology needs will go unmet if additional funding is not forthcoming.

Even if Amtrak does not receive the additional funds necessary to support a minimum-needs spending scenario, Amtrak will have to fund certain projects such as those related to environmental cleanup and ADA compliance, and will have to cover its debt principal obligations. Other needs may be deferred, such as life safety projects in the New York North and East River tunnels, operational reliability needs

including replacement of life-expired assets (rail, ties, cables, and electric traction hardware), and repair needs for buildings and other structures.

Outside the Northeast Corridor, infrastructure needs include repairs required to keep Amtrak-owned facilities in serviceable condition, such as rolling-stock maintenance yards and shops and stations owned or used by Amtrak. Such deferrals would not only compound the deterioration and increase the future costs of repair, but the deteriorated facilities are likely to undermine Amtrak's plans for sustaining and increasing revenues.

Another of Amtrak's key minimum needs is an estimated $85 million for progressive overhauls. A minimum budget would allow for continuation of the progressive-overhaul program, but would cause deferrals of most heavy-overhaul work on rolling stock. If Amtrak does not receive enough capital to fully fund a 'minimum needs' scenario, it is possible that all overhaul work—heavy and progressive—will be delayed or suspended, causing long-term implications for both costs and revenues.

TICKET OR FEE-BASED REVENUE

Question. In the aviation industry, the federal government charges taxes to each ticket to help pay for a portion of the FAA and infrastructure improvement. Local airports are also allowed to charge a Passenger Facility Charge for every traveler who boards a commercial flight. This provides a revenue stream derived from the primary users of the system. Would a similar fee system be workable for Amtrak? Would this alleviate any of Amtrak's problems?

Answer. A fee system similar to the one that exists in the aviation industry would probably not prove workable for Amtrak. In the case of Amtrak, the tax on tickets would be indistinguishable to its customers from a fare increase. Were such a fare increase currently possible and sustainable, Amtrak would no doubt initiate it on its own as part of its ongoing efforts at revenue maximization.

*Question.*Would such a dedicated funding stream make Amtrak more attractive to private investors?

Answer. If a dedicated funding stream were available, it would undoubtedly be attractive to private investors, as it would to Amtrak. However, a ticket tax would not provide a new funding stream.

SUBCOMMITTEE RECESS

Senator SHELBY. This hearing of the Subcommittee on Transportation is now recessed. The subcommittee will reconvene on Tuesday, March 23, at 2 p.m., here in this hearing room, to discuss the Federal Aviation Administration's fiscal year 2000 budget request. The principal witness will be Miss Jane Garvey, the FAA Administrator.

Governor, thank you.

Mr. Warrington, thank you.

Mr. Mead, you are a regular here. Thank you.

Governor THOMPSON. Thank you, Mr. Chairman, and Senator Lautenberg. You were wonderful to be in front of.

Senator SHELBY. Thank you.

Mr. WARRINGTON. Thank you very much.

[Whereupon, at 11:55 a.m., Wednesday, March 10, the subcommittee was recessed, to reconvene at 2 p.m., Tuesday, March 23.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2000

TUESDAY, MARCH 23, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2 p.m., in room SD–124, Dirksen Senate Office Building, Hon. Richard C. Shelby (chairman) presiding.

Present: Senators Shelby, Bennett, Campbell, Lautenberg, and Kohl.

FEDERAL AVIATION ADMINISTRATION BUDGET AND PROGRAMS

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

STATEMENT OF HON. JANE F. GARVEY, ADMINISTRATOR

OPENING STATEMENT OF SENATOR SHELBY

Senator SHELBY. Good afternoon. The hearing will come to order. Today we have the FAA Administrator, Jane Garvey, who will be here to discuss the Administration's fiscal year 2000 budget request for the Federal Aviation Administration and other aviation issues.

I want to dig into the budget request, reauthorization proposals, and the status of some of the FAA's programs in today's hearing. So I will keep my remarks brief in order that we might get to a dialogue with the Administrator on these topics and other issues that my colleagues wish to discuss.

Before getting to that, however, I wanted to conduct a brief review of the FAA budget over the past several years in order to place the current budget request and the discussion over reauthorization in perspective, and to touch upon a few of the broad budget issues to be contemplated in this year's authorization process.

There has been a great deal of discussion during the first 3 months of the year of aviation, about the looming crisis at the FAA and pending gridlock in the skies, due to insufficient FAA funding. This panic cry is not new. It has been a common refrain over the past 15 years.

It seems to increase in volume every time the Administration proposes a new capital plan or a reauthorization proposal, or every

time Congress undertakes the reauthorization of the Federal Aviation Administration's programs. But the crisis always seems to recede the closer we look at it or the closer we get to the projected gridlock deadline.

Does that mean that the vast number of studies, conferences, and think tanks that have weighed in on this topic are off base? No. Clearly, air traffic has increased and capacity management challenges have also increased, but the airlines, the airports, and the FAA's ability to grow capacity and more efficiently manage traffic loads has also increased.

The system works and will continue to evolve, I believe, as the nature of the traffic demands grow and change. Congress once again needs to make sure that we do not respond to the projections of dynamic growth in the aviation industry with solutions based on static capacity growth models.

I have directed my staff for the past 2 years that I have been chairman of this subcommittee to focus our aviation investment in three areas: on increasing the investment in airport infrastructure, on investing in technology that will allow our airports and airlines to be more efficient, and on increasing the efficiency of the air traffic control system and personnel. I think we are making good progress on the first two fronts, and I am hopeful that the Administrator will be able to tell us how the new controller's agreement will make the air traffic control system more efficient.

Although it is often said in the halls of the FAA or in outside study groups that the FAA is in a crisis because the Agency lacks a reliable revenue stream, the facts simply do not bear that out. For 99.8 percent of the FAA's budget over the past 5 years has been appropriated and approved by Congress.

Over the past 3 years FAA's appropriation has grown by 17.6 percent. By comparison, over the same time frame, FDA's funding grew 12.1 percent, NASA's budget went down 1.6 percent, and the budget for defense declined by 1.7 percent. Clearly, FAA has fared better than most in the budget process.

It is also important to note that FAA's budget growth has come in an environment where their workload has only been growing between 1 and 3 percent per year. Keep in mind, the FAA moves airplanes, not passengers. While the budget has grown at a faster rate than the FAA's workload, productivity gains and cost-saving measures have been largely non-existent at the FAA. We need to do better. I hope we will.

The budget request for the FAA proposes almost a 6-percent growth over last year's appropriation. On top of the last three year's growth, FAA's budget will have grown by over 25 percent over 4 years. Keep in mind that history shows that the FAA gets virtually all of its budget requests. In short, this request is not lean, particularly, when compared to other agencies in the Federal Government or even within the Department of Transportation, or compared to the Agency's workload growth, or the virtual absence of any meaningful cost savings. In fact, this budget request, I think, is generous. So the question should not be whether we are spending enough on the FAA, the question should be whether it will be spent wisely. I hope it will be.

I would submit that some of the refocusing that the Administrator has done with the Facilities and Equipment budget, emphasizing the Free Flight Phase One initiative, for example, gives me greater confidence that things are being done better. However, some of the problems with the Agency's two largest procurements, STARS and WAAS, lead me to believe that the Agency has not turned the corner yet. Clearly, there is a critical need for continued and perhaps increased oversight from within the FAA and from organizations like the Department of Transportation Inspector General, the General Accounting Office, and the Congress.

Finally, I am concerned about the growing popularity of firewalling parts of the budget in order to insulate portions of the budget from having to compete with other Federal spending. The argument that aviation should follow the example of highways and transit should concern all of us. There are hundreds of trust funds and even more special funds which can make a similar case for a special budgetary treatment.

Assuming we adhere to the budget caps, if the recently introduced House FAA reauthorization bill were to be enacted, the FAA's budget would grow by 50 percent and be firewalled like highways and transit, and there would not be any room left in the transportation appropriations bill for the Coast Guard, Amtrak, OST, NTSB, or the non-firewalled portion of NHTSA.

The FAA has thrived in the regular budget and appropriation process. FAA expenditures continue to exceed the taxes paid into the aviation trust fund. Our focus this year should be how to do things better, not how to insulate the FAA from oversight or from having to compete with other budget priorities.

Senator Lautenberg is on his way here, but I will proceed.

STATEMENT OF JANE F. GARVEY

Senator SHELBY. Ms. Garvey, your written statement will be made part of the record in its entirety. You may proceed as you wish.

Ms. GARVEY. Thank you very much, Mr. Chairman. I will keep my oral remarks very brief.

First of all, thank you very much for the opportunity today to testify in support of the FAA's budget request for fiscal year 2000. Let me begin by expressing my appreciation to you. I am doing this not only on behalf of myself, but of the employees of the FAA, and to members of this committee for the strong support of the FAA in its critical mission.

I think a year ago when I appeared before this committee for my first budget hearing I said there were three important agenda items, safety, security, and system efficiency. I said, that at the end of the day, that is what the American people will judge us by, and that is what they should judge us by. I think because of the strong support of this committee we have been able to make some progress in each one of those areas. What I would like to do is to touch very briefly on each of those areas and how the budget supports those initiatives.

AVIATION SAFETY

First of all, the area of safety. Last year, Mr. Chairman, as you may remember, we announced in concert with the Secretary of Transportation and the aviation community the Safer Skies agenda. This is a data-driven, prioritized approach designed to help us meet our goal. It is a very ambitious goal of reducing the commercial aviation accident rate by 80 percent by the year 2007. We think we are making very significant progress with Safer Skies.

We have an agenda that includes initiatives for controlled flight into terrain, uncontrolled engine failure, and runway incursions. Runway incursion is something we hear a great deal about from airport operators as well as pilots. It is something that really cuts across general aviation and commercial aviation.

I think our Safer Skies agenda, that is data driven, has been very important in advancing that important goal that we have in safety. We worked on this agenda in concert with the industry, with the NTSB, and with the Inspector General.

AVIATION SECURITY

In the area of security, Mr. Chairman, the White House Commission on Aviation Safety and Security rightly recognized civil aviation security as a national security issue. The budget that we have submitted includes more than $300 million for aviation security, which includes $100 million to continue deployment of advanced security equipment. We met yesterday with NASA on some of the work that we are doing with them. I thought one of the NASA engineers put it very correctly. He said, this is often expensive equipment, but it is one of the best insurance policies that we can have in protection in the area of aviation security.

SYSTEM EFFICIENCY

Turning to system efficiency, as you have suggested, Mr. Chairman, modernizing the NAS is, and should be, one of our greatest opportunities to improve our nation's aviation system. In many ways it is also one of our greatest challenges.

We have developed a very comprehensive modernization plan in concert with industry. The plan includes three elements; each very critical, each very important. The first element is sustaining our systems or renewing the infrastructure. That is the thousands of pieces of equipment that we see going into the system day in and day out, not equipment that is always very fancy, but it is also critical and very, very important. Also, Host and DSR are the platforms, and that is part of sustaining that system as well. The second element is additional safety features that primarily address providing more precise, more accurate, and more timely weather information. Sustaining the system is the first element, adding additional safety features is the second element, and the third element is enhancements. Those are the enhancements that increase the capability and the efficiency of the system.

In fiscal year 2000, $2.3 billion is proposed for the FAA's capital modernization program. Free-Flight Phase One is, we believe, a real success story for the agency and for the industry. A year ago we brought together the industry and our unions to really focus on

those early elements of modernization where we can get some benefits and some results in a relatively short period of time. The result is Free Flight Phase One. That is a series of automation tools that are used by the controllers, but eventually, the ultimate results are benefits for the industry and the traveling public.

We have a contract with industry on Free Flight Phase One. It is very simple and very straightforward. It is that we will deploy the tools, but industry will help us measure the results. Are we really getting from these tools what we really want? I have to say, while the results are still early, we are very encouraged by the kind of benefits that industry is speaking about, and again, very pleased to say that this is a program that is on schedule.

YEAR 2000

Turning just for a moment to the issue of Y2K, which is an issue that is on everybody's mind. We have renovated, as we had a chance to testify last week in front of Congress, 100 percent of the mission-critical computer systems. We did that by September 30. We are now validating and testing the upgrades and will finish and be compliant by March 31, 1999.

I will note that this is a couple of months behind the OMB deadline, but we are working very closely with OMB. We really feel, because of the complexity of our systems, June 30 is a more appropriate date. OMB, we know, agrees with us. Again, all of our mission-critical systems will be Y2K compliant, will be operational by June 30, 1999, so we will be ready for the new millennium.

In closing, Mr. Chairman, I have just one note, and that is that 1998 was an extraordinary year in aviation. As you may know, not a single fatality occurred aboard U.S. carriers, and I think that is a record to be proud of. One columnist described it as a triumph of brain power over gravity, but as wonderful as that record is, we know that there is a great deal that we still need to do. There is a great deal that we must do in order to maintain that extraordinary record.

PREPARED STATEMENT

We also know that this committee has many challenges, and the FAA is only one piece of it. We look forward over these next few months and this next year to working with you to be sure that we have the resources that we need to do the job that we simply must do. Thank you very much, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF JANE F. GARVEY

Mr. Chairman and Members of the Subcommittee: Thank you for the opportunity to testify today in support of the FAA's budget request for fiscal year 2000.

Let me begin by expressing my appreciation to you, Mr. Chairman, and the Members of this Committee for your strong support of the FAA and its important mission. Your support of the FAA's role in assuring and enhancing the safety, security, and efficiency of our nation's aviation system produced extremely beneficial personnel and procurement reform for our agency in 1995.

SAFETY

I am pleased to report that for the first time in history, there were no passenger fatalities aboard U.S. air carriers and commuter airlines in 1998. One editorial writ-

er characterized this achievement as a "triumph of brainpower over gravity". We want to continue that application of brainpower to reach our goal of reducing the fatal accident rate on U.S. airlines. I echo the Secretary's statement that safety is our top goal—our North Star—and our performance reflects the strength of this commitment. The fiscal year 2000 budget calls for $1 billion for aviation safety.

Last year, the FAA in concert with the aviation community developed Safer Skies, a focused safety agenda. This is a data-driven approach to identify the leading causes of accidents and the interventions that can make the biggest difference in preventing them. We are working collaboratively with industry to develop and implement interventions for the operation and maintenance of commercial and general aviation, and for improved cabin safety.

Let me mention a few examples. Historical data tells us that uncontained engine failure and controlled flight into terrain are a serious causal issue in commercial accidents. Since we announced the Safer Skies agenda, we have issued nine airworthiness directives on contained engine failures. We expect to have these as final rules in March 1999. We issued a Notice of Proposed Rulemaking on Terrain Awareness and Warning Systems. Many major airlines have already begun installing these systems and Boeing is putting the Enhanced Ground Proximity Warning System in its production lines. I'm pleased to announce the general aviation team is coming together and working through the challenges presented by such a large and diverse sector of aviation. In addition, we have seen significant progress in our cabin safety initiatives with the Partners in Cabin Safety. This group is focusing on carry on baggage, the Turbulence Happens public education campaign, and child restraints systems.

Another one of my Safer Skies goals is preventing runway incursions and related surface incidents. This is accomplished through a Runway Safety Program with initiatives such as Certification Alert to Airport Operators, reducing runway crossings by vehicles and refresher training for controllers. Several awareness initiatives have been instituted including a monthly Runway Safety Program newsletter and mandated awareness training at all airports. Also being implemented are procedural initiatives; and improvements of airport signs, lighting and surface marking standards. In addition, we are using more sophisticated trend analysis to better identify and correct causal factors contributing to runway incursion incidents, and we are implementing new technologies. The Runway Safety Program is working closely with other government organizations, industry, and stakeholders in aggressively pursuing means to prevent or mitigate runway incursions and related surface incidents.

Runway Incursion Action Teams, consisting of FAA and industry experts, are being convened at 20 airports with the highest number of runway incursion events. These 20 teams are directly attributable to the success at Cleveland-Hopkins International Airport, which had led the nation in runway incursions. Within 6 months, Cleveland's incursion rate had dropped to an all-time low.

I'm very pleased that as we go forward with Safer Skies we will be demonstrating exactly what we had in mind when we proposed this focused and prioritized approach. This is that as we complete an item, we check it off, and then move on to the next priority item.

SECURITY

Following the report of the White House Commission on Aviation Safety and Security, Civil Aviation Security is now considered a national security issue. Recent specific threats by Middle Eastern terrorist organizations increase the priority accorded to this area.

The budget request includes more than $300 million for aviation security. The FAA has taken and continues to take an aggressive approach to improve airport and air carrier security nationwide. This will be accomplished through new, focused rulemaking and security program changes, improving access control, reducing vulnerabilities to existing or new threats by deploying advanced explosive detection technologies, conducting joint FAA/FBI vulnerability assessments, performing realistic operational testing and special emphasis assessments, and deploying explosives detection canine teams.

Recognizing that effectively combating terrorism is a vital national security goal, the federal government has funded the purchase and deployment of the world's best equipment to safeguard civil aviation, while our partners in this effort, the airlines, are responsible for the equipment's operation and maintenance. Congress provided $157 million for advance security equipment for fiscal years 1997 and 1998, and an additional $100 million for fiscal year 1999 to continue deployment. We have requested a third installment of $100 million in fiscal year 2000.

We have been very effective in getting these systems up and running. Security equipment for checked baggage has been installed at over 30 airports while the trace explosive detectors for carry on bags are being used at more than 50 airports. The agency is working with airports and airlines to continue installations, and plans to buy and deploy even more equipment over the next few years. We will also be working with airlines and airports in a variety of ways to put in place an effective screener workforce.

In 1999, 21 FAA/FBI threat and vulnerability assessments of airports are scheduled. The explosive detection canine team program grew from 87 teams at 26 airports in 1996 to 154 teams at 39 airports in 1998.

In addition, the FAA continues to encourage security consortia that are formed in partnership with members of the local airport community. Over 110 airports have voluntarily formed consortia.

We continue to expand the use of realistic operational testing of the aviation security system. We project 10,000 screening evaluations will be completed in fiscal year 1999 and in fiscal year 2000. In addition, approximately 4,200 dangerous goods assessments will be completed in fiscal year 1999 and 5,000 in fiscal year 2000.

SYSTEM EFFICIENCY

Modernizing the National Airspace System is one of our greatest opportunities to improve our nation's aviation system. It is also one of our greatest challenges. There are three elements of ATC modernization. The first element is sustaining our systems or renewing the infrastructure. The second element is additional safety features that address providing more precise, accurate, and timely weather information, which is so critical to safety of flight. The third element is enhancements that increase the capacity and efficiency of the system.

For infrastructure renewal, a total of $2.3 billion is proposed for FAA's capital modernization programs in fiscal year 2000. We are making significant progress. Several major programs will be fully or nearly completed in fiscal year 2000. The Display System Replacement will be operational at all locations in 2000. The Host computer system will be replaced by October 1999. In fiscal year 1999 there were major system upgrades and improvements to the NAS. We completed final deployment of the Host and Oceanic Computer System Replacement (HOCSR) for Phase 1 hardware and initiated Phase 2 software development in support of air traffic control operational requirements. Airport Surface Detection Radars will be installed at 34 airports and automated warnings software will be added in 2000. Also in fiscal year 2000, FAA will be purchasing 24 out of 112 new terminal radars for conversion to digital output and 50 out of 127 new beacon systems for air traffic control.

We will begin implementation of several other major projects to increase safety in 2000. These include the Integrated Terminal Weather System and Weather and Radar Processor, which provides terminal area and en route weather information. Terminal Doppler Weather Radar began in 1994 and is in the final stages of implementation. In 1999, we have continued to support weather related programs, such as Next Generation Weather Radar, Terminal Doppler Weather Radar, ASR Weather System Processor and the Automated Surface Observing System. These systems will provide weather information to meet the needs of controllers, pilots and operators.

With much of the older air traffic control equipment already replaced or planned for replacement, future programs will concentrate on new technologies and capabilities that address the third element of focus—increasing the capacity and efficiency of the ATC system. The Free Flight Phase 1 request for fiscal year 2000 begins to add new software automation tools to assist controllers in maximizing use of available capacity, improve efficiencies and collaborative decision making tools for reflecting user preferences in air traffic decisions. The success we have had with developing Free Flight Phase 1 technologies will show that we can do what we say we will do. We have met the first Free Flight Phase 1 deadline—Surface Movement Advisor was delivered to Detroit and Philadelphia ahead of schedule. Initial reports from Northwest Airlines at Detroit are very positive. For example, Northwest Airlines was able to prevent five diversions due to low fuel as a result of the improved situational awareness provided by SMA.

During fiscal year 1999 and fiscal year 2000 on-going upgrades to the air route traffic control centers and replacement of terminal air traffic control facilities are necessary to provide acceptable levels of air traffic control service to meet future operational requirements. These comprehensive modernization efforts will replace facilities that are 20–40 years old, as well as accommodate the installation of new equipment and provide environmental and security improvements.

Before concluding my remarks on the NAS modernization, I would like to tell you where we are on our Y2K efforts. I have given this effort my highest priority. We completed renovations of all mission critical computer systems on September 30, 1998. We are validating and testing the upgrades and will have testing completed by March 31, 1999. Thanks to the dedication and hard work of employees in the field and in headquarters, all mission-critical systems will be year 2000 compliant and operational by June 30, 1999. We believe we will be ready for the new millennium.

FISCAL YEAR 2000 BUDGET

I have continued with vigilance to focus the agency on safety, security, and system efficiency and have structured the President's budget request for fiscal year 2000 accordingly. FAA's fiscal year 2000 budget is $10.1 billion, a 4 percent increase over the fiscal year 1999 level.

For Operations, the Administration is seeking $6.0 billion. The funding will support 100 new field maintenance technicians, 20 certification and rulemaking personnel, 10 medical staff, and 62 new security-related staff. In addition, the increase recognizes the need to bring on-line and make fully operational new safety and capacity air traffic equipment being delivered, and make critical infrastructure investments necessary to fully implement such initiatives as acquisition and personnel reform and a cost accounting system.

The request for Facilities and Equipment is $2.3 billion. This request supports the FAA's comprehensive Capital Investment Plan to improve the NAS to accommodate increasing demands for aviation services, maximize operational efficiency, constrain costs, and replace or modernize aging facilities.

For Research, Engineering and Development, the budget requests $173 million. This request includes $16 million for the Safe Flight program. This program is a joint demonstration program designed to facilitate implementation of the Capstone Initiative in Alaska and the Automatic Dependent Surveillance Broadcast (ADS–B) evaluation work in the Ohio Valley.

For Grants-in-Aid for Airports the fiscal year 2000 budget requests $1.6 billion, an 18 percent decrease from the fiscal year 1999 enacted level. Current law limits PFC's to $3. An estimated $1.4 billion in PFC revenues were collected in fiscal year 1998 at the existing $3 PFC cap. The FAA reauthorization bill proposes raising the cap to $5 and would collect over $900 million additional funds. PFC collections are projected between $1.4 billion and $1.5 billion in CY 1999 and 2000.

In fiscal year 2000, the Administration proposes to fund the entire agency with a combination of current excise taxes and new user fees, and proposes the establishment of a Performance Based Organization (PBO) for air traffic services. This PBO is designed to make the FAA's air traffic control system both highly responsive to user needs and more accountable for good performance. It will be funded in part by $1.5 billion in new, cost-based user fees, which will be collected from commercial aviation flights that utilize the FAA's air traffic control services.

The National Civil Aviation Review Commission recommended, and we agree, that ensuring a stable and adequate source of funding for FAA's important activities is critical to enable FAA to meet the challenges of the 21st century. Establishing user charges for air traffic services is a first step in that direction.

As noted by the NCARC Commissioners, changing to a cost-based system is essential to the development of a more businesslike and more efficient air traffic system. Using such a system, in and of itself, will bring about a very significant management improvement. The questions that could be answered in a cost-based environment cannot be answered today. A cost-based system will better enable the safety, efficiency, and cost reduction performance of the organization to be measured and ultimately improved.

The new user fees which we are proposing will be based upon the cost of providing air traffic services as determined by the agency's new cost accounting system, generally accepted accounting standards and international economic principles. We are making significant progress toward implementing the cost accounting system and will have the first cost information available this summer to support the previously authorized overflight fees. Furthermore, the information developed by the agency's cost accounting system will allow us to make better management decisions regarding the use of our financial resources. Cost accounting information will allow us to better control our costs and to help determine what services are needed, as well as where and how resources should be allocated.

The implementation of a cost accounting system is but one step in increasing the FAA's financial integrity and credibility. Of equal, or perhaps greater, importance is the need for FAA to obtain a clean audit opinion on the agency's fiscal year 1999

Financial Statement so that we can be assured that our financial records accurately reflect our true financial status. To ensure success we established teams co-chaired by financial, program and the Office of the Inspector General staff along with regional airway facilities, logistics and accounting representatives. These teams are focusing in particular on properly capitalizing and documenting FAA's physical assets. The teams have instituted monthly reporting against assigned goals for all regions and have been meeting deadlines throughout this fiscal year. While a great deal of work remains to be done, we are confident of success.

In conclusion, FAA is making serious attempts to address safety, security, capacity and efficiency challenges, and we believe our fiscal year 2000 budget request and our reauthorization proposals will further our progress on these fronts. In closing, Mr. Chairman, I would like to thank you and the Members of this Subcommittee for the support you have provided to the FAA. I would be pleased to respond to any questions you have at this time.

AVIATION SAFETY

Senator SHELBY. Ms. Garvey, I want to congratulate you and the people at FAA for what you are doing for safety.

Ms. GARVEY. Thank you.

Senator SHELBY. You are absolutely right, when we board an airplane, that is the first thing and the last thing I think of, when I get on and we take off, and the next thing is, we land safely, right?

Ms. GARVEY. Thank you.

YEAR 2000

Senator SHELBY. I am glad to hear of your progress as far as the Y2K problem, because if you do not fix it before the date ends, we are in real trouble, are we not?

Ms. GARVEY. Thank you, Mr. Chairman.

BUDGETARY FIREWALLS

Senator SHELBY. Transportation has been an interesting budgetary journey this past year. In June 1998, the President signed the TEA–21 law that created budgetary firewalls for highway and transit spending. Last October, 4 months later, the Administration insisted on increased funding for the Access to Jobs program in addition to the funding included within the TEA–21 firewalls.

Last month, 8 months after the President signed TEA–21 into law, the Administration submitted a budget that would divert funding from the highway firewall into the transit account, the rail account, and the NHTSA non-firewall account. Just last Thursday, the Secretary testified that he was going to send a budget amendment increasing the funding levels for motor carrier safety inspections. In addition, discrepancies in outlay scoring estimates between OMB and CBO with regard to the firewall accounts cost the discretionary caps over a billion dollars in outlays in fiscal year 2000.

In light of the Administration's actions since the creation of the highway and transit firewall less than a year ago, Ms. Garvey, do you think that off-budget or firewall treatment for the FAA accounts is advisable?

Ms. GARVEY. Mr. Chairman, we have not proposed a firewall in the Administration's proposal for the FAA reauthorization. We do agree that it does cause some difficulties and have not proposed that.

Senator SHELBY. Will you aggressively and actively oppose the creation of a firewall for the Federal Aviation Administration?

Ms. GARVEY. Well, I know the Secretary, Mr. Chairman, says that we will continue to work with Congress, but our proposal, we think, is one that is at least worth considering and does not include the firewall.

Senator SHELBY. But you are not going to go quite that far—that last step. Will you aggressively and actively oppose the creation of the firewall?

Ms. GARVEY. We are opposed to it now, and I always defer, in the final analysis, to working with the Secretary and Congress.

Senator SHELBY. Okay.

Ms. GARVEY. We certainly do oppose it.

COST ACCOUNTING SYSTEM

Senator SHELBY. The cost accounting system. Your budget request envisions a user fee increase of $1.5 billion. During the week of March 7, DOT Inspector General, Ken Mead, testified before this committee that a reliable cost accounting system will not be fully implemented until 2001 or perhaps later.

In addition, you recently testified that if FAA is to achieve the Administration's objective of funding the entire agency with a combination of current excise taxes and new user fees, including the establishment of a PBO for air traffic services, it needs a reliable cost accounting system.

Now, given that a cost accounting system clearly will not be in place for fiscal year 2000, is it not premature to propose either new user fees or a PBO for air traffic services? Or is the user fee proposal simply a budget gimmick to present a higher FAA budget than the FAA budget priorities would allow? Would you explain that?

Ms. GARVEY. Well, Mr. Chairman, we have had many conversations with the Inspector General on this issue. I will tell you what we are doing. We have triaged, in a sense, the air traffic control services, and isolated those pieces that we think are achievable this year. We do think it is possible to have the data in place that would allow us to have a cost accounting system for both overflights and oceanic. The Inspector General is right, a fully developed cost accounting system is further into the future, but we think we will have part of it done during this year.

We know it is a very aggressive schedule. Again, we are willing to work with you on this issue. It was the proposal that the Administration put forward. We are working very hard to at least have the overflight and oceanic piece in place for implementation this year, but it is, you are right, a very aggressive schedule.

IMPACT OF NO USER FEES

Senator SHELBY. Would you present for the record what you would propose to cut from the FAA budget request, if Congress fails to approve the new user fees, or equally as likely, the FAA is unable to implement the new user fees in the time frame envisioned in the budget in question? Would you do that for the record?

Ms. GARVEY. Mr. Chairman, I certainly would have to tell you that might be the most difficult question I have been asked, because I really feel we have gone to the bone on this.

I am asking people, to look at the base of our budget and to examine every possible area of the budget, even areas that we have not questioned in the past. I have to say, that absorbing $1.5 billion would be extraordinary. I am not quite sure. We would really have to go back to the drawing board and work on that very closely with you.

Senator SHELBY. But if you had to, you would have to.

Ms. GARVEY. If we have to, we would have to. I think I may have to start with my salary.

[The information follows:]

The FAA believes that user fees are the best means to meet its needs for the long-term financial stability while providing incentives for efficiency. Therefore, the FAA strongly urges Congress to enact the user fees proposed.

USER FEES

Senator SHELBY. No, not yours. Maybe mine. If Congress does not act on these tax proposals, are you willing to assure us that this will be the last time that you submit a budget that proposes new or increased user fees?

Ms. GARVEY. Well, we certainly understand your concerns with that, and the Congress's concerns with it. I have to say that, of course, it will not just be the FAA's decision. It would be based on discussions with OMB and with the Secretary's office and the Administration, but I do understand your concerns.

PERFORMANCE BASED ORGANIZATION

Senator SHELBY. I understand that. For the past three years the Administration has proposed to transform the $12 million St. Lawrence Seaway Development Corporation into a performance-based organization, but even that modest proposition proved to be too ambitious to achieve. I am skeptical of the proposal to turn the air traffic control system into a performance-based organization, and seriously question the FAA's ability to manage such an organization, or to formulate and implement a structure of charges that are equitable and that can pass the inevitable legal challenges that will be brought.

Given the difficulty the Administration has had with the St. Lawrence Seaway PBO proposal, would it not be more prudent to propose the organizational change in one fiscal year and financing structure in a subsequent year, rather than the unrealistic assumption that the user fees would be implemented in the same year as the organizational change? You follow me, do you not?

Ms. GARVEY. I do, Mr. Chairman, and I do think that that is an approach that is worth looking at. In fact, I will say that we are putting some of the organizational elements in place now. We are establishing performance measures. We are working, obviously, on the Cost Accounting System. We are working with industry to establish some metrics to measure, some of our successes. So I think you are absolutely right. Some of the organizational changes we can do, even separate from the financing, and, in fact, we are doing, and we will continue to do that.

LEGISLATION FOR AIRLINE PASSENGERS

Senator SHELBY. Americans are flying more and more, and at the same time that more and more Americans are flying, air fares have dropped and air traffic has become safer, as you just mentioned. The average price of an airline ticket has decreased approximately 33 percent in real terms since market forces replaced the whims of Federal bureaucrats in setting fares.

The number of passengers flying domestic flights has more than doubled to approximately, as you know, $600 million annually. While deregulation of the airline industry overall has yielded the benefits that free markets promise, there are growing pains. As the number of passengers increases, so has the number of consumer complaints against air carriers. I believe we should reinvigorate competition in the air passenger market, even if the air carriers do not welcome it. I believe that we can also increase competition in the airline industry by providing the traveling public with more useful information, and by giving consumers ownership of the commodity they have purchased, their seat on an airplane.

I recently introduced legislation that provides passengers with greater information about air fares and flights and with greater flexibility over unused or partially used fares. Further, if an air carrier offers a discounted fare, my bill permits all passengers to make a confirmed reservation at the same price for a 24-hour period. Whenever an airline passenger is unable to make a flight for which he or she has a confirmed seat, the passenger will have the opportunity to board a similar flight on a standby basis.

Administrator Garvey, do you think steps like these are necessary to make sure the traveling public gets the information necessary to make informed traveling decisions and so that airlines have clear guidelines as to what constitutes their duty to inform passengers, and stand behind their transportation services?

Ms. GARVEY. Mr. Chairman, I have not had a chance to look at your bill in detail, but from what you have described and from the little bit I have read it sounds as though it does strike many of the same themes that the bill of the Administration has proposed as well.

I know Secretary Slater has talked to us at some length about that. It sounds like disclosure and some of those scenes are very similar, so that is something the Administration has put forward. We, of course, at the FAA are under the jurisdiction of the Department of Transportation and we certainly would support the Secretary's bill, obviously.

WIDE AREA AUGMENTATION SYSTEM

Senator SHELBY. The Johns Hopkins University, Applied Physics Laboratory, GPS risk assessment study reported that it is technically feasible for a WAAS/LAAS to be sole means and sole service if the following provisions are implemented: (1) an appropriate backup, (2) a redesign, and (3) an overall GPS plan. The report defines sole means to mean the only system installed in the aircraft, and their term sole service to mean the only navigation service provided by the FAA. Then the report concluded the need for a backup composed of a combination of avionics and air traffic control.

This conclusion would seem to contradict the finding of sole means and sole service, but I guess this distinction is similar to parsing what the meaning of the word 'is' is, as we know today. Clearly, it cannot be the position of the Administration that we should rely on WAAS as the only system without backup. Yet, dependence on a stand-alone system without a backup is not only imprudent, it is fundamentally unsafe. I note that a recent press article in the United Kingdom reported that a Russian scientist recently E-mailed Baghdad instructions on how to make a $200 GPS jammer.

As soon as the FAA recognizes publicly that some backup will be required, then I believe you can take the next logical step to determine what the most effective and cost-effective overall system will look like. I urge you to stop looking at this issue as a program matter and to start looking at it as a question of how we best provide the necessary navigational capability and the reliability for our users in the most cost-effective manner. Without question, the navigation system of the future is satellite-based, I am told, but I am not convinced that it should be solely satellite-based or that it should even be the goal.

I also note that in the Hopkins' study, they were not asked to consider whether the implementation of a sole means system was cost-effective.

Administrator Garvey, FAA recently announced another significant delay in the WAAS program. Could you tell us where the WAAS program is right now? Please describe the current status of the program, the alternate approaches that are actively under consideration, and the strategy and time table for restructuring the program.

Ms. GARVEY. Yes, Mr. Chairman, and I will try.

Senator SHELBY. That was a long question, and Senator Lautenberg is going to get the answer, because I am going to go vote. You voted, did you not?

Senator LAUTENBERG. No. It has not started.

Senator SHELBY. It has not started. Great news.

Senator LAUTENBERG. Well, why do you not go ahead? Go ahead, Mr. Chairman. I will take care of this.

WIDE AREA AUGMENTATION SYSTEM

Senator SHELBY. No. I just asked her a question.

Ms. GARVEY. I will answer it. I will address the WAAS question. As you indicated in your question, the schedule has slipped. Let me back up a bit, though, if I could. When we first talked about the WAAS several years ago, there was a much longer schedule. We took a calculated risk a few years ago and compressed the schedule; that is, the Agency, I was not there at the time, knew it was a risk. In fact, I know the Modernization Task Force last year, with good staff work from Mitre, had identified WAAS as one of those risk programs. We have had a schedule slip, due in large part, to software development, and again, not unusual in these very technical programs.

We have restructured the program with a new date. The full commissioning is in September 2000, which I think we briefed the staff on. We have three very critical milestones as part of the re-

structuring. One is in April, where we get the first software deliverable. That will be followed by two other deliverables over the next several months. That is going to be very critical for us to understand how we are doing and what the software issues are. So we have restructured the program with a new time line.

What is important with WAAS, from my perspective, is that both the industry and the FAA believe that this is the right thing to do. Pausing at the end of phase I, in the June and September time frame of 2000, gives us an opportunity to take a look at it, see where we are, make some risk assessments, and see where we go from here. So the general aviation community, the commercial aviation community, as well as some of our colleagues at Mitre and other places feel this is the right approach and the right thing to do.

YEAR 2000

Senator SHELBY. Ms. Garvey, would you reiterate, Senator Lautenberg was not here earlier, in front of a broader audience, the Y2K problem, and where you are at the moment, because a lot of people, not only in America, but everywhere, want to know where the FAA is and is going to be.

Senator LAUTENBERG. Mr. Chairman, I questioned Ms. Garvey about that, because it is a matter of grave concern.

Senator SHELBY. Absolutely.

Senator LAUTENBERG. As a matter of fact, I am going to Europe, and I am talking to the French Transport Ministry, because they are one place that we usually think about as being quite up to date in terms of computer technology, but they are—but I would like to hear what Ms. Garvey said. It bears repeating, I would think.

Senator SHELBY. I think repeating everywhere, and also meeting the deadline.

Ms. GARVEY. I think you are right, Mr. Chairman. Just very quickly, from the FAA's perspective, I think we have made very good progress after a late start. We met the deadline of September 30 for all of our systems to be renovated. Those systems will be tested and validated by March 31. Our deadline for full compliance of all of our systems, mission critical, as well as all of the other systems in the FAA, is June 30, 1999. That is a few months behind the OMB deadline, but we have worked very closely with OMB and with the IG, by the way, who joins us at our meetings every other week, and OMB is in agreement with the June 30 deadline. I will tell you, we are focusing a good deal of our energies these days on the international front, and also with our colleagues in the airports.

YEAR 2000—INTERNATIONAL EFFORTS

Senator SHELBY. Would you explain that just a little bit? It is a great cause for all of us. We might be up to date——

Ms. GARVEY. Absolutely.

Senator SHELBY (continuing). But if they are not up to date, we still have trouble, do we not?

Ms. GARVEY. Absolutely. On the international front we have an international office with a gentleman assigned to just the international efforts. He is in Montreal working very closely with ICAO

and IAOTA, the two international organizations that deal with aviation issues.

We know the top six countries that Americans travel to, and we are working closely in setting up work plans with them so that we know exactly how well they are doing. As a matter of fact, both the Secretary and I——

Senator SHELBY. Who are these top six countries?

Ms. GARVEY. I think I can do it. I am going to really try. I think I will get four of them.

Senator SHELBY. I am betting on you.

Ms. GARVEY. Do you want to do that?

Senator SHELBY. No. I am betting on you.

Ms. GARVEY. No. Do not do that, please. It is too much pressure. The United Kingdom, Japan, Canada, Mexico, the Dominican Republic, and the Bahamas. Is that not interesting? It is an interesting collection of countries. We have work plans with each one of those countries. Either the Secretary, Deputy Secretary or I have met with the heads of those countries, as well as others. The Secretary is in Europe this week, and that is one of his top agenda items. So we are working very closely with the international community.

We also had great success in September. We went to Montreal and introduced two resolutions at an international forum, and one was that criteria would be established for Y2K compliance in January. That was through ICAO, by the way. The second resolution, even more critical, is that by June 30 all the countries would have to reveal what their status is on Y2K. Then at that point, during the summer months we will be working very closely with State to see if it is appropriate to issue information to Americans, and whether we want to issue any advisories to travelers at that point on specific countries.

Senator SHELBY. Who is doing their remedial work or corrective work, looking toward the year 2000? Different people all over the world?

Ms. GARVEY. Yes, Mr. Chairman. It really varies. Many countries are doing the same thing that we are, which is using our own technicians for the fixes, because those are really the men and women who have grown up with the system. They know it well and know it best.

Senator SHELBY. Okay. Senator Lautenberg.

Senator LAUTENBERG. Yes. Mr. Chairman, since the vote has gone off, what I would like to do is just raise a concern here, and I do not know, Mr. Chairman, whether you are talking about coming back, or shall we submit the remaining questions for the record.

Senator SHELBY. Whatever you want to do.

STATEMENT OF SENATOR LAUTENBERG

Senator LAUTENBERG. I would like to just make mention of the budget resolution, which is due to be debated very soon, and the consequences of the plan, as laid down, for Function 400, the Department of Transportation. It is $2.2 billion in outlays below the President's request.

Now, if we focus on that number, $2.2 billion, that is the amount in outlays that this subcommittee will be expected to cut if this budget resolution survives. What will be our options when faced with the requirements to cut $2.2 billion in outlays? The President's budget and the majority of its budget resolutions claims to fully fund the highway and transit obligations dealings in TEA–21, authorized in TEA–21. Those, effectively, were guaranteed through the fire walls established in TEA–21, fully paid for with offsets from the highway bill. So to change them now would be a massive political effort.

What with the highway and transit funding effectively off limits, where else can we go to get $2.2 billion in outlay cuts, Mr. Chairman? There are only three major areas of funding left in the transportation appropriations bill that have sizeable outlays to cut, FAA, Coast Guard, and Amtrak.

Now, if we start with FAA, you could eliminate the entire Facilities and Equipment account within FAA. You can bring to a halt the entire effort to modernize our air traffic control system. You can cancel billions of dollars in existing contracts and say that we think it is acceptable for the FAA to monitor thousands of aircraft each hour using 30-year-old computers, held together with masking tape. If we eliminate every penny that the President has requested for the Facilities and Equipment, and the FAA, have we solved the $2.2 billion? Not close. We save only $700 million in outlays, less than a third of what we need. So if we keep going, if we eliminate the FAA's entire research budget, stop improving our understanding of aging aircraft, flammable materials, and airport security, we can save roughly another $100 million in outlays. That gets us $800 million in outlays.

Now, we eliminate the entire airport grants program, and I am not talking about accepting the President's 18 percent cut in the program, I am talking about killing the entire program, nullifying all existing letters of intent and sending out not one additional dime for runway or terminal improvements, that would get us another $300 million in outlays. So we have eliminated every Federal investment dollar in aviation, and we have saved $1.1 billion in outlays, only half of what the budget resolution would require.

Well, the Chairman and I both know that if we eliminate every investment in FAA, we should do the same for the Coast Guard. How much does that get us? Well, eliminating the Coast Guard's entire acquisitions budget, we save a good deal less than $100 million in outlays. That lets us service fifty-year-old ships, chugging along for another 10 years, lets the drug runners thumb their noses at us, and lets distress calls go unanswered, all for less than $100 million.

So if you want to save the full $100 million in outlays, we can fire all 8,500 members of the Coast Guard Reserve, send them a thank you letter, tell them how much their services meant to us, but no longer needed. When we have the next major oil spill, or the next Desert Storm, we will just dial 911 and see what kind of response we will get.

So with all of the measures I have outlined thus far we have saved a total of $1.2 billion in outlays, and if we turn to Amtrak, members will remember that last year we faced a proposal to zero

out Amtrak. That proposal was not very popular with a great many members on both sides of the aisle. Two weeks ago we had Governor Thompson in here, of Wisconsin, Amtrak's board chairman, and he told our subcommittee that Amtrak needs every penny of the President's $571 million request in order to remain solvent. So when we do that we save another $200 million.

Well, I point out this grim scenario, Mr. Chairman, I ask permission that the full statement, with unanimous consent, be included in the record.

Senator SHELBY. Without objection, it will be in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LAUTENBERG

Mr. Chairman, I will only be able to spend a very brief period at this afternoon's hearing since I'm required to be on the floor to manage the budget resolution on behalf of the Minority. This past Thursday, the Senate Budget Committee reported a budget resolution by a party line vote. At that time, I said that the resolution proposes extreme and unrealistic cuts in domestic programs across the entire government that would devastate public services if enacted. That observation is made painfully clear when you look at the budget resolution's assumptions just for this subcommittee. Indeed, the resolution assumes cuts to the Transportation Department's budget that would devastate our efforts to improve safety and accommodate increased traffic in all transportation modes, especially aviation. This is not just a reckless claim on my part.

Let's look at the arithmetic. The budget resolution that we will debate on the floor this afternoon stipulates a level of funding for function 400—the transportation function—that is a full $2.2 billion in outlays below the President's request. Remember that number—$2.2 billion. That is the amount in outlays that this subcommittee will be expected to cut if this budget resolution survives.

What will be our options when faced with the requirement to cut $2.2 billion in outlays? Both the President's budget and the majority's budget resolution claims to fully fund the Highway and Transit obligation ceilings authorized in TEA–21. Those increased funding levels were effectively guaranteed through the firewalls established in TEA–21. They were fully paid for with offsets in the highway bill. To change them now would not only require a massive political reversal by the Congress, it would require the enactment of a new highway bill. With highway and transit funding effectively off limits, where else can we go to get $2.2 billion in outlay cuts? There are only three major areas of funding left in the Transportation Appropriations bill that have sizeable outlays to cut. They are the Federal Aviation Administration, the Coast Guard, and Amtrak.

Starting with the FAA, you can eliminate the entire Facilities and Equipment account within the FAA. You can bring to a halt the entire effort to modernize our air traffic control system. You can cancel billions of dollars in existing contracts and say that we think it is acceptable for the FAA to monitor thousands of aircraft each hour using 30-year-old computers held together with masking tape. If we eliminate every penny the president has requested for Facilities and Equipment in the FAA, have we solved our $2.2 billion problem? Not even close! We save only $700 million in outlays, less than a third of what we need. So let's keep going. If we eliminate the FAA's entire research budget—stop improving our understanding of aging aircraft, flammable materials, and airport security—we can save roughly another $100 million in outlays. That gets us $800 million. Now let's eliminate the entire Airport Grants Program. I'm not talking about accepting the President's 18 percent cut in the program, I am talking about killing the entire program, nullifying all existing letters of intent and sending out not one additional dime for runway or terminal improvements. That gets you another $300 million in outlays. So now we have eliminated every federal investment dollar in aviation and we have saved $1.1 billion in outlays—only half of what the budget resolution would require.

So let's keep going. In the interest of fairness, I suppose, if we eliminate every investment dollar in the FAA, we should do the same for the Coast Guard. How much does that get us? Well, if you eliminate the Coast Guard's entire acquisitions budget, you save a good bit less than $100 million in outlays. Cancel every shipbuilding contract, let the service's fifty-year-old ships chug along for another 10 years, let the drug runners thumb their nose at us, and let distress calls go unanswered—all for less than $100 million in outlays. If you want to save the full $100

million in outlays, you can fire all 8,500 members of the Coast Guard Reserve. Just send them a thank you letter and say their services are no longer needed. When we have the next major oil spill or the next Desert Storm, we will just dial 9–1–1 and see who's around to lend a hand. So with all the measures I have outlined thus far, we have saved a total of $1.2 billion in outlays.

Now let's turn to Amtrak. Members will remember that, last year, we faced a proposal to zero out Amtrak. That proposal was not very popular with a great many members on both sides of the aisle. Two weeks ago, Governor Thompson of Wisconsin, Amtrak's Board Chairman, told our subcommittee that Amtrak will need every penny of the President's $571 million request in order to remain solvent next year. Let's say that this year, things are different, and the votes are there to eliminate Amtrak. When we do that, we only save an additional $200 million in outlays. What happens when we eliminate Amtrak? We basically paralyze intercity transportation throughout the entire Northeastern United States. We put an unmanageable burden on our already congested airspace throughout the Northeast. The increased air traffic delays in the Northeast will trigger additional delays throughout the nation.

But with Amtrak in bankruptcy, we can now bring our total outlay savings to $1.4 billion—less than two thirds of the way toward our goal of $2.2 billion in outlay cuts as required by the budget resolution. Where are we supposed to find the remaining $800 million in outlay cuts? There are only two sources left—the FAA and Coast Guard operating budgets. Those two budgets, combined, equal only about $7.5 billion in outlays. So, in order to meet the outlay target included in the budget resolution, we would have to cut FAA and Coast Guard operating budgets by at least 11 percent. That means firing a slew of air traffic controllers and aircraft inspectors. It means closing search and rescue stations and tying up Coast Guard ships. It means abandoning our efforts at drug interdiction and focusing our Coast Guard assets only on search and rescue and the most immediate domestic needs. That is our last and final option to get outlay cuts totaling $2.2 billion. And if you don't want to take any of those steps that I mentioned earlier—eliminating Amtrak, the Coast Guard Reserve, the Airport Grants Program—every procurement dollar in the FAA and Coast Guard, well then the cut to the FAA and Coast Guard operating budgets must grow well beyond 11 percent, perhaps as high as 20 percent or 25 percent.

Now, Mr. Chairman, I said last week that the cuts contained in the budget resolution are draconian and extreme. They are not realistic, and when it comes time to cutting specific programs, Congress just isn't going to do it. The votes will not be there. I have served on this subcommittee a long time, both as the Chairman and Ranking Member, and I know that no Member of this subcommittee wants to even slow down, much less eliminate, our efforts to modernize our air traffic control system. Just three weeks ago, this subcommittee held a hearing with Secretary Slater on the President's transportation budget. When we turned our attention to the President's proposals for aviation, members from both sides of the aisle complained about the Administration's proposal to impose new user fees and reduce funding for the Airport Improvement Program.

What I find to be absolutely incredible is that some of these same members who complained openly about the President's proposal to reduce AIP funding next year actually voted for the majority's budget resolution last Thursday. And still more members, I fear, might vote for it on the floor.

Who are we kidding here with this budget resolution? When it comes to the unrealistic cuts assumed for the entire federal budget, this budget resolution is a recipe for governmental gridlock. And when it comes to our national Transportation budget, this budget resolution is a recipe for "winglock" on our runways. The votes don't exist on this subcommittee to cut the transportation budget $2.2 billion in outlays. I invite all members of the subcommittee to do the arithmetic themselves. Some members may not want to face these fiscal realities today, but they will have to face them in the very near future. It is my hope, and I believe it should be the hope of all members of this subcommittee, that this budget resolution never really sees the light of day. I know the members of this subcommittee well enough to know that they all want to pass a responsible transportation budget that moves our national transportation enterprise forward, not backward.

Thank you, Mr. Chairman.

How Can You Cut $2.2 Billion in Outlays from President Clinton's Transportation Budget?

Here's the Simple Arithmetic:

[In billions of dollars]

	Fiscal year 2000	
	Budget/ contract authority	Outlays
Fully Fund Highway and Transit Guarantees in TEA–21 as promised in Budget Resolution	.....	.....
Eliminate FAA Facilities & Equipment	−2.3	−0.7
Eliminate FAA Research	−0.1	−0.1
Eliminate FAA Airport Grants (AIP)	−1.6	−0.3
Eliminate All Coast Guard Acquisitions & the Coast Guard Reserve	−0.4	−0.1
Eliminate AMTRAK	−0.6	−0.2
Reduce Coast Guard & FAA Operations by 11 percent	−0.9	−0.8
Total	−5.9	−2.2

Note: Figures assume CBO Scorekeeping as required by Budget Act

TRANSPORTATION BUDGET

Senator LAUTENBERG. We have our work to do, and we have to work hard to protect not FAA, but the traveling public in this country. We have to work hard to make sure that we are functioning when it comes to this year-end and the beginning of the new millennium.

We have to really work hard to make sure that we can say to everybody who gets on an airplane, your children, my children, grandchildren, all our children, that you are going to be safe, that we have done the utmost we can to protect you from terrorist assaults on aircraft, which is not going to happen, Mr. Chairman, and I know how deeply you feel about the transportation program, because we share that.

When I was chairman, when you were with me, we always worked very hard on trying to make sure that the transportation would get as much as it could, because we believe in the program that we see.

So Mr. Chairman, I will submit my questions for the record, but I wanted to make sure the record reflects my concern about the transportation budget, and some other budgets within some other program budgets within our government's functioning. We are going to have a very tough debate, but I hope we will be able to figure out a way to keep us all going.

Senator SHELBY. Thank you, Senator Lautenberg.

Senator Campbell, you voted, I understand.

Senator CAMPBELL. Yes, I sure did, Mr. Chairman.

Senator SHELBY. We haven't voted yet.

Senator CAMPBELL. Do you want me to cover for you?

Senator SHELBY. Yes, we would, and you will do a great job.

Senator CAMPBELL. I will be glad to, and if there is no objection——

Senator SHELBY. We will come back, because I have some other questions for you.

Senator CAMPBELL [presiding]. I will submit my statement for the record, too, Mr. Chairman.

It looks like you will just be talking to me for a few minutes, Ms. Garvey——

Ms. GARVEY. Thank you, Senator.

Senator CAMPBELL [continuing]. So why do you not go ahead?

Ms. GARVEY. Well, I actually finished my opening statement, but I would be happy to give it again.

Senator CAMPBELL. You finished it already.

Ms. GARVEY. Yes. I am sorry.

AIRPORT IMPROVEMENT PROGRAM

Senator CAMPBELL. Well, frankly, I have been in three or four other things and have not been here to hear what the Chairman said. Let me maybe ask a few questions on his behalf while he is gone. These are his, and I will just sort of act like a trained parrot here and ask them to you.

The House recently passed a 6-month extension of the Airport Improvement Program. The Senate recently passed a 2-month extension, and the Senate version of the emergency supplemental also contains a 2-month extension. So one way or the other it appears the Airport Improvement Program is good for at least 2 more months. What are the difficulties and problems with failing to provide a longer-term reauthorization with this program.

Ms. GARVEY. Well, Senator, I think you have really hit at the heart of something that we have spent a lot of time talking about lately. That is, how can we keep the construction program going for the airports? I met yesterday with many of the airport directors who are in town, and they are deeply concerned about it. The 2-month extension, I think they are relieved to have it continue for at least a limited period of time, but I know they are very concerned long term, particularly, for those airports where the construction season is so critical and so important.

Sometimes it is a very short construction season, you know, like Alaska and some of the northeast states as well. We have very short construction seasons, and I think they are deeply concerned about it. They appreciate Congress' efforts on this behalf, but it is something we are concerned about.

Senator CAMPBELL. Well, we have a longer construction season in Colorado than they have in Alaska, but I know when DIA was being developed that was one of the problems not knowing that they were on solid ground when you signed your contracts.

Ms. GARVEY. Always an issue.

AGE 60 RULE

Senator CAMPBELL. The age 60 rule was instituted in 1959 without the benefit of medical or scientific studies or without any public comment. The EOC has essentially eliminated age discrimination rules in all facets of commercial aviation with the exception of Part 21 and Part 135 carriers.

Other countries, Great Britain, Germany, France, Australia, and a number of others, have modified their age 60 restrictions. Japan began a study on the age 60 issue and discontinued it after finding no safety or operational reasons to maintain age 60 as a mandatory retirement age.

The most recent pilot aging study was the Hilton System's technical report number 8025, known generally as the Hilton Study, undertaken by Lehigh University and the Hilton systems, to conduct statistical analysis on historical data to investigate the relationship between pilot age and accident rates, and that report concluded that they saw no hint of an increase in accident rates for pilots of scheduled air carriers as they neared their 60th birthday.

But in spite of the study, the Age 60 rule not only remains in effect, it was expanded in 1995 to include Part 135 pilots, in spite of no record of any age-related accidents or incidents in the affected pilot group.

Can you provide any medical or scientific reason why the United States should not follow the findings of the Hilton, and perhaps increase the age to 63 or more?

Ms. GARVEY. We have followed the ICAO standards, the international standards. One of the dilemmas we have had, but certainly we will go back and look at it again, is the whole issue of a medical protocol. While the data may not be there, understanding the effects that aging has on individuals beyond 30, it has been difficult to get. We will go back and look at it, and perhaps talk with staff a little bit more about the medical protocol issue.

Senator CAMPBELL. Can you give us something in writing——

Ms. GARVEY. We will, certainly, yes.

Senator CAMPBELL [continuing]. Something for the record? I might tell you that I personally got involved with that question some years ago. I used to fly, and some pilots came to me to seek support on increasing the age, and I wrote a letter on their behalf that I thought sounded okay to me, and immediately got cross waves with a bunch of younger pilots. It seemed to me at the time, this whole question was not driven by physical health as much it was driven by the guys on the right seat want to get to the left seat. Obviously, when you have a limited number of captain's seats open, the way to get over there is to have some of the other ones retire early. I would hate to see that that is still the driving force. So if you could give us something in writing I would appreciate that.

[The information follows:]

FAA promulgated the age 60 rule in 1959 because of concerns that a hazard to safety was presented by utilizing aging pilots in air carrier operations. At that time, the agency found that there was a progressive deterioration of certain important physiological and psychological functions with age, that significant medical defects attributable to this degenerative process occur at an increasing rate as age increases, and that sudden incapacity due to such medical defects becomes more frequent in any group reaching age 60.

The FAA noted that other factors, even less susceptible to precise measurement as to their effect, but which must be considered in connection with safety in flight, result simply from aging alone and are, with some variations, applicable to all individuals. These relate to loss of ability to perform highly skilled tasks rapidly; to resist fatigue; to maintain physical stamina; to perform effectively in a complex and stressful environment; to apply experience, judgment and reasoning rapidly in new, changing, and emergency situations; and to learn new techniques, skills, and procedures.

Clearly, there is progressive anatomic, physiological, and cognitive decline associated with aging, albeit variable in severity and onset among individuals. Physicians, psychologists, physiologists, and scientists of other disciplines have identified many age-associated variables, some easily measurable, some not that may be important to human function. There is, however, no acceptable medical protocol to measure the effects of aging on a particular individual.

Because it is unacceptable for these pilots to work until failure or until there is obvious impairment, the age of 60 has served well as a regulatory limit since 1959. While science does not dictate the age of 60, that age is within the age range during which sharp increases in disease mortality and morbidity occur.

In late 1990, FAA initiated its most recent study of the issue, aimed at consolidating available accident data and correlating it with the amount of flying by pilots as a function of their age. This resulted in the march 1993 Hilton study report, "age 60 project, consolidated database experiments, final report", which found "no hint of an increase in accident rate for pilots of scheduled air carriers as they neared their 60th birthday" but noted that there were no data available on scheduled air carrier pilots beyond age 60.

The FAA rule is consistent with the international standard established by ICAO, which prohibits anyone over the age of 60 from acting as pilot-in-command.

STANDARD TERMINAL AUTOMATION REPLACEMENT SYSTEM

Senator CAMPBELL. In addition to the difficulties that the FAA has encountered with the WAAS program, the Agency also has struggled with the STARS procurement. Would you comment on how closely you are on resolving all of the human factors and related issues on the STARS procurement?

Ms. GARVEY. Senator, I think we have made tremendous progress in the last several weeks. We have, and I said this recently in the House side for our budget hearings, I do not think I could ask more either from the controllers or from the program managers. They are working really hard on this issue. I actually think we have captured the human factors issues. We know what they are.

It is really a question now of resolving some of the software issues associated with it. So I think we are very close to a resolution, and both the controllers and the program managers deserve a lot of credit for working literally 24 hours a day on it. I certainly hope that we are going to be able to talk about a very specific strategy to you within the next week.

Senator CAMPBELL. Okay. Thank you. Let me continue on for Senator Shelby with a couple more questions here. Second, does the FAA have a firm plan and schedule for the implementation? You told me that it would be a few weeks.

Ms. GARVEY. Probably within a week we will have a good sense of the strategy that we are going to follow and whether or not we will have a firm schedule at that point. We may need a little more time, but we need to understand quite clearly what our strategy will be.

Senator CAMPBELL. Could you comment on the early display capability? Is the implementation of it timely to solve the operational problems at Reagan National, and New York?

Ms. GARVEY. Senator, we had a schedule to get the early display into Washington in March. We are not going to make that. We have talked with the controllers and also with some members of Congress, who are particularly interested. On a positive note, however, when the issue came up about a year ago, we identified some problems with radar and communication. Those have been fixed. We put about $60 million into National, and we have reduced the outages by about 30 percent. We think that has been a big improvement, and I know the members of Congress have appreciated that, and frankly, the controllers and traveling public have appreciated that as well.

In terms of the immediate issue, I think we have been able to deal with National pretty successfully.

COMMUTER AIR SERVICE

Senator CAMPBELL. Let me turn to some issues that are in the Western states a little more. Some of us, including me, for a number of years, ever since I have been here, I have had to fly commuters to get to Denver to be able to come back here. We have had our share of commuter problems, small-commuter service problems. Much of our air service was provided by one carrier for a long time. There was almost nobody else who could fly.

Boy, I want to tell you, I have been on those planes when the pilot that got on the plane said he did not know how to fly the plane. If you could imagine that. That actually happened to me one time. I have been on them when the wheels would not come down. I have been on them when they forgot to fuel them up, and they had to land again, because somebody forgot to fuel it. Unbelievable. I mean things you would not expect to happen in this century in airlines.

That somewhat has been cleared up, because that particular carrier, they lost their contract as a commuter with United, and now there are other carriers, and they are doing much better. But the rural areas, as you might guess, are always worried that they have no service—because there is very little competition.

One carrier comes in, and they are often not very sensitive. As an example, when that happens, when there is only one carrier, you find that the costs go up very quickly.

My son flew from the little town of Durango to London, and it cost him more to go from Durango to Denver and back than it did Denver to London and back to Denver a couple of years ago when there was only one carrier. I would like to know, what is the FAA doing to help those small rural areas.

I know there are some things you cannot do—if you really believe in the free enterprise system, you are kind of—it is a tough question, but would you comment on that?

Ms. GARVEY. I will speak for the Administration. From the FAA's perspective, we have focused, obviously, on safety. The competition pieces, the economic pieces really come out of the Secretary's office; however, as you may know, the Secretary of Transportation, the Administration, has proposed a competition policy to try to deal with some of those very issues that you have talked about. It has been controversial.

There have been lots of opinions expressed on the competition policy, as I understand it. The Administration or the Secretary's office is in the process now of reviewing all of those comments and should be issuing something. Let me get you the time frame, but I think it is in the next few months.

From the FAA's perspective, what we have tried to do, and I think it is reflected pretty well in our proposal, is capture some of the AIP dollars for some of the smaller and more rural airports. They are really the ones who need those Federal dollars so desperately. So part of our proposal is to allow some of the larger airports to raise PFCs, but their entitlement money would then be targeted back to the smaller and mid-size airports. So we know

that is a real issue, and are working very hard through our reauthorization proposal to try to do what we can to really improve the access for some of those small and mid-size airports. I know your point is well taken, and something the Secretary feels strongly about.

[The information follows:]

Congress directed the National Academy of Sciences to study the issue of domestic airline competition. That study should be completed this spring. The Department will issue final competition guidelines following the release of that report and the Department's report to Congress on unfair competition and predatory pricing.

COMMUTER AIR SERVICE

Senator CAMPBELL. Obviously, also, it is not in your purview, but coming from a Western state, like many of us do, our industries rely a great deal on tourism, particularly, skiing in the winter, and more and more we are hearing of people who do not want to go to the big airports and then have to take a commuter bus, or a train, or something, but they want to fly directly into the small airports, and that always brings up the problem of how we finance the ILS and the things that are required to be able to get them down.

DENVER INTERNATIONAL AIRPORT

Let me just speak about the Denver International Airport noise study. Are you aware of that and understand it some?

Ms. GARVEY. I am familiar with it.

Senator CAMPBELL. In recent years we have attached language to the Transportation Approps bill prohibiting the FAA from funding the DIA sixth runway. A large reason was Congressman Hefley, who is a friend of mine on the House side. He was opposed to it based on noise problems, and we have kind of a divided community out there in Denver, with one county, Adams County, that is just really angry and opposed to a sixth runway, because they have not reached any kind of an agreement on noise study.

Anyway, last year we did not particularly want the language in the bill, so it was not included, but Representative Hefley did include the language in the House bill, and asked the FAA to work with the local groups to identify measures that would reduce the noise problems, and that conference report did not strike the language, so the language stayed in effect, that language I put in.

So last year's Transportation appropriation's conference report language in the House bill regarding noise mitigation over Denver International Airport, it instructed the FAA to work with the local groups, and I would just like you to comment on what steps you have taken to work with those groups.

Ms. GARVEY. I know that the regional office and some of the individuals in our airports' office have been very involved in that. I know there have been a series of meetings that have taken place. Let me get back to you with a little bit more specifics, but I must say, the noise issue you are experiencing in Colorado is something we see in many places. It is a very difficult issue, and you try so hard to work with the neighbors, because we have to be good neighbors as well, but it is often very difficult. But let me get back to you, if I could, with some of the specifics, most recent steps that have been taken.

Senator CAMPBELL. Do you need me to submit that in writing, or can you remember that one?

Ms. GARVEY. I can remember that one.

Senator CAMPBELL. Okay.

Ms. GARVEY. I will be sure to remember that, Senator.

[The information follows:]

On December 8, 1998, representatives from the FAA met with the Mayor's Office, an attorney from the City and County of Denver, and representatives of Denver Airport to discuss airspace redesign in the Denver area, based on the construction of a new runway at Denver International Airport. The FAA agreed with the Denver representatives to work closely with them as progress on the construction of the runway occurs and as noise mitigation strategies are developed. FAA also agreed to work closely with them in order to ensure that air traffic procedures are designed to take advantage of additional airport capacity resulting from the new runway. There was an agreement that Denver will contact the FAA as their work progresses. No other meetings have been scheduled.

CENTENNIAL AIRPORT

Senator CAMPBELL. Okay. A couple of months ago the Associate Administrator for Airports ruled that Centennial Airport, which is south of Denver, cannot apply for Federal funds, because the airport board recently voted to prohibit scheduled commercial service.

The airport will lose, according to them, about $1.5 million every year in Federal assistance. How many general aviation airports across the country have been denied scheduled commuter service?

Ms. GARVEY. I would have to get back to you, Senator, for the record, with that number.

Senator CAMPBELL. How about the funds, how many have been denied funds for——

Ms. GARVEY. I do not know of any, but let me get back and double-check. I want to make sure I am accurate for the record, Senator.

[The information follows:]

The only GA airport where we have recently withheld new discretionary grants is Centennial Airport, Colorado. The airport was the subject of a Part 16 complaint challenging the Arapahoe County Airport Authority's ban on scheduled commuter service. Although we have identified no other GA airports to have discretionary funds formally withheld besides Centennial, the situation is the result of the airport sponsor's decision not to come into compliance, not the result of any unusual action on the part of the FAA.

On the basis of a recent Part 16 determination on Centennial Airport, the sponsor is not eligible for new airport improvement program grants. While the FAA could have withheld payments on existing grants, the determination specifically allowed a grant issued September 23, 1997 to support the Part 150-noise study to continue. The study is just getting started, with technical meetings held in February, 1999.

There have been a number of compliance issues at other GA airports, for example Boca Raton FL, and Groton CT, but the issues were resolved before the process reached the stage of formally withholding discretionary grants or the airport operator elected not to apply for future grants.

There can be informal withholding or suspension of new discretionary grants during the period of informal resolution or investigation under Part 16. Often, this practice provides sufficient inducement for GA airport sponsors to come into compliance without formal process. Accordingly, there have been instances where discretionary grants to GA airports were delayed while compliance issues were being resolved, but we have no record of these occurrences as the process was concluded prior to the need to do a formal denial of the grant. Again, Centennial Airport was different because the airport operator refused to come into compliance and the new Part 16 procedures resulted in a relatively quick formal agency decision.

NOISE STUDY AT CENTENNIAL AIRPORT

Senator CAMPBELL. Are you also working on a noise study at Centennial?

Ms. GARVEY. I believe we are working on a noise study at Centennial.

Senator CAMPBELL. Is it ongoing, too?

Ms. GARVEY. Let me get, Senator, the actual schedule for you.

[The information follows:]

A grant was issued on September 23, 1997 to support the Part 150-noise study to continue. The study is just getting started, with technical meetings held in February 1999.

MITCHELL AIRPORT

Senator CAMPBELL. Okay. Let me skip around here a little bit. Maybe, I will tell you, I do not want to dominate all the time here when I am sort of just filling in for the Chairman.

But, Senator Kohl, did you have some questions that you would like to ask?

Senator KOHL. Yes. Thank you.

Ms. GARVEY. Good afternoon, Senator.

MITCHELL AIRPORT, WISCONSIN

Senator KOHL. Good afternoon, Administrator Garvey. I have two questions. First, as you know, we have been in contact with your office regarding the approach lighting system at Mitchell Airport in Milwaukee.

It has been in line for replacement now for a number of years, but the FAA has delayed replacement a number of times, and has used a piecemeal repair approach on the existing equipment. The system failures have become more frequent, including three blackouts in 6 weeks.

Now, I know we agree that this situation is serious, with major safety implications for the traveling public, and yesterday, happily we were informed that testing on a new system would be completed by June of this year, and that the new system would be in place at Mitchell Airport by the fall.

Your staff has been very helpful in recent weeks, but for me it is still important to be clear for the record with you that Milwaukee will, indeed, have a new and a fully operational ALS system by this fall. Can you hopefully respond categorically?

Ms. GARVEY. Categorically, yes. I know how important this issue has been. I am delighted that it is fixed for the time being, but I agree with you, the long-term fix and the permanent fix is what we must focus on, and we are. We were delighted to put that schedule together and to get that information to you.

Senator KOHL. I do appreciate that.

Ms. GARVEY [continuing]. But absolutely yes.

Senator KOHL. The folks in Milwaukee would be very pleased.

Ms. GARVEY. Senator, I spent part of my childhood in Milwaukee, and I am familiar with that area, so I know it well.

OUTAGAMIE COUNTY AIRPORT AIR TRAFFIC CONTROL TOWER

Senator KOHL. Okay. The second question: Administrator Garvey, let me begin by saying that there is a lot of support for the air traffic contract control tower operation in Wisconsin, but there has also been some concerns that I believe demand some immediate attention.

As you know, since 1995, at the contract control tower at Outagamie County Airport in Appleton, Wisconsin, those operations have been contracted out to a private company, but overseen by the FAA, and the airport management and county government have been greatly concerned, the controller staff has been reduced from eight to five, there has been staff turnover, and there have been some communication problems. There have also been incidents where planes have been cleared for landing, while snow removal equipment was still on the runway.

So I would like to know what steps you and your office are taking to make sure that the Outagamie County control tower is run as it should be, that the concerns of the airport management and the county are addressed, and what oversight procedures are in place at this airport and at other airports so we do not have the same situations.

Ms. GARVEY. Senator, let me say that I appreciate you bringing these issues to our attention. On behalf of the airport director we appreciate hearing that. We are going to take an intensive review of both the staffing, the communication issues that you mentioned, and make some assessments.

I think this program is important. I think it can be very helpful, but you are absolutely right, the FAA has the oversight, the ultimate oversight. We must make sure that in the contract program that it is being run well, and that it is providing the same level of safety. We will provide that review to you and your office, and also to the airport director. We will be very happy to work with you on that review as well.

Senator KOHL. That is great. She will be very pleased to hear that——

Ms. GARVEY. Thank you.

Senator KOHL [continuing]. I am very pleased to hear you say that.

Ms. GARVEY. Thank you, Senator.

Senator KOHL. I thank you.

Ms. GARVEY. Thank you.

Senator CAMPBELL. Are you finished, Senator Kohl?

Senator KOHL. Thank you.

Ms. GARVEY. Thank you, Senator.

Senator CAMPBELL. I am going to ask maybe a final question. Did you have a statement, Senator Bennett, or any comments?

Senator BENNETT. I do not, but I will have some questions. Why do you not ask yours.

COLORADO AIRSPACE INITIATIVE

Senator CAMPBELL. Okay. Well, I just had one more, and you may also have to get back to me on this one, too. The Colorado Air Space Initiative is an issue of great interest. The Colorado National

Guard first announced plans to redesign its military air space in 1990, and as you probably know, the Colorado Air Space Initiative would provide for the expanded use of military training routes and military operations in Southern Colorado, and there has been extensive public review, and the final environmental impact statement of the Colorado Air Space Initiative was referred to the FAA in 1998 for independent review. Do you have an update on that, or if you do not, when can we expect the final determination of its adequacy?

Ms. GARVEY. Senator, if we could back to you, we will do that within the next day, with the schedule——

Senator CAMPBELL. All right.

Ms. GARVEY [continuing]. And where we are with the assessment of it.

Senator CAMPBELL. And you will also remember that for me?

Ms. GARVEY. I will. I will, Senator.

Senator CAMPBELL. You have a very good memory.

Ms. GARVEY. Thank you, Senator, very much.

Senator CAMPBELL. Go ahead.

[The information follows:]

COLORADO AIRSPACE INITIATIVE

Question. What is the status of the Colorado Airspace Initiative that proposes to expand the airspace in south Colorado that is used by the military for training?

Answer. The U.S. Air Force/Colorado Air National Guard (COANG) proposed configuration of airspace was received by the FAA's Northwest Mountain Region Air Traffic Division on September 9, 1997. The FAA's Northwest Mountain Region and personnel from the Washington headquarter's Airspace and Rules Division have completed the aeronautical review and a final decision is pending completion of the FAA's environmental review. The COANG has completed the Environmental Impact Statement (EIS) associated with this initiative. The FAA's Office of the Chief Counsel began its review of the EIS in August 1998.

A determination has not yet been made.

SALT LAKE CITY INTERNATIONAL AIRPORT ASR

Senator BENNETT. Thank you, Mr. Chairman. I will test your memory a little more.

Ms. GARVEY. How are you, Senator? It is nice to see you.

Senator BENNETT. I am well.

Ms. GARVEY. Good.

Senator BENNETT. I am well. We are glad you are here and appreciate all you do.

Ms. GARVEY. Thank you.

Senator BENNETT. Last year I asked you about the installation of a second airport surveillance radar for Salt Lake City International Airport. It appears in conversations at least at the staff level that the FAA is reluctant to go ahead with an additional ASR in Salt Lake, and we are informed that the FAA proposal is to install a temporary system for the Olympic Games period, based on internal cost benefit analysis.

I have many aviation professionals in Utah that believe that the capacity of the Salt Lake City Airport system is severely constrained by the single ASR–9 surveillance radar that is there, and they want to talk about permanent improvement here and not just for the Olympics.

Also, we appropriated $3 million for the procurement of a transponder landing system at six airports, including two in my state, Logan and Heber City, and the FAA has so far not proceeded with the procuring of these systems. So can you get back to me on these two issues, where we are?

Ms. GARVEY. I can give you a partial answer. Perhaps we can talk even further.

Senator BENNETT. Okay.

Ms. GARVEY. You are right on the temporary system, Senator. It has not, at least as we have looked at it, met the criteria. You have a wonderful airport director, and great airport people out there, and perhaps if I sat down with them, maybe there is some information that we are just missing. I would be happy to sit with them, perhaps with people from your office. I believe they are in town this week.

Senator BENNETT. Yes, they are. That may be why I brought it up.

Ms. GARVEY If I do not run into them, I will make sure that we set something up with your office.

On the second issue, on the transponder landing system, we have made progress and the contractor is coming in to meet with us. We will have the contractor on board no later than June. We are going to lay out a schedule with him, and do some testing up in our Technical Center. We have been a little bit slower than I would like, but we are heading in the right direction now. We will get back to you with a more detailed schedule.

[The information follows:]

A Transponder Landing System (TLS) is a system that is reported to be capable of providing Category I linear and non-linear precision approach landings to a single plane using its currently installed ILS avionic equipment. Congress provided $3 million in this year's omnibus funding bill to establish a TLS test program at the following six recommended sites:

—Boeing Field/King County Airport, WA
—Pullman/Moscow Airport, ID
—Friedman Memorial Airport, ID
—Logan/Cache County Airport, UT
—Heber Airport, UT
—Central Wisconsin Airport, Mosinee, WI

A TLS project team was formed within the Navigation and Landing Product Team. The Team established a single-source acquisition strategy with Advanced Navigation and Positioning Corporation (ANPC), Hood River, OR through a Commerce Business Daily announcement that closed on February 12.

We are currently preparing plans and documentation to support the release of a Screening Information Request (SIR) during 3rd Quarter Fiscal Year 1999.

PROJECTED SCHEDULE

Date	Activity
2/99	Commerce Business Daily Released.
5/99	SIR Release.
6/99	Contract Award.
8/99	Delivery to FAATC.
TBD	Testing.
TBD	Installation.

YEAR 2000

Senator BENNETT. Very good.

Ms. GARVEY. Thank you, Senator.

Senator BENNETT. I could not let you go without asking or commenting about the Y2K problem. I understand that you now expect to be fully compliant by the end of June.

Ms. GARVEY. That is correct, Senator, June 30, yes.

Senator BENNETT. So the bad news is that that is one quarter later than the President's deadline, and the good news is that it still gives you 6 months pushing for testing and checking out contingency plans, and so on. If you see any indication that the June date will slip, as the March date did, can you let me know?

Ms. GARVEY. We certainly will, Senator. We have had some very good conversations with OMB. They agree, because of the complexity of our systems and the need to do adequate end-to-end testing, the June 30 date is important. We are doing an end-to-end testing on April 10 in Colorado, very similar to what Wall Street did a couple of weeks ago. I am looking forward to that end-to-end test. The testing we have done at the Technical Center to date has not revealed any unusual problems. We have been very pleased with the results, but the real key will be the end-to-end testing in April. We will keep you and your staff very much informed, Senator.

Senator BENNETT. The one thing that concerns me out of the hearing that we held in the Y2K committee, and I apologize for intruding that into this, but as long as we have——

Senator Shelby [presiding]. I think it is an appropriate time, from what we were talking about earlier.

Senator BENNETT. It looked as if the FAA were getting on top of its problems, and the area of greatest concern was individual airports, that there might be disruptions in the air traffic system if there is an airport somewhere they are not going to be Y2K compliant, they cannot handle traffic, and you have to start re-routing planes around that.

In any of your studies, have you got any kind of a feel for that, or are you focused so much on your own problem that we should be the ones primarily to focus? I just want you to share with us anything you know.

Ms. GARVEY. Sure. Well, clearly, Senator, we are very much focused on our systems, but having said that, we also have a very active working group made up of ATA and the airports' councils, AAAE and ACI. They have been very good and very forthcoming. As a matter of fact, I met with the board from ACI and AAAE yesterday when one of the big topics was Y2K. So we are getting, I think, as we get closer to June, a much clearer sense of how the airports are doing. GAO had a pretty critical report——

Senator BENNETT. Yes.

Ms. GARVEY [continuing]. It was put out in the fall, but there was a general sense yesterday in talking with the airports that a lot has occurred since then. That was probably a very good wakeup call to a lot of people. So I think they have made very good progress. They are focusing on those elements that are related to safety, and I think that is important.

Senator BENNETT. Yes.

Ms. GARVEY. One of the challenges that I found out yesterday, and you are probably already aware of, but for a number of these airports who are controlled by city governments that also have

checks to get out, and health issues, and so forth. It makes the job even more challenging for those airports to sort of get into the queue to make sure that they are being paid as much attention to.

But I think they have made significant progress, and I think as we move forward, because of the work the associations are doing and we are doing with them, we will have a much clearer sense in June exactly where we are. I will mention it, we put together a technical team, about ten FAA people, who are very experienced in airports. They are available and will be available working very hard through the summer months to assist some of the airports that need that help.

Senator BENNETT. That is good to know, and I hope that they will be in touch with the staff of the Y2K committee——

Ms. GARVEY. Absolutely.

Senator BENNETT [continuing]. So that they can exchange information. The thing we have learned, Mr. Chairman, in this whole situation is that as a general rule the only people that will talk to you about Y2K are the people who are going to be all right, so you get a false sense——

Ms. GARVEY. That is interesting.

Senator BENNETT [continuing]. Of security when you say, "Well, gee, we have heard from 60 percent of the universe, and everybody in that 60 percent is going to be all right one way or the other, so we are moving right along," and the reason you have not heard from the 40 percent is that they are not going to be all right and they do not want to tell you. That is one of the more challenging problems we have had.

So I tell people when they say, are you willing to fly on New Year's Day, I say, well, if the airline is willing to take off, I am willing to fly, because they have as much at stake as I do.

Ms. GARVEY. That is true.

Senator BENNETT. Their pilot is just as subject to being killed as I am in the same airplane, and if the pilot is willing to get on the airplane, and the airline is willing to risk that, why, I guess I am willing to go with them. Now, I do not say I am willing to do that to all parts of the world, but in the areas where you have jurisdiction, I am willing to do that, but I say there is always the possibility that the airport you are flying to will not let you land, and you may be diverted someplace else.

The FAA could be in good shape, but the airport might not be. So it is very important that you follow through, and I am delighted at your report about this special team, and we will do our best to work closely with you.

Ms. GARVEY. Thank you very much, Senator.

Senator BENNETT. Thank you. Thank you, Mr. Chairman.

NATCA CONTRACT

Senator SHELBY. Ms. Garvey, I have several questions. I will try to move along as fast as I can.

The air traffic controllers contract, last year the Administration signed a new agreement with the National Air Traffic Controllers Association, which was initially described as being within the President's budget request for 1999. Subsequent reports estimate that the additional cost of the new agreement is substantially more

than the FAA operation resources envisioned in the President's request for the fiscal year 1999 budget.

Can you shed light on what the ultimate costs of the new agreement are for the current fiscal year and for the fiscal year 2000?

Ms. GARVEY. I can, Mr. Chairman, and I will actually even read the numbers——

Senator SHELBY. Okay.

Ms. GARVEY [continuing]. Just to be sure I am giving them to you accurately. The incremental pay raises for the controllers would be $80 million in 1999, $65 million in 2000, and $55 million in 2001. But if I could, just for a moment, speak about the controller contract, because I think it is a good contract. Sometimes I think in discussions about the pay increases, some of the other elements of the contract may be lost. We went in with a couple of goals. One is that we wanted to get the contract completed quickly. I think some of the challenges we have, whether it is STARS or modernization, is having a work force that is together with you as the controllers are with us now on STARS is really critical and important.

We also went in with the idea that there were things from a management perspective that we needed. We needed some efficiencies. We needed the controllers to take on additional responsibilities. We needed things like moving away from alternate work schedules, which are very expensive for the agency. We thought that those might be appropriate things to bring to the table, and the controllers did. We have frozen the controller number at 15,000. I think that is very significant from our perspective, because there have been numbers that have been much higher than that, that controllers and others have talked about. So we think there are a number of efficiencies that we have been able to gain. We think there are a number of very significant and important elements that management wanted as we went into it. So we think it is a good contract on both sides and positions us well to move forward to get out of a contentious contract debate atmosphere, if you will, and into a position where we are really focused on getting the job done.

Senator SHELBY. Ms. Garvey, does the recent controller pay agreement and the decision to reduce the number of controller supervisors change the dynamic between management and the controller work force for future contract negotiations?

Ms. GARVEY. I am not sure. I do not think it would change the dynamics. I think another point that is worth noting is that the reduction of supervisors, as you know, Mr. Chairman, is something that is being done government wide, and the private sector is as well. We still have a pretty conservative number. If you look at what has come out of NPR, we see numbers like 12-to-1 or 15-to-1. We are still at a 10-to-1 ratio, which is more conservative, and reducing the number of supervisors that is something that was part of the FAA's long-term discussions, even before the contract began. Having said that, I want to say this very directly, that we are going to do this thoughtfully and carefully. We would not do it with any compromise to safety. There is no time line, so we are allowing ourselves to do this in the most thoughtful and deliberative way. We are doing it with both management and with the controllers as well.

HIRING OF AIR TRAFFIC CONTROLLERS

Senator SHELBY. Will the FAA hire more new air traffic controllers in 2000, even though it has met the 15,000 level of controllers specified in the recent agreement?

Ms. GARVEY. 15,000 is the number that we have to be at. We are slightly above that now and we need to get that number down.

NAS MODERNIZATION

Senator SHELBY. Both the Inspector General and the GAO have noted the difficulty that the FAA and the Department have had in managing the FAA's multi-billion dollar air traffic control modernization effort. Unfortunately, cost overruns, schedule slippages, performance shortfalls, and program cancellations are not uncommon in the modernization effort, and some would say are more the rule than the exception.

Ms. Garvey, my sense of the root problem is that the FAA's traditional approach to modernization is to revolutionize the systems we have in place rather than to incrementally improve our air traffic control modernization system through the orderly replacement of computers, monitors, radars, et cetera.

However, I do draw some hope from your efforts on the Free Flight Phase One program. These programs represent an effort to incrementally, as I understand it, improve the efficiency and the safety of the National Airspace System.

I think that what you have done in this area is working, because you solicited industry involvement and support, and have dragged the FAA to modify the initial concept of this program to reflect something that the users of the system believe will enhance the safety, the capacity, and the efficiency of the system. You should be, I believe, commended for your efforts on Free Flight Phase One——

Ms. GARVEY. Thank you.

Senator SHELBY [continuing]. And I wanted to do that.

Ms. GARVEY. Thank you, Mr. Chairman.

NAS MODERNIZATION

Senator SHELBY. Unfortunately, the FAA is not good at managing large, complex procurements. The advanced automation program, the microwave landing system program, and more recently, the STARS and WAAS programs are notable examples.

Do you think the FAA has learned anything from the difficulties they have encountered in managing these programs, or are we doomed to watch them repeat the past failures with each new generation of ATC modernization? Have you learned? I am not just speaking of you, I am speaking about——

Ms. GARVEY. Right. Mr. Chairman, I really do think the Agency has learned a lot. I think one of the great challenges is if you are faced with what can be a failure, what can you learn from it. We have learned a great deal. Your point about incremental approach to modernization is right on target, and that is the approach that we are taking and will continue to take. Even something like STARS, which is such a complex project, and when you are talking about the terminal environment, it is the most complex area, it is

not unusual to run into difficulty, software difficulties, and other issues. Having said that, we have learned early involvement of the industry, and the unions, and then staying the course, is part of the message to industry, that we need to be speaking with one voice. We also need to measure the results together so that we really can convince ourselves, as well as Congress, that these are investments that are worth making, but a one-step-at-a-time building block approach.

CONTRACT TOWER COST SHARING PROGRAM

Senator SHELBY. The committee also commends you for your efforts to implement the contract tower cost sharing provision that was included in this year's appropriation bill. Would you please provide the committee an update on this program? Can you do that now?

Ms. GARVEY. I think I can, Mr. Chairman, at least very briefly, and we can get back to you with the specific areas.

Senator SHELBY. Sure.

Ms. GARVEY We have five areas where we are entering into the cost sharing agreement. There is, as you have suggested, shared cost between the Federal Government and the individual airport. We have about 11 other letters of invitation. We think this is a good approach, and we have gotten very positive responses from those airports that are involved. I think this is a good way to provide a service that really has some shared responsibilities. We are very pleased with it, and thank Congress for their great help in this area.

[The information follows:]

Congress appropriated $6 million for fiscal year 1999 for cost sharing. The FAA will use this funding to allow those airports in the FCT Program that fall below the 1.0 benefit cost (B/C) ratio to remain in the FCT Program in fiscal year 1999. In addition, this initiative will be offered to new applicants that are below the 1.0 B/C ratio that have permanent control towers, as well as those airports where funding has been withdrawn. Cost sharing was first offered to those airports in the FCT Program that received notification in 1997 of funding withdrawal in 1999 if they remained below the 1.0 B/C ratio.

On February 22, 1999, the FAA notified the Esler Regional Airport, Louisiana; Central Nebraska Regional Airport, Nebraska; Grand Strand Airport, South Carolina; Salinas Municipal Airport, California; and Olympia Airport, Washington, that they do not meet the 1.0 B/C criteria but that they are eligible to participate in the cost sharing program. The required local match is 71 percent for Esler Regional Airport, 34 percent for Central Nebraska Regional Airport, 29 percent for Grand Strand Airport, 5 percent for Salinas Municipal Airport, and 3 percent for Olympia Airport.

The FAA has prepared letters of invitation for 11 sites proposed for the cost-sharing program. The letters include the percentage of the cost that each site is expected to contribute and benefit/cost data. The FAA met with three area contractors on March 25, 1999. The purpose of the meeting was to discuss cost sharing provisions and methodologies of payments. The FAA has prepared a budgetary plan for the disbursement of the cost sharing funds among the first participants.

EXPLOSIVE DETECTION EQUIPMENT

Senator SHELBY. Explosive detection equipment, which we are all interested in, given the increased worldwide terrorist threat that aviation is usually a high-priority target for terrorists, does the Administration have any plans to accelerate funding for explosive detection equipment, and if so, how? If you do not want to get into it now, you can get back.

Is the Administration generally satisfied, Ms. Garvey, with the rate of installation of EDS equipment in our nation's airports, and if not, what problems have been incurred getting certified EDS equipment installed? I think that is very important for the safety of our passengers.

ADDITIONAL COMMITTEE QUESTIONS

Ms. GARVEY. I think it is, too, Mr. Chairman. As I mentioned yesterday in speaking with the NASA engineers, they described it as a kind of insurance policy, if you will, and I thought that was an apt description. We have about 75 to 80 airports that have equipment in place. I think there is always a sense of frustration that you would like to go faster, but because it is new technology there are also issues about incorporating it into the airport, getting the right kind of training, and solving some of the technical issues, which our Technical Center works very hard at. So I think that we are pleased with the progress, always aware that we would like to see things move a little bit faster. We are very committed to working with both the airlines and the airports in getting the equipment out. Our budget does contain funding to allow the program to continue. I do think it is important.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR SHELBY

CONTROL OF APPROPRIATIONS

Question. What actions have been taken to address the deficiencies in the FAA's budget execution function to ensure that the FAA comply with Congressionally established reprogramming guidance as implemented through Departmental and FAA reprogramming guidelines and the other shortcomings as identified in the DOT Inspector General Audit Report FE–1998–167? Please report to Congress the establishment of any reserve of Operations, F&E, AIP, or RE&D appropriations that have not been approved by Congress.

Answer. In January the Chief Financial Officer sent a reminder to all FAA managers on the congressional reprogramming guidance. The agency requires that notification of all proposed transfers in excess of the reprogramming thresholds set forth in report language be forwarded to the appropriate congressional committees. In addition, we are in compliance with the FAA funding criteria guidelines.

Consistent with a July 6, 1998, Inspector General recommendation on establishing reserves, the FAA began formally reporting to Congress on its operations reserve in fiscal year 1999. For this purpose, we chose to use the quarterly Program, Project and Activity Reports to Congress. For fiscal year 1999, the operating reserve was established at $15 million. The agency believes that the establishment of a reserve is a critical necessity if the Administrator is to have the flexibility to meet unfunded and unanticipated requirements that occur during the budget year and to meet unforeseen requirements in the rapidly changing aviation environment. The reserve represents less than ½ of 1 percent of the total operations account.

COST ACCOUNTING SYSTEM

Question. Your budget request envisions a user fee increase of $1.5 billion. During the week of March 7th, the DOT Inspector General Ken Mead testified that a reliable cost accounting system will not be fully implemented until 2001 or later. In addition, you testified that if FAA is to achieve the administration objective of funding the entire agency with a combination of current excise taxes and new user fees, including the establishment of a PBO for air traffic services, it needs a reliable cost accounting system. Given that a cost accounting system clearly won't be in place for the fiscal year 2000, isn't it premature to propose either new user fees or a PBO for air traffic services—or was the user fee proposal simply a budget gimmick to

present a higher FAA budget than the Administration's budget priorities would allow?

Answer. By the summer of 1999, the FAA's cost accounting system will provide the cost information necessary for the implementation of the previously authorized Overflight fees (for flights which transit United States' airspace but that neither take-off nor land in the United States). The cost accounting data available at that time will solely be for the FAA's En-Route and Oceanic services.

The rest of FAA's services will be implemented in phases according to schedule over the next two years. By the end of fiscal year 1999, the cost accounting system will be sufficiently developed to support the air traffic PBO, and by the end of fiscal year 2001, all of the FAA's services will be covered by the cost accounting system.

USER FEES

Question. Would you present for the record what you would propose to cut from the FAA budget request if Congress fails to approve the new user fees—or, equally as likely, the FAA is unable to implement the new user fees in the time frame envisioned in the budget request?

Answer. The loss of $1.5 billion in revenue against a program level of $6.039 billion would be extremely problematic for the FAA. If the cut were taken against the Operations Appropriation, which is 75 percent payroll, staffing levels would have to be cut at the beginning of the fiscal year. The agency would have to slow down the system and restrict the number of flights to ensure the air traffic system and restrict the number of flights to ensure the system is operating safely with much lower staffing levels.

AIR TRAFFIC CONTROL

Question. Does the recent controller pay agreement and the decision to reduce the number of controller supervisors change the dynamic between management and the controller workforce for future contract negotiations?

Answer. No, the approach to future labor negotiations will not change based on the results of the controller pay agreement. However, we have established work groups with the National Air Traffic Controllers Association to manage specific provisions of the contract.

Question. Please provide a FTE and FTP table on a month by month basis for fiscal years 1997, 1998 and 1999 (to date) of the air traffic controller workforce and the average cost per FTE and FTP for each timeframe. Did attrition and retirement rates change in the aftermath of the new Controller pay agreement?

Answer. The controller work force (CWF) full-time permanent (FTP) table on a month-by-month basis for fiscal years 1997, 1998, and 1999 to date follows:

	Fiscal year 1997 CWF			Fiscal year 1998 CWF			Fiscal year 1999 CWF		
	FTP	FTE [1]	Estimated FTE Cost	FTP	FTE [1]	Estimated FTE Cost	FTP	FTE [1]	Estimated FTE Cost
October	17,078	1,513	90,350	17,380	1,540	93,856	17,736	1,502	103,478
November	17,052	1,380	90,425	17,377	1,339	93,871	17,710	1,433	103,493
December	17,030	1,444	90,525	17,417	1,541	93,886	17,687	1,568	103,508
January	16,964	1,506	93,241	17,347	1,473	96,139	17,616	1,428	106,717
February	16,969	1,307	93,316	17,360	1,337	96,154	17,621	1,358	106,732
March	16,946	1,372	93,391	17,470	1,476	96,169	.....	.....	.....
April	16,975	1,437	93,466	17,573	1,484	96,184	.....	.....	.....
May	17,034	1,441	93,541	17,593	1,422	96,199	.....	.....	.....
June	17,061	1,379	93,616	17,578	1,490	96,214	.....	.....	.....
July	17,120	1,514	93,691	17,543	1,555	96,229	.....	.....	.....
August	17,212	1,388	93,766	17,541	1,419	96,244	.....	.....	.....
September	17,388	1,466	93,841	17,728	1,494	96,259	.....	.....	.....

[1] Includes FTE for 90 part-time CWF.

The FAA does not have a tracking system which calculates or maintains a separate CWF FTE history. In order to approximate the level of FTE usage, we have developed a model. The accompanying full-time equivalent (FTE) figures are calculated on the FTP CWF monthly actual on-board and an estimated 90 part-time CWF.

The existing accounting system provides obligations only by fiscal program, i.e., center, tower, stations, etc. The payroll costs in these fiscal programs include other than controller work force and management personnel and does not provide separate obligations for bargaining unit employees. Thus, we do not have accurate monthly obligations for the CWF. The average FTE cost above was calculated using the estimated FTE for centers and towers and dividing it into the corresponding estimated PC&B for that particular year. Since the FAA does not have a tracking system to separate CWF from the OTCWF, these estimates include some OTCWF in the average cost per CWF FTE. Additionally, there are a myriad of events, such as employee changes in benefit selections and reaching Federal Insurance Contribution Act pay limits, that create fluctuations in the average cost per FTE. The timing and magnitude of these influences vary. While their cumulative effect is included, no attempt has been made to display these individual influences on a month to month basis.

Since October 1998, the attrition rate has decreased by 40 percent compared to the first 6 months of fiscal year 1998. Retirements have also experienced a reduction of 28 percent when comparing the first 6 months of fiscal year 1999 to the same time period in fiscal year 1998.

Question. Will the FAA hire air traffic controllers in fiscal year 2000 even though it has met the 15,000 level of controllers specified in the recent agreement with NATCA?

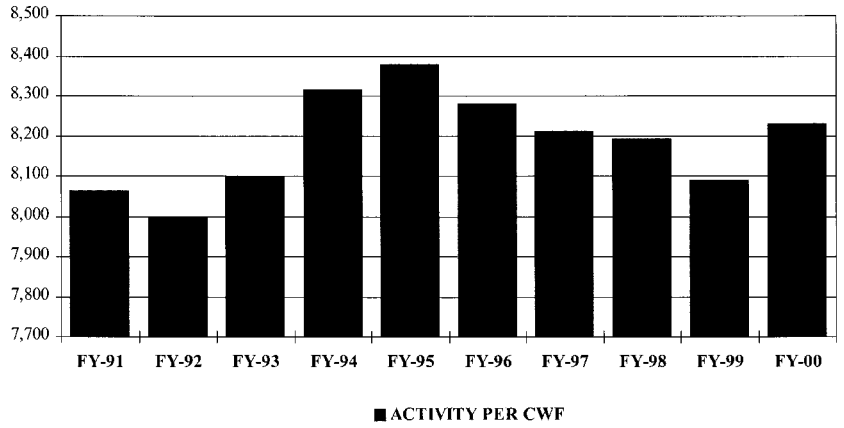
Answer. Yes. In order to replace anticipated attrition, the FAA estimates it will need to hire approximately 350 controllers in fiscal year 2000 to maintain the 15,000 air traffic controller staffing level established by the agreement.

CONTROLLER PRODUCTIVITY

Question. Does the FAA have any measures in place to gauge air traffic controller productivity? If so, please provide a description of such measures and a retrospective assessment of air traffic controller productivity annually for the past 10 years.

Answer. The FAA has used air traffic activity per controller work force (CWF) as a measure of productivity. In this measure, air traffic activity consists of the total of instrument flight rule aircraft handled by en route centers and aircraft operations and instrument operations handled by terminal facilities. The total activity is divided by the total CWF. What appears as reductions in productivity from fiscal years 1995 to 1999 reflect the increasing share of terminal airport operations conducted by FAA contract towers as FAA completes its program to convert FAA Level I visual flight rule towers to contract operation. In the budget submission, nine years of information is presented on page 35. Fiscal year 1999 and 2000 are based on estimates. On the following chart, 10 years of air traffic controller productivity is provided.

The services provided by air traffic to the flying public, and consequently the productivity, are not effectively represented through this metric. The FAA is in the process of developing better productivity measures that more accurately define real productivity as measured by the services provided to the flying public.



AIR TRAFFIC CONTROL

Question. What steps have been taken in addition to retraining to ensure that the near disaster over La Guardia Airport last year in which an Air Canada Airbus A320 took off directly over a US Airways DC–9 as it broke off a landing attempt. The near-disastrous situation underscores the need to reexamine rules regarding control of aircraft in the immediate airport area and on the ground. In addition, what steps have been taken to mandate appropriate and timely reporting of such occurrences.

Answer. In addition to the retraining, the FAA has conducted a review of the procedures applicable to aircraft movement in the immediate airport area and on the ground. Based on our review, several changes have been developed and are in the final clearance process prior to implementation. These changes include:

—Modifying same runway separation
—Modifying anticipated separation
—Elimination of multiple landing clearances
—Modifying takeoff position and hold procedures

We believe these changes will enhance the procedures already in place and prevent a reoccurrence of the situation. To ensure appropriate and timely reporting of events, guidance was issued to all regional offices re-emphasizing the existing requirements concerning appropriate reporting of incidents occurring in the National Airspace System, and the penalties for non-compliance. Additionally, in an effort to identify and correct air traffic controller performance deficiencies, the FAA has developed a new quality assurance review to prevent operational error deviations or near mid-air collisions.

AUTOMATED FLIGHT SERVICE STATIONS

Question. Has the FAA Flight Service Station Architecture Report that outlines the plan for closing or reducing hours of operation at selected Automated Flight Service Stations nationwide been released in its entirety (including all appendices)? If not, why not? Please provide a copy of the complete report—including all appendices—for the use of the subcommittee.

Answer. No. The Flight Service Architecture Core Group Staff Report has not been released. The report is still considered staff level and is currently under review within the FAA.

LIAISON AND FAMILIARIZATION TRAINING

Question. Please provide a status report of which of the DOT Inspector General recommendations from Report Number AV–1998–170 have been adopted, the status of those that have not (including a schedule for implementation) and a rationale for any recommendations that the FAA Administrator does not anticipate implementing.

Answer. A Memorandum of Understanding (MOU) has been signed between the Federal Aviation Administration (FAA) and the National Air Traffic Controllers Association (NATCA). The MOU represents the agreement reached between the FAA and NATCA on Article 23, Liaison and Familiarization Training, of the collective bargaining agreement. The new Article 23, requires the supervisory assignment of training objectives for each trip prior to approval, that all familiarization training be conducted on duty time, reduces the maximum allowable number of trips per year to 6, and restricts same destination assignments to 2 per year. As a party to the development of the Article, the DOT Inspector General (OIG) concurred with its specifications prior to its signing.

CONTRACT TOWER PROGRAM—COST SHARING

Question. The Committee commends FAA Administrator Garvey for her efforts to implement the contract tower cost-sharing provision that was included in this year's appropriations bill. Can you please provide the committee an update on this program?

Answer. In fiscal year 1999 Congress added $6 million for the FCT Cost Sharing Program. The Federal Aviation Administration (FAA) contract tower program has prepared and issued letters of invitation for cost sharing to 11 sites in anticipation of a June 1 start date. Letters of agreement, establishing the terms of eligibility, and funding provisions for the program, have been drafted between the FAA, the contractors providing air traffic control services, and the participating airport authorities.

The Administration strongly supports the existing FCT program at locations that meet criteria. Funds to continue the cost sharing program included in the agency's

original budget submission were not included in the fiscal year 2000 Congressional Budget Submission since the Administration does not support subsidizing the operation of contract towers where the costs exceed the benefits.

CONTRACT TOWER PROGRAM

Question. The committee supports the FAA contract tower program as a cost-effective way to enhance air traffic safety at smaller airports. We were pleased with the DOT Inspector General's report from last year that validated these cost savings and safety enhancements. Can you please provide the committee an update on the plans to expand this program to other appropriate facilities as requested in the 1999 appropriations bill?

Answer. As requested in the 1999 appropriations bill, the FAA is conducting a study to examine extending the FCT program to existing airport traffic control towers without radar capability. The FAA is completing the study and will be forwarding the results to the Committee as requested.

AGE 60 RULE

Question. The Age 60 Rule was instituted in 1959 without the benefit of medical or scientific studies and without public comment. The EEOC has essentially eliminated age discrimination rules in all facets of commercial aviation with the exception of FAR Part 121 and Part 135 carriers. Other countries—Great Britain, Germany, France, Australia, etc.—have modified their age 60 restrictions. Japan began a study on the age 60 issues and discontinued it after finding no safety or operational reasons to maintain age 60 as a mandatory retirement age. The most recent pilot aging study was the Hilton Systems Technical Report 8025 (known generally as the Hilton Study) undertaken by Lehigh University and Hilton systems, Inc. to "conduct statistical analysis on historical data to investigate the relationship between pilot age and accident rates." The report concluded: "we saw no hint of an increase in accident rate for pilots of scheduled air carriers as they neared their 60th birthday. In spite of this study, the Age 60 Rule not only remains in effect, it was expanded in 1995 to include Part 135 pilots in spite of no record of any age-related accidents or incidents in the affected pilot group. Clearly, the United States seems to be moving against the international aviation community and contrary to our own national trends on age discrimination rules. Can you provide any medical or scientific reason why the United States should not follow the findings of the Hilton Study and "cautiously increase the retirement age to age 63?"

Answer. FAA promulgated the Age 60 Rule in 1959 because of concerns that a hazard to safety was presented by utilization of aging pilots in air carrier operations. At that time, the agency found that there was a progressive deterioration of certain important physiological and psychological functions with age, that significant medical defects attributable to this degenerative process occur at an increasing rate as age increases, and that sudden incapacity due to such medical defects becomes more frequent in any group reaching age 60.

The FAA noted other factors, even less susceptible to precise measurement as to their effect but which must be considered in connection with safety in flight that result simply from aging alone and are, with some variations, applicable to all individuals. These relate to loss of ability to perform highly skilled tasks rapidly; to resist fatigue; to maintain physical stamina; to perform effectively in a complex and stressful environment; to apply experience, judgment, and reasoning rapidly in new, changing, and emergency situations; and to learn new techniques, skills, and procedures.

Clearly, there is progressive anatomic, physiological, and cognitive decline associated with aging, albeit variable in severity and onset among individuals. Physicians, psychologists, physiologists, and scientists of other disciplines have identified many age-associated variables, some easily measurable, some not that may be important to human function. There is, however, no acceptable medical protocol to measure the effects of aging on a particular individual.

Because it is unacceptable for these pilots to work until failure or until there is obvious impairment, the age of 60 has served well as a regulatory limit since 1959. While science does not dictate the age of 60, that age is within the age range during which sharp increases in disease mortality and morbidity occur.

In late 1990, FAA initiated its most recent study of the issue, aimed at consolidating available accident data and correlating it with the amount of flying by pilots as a function of their age. This resulted in the March 1993 Hilton study report, "Age 60 Project, Consolidated Database Experiments, Final Report", which found "no hint of an increase in accident rate for pilots of scheduled air carriers as they neared

their 60th birthday" but noted that there were no data available on scheduled air carrier pilots beyond age 60.

The FAA rule is consistent with the international standard established by ICAO, which prohibits anyone over the age of 60 from acting as pilot-in-command.

ESSENTIAL AIR SERVICE

Question. The FAA has developed a "blueprint for modernizing the NAS and enhancing NAS services and capabilities" with the overall intent of providing increased benefits to users while enhancing safety. Attaining modernization, we assume is predicated on funding levels in line with prior and current budget requests. If capital investment is not increased, or maintained, the FAA has indicated that they will have to make tradeoffs between providing improved services and functionalities or sustaining current operations. If that is in fact the case, how can the Department justify proposing a reprogramming of F&E funding to cover the costs of the Essential Air Service program which in recent years has been funded out of operations funding. Doesn't such a reprogramming request bleed off necessary funds from modernization?

Answer. Budget execution is frequently a matter of making difficult choices between less than desirable alternatives. For fiscal year 1999, we were faced with a funding shortfall in Operations. In addition to a congressional cut to the President's request, one chief cause of the shortfall was our inability to collect the $93 million in overflight fees assumed in the President's budget request, $50 million of which would have been used to subsidize the Essential Air Service (EAS) program. In absence of these overflight fees, the statute requires us to use other funds available to us to make the mandated subsidy payment to EAS. Whereas we used Operations funds in fiscal year 1998 (the first year that the FAA was required to subsidize the EAS program with overflight fee revenue or other funding source [1]), we elected to use F&E resources in fiscal year 1999. We made this choice because, in our opinion, the effect on safety, security, and efficiency was less if the subsidy was funded by F&E than by Operations. I would like to point out that no funds are budgeted in the FAA in fiscal year 2000 to fund EAS should the expected overflight fees collections not materialize.

EXPLOSIVES DETECTION EQUIPMENT

Question. Please provide a list of corrective actions and the implementation dates for the following observations from the DOT Inspector General's review (AV–1999–001) of the Explosive Detection System program:

(a) The FAA has not finalized property transfer and use agreements with the U.S. and foreign air carriers receiving explosive detection equipment.

(b) Air carriers are significantly underutilizing the equipment already deployed.

(c) The equipment, while effective in detecting explosives, is experiencing high false alarm and slow baggage throughput rates, potentially impacting industry and passenger acceptance of checked baggage screening.

Answer. Agreements between the FAA and the air carriers on the conditions of use for explosive detection equipment have not been finalized yet-primarily due to air carrier concerns about taxation issues. However, the FAA continues to work diligently with the Air Transport Association and the individual air carriers receiving equipment to resolve their perceived issues.

Machine utilization increased significantly since the first equipment was installed. Machine usage in bags screened per week per system increased by 50 percent last year. While the FAA agrees with the Inspector General's office that the screening rate needs further improvement, the appropriate security policy is to screen all bags from Computer Assisted Passenger Screening (CAPS)-selected passengers. Thus, we have properly sized the number of machines to the peak bag flow under this criterion. The utilization per week will not be a simple multiple of hours of use by the peak flow as computed by the Inspector General's office. The FAA is also urging carriers to share the use of EDS, which will increase throughput.

Reduced nuisance alarm rates would, indeed, result in greater industry and passenger acceptance of screening equipment. The FAA continues to vigorously pursue this goal for increased system efficiency. However, after nearly all air carriers have fully implemented CAPS, the demand levels produced by CAPS are being screened at existing nuisance alarm rates without any major delays. The alarm rates are not excessive, given the great variance in bag contents and the small mass of explosives which must be detected.

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[1] Prior to fiscal year 19998, the annual EAS subsidy was provided by a drawdown from the Airport and Airway Trust Fund.

Question. Given the increased world wide terrorist threat and that aviation is usually a high priority target for terrorists, does the administration have any plans to accelerate funding for explosives detection equipment (EDS)? If so, how?

Answer. The enacted budget for Civil Aviation System Security Technology Research and Development was $44 million in fiscal year 1998 and $52 million for fiscal year 1999. A significant amount of this funding is being applied to develop technologies to detect explosives carried in checked luggage, in carry-on luggage, and concealed on passengers. In addition, F&E funding of $100 million was provided in fiscal year 1999 for EDS deployment. The F&E budget request of $100 million in fiscal year 2000 continues to support the deployment of EDS at the appropriate rate.

Question. Is the administration generally satisfied with the rate of installation of EDS equipment in our nation's airports? If not, what problems have been incurred getting certified EDS equipment installed?

Answer. The FAA is generally satisfied with the current (April 1999) rate of installation of EDS equipment. The Security Equipment Integrated Product Team (SEIPT) was created to provide a partnership between public and private entities involved in deployment of security equipment in airports. Every EDS installation is physically unique and requires extensive coordination with local authorities. Some problems have been encountered in placement, integration, and use of the equipment. In many cases, ongoing construction at airports has hindered installation efforts. As the SEIPT gains experience, the problems encountered in installation of the equipment have been easier to resolve.

Question. Is the original mandate of the Vice-President's Commission on Aviation Safety and Security still viable? That is, does the administration believe that $100 million a year is enough to do the job?

Answer. The original mandates of the White House Commission on Aviation Safety and Security i.e., to provide $100 million per year for 5 years, are viable. The fiscal year 2000 request of $100 million is adequate to support deployment of equipment at the appropriate pace.

Question. The administration has been trying to foster competition in the EDS equipment area, that is, having several manufacturers from which to purchase. Are you satisfied with the level of competition? Do you believe that $100 million a year is sufficient enough to foster competition? What do you base your answer on?

Answer. The FAA has fostered competition among vendors of EDS by means of research and development grants. There are now two vendors of EDS, and a third may soon succeed in having its EDS certified. InVision has produced several certified systems that are operating in the field. L–3 has developed a certified system, which is currently undergoing FAA-funded revisions to advance the system from a certified system to one that is field-ready. The FAA has funded another vendor, Vivid, to produce a certified system. Vivid is currently working to produce a certified system. The budget of $100 million a year has been sufficient to foster competition in the EDS area. No market existed previous to the Security Equipment Integrated Product Team (SEIPT).

CERTIFICATION OF COMPANIES

Question. Are you helping any other companies get certified in this area? How? Did you assist the first two qualified companies get certified? How?

Answer. Yes, the FAA continues to provide opportunities for other companies to develop products with a goal of certification. Currently, there are two projects the FAA is sponsoring with R,E&D funds. The FAA provided $4 million over three fiscal years to Vivid Technologies in a cost-share grant to assist their development of a Multi-View Tomography (MVT) EDS. The FAA is also funding EG&G Astrophysics at a lower level (50/50, government/industry) to explore an adjunct sensor for their Z-Scan-10 X-ray inspection system that may satisfy certification criteria. The FAA also provides access and use of FAA test facilities, equipment, explosives, and simulants at no cost to support iterative, developmental testing.

For both the InVision CTX 5000SP and the L–3 Communications eXaminer 3DX6000, the FAA underwrote a significant portion of their development costs with R,E&D funds and provided priority access and use of FAA test facilities, equipment, explosives, and simulants at no cost to support iterative, developmental testing.

The FAA funded $8.2 million toward the development of the InVision CTX 5000SP over approximately seven fiscal years. The FAA provided $14.5 million in a cost share grant with L–3 Communications toward the accelerated development of the eXaminer 3DX6000 high-throughput EDS over three fiscal years. The FAA also provided $6.2 million in a cost-share grant with InVision to develop a high throughput EDS called the CTX 9000 which has recently completed certification testing.

Question. The FAA, in order to foster competition, has been holding back orders while it waits for more companies to get certified in the EDS area. Given the threat of terrorist attack and the usual delays in getting equipment installed in the field, isn't this a dangerous strategy?

Answer. The FAA has not been holding back orders of certified explosives detection equipment. The FAA has been pacing its new equipment orders to maintain a steady deployment program. This has allowed newly certified EDS to compete for remaining orders.

EXPLOSIVE DETECTION EQUIPMENT

Question. How many of the nation's category X airports have EDS equipment installed? What is the goal for installation of EDS equipment in category X airports and other airports?

Answer. FAA-certified EDS are installed at 29 airports. All category-X airports currently have EDS equipment installed. The goal is for sufficient EDS to be installed to screen all Computer Assisted Passenger Screening selectees' bags at their originating airports, other than at the smallest airports where less efficient, but no less effective measures will be used to inspect selectees' bags.

Question. Have the airlines been cooperative with the FAA in getting this equipment installed and most importantly utilized? If not, why not?

Answer. Representatives of seven major U.S. air carriers, regional airlines, and airports are core team members of the FAA Security Equipment Integrated Product Team (SEIPT). The SEIPT, which is composed of FAA and industry acquisition and security experts, was established to manage the advanced security equipment airport deployment program. As partners with the FAA on the SEIPT, airline and airport industry representatives have been cooperative participants in our joint efforts to get this equipment installed and effectively utilized.

Question. It has been stated that $100 million a year is not enough money to really foster competition in the EDS area. This amount pales in comparison to the amount that FAA spends in purchasing navigation and communications equipment. What else can the FAA do to foster competition?

Answer. The FAA created the Security Equipment Integrated Product Team (SEIPT) in response to the White House recommendations on Aviation Security. Those recommendations suggested the purchase of EDS equipment, in part to foster competition, and those recommendations are being implemented by the SEIPT. Due to this created market, plus FAA-funded development of EDS systems, competition has been encouraged.

In addition, the FAA has funded several R,E&D initiatives to produce new systems.

Question. Would the FAA support a higher level of funding for EDS? What would be the proper level of funding in this area to both keep the domestic manufacturers interested and for meeting the terrorist threat?

Answer. The present level of funding requested for fiscal year 2000 would support the appropriate level of EDS production and deployment.

Question. If the level of funding for this area is constrained by budget considerations, what else is FAA doing to get airports and the airlines to pick up the slack?

Answer. The level of funding for EDS deployment is sufficient. If funding levels are reduced or earmarked for other purposes, there are few practical solutions that would be immediately available to transfer the burden to airports and air carriers.

The FAA published a Notice of Proposed Rulemaking on April 19, 1999, requiring Positive Passenger Bag Match (PPBM) that should be fully in effect by October 2001. However, the aviation industry, as well as the FAA, is concerned that PPBM of connecting and interline baggage will have a severe adverse effect on the national aviation system. The White House Commission on Aviation Safety and Security recognized this potential on aviation safety and security when it recommended PPBM to be implemented, "* * * until such time as [EDS] machines are widely available * * *." The effect of PPBM on the domestic aviation system is further detailed in The Study and Report to Congress on the Domestic Positive Passenger Baggage Match Pilot Program that the FAA will submit to Congress in May.

AIP funds are currently eligible for the purchase of this equipment, but are unlikely to be used for this purpose; airports are the regulated entity that must request AIP funds, and air carriers are responsible to fund and operate passenger and baggage screening. Therefore, it is unlikely that airports will request limited AIP funds to be used by air carriers instead of much needed airport improvements. Vice President Gore stated in a September 15, 1998 letter to the Senate leaders that, "The Senate approach [to fund EDS out of AIP] would jeopardize the progress we have made in providing an overall increased level of security at U.S. airports."

EXPLOSIVES DETECTION EQUIPMENT

Question. Approximately one year ago FAA had its only certified EDS manufacturer ramp up production of EDS units to approximately ten a month. This required the manufacturer to move production into a new and larger facility. At a funding level of only $100 million a year, this funding level will not even keep that one manufacturer at full capacity. Does the FAA jeopardize losing that critical manufacturing base? What can be done to maintain that existing resource?

Answer. When FAA awarded the initial EDS equipment purchase contract to its only supplier, it required the vendor to accelerate production of EDS units to deliver a total of 54 units during the first year of the contract. Although production difficulties experienced during that first year resulted in extending this delivery schedule, the vendor made extraordinary efforts to increase its production capabilities to meet the delivery requirements of the Government. While the FAA supported the vendor in its efforts to increase production to meet its contract commitments to the Government, decisions made by the vendor regarding its production facilities and capital investments were solely the business decisions of the company.

Question. In the defense area, if a manufacturer is determined to be producing something that is critical and in the nation's interest, the Department of Defense provides funding to maintain critical manufacturing capability so that it is available in time of national need. Has the FAA thought of doing anything like that in the EDS area?

Answer. The FAA efforts to foster market competition by developing multiple sources for security equipment have been successful. On November 23, 1998, the FAA certified the second EDS, the eXaminer 3DX 6000, produced by L–3 Communications. At the present time, both InVision and L–3 Communications have certified EDS's. Two other vendors are working to get their candidate EDS certified. There are even more vendors of checkpoint x-ray equipment and explosive trace detection devices.

FUNDING FOR SCREENING EQUIPMENT

Question. There are various technologies competing for these limited funds. Last year, Congress directed that a certain amount of funds be set-aside for operator assisted screening equipment. Does the FAA have plans to increase the amount of funding in this area to accommodate the various and varied technologies? Please elaborate.

Answer. The FAA has conducted two evaluations of screener assist x-rays (SAX) for automatic explosives detection for screening carry-on baggage/items. The first evaluation focused upon the detection and false alarm rates and was carried out in a laboratory environment. The second effort was carried out in Knoxville's McGhee Tyson Airport with the primary objective of documenting sources of false alarms and false alarm rates. At this time, the FAA is unable to recommend the deployment and full utilization of SAX in an operating environment. Additional evaluations will be carried out by the FAA to obtain information needed by SAX vendors to improve their systems.

The FAA believes that priority in funding should be given to deploying EDS for checked baggage screening, rather than to update the equipment used to screen carry-on items.

Question. It is our understanding that the Integrated Product Team (IPT) at DOT has determined that, due to the age of most airport x-ray systems, only a small percentage are capable of being upgraded to include approved Threat Image Projection or TIP as it is commonly known. We understand that, as a result of this, the IPT has recommended that, with the exception of the upgrade capable units, x-ray systems be replaced with approved TIP capable systems. This process would be initiated with the $24.6 million in supplemental funding earmarked for TIP. Does the FAA intend to follow this recommendation?

Answer. Yes, the FAA Security Equipment IPT is acquiring 420 TIP ready and screener assist capable x-rays, in conformance with the fiscal year 1999 Appropriations Act.

Question. If the FAA does intend to follow this recommendation, can you assure the Committee that only FAA certified TIP capable equipment would be used to replace the older units?

Answer. The Security Equipment IPT responsible for the procurement and deployment of security technologies have made it a requirement that all acquisitions of checkpoint carry-on baggage screening x-rays will be TIP-capable. Checkpoint equipment (for screening carry-on items), unlike EDS, is not currently certified; it will be procured on the basis of announced specifications and objective performance data.

Equipment certification specifications are being developed for the entire range of passenger screening equipment.

BACKSCATTER X-RAY

Question. Do you intend to include an evaluation of backscatter x-ray body scanning devices with your evaluation of trace portal technology?

Answer. There will be no airport evaluation of backscatter x-ray body scanning equipment. Preliminary laboratory evaluations of such technologies may be carried out by FAA to augment our knowledge base on available technologies. There are several issues to resolve before airport testing can be contemplated. These include public acceptance of the (small) radiation exposure, privacy concerns, effectiveness, and alarm resolution. Trace portal technologies are far less intrusive, have already been tested at airports, and will be tested again in the near future.

USER REQUEST EVALUATION TOOL (URET)

Question. URET has been in the Indianapolis and Memphis Centers for a long time. Is URET operationally acceptable to the controllers? When will it be installed in the other facilities?

Answer. The URET prototype is not yet operationally acceptable to controllers. But over the past four months, URET usage at the Indianapolis and Memphis centers has increased dramatically. Indianapolis Center usage has increased from about 4,100 sector hours to almost 8,000 sector hours. Memphis Center usage has increased from 1,400 to 6,000 sector hours.

The FAA is confident that this increase suggests growing acceptance of the tool. To ensure that this trend continues, the FAA and the controllers union have formed a team to resolve issues of joint concern, such as system requirements and acceptance.

This tool will be deployed to high-altitude centers in Atlanta, Chicago, Cleveland, and Washington, D.C., beginning in November 2001.

Question. How will controller productivity improve with use of URET?

Answer. URET assists the controllers in alleviating potential problems at an earlier point. It facilitates the strategic planning functions of the controller sector team, and serves as an additional tool to help the controller's plan for and coordinate aircraft movement through sector airspace.

URET will replace the paper strips that are today's source of flight data for controllers, and will allow them to utilize less-cumbersome electronic flight data.

A full operational impact evaluation will be accomplished in collaboration with system users and operators after the system is fielded, as required by the consensus reached by the FAA and the users of the system.

Question. What daily use experience is there that proves URET's algorithms to be operationally acceptable?

Answer. Recent user request evaluation tool (URET) usage at Indianapolis Center has risen from about 4100 sector hours to almost 8000 sector hours. During the same period, usage at Memphis Center grew from 1410 sector hours to 6000 sector hours.

The algorithms of the URET prototype have not yet been proven to be operationally acceptable. However, the increased use of the prototype tool and a similar increase in the use of the trial planning function of URET indicates that we are on the proper path toward the algorithms becoming operationally acceptable. Also, the joint FAA/NATCA URET team is working together to develop system requirements and to resolve the issues that could bar operational acceptance (including algorithm performance).

Additionally, the program office conducts simulations to continually verify the algorithms.

Question. Will URET impact DSR deployment? What is the transition plan for URET to co-exist with DSR in Indianapolis and Memphis? What is the Free Flight Phase 1 URET/DSR situation? How much of the FFP1 request relates to the URET program?

Answer. URET will have no impact on the DSR deployment. The URET prototypes will transition from the present M–1 control room to the new DSR control room as part of the overall Memphis and Indianapolis Centers DSR transition. The URET Core Capability Limited Deployment (CCLD) version, which starts initial daily use in November 2001 under FFP1, will be integrated with the DSR D-side console. Prior to that, however, the controllers and the FAA have agreed to continue URET prototype usage at the two facilities until November 2001. This required a work-around agreement with NATCA, which allows the FAA to mount the URET prototype display on an accentuated arm for controller use and to avoid a possible

"blackout" at both facilities. The FFP1 fiscal year 2000 budget request has a total of $83.2 million for URET. This includes $79.6 million for URET CCLD and $3.6 million for the URET prototype.

WAREHOUSED EQUIPMENT

Question. A recent report to the Committee on the FAA plans to install certain warehoused equipment noted that future installation and commissioning of the MALSR, ASOS, DVOR, REIL, and CFE systems, as well as other stored equipment, is contingent upon the availability of resources. Please provide a breakout from the budget request of the additional resources to install current inventory of warehoused equipment.

Answer. Currently there are various systems and equipment being stored at the Federal Aviation Administration (FAA) Depot awaiting installation and commissioning at a future date. Specifically, these systems and their cost of installation are as follows:

[In millions of dollars]

PAPI (67 sites @ $85K average installation cost)	5.695
REIL (39 sites @ $50K average installation cost)	1.950
MALSR (23 sites @ $500K average installation cost)	11.500
DVOR Kits (8 sites @ 350K average installation cost)	2.800
LPDA (16 sites @ $50K average installation cost)	0.800
CFE (98 sites @ $257K average installation cost)	25.186
Total	47.931

It is estimated that it would take the FAA a three to four year period to complete this installation effort. Presently the FAA is not warehousing any Automated Surface Observation Systems (ASOS) equipment.

INSTRUMENT LANDING SYSTEMS (ILS)

Question. We understand that the FAA requirements office has completed a review of airport locations that meet the FAA's establishment criteria for Instrument Landing Systems (ILS). Please provide the committee with a list of the airports and runways that qualify for the establishment of an ILS system, including the identification of Category I, Category II, and Category III sites.

Answer. In 1998, the Federal Aviation Administration performed a cursory review of all airports using criteria identified in Airway Planning Standard Number One (APS–1) and Establishment and Discontinuance Criteria for Precision Landing Systems (FAA–APO–83–10). The criteria used established a listing of requirements for 120 airport locations that may qualify for runway precision approach capability. The locations are listed below:

State	Airport	Region	RWY	Type
TX	Houston (KHOU)	ASW	22	CAT I
LA	Baton Rouge (KBTR)	ASW	31	CAT I
OK	Oklahoma City (KOKC)ASW35LCAT I TXLubbock (KLBB)	ASW	35L	CAT I
AR	Fort Smith (KFSM)	ASW	7	CAT I
TX	Midland (KMAF)	ASW	34L	CAT I
TX	Abilene (KABI)	ASW	17R	CAT I
TX	Corpus Christi (KCRP)	ASW	31	CAT I
TX	El Paso (KELP)	ASW	26L	CAT I
LA	Lafayette (KLFT)	ASW	4R	CAT I
TX	Tyler (KTYP)	ASW	4	CAT I
AK	Anchorage (ANC)	AAL	6L	CAT I
AK	Homer (HOM)	AAL	3	CAT I
NY	New York (JFK)	AEA	22R	CAT II/III
NY	New York (JFK)	AEA	13R	CAT I
NY	New York (LGA)	AEA	22	CAT II/III
NY	New York (LGA)	AEA	13	CAT II/III
NY	Buffalo (BUF)	AEA	14	CAT I
VA	Norfolk (ORF)	AEA	5	CAT II/III
NJ	Newark (EWR)	AEA	22L	CAT II/III
PA	Philadelphia (PHL)	AEA	27R	CAT II/III
NJ	Atlantic City (ACY)	AEA	31	CAT I
PA	Allentown (ABE)	AEA	24	CAT I
VA	Chantilly (IAD)	AEA	19R	CAT II/III

State	Airport	Region	RWY	Type
MD	Baltimore (BWI)	AEA	15R	CAT II/III
DC	National (DCA)	AEA	33	CAT I
DE	Wilmington (ILG)	AEA	19	CAT I
NJ	Wildwood (WWD)	AEA	19	CAT I
NY	Syracuse (SYR)	AEA	32	CAT I
PA	Philadelphia (PHL)	AEA	25	CAT I
PA	Philadelphia (PHL)	AEA	35	CAT I
MA	Martha's Vineyard (MVY)	ANE	6	CAT I
MA	Boston (BOS)	ANE	32	CAT I
CT	Windsor Locks (BDL)	ANE	15	CAT I
WA	Seattle-Sea-Tac (SEA)	ANM	16L	CAT III
WA	Seattle-Sea-Tac (SEA)	ANM	16W	CAT III
MT	Butte (BTM)	ANM	15	CAT I
WA	Seattle-Sea-Tac (SEA)	ANM	34W	CAT I
WA	Seattle-Sea-Tac (SEA)	ANM	16R	CAT I
UT	Salt Lake City (SLC)	ANM	34L	CAT III
CO	Colorado Spring (COS)	ANM	35R	CAT I
CA	Sacramento Int'l (SMF)	AWP	34R	CAT I
CA [1]	Fresno (FAT)	AWP	29R	CAT II/III
NV [1]	Las Vegas—Mccarran Int. (LAS)	AWP	01R	CAT I
NV	Elko Muni—J.C. Harris Field (EKO)	AWP	23	CAT I
CA	Palm Springs Regional (PSP)	AWP	31L	CAT I
CA	Metropolitan Oakland Int'l (OAK)	AWP	27L	CAT I
CA	Buchanan Field (CCR)	AWP	19R	CAT I
CA	Palmdale (PMD)	AWP	4	CAT I
NV [1]	North Las Vegas (VGT)	AWP	12	CAT I
HI	Honolulu Int'l (HNL)	AWP	08R	CAT I
AZ	Mesa—Falcon Field (FFZ)	AWP	04R	CAT I
HI	Kahului (OGG)	AWP	20	CAT I
AZ	Laughlin—Bullhead Int'l (IFP)	AWP	34	CAT I
CA	Hayward Air Terminal (HWD)	AWP	28L	CAT I
CA	Napa County (APC)	AWP	36L	CAT I
CA	Long Beach—Daugherty Field (LGB)	AWP	25R	CAT I
MO	Springfield-Branson Regional (SGF)	ACE	2	CAT II
KS [1]	Hays Muni (HYS)	ACE	34	CAT I
IA	Cedar Rapids/The Eastern Iowa (CID)	ACE	9	CAT II
IA	Dubuque Regional (DBQ)	ACE	36	CAT I
IA	Des Monies Int'l (DSM)	ACE	5	CAT I
IA	Sioux City/Sioux Gateway (SUX)	ACE	31	CAT II
NE	Lincoln Muni (LNK)	ACE	35L	CAT II
FL	Jacksonville Int'l (JAX)	ASO	31	CAT I
NC	Charlotte Douglas Int'l (CLT)	ASO	18W	CAT III
NC	Charlotte Douglas Int'l (CLT)	ASO	36W	CAT III
FL	Orlando-Sanford (SFB)	ASO	27R	CAT I
NC	Charlotte-Douglas Int'l (CLT)	ASO	18R	CAT III
FL	Orlando Int'l (MCO)	ASO	18R	CAT III
FL	Daytona Beach Reg. (DAB)	ASO	25R	CAT I
FL	Orlando-Executive (ORL)	ASO	25	CAT I
GA	Atlanta-Hartsfield Int'l (ATL)	ASO	28	CAT II
GA	Atlanta-Hartsfield Int'l (ATL)	ASO	10	CAT II
FL	Panama City-Bay Co. (PFN)	ASO	32	CAT I
FL	Kendall-Tamiami Exec. (TMB)	ASO	27L	CAT I
FL	Kissimmee Mun. (ISM)	ASO	33	CAT I
KY	CVG./North KY Int'l. (CVG)	ASO	27	CAT II/III
GA	Savannah Int'l (SAV)	ASO	27	CAT I
FL	Tampa Int'l (TPA)	ASO	36R	CAT I
TN	Knoxville (TYS)	ASO	23L	CAT I
TN	McGhee Tyson (TYS)	ASO	05R	CAT I
FL	Orlando Int'l (MCO)	ASO	18L	CAT I
FL	Orlando Int'l (MCO)	ASO	35R	CAT1
KY	Bowman Field (LOU)	ASO	24	CAT I
NC	Raleigh-Durham Int'l (RDU)	ASO	23L	CAT II/III
FL	Tampa Int'l (TPA)	ASO	18L	CAT III
TN	Nashville, JOHN C. TUNE (JWN)	ASO	19	CAT1
FL	Tampa Int'l (TPA)	ASO	17	CAT I
AL	Birmingham Mun. (BHM)	ASO	5	CAT I

State	Airport	Region	RWY	Type
FL	Tampa Int'l (TPA)	ASO	35	CAT III
GA	Valdosta Reg. (VLD)	ASO	17	CAT I
NC	Greensboro/Piedmont Int'l (GSO)	ASO	5N	CAT II/III
FL	Southwest Fla. Reg. (RSW)	ASO	06R	CAT I
FL	Southwest Fla. Reg. (RSW)	ASO	24L	CAT I
FL	Southwest Fla. Reg. (RSW)	ASO	24	CAT I
FL	TAMPA, Vandenberg (X16)	ASO	22	CAT I
FL	Tallahassee (TLH)	ASO	18	CAT I
FL	Tallahassee Reg. (TLH)	ASO	9	CAT I
FL	Pensacola Regional (PNS)	ASO	35	CAT I
MS [1]	Olive Branch (OLV)	ASO	18	CAT I
NC	Greensboro/Piedmont Int'l (GSO)	ASO	23N	CAT I
FL	Ft. Lauderdale-Hollywood (FLL)	ASO	27L	CAT I
FL	Ft. Lauderdale Int'l (FLL)	ASO	09R	CAT I
FL	Ft. Lauderdale-Hollywood (FLL)	ASO	31	CAT I
FL	Ft. Lauderdale Int'l (FLL)	ASO	13	CAT I
MS	Jackson Int'l. (JAN)	ASO	34R	CAT I
MS	Jackson Int'l. (JAN)	ASO	16R	CAT I
FL	ST. PETERSBURG INTL (PIE)	ASO	17L	CAT II
KY	Blue Grass (LEX)	ASO	22L	CAT I
KY	Blue Grass (LEX)	ASO	04R	CAT I
WI	Milwaukee (MKE)	AGL	25R	CAT I
MN	Duluth (DLH)	AGL	9	CAT II
MI	Traverse City (TVC)	AGL	36	CAT I
MI	Flint (FNT)	AGL	36	CAT I
MI	Grand Radips (GRR)	AGL	23R	CAT I
OH	Columbus (CMH)	AGL	10S	CAT I
MN	Minneapolis (MSP)	AGL	17	CAT I
MI	Detroit (DTW)	AGL	4	CAT III

[1] Sites were funded in the fiscal year 1999 appropriations.

INSTRUMENT LANDING SYSTEMS (ILS)

Question. How does the FAA's fiscal year 2000 budget propose to deal with these ILS and associated Distance Measuring Equipment (DME) requirements? Which of these ILS sites will be included in AIP grant agreements, and which sites will the FAA propose to include in an F&E budget request?

Answer. The FAA did not request funding in fiscal year 2000 for the establishment of new Instrument Landing Systems (ILS) and ancillary equipment.

Most of the Airport Improvement Program (AIP) projects related to an ILS are in the site preparation for other airport development, for instance runway safety areas.

There has been a nominal amount of AIP funding in any given fiscal year for acquisition of ILS's and ancillary equipment. When the AIP funds an ILS, approach lighting, or Runway Visual Range equipment, the airport has the option of transferring responsibility for maintenance of the equipment to the FAA when the equipment meets FAA performance specifications. The FAA's funding of the ILS program has traditionally been funded in F&E.

Question. The committee was pleased to see in January 1999, as a step toward meeting the Instrument Landing System (ILS) needs covered in the fiscal year 1999 Omnibus Appropriations Act, that the FAA conducted a market survey to determine the qualifications of manufacturers of commercial-off-the-shelf ILS systems. What are the agency's milestones for completing its ILS acquisition plan, for release of a solicitation for proposals, and for award of a contract for COTS ILS systems?

Answer. The ILS Acquisition Plan is currently in the review cycle and should be approved by May 31, 1999. It is expected that the Screening Information Request will be released during the last quarter in fiscal year 1999 and a contract award made by the first quarter of fiscal year 2000.

Question. The committee understands that turnkey installation of ILS systems may be faster and less expensive than if the FAA takes delivery of the hardware for later installation by the FAA. What are the comparative costs and timetables of these two approaches? Will turnkey installation be considered as an option in the COTS ILS contract?

Answer. At this time, the Federal Aviation Administration (FAA) does not have comparative costs and timetables for FAA installation versus turnkey installation. The turnkey installation times and costs will not be available until a competitive

commercial off-the-shelf ILS contract is awarded in the first quarter of fiscal year 2000 for systems to meet the fiscal year 1999 congressionally mandated requirements. The contract will include provisions for turnkey installation, but will be competed against a national installation program headed by the FAA's National Implementation Office. The lowest cost/best value for installation from these approaches will be selected.

Question. The fiscal year 1999 Omnibus Appropriations Act contains funds for 13 new ILS installations. Please provide a status report on each of the ILS sites listed in the fiscal year 1999 conference report, including the timetable for site surveys and an estimated date (year and quarter) when the ILS is expected to be commissioned.

Answer. The following is the status of each of the 13 new ILS installations listed in the fiscal year 1999 conference report:

Stanley County, NC.—The non-fed ILS has already been installed and was commissioned in 1998. The site survey was completed in January 1999, and the money allocated is intended on improving and maintaining the obstruction and safe areas. The airport manager is providing the FAA with a detailed list of projects and their schedule.

March Airbase.—The site survey was completed in January 1999. The FAA intends to enter into a Cooperative Agreement with the March Joint Powers Authority (MJPA) for the transfer of funds and has coordinated a Memorandum of Understanding (MOU) outlining the areas of responsibility. The MJPA has agreed to have the ILS commissioned within 18 months.

Fresno, CA.—A MK–20 was purchased and delivered. The site survey was completed in January 1999. The region is in the process of initiating installation. Commissioning is expected first quarter of fiscal year 2000.

McCarran International, NV.—A MK–20 was purchased. A site survey was completed in January 1999. Commissioning is expected in the third quarter of fiscal year 2000.

The following sites will have existing MK–1F Localizer equipment upgraded to Cat I ILS capability by the addition of compatible glide slope and ancillary equipment. All site surveys have been completed.

Hays Municipal, KS.—The region has initiated the upgrade in conjunction with the local authority. Funds have been provided to accomplish the work. Commissioning is expected in the fourth quarter of fiscal year 1999.

Bessemer, AL.—A special survey determined the feasibility of using a short endfire glide slope antenna. A short endfire antenna has been identified and will be shipped to Bessemer when requested by the region. Funds have been transferred to the region to complete the upgrade. Commissioning is expected in the fourth quarter fiscal year 1999.

Olive Branch, MS.—The region has established upgrade plans. Funds have been transferred to the region to complete the upgrade. Commissioning is expected in the fourth quarter of fiscal year 1999.

Clovis, NM.—The region has established upgrade plans. Funds have been transferred to the region to complete the upgrade. Commissioning is expected in the fourth quarter of fiscal year 1999.

Zanesville, OH.—A special evaluation of upgrade equipment was conducted by Ohio University. The region has established upgrade plans, which will be modified based on the Ohio University results. Commissioning is expected in the fourth quarter of fiscal year 1999.

The following sites, which have all been surveyed, will have Cat I ILS equipment provided by a competitive COTS contract. Contract award is expected in the first quarter of fiscal year 2000 with the first delivery expected in the third quarter of fiscal year 2000. A market survey has identified three possible vendors. While one vendor has obtained FAR–171 approval, another is close to receiving approval and the third has not initiated the FAR–171 process. FAR–171 approval is a pre-qualification requirement for the contract.

Burlington Alamance, NC
Everett-Stewart, TN
Stennis International, MS
North Las Vegas, NV

WIDE AREA AUGMENTATION SYSTEM (WAAS)

Question. Where is the WAAS program right now—please provide a summary describing the current status of the program, the alternative approaches that are actively under consideration, and what the administration's strategy and timetable is for restructuring and rebaselining the program?

Answer. WAAS Initial Operational Capability (IOC) is scheduled to occur in September 2000. This 14-month schedule extension is due to the following factors: technical difficulties experienced with one of four software modules (the Corrections and Verification software module is a major software element that focuses on corrections, integrity, verification, and monitoring); additional time for both commissioning and assumption of operations and maintenance duties by Airways Facilities; accommodation of last year's congressional funding reductions; and time to reduce overall program risk.

An Investment Analysis and program re-baseline is in process. The Investment Analysis is considering four main alternatives as outlined in the following chart:

Future Navigation Alternatives	GEOS (Geostationery Satellite)	WRS [1] (WAAS Reference Station)	WMS [1] (WAAS Master Station)	GUS [1] (Ground Uplink Station)
I	.....	.....	.....	.....
II	3	13	3	6
III	3	36	3	6
IV	4	58	3	8

[1] Additional units to be added to the current WAAS network.

The Investment Analysis, scheduled for completion this summer, will result in a formal rebaselining of the WAAS and LAAS programs by the FAA. The FAA was encouraged by the recent Johns Hopkins University Applied Physics Laboratory report released in January 1999 that stated GPS, with appropriate WAAS/LAAS configurations, can satisfy the required navigation performance as the only navigation system installed in the aircraft and the only navigation service provided by the FAA.

Question. FAA recently announced another significant delay in the WAAS program. What is the FAA's plan for meeting the list of near term precision approach requirements that have been identified?

Answer. In July 1996 the FAA issued its Plan for Transition to Global Positioning System (GPS)-Based Navigation and Landing Guidance. This document outlines current FAA policy on meeting the requirements for precision approach. The FAA has made a concerted effort to develop GPS/Wide Area Augmentation Systems (WAAS) as a means to stem the spiraling costs of precision approaches at thousands of locations around the U.S. A conscious decision was made to sustain the current Instrument Landing Systems (ILS) infrastructure until Satellite Navigation becomes a reality. Although the schedule for the commissioning of WAAS has been delayed, the policy for decommissioning/sustainment is still valid, albeit with slight modifications to coincide with the schedule delay.

The FAA is relying upon WAAS/Local Area Augmentation Systems (LAAS) to satisfy all unmet (current and future) precision approach requirements. Any new requests for precision approaches are being delayed pending the deployment of satellite navigation. Requests for sustainment/replacement are being handled on a case-by-case basis.

GPS RISK ASSESSMENT STUDY

Question. What will the cost and schedule impact be on WAAS and LAAS if the FAA implements all of the recommendations in the Johns Hopkins GPS Risk Assessment Study?

Answer. At this time, the FAA does not have the cost and schedule impact. The FAA is developing an action plan to respond to the recommendations. Additionally, the agency is reconfirming its plans for transition as requested by Congress. This is being accomplished through an updated investment analysis. The results of the investment analysis will be briefed to the FAA management this summer with an expected decision at that time.

Question. What criteria does FAA contemplate for determining which of these identified ILS locations should be implemented first? Congress believes that priority should be given to airports with new runways or runway extension projects, airports that are experiencing air carrier delays and/or safety problems due to lack of precision approach, and airports that are experiencing significant growth which cannot be accommodated without a precision approach. In addition, should airports, which have been waiting for several years (since MLS) for a precision approach, receive consideration?

Answer. The initial criteria to qualify for an instrument landing system are contained in the Airport Planning Standard Number One (APS–1), Terminal Air Navigation Facilities and Air Traffic Control Services. However, based on the plans to transition to WAAS, we have fielded only Category I systems necessary to enhance safety and meet congressional direction.

GPS JAMMING

Question. We have seen reports about recent GPS jamming tests that disrupted the GPS signals along the East Coast recently. Tell us what you know about those tests. How often has the GPS signal been unavailable or unreliable for aviation and other users in the past year? Are you aware of additional tests or periods of GPS unreliability that can be expected this year?

Answer. The Department of Defense (DOD) conducted a large scale Electronic Countermeasures (ECM) exercise on the East Coast during the last week of February 1999. This electronic jamming exercise deliberately interfered with many systems (both government and non-government) including GPS. The DOD conducts this type of testing to ensure their readiness in a national emergency and to determine the necessary equipment fixes to resist that jamming environment.

This late February 1999 exercise is one of many planned and controlled ECM exercises scheduled for 1999. All ECM missions are fully coordinated with FAA and other radio spectrum users.

There were 30 GPS interference tests/exercises coordinated in 1997 and 31 in 1998. Each test/exercise was accomplished over multiple dates. GPS service was interrupted in select and controlled areas for approximately 950 hours during 1998. Every one of the events was fully coordinated. Additionally, the FAA notified all aviators and provided alternate landing and/or navigation aids to support DOD's need to test.

Testing this year is progressing at the same rate as the last two years, and the FAA expects to coordinate approximately 30 tests in 1999.

Question. There are complex questions and uncertainties about the effects of jamming, unintentional interference or ionospheric disturbances on GPS. What will happen if these problems do disrupt GPS navigation and we have to become totally dependent on satellite navigation? What is the estimated price tag for the Federal Government or for users in providing the necessary safety margin against these problems?

Answer. Ionospheric disturbances and radio-frequency interference (RFI) caused by jamming or unintentional interference can impact GPS and augmented GPS services in one of two ways: (1) RFI results in a loss of satellite navigation service in the geographic area where the RFI is present by denying users a sufficient number or quality of GPS signals to provide positioning service and (2) severe ionospheric disturbances can degrade signals (numbers or quality) from satellites in a particular part of the sky to the extent that service availability is reduced (possibly curtailing high-accuracy GPS procedures such as precision approach). Potential solutions to RFI include the implementation of avionics with appropriate levels of immunity and/or the retention of part of the existing ground NAVAID infrastructure. A set of navigation architecture candidates (different combinations of avionics and ground NAVAID investments) that address the RFI issue have been defined by the FAA's GPS Investment Analysis Team. A preferred solution is expected to be recommended in July 1999. Ionospheric disturbances of the GPS signal can be addressed through a combination of forecasts, early detection/warning, and appropriate operational procedures.

Cost estimates for the FAA to provide a secondary or redundant navigation system to be used when the satellite based navigation system is not operational are not available at this time. The FAA is updating its GPS Investment Analysis (IA). This updated GPS IA will include costs necessary to sustain ground-based navigation aids for backup purposes for a minimum of 15 years. The updated GPS IA is expected to be completed in July 1999.

MULTIMODAL RADIONAVIGATION SYSTEMS

Question. We hear from constituents, the General Accounting Office, and the Department of Transportation Inspector General that backup navigation systems are going to be necessary for the foreseeable future because of a full range of complex questions about satellite navigation. Tell us what existing radionavigation systems offer multimodal benefits to various transportation users and beneficiaries, not just aviation users, and which navaids might be most compatible with satellite navigation for backup purposes?

Answer. The global positioning system (GPS) and LORAN–C provide multimodal radionavigation service. Both systems support aviation, marine, and trucking operations, and GPS is beginning to support rail operations. Both systems also provide precise time dissemination to the telecommunications and scientific communities.

Two basic requirements must be met to provide an aviation backup to satellite navigation and landing operations: 1) the pilot must be able to navigate to and hold and circle in the airspace at a specified position, and 2) the pilot must be able to fly at least a nonprecision instrument approach. Holding is the safety valve for regulating demand to assure separation when systems fail. Air traffic controllers can then safely manage aircraft approach and landing operations. The ability to fly a nonprecision approach, either at the intended destination airport or at an alternate airport, is necessary to recover aircraft during instrument meteorological conditions.

The very-high frequency omnidirectional range (VOR), nondirectional beacons (NDB), inertial navigation systems on the aircraft (currently updated from distance measuring equipment), and tactical air navigation systems (TACAN) meet these requirements today. Current LORAN–C avionics can meet only the holding requirement; there are no LORAN–C avionics available today that are approved for instrument approach operations.

INSTRUMENT LANDING SYSTEM (ILS)

Question. The DOT Inspector General has indicated that backup navigation capability should be provided for the next 15 years because it is likely the transition to satellite navigation will not be in place until 2015. We know there is a backlog of unmet requirements for Instrument Landing System (ILS) equipment and in recent years the Committee has provided additional resources to accommodate many of these needs. Because of concerns about the backlog of requirements, the FAA was asked to do a survey and analysis of existing and future needs for ILS equipment. Will you provide us the results of that analysis and a list of all the locations for which the FAA has identified current or future ILS requirements?

Answer. In 1998, the FAA performed a cursory review of all airports using criteria identified in the Airway Planning Standard Number One (APS–1) and Establishment and Discontinuance Criteria for Precision Landing Systems (FAA–APO–83–10). The criteria used established a listing of 120 airport locations that may qualify for runway precision approach capability. The locations are listed in the table that follows:

State	Airport	Region	RWY	Type
TX	Houston (KHOU)	ASW	22	CAT I
LA	Baton Rouge (KBTR)	ASW	31	CAT I
OK	Oklahoma City (KOKC)	ASW	35L	CAT I
TX	Lubbock (KLBB)	ASW	35L	CAT I
AR	Fort Smith (KFSM)	ASW	7	CAT I
TX	Midland (KMAF)	ASW	34L	CAT I
TX	Abilene (KABI)	ASW	17R	CAT I
TX	Corpus Christi (KCRP)	ASW	31	CAT I
TX	El Paso (KELP)	ASW	26L	CAT I
LA	Lafayette (KLFT)	ASW	4R	CAT I
TX	Tyler (KTYP)	ASW	4	CAT I
AK	Anchorage (ANC)	AAL	6L	CAT I
AK	Homer (HOM)	AAL	3	CAT I
NY	New York (JFK)	AEA	22R	CAT II/III
NY	New York (JFK)	AEA	13R	CAT I
NY	New York (LGA)	AEA	22	CAT II/III
NY	New York (LGA)	AEA	13	CAT II/III
NY	Buffalo (BUF)	AEA	14	CAT I
VA	Norfolk (ORF)	AEA	5	CAT II/III
NJ	Newark (EWR)	AEA	22L	CAT II/III
PA	Philadelphia (PHL)	AEA	27R	CAT II/III
NJ	Atlantic City (ACY)	AEA	31	CAT I
PA	Allentown (ABE)	AEA	24	CAT I
VA	Chantilly (IAD)	AEA	19R	CAT II/III
MD	Baltimore (BWI)	AEA	15R	CAT II/III
DC	National (DCA)	AEA	33	CAT I
DE	Wilmington (ILG)	AEA	19	CAT I
NJ	Wildwood (WWD)	AEA	19	CAT I
NY	Syracuse (SYR)	AEA	32	CAT I
PA	Philadelphia (PHL)	AEA	25	CAT I

State	Airport	Region	RWY	Type
PA	Philadelphia (PHL)	AEA	35	CAT I
MA	Martha's Vineyard (MVY)	ANE	6	CAT I
MA	Boston (BOS)	ANE	32	CAT I
CT	Windsor Locks (BDL)	ANE	15	CAT I
WA	Seattle-Sea-Tac (SEA)	ANM	16L	CAT III
WA	Seattle-Sea-Tac (SEA)	ANM	16W	CAT III
MT	Butte (BTM)	ANM	15	CAT I
WA	Seattle-Sea-Tac (SEA)	ANM	34W	CAT I
WA	Seattle-Sea-Tac (SEA)	ANM	16R	CAT I
UT	Salt Lake City (SLC)	ANM	34L	CAT III
CO	Colorado Spring (COS)	ANM	35R	CAT I
CA	Sacramento Int'l (SMF)	AWP	34R	CAT I
CA [1]	Fresno (FAT)	AWP	29R	CAT II/III
NV [1]	Las Vegas—Mccarran Int. (LAS)	AWP	01R	CAT I
NV	Elko Muni—J.C. Harris Field (EKO)	AWP	23	CAT I
CA	Palm Springs Regional (PSP)	AWP	31L	CAT I
CA	Metropolitan Oakland Int'l (OAK)	AWP	27L	CAT I
CA	Buchanan Field (CCR)	AWP	19R	CAT I
CA	Palmdale (PMD)	AWP	4	CAT I
NV [1]	North Las Vegas (VGT)	AWP	12	CAT I
HI	Honolulu Int'l (HNL)	AWP	08R	CAT I
AZ	Mesa—Falcon Field (FFZ)	AWP	04R	CAT I
HI	Kahului (OGG)	AWP	20	CAT I
AZ	Laughlin—Bullhead Int'l (IFP)	AWP	34	CAT I
CA	Hayward Air Terminal (HWD)	AWP	28L	CAT I
CA	Napa County (APC)	AWP	36L	CAT I
CA	Long Beach—Daugherty Field (LGB)	AWP	25R	CAT I
MO	Springfield-Branson Regional (SGF)	ACE	2	CAT II
KS [1]	Hays Muni (HYS)	ACE	34	CAT I
IA	Cedar Rapids/The Eastern Iowa (CID)	ACE	9	CAT II
IA	Dubuque Regional (DBQ)	ACE	36	CAT I
IA	Des Monies Int'l (DSM)	ACE	5	CAT I
IA	Sioux City/Sioux Gateway (SUX)	ACE	31	CAT II
NE	Lincoln Muni (LNK)	ACE	35L	CAT II
FL	Jacksonville Int'l (JAX)	ASO	31	CAT I
NC	Charlotte Douglas Int'l (CLT)	ASO	18W	CAT III
NC	Charlotte Douglas Int'l (CLT)	ASO	36W	CAT III
FL	Orlando-Sanford (SFB)	ASO	27R	CAT I
NC	Charlotte-Douglas Int'l (CLT)	ASO	18R	CAT III
FL	Daytona Beach Reg. (DAB)	ASO	25R	CAT I
FL	Orlando Int'l (MCO)	ASO	18R	CAT III
FL	Orlando-Executive (ORL)	ASO	25	CAT I
GA	Atlanta-Hartsfield Int'l (ATL)	ASO	28	CAT II
GA	Atlanta-Hartsfield Int'l (ATL)	ASO	10	CAT II
FL	Miami Int'l (MIA)	ASO	9R	CAT III
FL	Panama City-Bay Co. (PFN)	ASO	32	CAT I
FL	Kendall-Tamiami Exec. (TMB)	ASO	27L	CAT I
FL	Kissimmee Mun. (ISM)	ASO	33	CAT I
KY	CVG./North KY Int'l. (CVG)	ASO	27	CAT II/III
GA	Savannah Int'l (SAV)	ASO	27	CAT I
FL	Tampa Int'l (TPA)	ASO	36R	CAT I
TN	Knoxville (TYS)	ASO	23L	CAT I
TN	McGhee Tyson (TYS)	ASO	05R	CAT I
FL	Orlando Int'l (MCO)	ASO	18L	CAT I
FL	Orlando Int'l (MCO)	ASO	35R	CAT1
KY	Bowman Field (LOU)	ASO	24	CAT I
NC	Raleigh-Durham Int'l (RDU)	ASO	23L	CAT II/III
FL	Tampa Int'l (TPA)	ASO	18L	CAT III
TN	Nashville, JOHN C. TUNE (JWN)	ASO	19	CAT1
FL	Tampa Int'l (TPA)	ASO	17	CAT I
AL	Birmingham Mun. (BHM)	ASO	5	CAT I
FL	Tampa Int'l (TPA)	ASO	35	CAT III
GA	Valdosta Reg. (VLD)	ASO	17	CAT I
NC	Greensboro/Piedmont Int'l (GSO)	ASO	5N	CAT II/III
FL	Southwest Fla. Reg. (RSW)	ASO	06R	CATI
FL	Southwest Fla. Reg. (RSW)	ASO	24L	CAT I

State	Airport	Region	RWY	Type
FL	Southwest Fla. Reg. (RSW)	ASO	24	CAT I
FL	TAMPA, Vandenberg (X16)	ASO	22	CAT I
FL	Tallahassee (TLH)	ASO	18	CAT I
FL	Tallahassee Reg. (TLH)	ASO	9	CAT I
FL	Pensacola Regional (PNS)	ASO	35	CAT I
MS [1]	Olive Branch (OLV)	ASO	18	CAT I
NC	Greensboro/Piedmont Int'l (GSO)	ASO	23N	CAT I
FL	Ft. Lauderdale-Hollywood (FLL)	ASO	27L	CAT I
FL	Ft. Lauderdale Int'l (FLL)	ASO	09R	CAT I
FL	Ft. Lauderdale-Hollywood (FLL)	ASO	31	CAT I
FL	Ft. Lauderdale Int'l (FLL)	ASO	13	CAT I
MS	Jackson Int'l. (JAN)	ASO	34R	CAT I
MS	Jackson Int'l. (JAN)	ASO	16R	CAT I
FL	ST. PETERSBURG INTL (PIE)	ASO	17L	CAT II
KY	Blue Grass (LEX)	ASO	22L	CAT I
KY	Blue Grass (LEX)	ASO	04R	CAT I
WI	Milwaukee (MKE)	AGL	25R	CAT I
MN	Duluth (DLH)	AGL	9	CAT II
MI	Traverse City (TVC)	AGL	36	CAT I
MI	Flint (FNT)	AGL	36	CAT I
MI	Detroit (DTW)	AGL	4	CAT III
MI	Grand Radips (GRR)	AGL	23R	CAT I
OH	Columbus (CMH)	AGL	10S	CAT I
MN	Minneapolis (MSP)	AGL	17	CAT I

[1] Sites were funded in the fiscal year 1999 appropriations.

LORAN-C

Question. We are aware of a draft report that Booz-Allen & Hamilton (BAH) did in examining the costs and benefits of LORAN. According to that report, users and user organizations expressed virtually unanimous support for continuing LORAN, citing both economic and safety justifications. We also understand the BAH work concluded that LORAN is very cost-effective, accurate, and provides benefits for millions of users, including aviation as well as marine and other users. Doesn't it make sense to continue supporting a proven, multimodal radionavigation system such as LORAN well into the next century, particularly when it is among the least expensive and perhaps one of the best technical complements to GPS?

Answer. The Department of Transportation, the U.S. Coast Guard, and the Federal Aviation Administration are deliberating on the merits of continuing to provide LORAN–C service beyond the currently planned termination date of December 31, 2000. We have not yet reached a decision as to whether or not to extend the life of the system.

Question. When the Secretary testified, he indicated that because of the significant interest by the user community in continuing LORAN and because the value and benefits of providing this technology was apparent, he wanted to work with Congress in continuing to provide LORAN service. Tell us what specific actions the FAA is taking to assure that the LORAN infrastructure is revitalized and LORAN continues to be available well into the next century?

Answer. The Department of Transportation is still considering the merits of extending the service life of LORAN–C. Decisions on specific actions will be considered within the context of any future decision.

WIDE AREA AUGMENTATION SYSTEM (WAAS)

Question. If there are further delays with the WAAS program, does the FAA have a plan in place to deal with the increasing O & M costs of aging ground based navigational systems in the NAS? What is the average age of ILS systems in the NAS, and at what point will these systems become a safety problem if not upgraded or replaced?

Answer. The FAA has a process in place to sustain equipment and systems should further delays with the WAAS program result. NAS infrastructure sustainment meetings were held in February and March of this year to address this particular situation. The ILS system in particular was identified as needing further sustainment. The FAA has a Service Life Extension Program (SLEP) ongoing to upgrade older model ILS's to state-of-the-art technology using solid state components. The SLEP will increase reliability and availability of the equipment.

The average age of ILS systems is between 10 and 15 years old. Current systems are expected to have a useful life of another 5 to 10 years due to modifications under the SLEP.

STANDARD TERMINAL AUTOMATION REPLACEMENT SYSTEM (STARS)

Question. Have all the human factors and related issues on STARS been resolved?

Answer. No, not all of the human factors and related issues have been resolved. We have resolved a significant number of human factors issues through a collaborative effort with NATCA and PASS.

Agreement has been reached on the resolution and disposition of all STARS Early Display Configuration (EDC) human factors issues. Development of solutions to the remaining EDC human factors issues is currently on-going.

We have also proceeded with development of solutions to STARS full service system human factors issues that we know from our experience with EDC human factors issues. In addition, an assessment of other STARS full service system human factors issues is currently ongoing. The assessment and related follow-on activities will be completed this summer. The cost and schedule impacts for implementing human factors solutions to the full service system will be available in the fall of 1999.

Question. Does the FAA have a firm plan and schedule for the implementation of STARS?

Answer. The FAA recently developed an alternate program implementation approach that addresses near-term equipment requirements while STARS software development continues. Under the revised plan, major components and initial deployment schedules are as follows:

STARS:

—Incremental development at two lower level FAA key sites.
—First key site initial operations: first quarter fiscal year 2000.
—Continue deployment of first FAA full service system to Eglin and other DOD sites.
—Eglin full operations: third quarter fiscal year 2000.
—Merge DOD and FAA baselines after FAA full service system (with computer-human interface changes) acceptance Existing Systems.
—Procure ARTS color displays (ACDs) for selected large TRACONs to meet near-term critical needs.
—First site (New York TRACON) initial operations: August 2000.

An assessment of STARS full service system human factors issues is currently ongoing. The assessment and related follow-on activities will be completed this summer. The cost and schedule impacts for implementing human factors solutions to the full service system will be available in the fall of 1999.

Question. Is the implementation of the Early Display Configuration (EDC) timely to solve the operational problems with the displays at Washington Reagan National Airport and the New York and Dallas-Ft. Worth TRACONs?

Answer. Under the FAA's revised program implementation approach, the EDC will not be deployed at the sites identified above. Our revised plan includes deploying ARTS color displays (ACDs) to these three sites beginning in the summer of 2000. The ACDs are being procured because they are readily available, fulfill an urgent need to replace displays, and can be deployed at these sites before the STARS is ready for operations. The EDC will be deployed at two lower level facilities (Syracuse and El Paso) with lower traffic volumes and less complex operations.

Question. Is the "Ollie" system configured to meet all of the air traffic controller "CHI" issues that the STARS system has been (or is anticipated to be) modified to address? If not, then when will those "CHI" elements not currently integrated in "Ollie" be eliminated from the STARS procurement? Conversely, provide a schedule estimate for modifying "Ollie" to meet all the "CHI" concerns addressed in the STARS procurement and provide a cost estimate of doing the software and hardware modifications to "Ollie".

Answer. No, the ARTS color display (ACD) (known as "Ollie") is not configured to meet all of the computer-human interface (CHI) requirements identified for the STARS system. The ACDs are being procured because they are readily available (prior to STARS availability) and fulfill an urgent need for displays at several large TRACONs. The ACDs are functionally equivalent to the existing displays, and controllers are familiar with their operation. Both the controllers and the system specialists (who will maintain the displays) have agreed to accept the displays "as is." Once the ACDs are installed, the FAA does not plan to upgrade them, since STARS will replace them (along with the current automation system). The FAA is not planning to eliminate the CHI modifications from STARS, since the unions have deter-

mined that these changes are required to make the system operationally suitable and acceptable to the FAA work force.

SAFE FLIGHT 21

Question. The Committee is concerned that the Alaskan Capstone program is not currently considered to be part of the Safe Flight 21 program from the budget justification presentation and communications from the FAA. Is this accurate? If it is considered to be part of the program, how much of the Safe Flight budget request is slated for Capstone activities?

Answer. The Alaskan Capstone Program is considered part of Safe Flight 21 and is included in the Safe Flight 21 budget justification. Funding for Alaska Capstone and Ohio Valley was earmarked by Congress in fiscal year 1999. Specifically, Congress provided $11.0 million for the Alaska "Capstone" initiative and $5.0 million for ADS–B prototype testing in the Ohio Valley. However, since both programs have similar goals, their efforts are being merged to leverage the benefits received from each respective budget. The future budget requests satisfy both Alaska Capstone and Ohio Valley initiatives.

In fiscal year 2000, $7.0 million of the $16.0 million budget request for Safe Flight 21 is for Alaska Capstone.

RESEARCH, ENGINEERING AND DEVELOPMENT (R,E&D)

Question. Please provide an aggregate R, E&D appropriated budget level for the past 20 fiscal years.

Answer.

Research, Engineering and Development Appropriation Aggregate R,E&D Appropriated Budget Levels

[In thousands of dollars]

Fiscal year	*Enacted Appropriation Levels*
1999	[1] 150,147
1998	199,183
1997	208,412
1996	185,698
1995	259,192
1994	254,000
1993	230,000
1992	218,135
1991	205,000
1990	170,163
1989	160,000
1988	153,425
1987	141,700
1986	237,050
1985	265,000
1984	263,452
1983	177,755
1982	79,805
1981	105,625
1980	92,508
Total	3,756,250

[1] Includes $147 thousand supplemental for Year 2000 compliance.

THREAT IMAGE PROJECTION

Question. In the December 2, 1998, issue of Aviation Daily, it was reported that Vivid Technologies "unveiled a system that enables security supervisors to evaluate the performance of airport screeners using its explosives detection devices. The Threat Image Projection (TIP) system transmits stored bag images to test an operator between "live' bags generated by a Vivid system screening real passenger baggage." Does the FAA currently undertake any research into systems designed to evaluate or train airport screeners or to evaluate systems developed by industry to do the same? What is the FAA's current thinking on the role such systems have

to play in improving the professionalism and integrity of the integrated aviation security system?

Answer. In fiscal year 1992, when the FAA Aviation Security Human Factors R&D program was first established, a Commerce Business Daily (CBD) announcement was published with functional requirements to industry for the development of TIP for x-rays. In fiscal year 1993, with initial funding for aviation security human factors, the scope of technologies to enhance the screeners' capability to detect improvised explosives devices was expanded by development of Computer Based Training (CBT) for screeners. A second CBD announcement was issued in fiscal year 1994, requiring enhanced TIP and CBT. In fiscal year 1996, the FAA aviation security human factors program provided grants to air carriers to upgrade 283 x-rays with TIP. Some x-ray vendors were successful on new x-rays but were unable to upgrade older x-rays. The FAA has been working with E,G&G Astrophysics, Heimann, Rapiscan, and Vivid Technologies for the development and deployment of TIP on x-ray equipment.

The FAA believes TIP will improve the professionalism and integrity of the integrated aviation security system by providing: on-the-job training capability to have screeners see improvised explosive devices on a more frequent basis and to increase their vigilance; ability to determine individual screener weaknesses and identify remedial training requirements; on-line performance capability for screening company supervisors, air carriers, and FAA to monitor checkpoint performance; and the ability to determine a reasonable expected level of performance for all screeners, nationwide.

EXPLOSIVES DETECTION SYSTEMS

Question. The fiscal year 1999 Emergency Supplemental Appropriations Bill included $24.6 million for acquisition of Threat Image Projection-ready (TIP) airport X-ray equipment to screen carry-on baggage. I understand that the FAA considers TIP technology as an important new system component for maintaining the effectiveness of X-ray system operators. The committee is concerned that despite recent communication from FAA staff showing that these funds will be expended this fiscal year for new TIP equipment, the procurement is moving very slowly and may actually be delayed. Please provide a detailed summary of all activity to date regarding the procurement of TIP-ready systems utilizing the $24.6 million in allocated funds. In addition, please explain the status of the procurement and any changes in process or specifications that may affect the acquisition and the timetable.

Answer. In fiscal year 1998 the x-ray vendors' TIP systems were still under development, and the following tests were performed:

—Initial FAA aviation security laboratory test.
—Operational assessment by air carriers.

Vendors were not ready for acquisition by the SEIPT until April 1999. The SEIPT has the following procurement schedule:

—Screener Information Request (an acquisition tool) issued and initial vendors information meeting held April 5.
—FAA laboratory test of TIP systems, the week of April 19.
—Lease 10 units from each successful vendor in May for airport testing.
—FAA Screener Assist Technology laboratory test, the week of June 14.
—Award contract(s) by June 30.
—Deploy x-rays July-September at all Category-X airports.

AIRCRAFT INSULATION

Question. Please summarize the nature and funding level of research into the flammability of aircraft insulation over the past 10 fiscal years. In addition, please provide the budget request level for these activities for fiscal years 1996–2000.

Answer. Research into the flammability of aircraft insulation has been related to improvements in postcrash fuel fire burnthrough resistance and improvements in resistance to in-flight fire ignition and flame spread. A summary of activities follows:

Full-scale test re-creation of the Air Tours 737 accident in Manchester, England.—Corroborated early burnthrough time (1 minute) determined by accident investigators and mapped out fire hazard spread with time and distance in the cabin. Final report published. 1990.

Evaluation of improved insulation materials to delay postcrash fuel fire burnthrough.—A full-scale test rig married to a 707-fuselage section was designed and built for the evaluation of improved insulation blankets under full-scale fuel fire conditions. Twenty-eight tests were conducted. It was shown that either improvements in current insulation blankets or insulation blanket replacement materials

could extend the burnthrough time for 5 or more minutes as compared to current materials, which allow burnthrough in approximately 1.5 minutes. Final report published. 1994–1997.

Standardization of industry fire test method.—A round robin study involving eight laboratories compared insulation film bagging materials with the current FAA test requirement and a test method employed by Boeing (small flame ignition resistance). It was shown that metallized Mylar usually passed the FAA standard but always failed the industry test, which was subsequently standardized. Final report published. 1996–1997.

Small-scale fire test method and criteria for insulation blanket burnthrough resistance.—A test method and criteria was developed into a standard and various materials were evaluated. 1998–1999.

Burnthrough resistance benefits during a postcrash fire.—World-wide aircraft accidents over the past 20 years were analyzed to determine the benefit of insulation blanket burnthrough barriers. On the average it was determined that approximately six lives could be saved per year. Final report drafted. 1998–1999.

Small-scale fire test method and criteria for insulation blanket in-flight fire resistance.—Small, intermediate and full-scale tests are being conducted to develop test criteria for insulation blankets against in-flight fire. 1999.

Funding levels.—

[In thousands of dollars]

Fiscal year	*Budget request*
1990	425
1991	.....
1992	.....
1993	.....
1994	375
1995	350
1996	425
1997	175
1998	175
1999	[1] 1,000
2000	.....

[1] In order to respond timely to issues resulting from the Swiss Air accident, $450,000 was redirected from other aircraft safety budget line items. This work is expected to conclude in fiscal year 1999.

COORDINATED FAA/NASA RESEARCH EFFORTS

Question. Please provide a description of the nature of the coordinated research efforts between the FAA and the NASA and the rationale for what type of research activities are more appropriately funded in the NASA budget, the FAA budget, or both.

Answer. FAA and NASA coordinated research is focused in the areas of aviation safety, aviation efficiency and aviation environmental compatibility. Major emphasis areas of the joint aviation safety research are accident precursor identification, safety risk management, accident prevention, and mitigation of consequences. Significant collaborative research efforts in the area of aviation efficiency are the definition and evolution of the National Airspace System (NAS) architecture, development of prototype systems as first steps in implementing new technology into the nation's aviation system, and determining how to improve the effectiveness of the critical human centered components of the future global aviation system. In the area of environmental compatibility research, FAA and NASA research efforts are combining to better assess and develop safe and affordable technology options for reducing aircraft noise and emissions while allowing a sustained growth of aviation.

NASA research efforts deal with the development of new breakthrough technologies and the exploration of revolutionary new aviation system operational concepts. FAA research is more linked with the near term application of technology and science for immediate use in its modernization and regulatory programs. Both FAA and NASA budgets must support their parts of the joint research. NASA, to be effective in its far term efforts, must be familiar with the present day operation of the NAS. In the area of NAS efficiency, the new technology and concepts developed by NASA have to be matured and validated sufficiently to allow easy handoff to the FAA for implementation within the NAS. Similarly, FAA must be adequately funded to allow its participation in the evaluation of the NASA conceptual research products and to reap the benefits of its own near term applied research programs in air-

space redesign; operational concept evolution; airport capacity studies; and communications, navigation, surveillance, and automation system design.

NASA's enabling legislation directs that agency to maintain U.S. leadership in aeronautical science and technology. In most environmental compatibility considerations, that results in NASA being provided the major resources for research and development activities. However, because the FAA, as an operational agency, is generally more sensitive to environmental needs, we are often able to provide practical advice in establishing related goals and programs.

Therefore, FAA environmental research activities have recently emphasized assessment capability (e.g., computer simulation of technology application in fleet operation) and improving techniques for certification of engines and aircraft to noise and emissions regulatory standards.

WAAS PROGRAM SUMMARY

Question. Since the Johns Hopkins Report on GPS interference was issued, a number of respected people in industry and the scientific community feel strongly that the report glossed over the issues related to solar interference. With solar maximum set to occur within the next couple of years, there is concern about how little is actually known about predicting the severity and timing of solar events. Given the FAA's desire to move toward the use of GPS as a sole source of navigation information, what R&D is FAA conducting to be able to assure the public that it has a clear understanding of how to forecast solar events affecting satellite communications that could compromise the safety of aircraft using GPS?

Answer. The FAA has an R&D Ionospheric Working Group (IWG) consisting of experienced personnel from the FAA, Stanford University, Jet Propulsion Laboratory, Raytheon, Zeta, ISI, and MITRE's Center for Advanced Aviation System Development. Through analysis of extensive data gathered worldwide over the last decade, the group believes it has a solid understanding of the ionospheric signal delay phenomenon, as well as spatial and temporal delay gradients observed at the peak of a solar cycle, and the potential impacts on GPS and Wide Area Augmentation System service. The IWG feels comfortable that operations in the continental United States should be minimally impacted by the behavior of the ionosphere. Operations in Alaska and Hawaii (polar and equatorial regions, respectively) could be impacted to a larger extent, but the resultant service will still be safe and represent a significant performance improvement over current service.

WEATHER RESEARCH

Question. United Airlines has advocated improved satellite-based now casting of oceanic routes since their fatal turbulence encounter on the route from Japan to Hawaii. At recent meetings of oceanic working groups, other major airlines flying between the U.S. and the South Pacific also stated concerns about turbulence, particularly when crossing the inter-tropical convergence zone. Given the airlines' level of concern about turbulence encounters in oceanic areas (often related to convection), is the FAA adequately funding research efforts specifically targeted at improving forecasting of oceanic hazards to air carriers?

Answer. The FAA's Aviation Weather Research Program (AWRP) is primarily focused on applications such as inflight icing, improved forecast models, ground deicing, convective weather, and turbulence over the continental U.S. Much of the turbulence research being conducted, while not specific to the forecasting of oceanic hazards, does have application to this area. However, the AWRP's Turbulence Product Development Team recently participated in the National Oceanic and Atmospheric (NOAA) Winter Storms Reconnaissance Program. During this field program, AWRP dropsondes (instrumentation dropped out of an aircraft used to relay information) were released over the Pacific Ocean to measure very detailed profiles of temperature and wind, with fine-scale structures suggestive of turbulence. This information will be a step in pinpointing locations of turbulence in systems of jet/upper fronts and in convection ahead of the front.

Question. Ever since the United 737 accident in Colorado Springs, experts have been divided over the extent to which terrain-induced turbulence may have been involved. The NTSB recommended that the FAA study this problem. FAA conducted a small data-gathering program in Colorado Springs. Once the data was gathered, little effort was made to analyze the data. In Juneau, after several near crashes of large transport aircraft, the FAA nearly shut down air transport into and out of Juneau for a large number of winter days. Local and state political leaders from Alaska prevailed on Congress to have FAA consider other less draconian solutions and to embark on a program to develop a safety system to keep the airport open and provide alerts when unsafe terrain-induced turbulence conditions exist. However,

terrain-induced turbulence is reportedly also an on-going problem at a number of other airports including Colorado Springs, Anchorage, Reno, Dutch Harbor, Ontario, Orange County, El Paso, Albuquerque, not to mention airports overseas situated near mountains. Enroute and approach flying near mountains is twice as dangerous as flatland flying, in large part because of terrain-induced turbulence. Yet the FAA has no national program to understand the problem of terrain-induced turbulence in the terminal and enroute airspace. What do the FAA, NTSB, and NASA safety databases suggest about the frequency of or suspicion of terrain-induced accidents in the U.S. and worldwide? What are the pros and cons of using the knowledge and experience from the Juneau program to launch a concerted national safety research and alerting program to mitigate the risk of accidents caused by terrain-induced turbulence in terminal and enroute airspace?

Answer. The FAA, NTSB, and NASA safety databases indicate on average about eight accidents per year, in the U.S., since 1978, due to possible terrain-induced turbulence, with the only fatalities resulting from the United 737 accident in Colorado Springs and an unscheduled Part 135 in Albuquerque with one fatality.

We continue to analyze the feasibility of developing and deploying an operational terrain-induced turbulence warning system based on the results of the Juneau program. We will use the knowledge and experience gained to launch a national terrain-induced research and alerting program. From a broad perspective, the research and development process (installation of research sensors, research field program with aircraft, analysis of data, and development of warning algorithms) undertaken in Juneau may have applicability to other airports. However, each airport has its own specific terrain-induced turbulence anomalies due to its individual topography. The possible solution at each airport will result in site specific hardware and software implementations; i.e., the solution at one airport will not be identical to the solution at another airport.

Question. Ceiling and Visibility. This hazard continues to be the second largest cause of weather-related accidents. Research funded to date in ceiling and visibility has been a very targeted effort to solve the problem of forecasting of marine stratus in San Francisco. Although useful in terms of improving capacity at San Francisco, this effort will do little to improve the national safety statistics. The primary safety gains are to be made in the General Aviation community through improved ceiling and visibility forecasting at smaller airports and in the enroute airspace. Given the FAA's stated goal of reducing the fatal accident rate by 80 percent, please describe what would be involved to fund and establish a program to address improvement in forecasting ceiling and visibility? How would forecasts be communicated to pilots? How could changes to forecasts be communicated to pilots?

Answer. The lessons learned, processes, and techniques from the San Francisco research effort would be utilized in establishing a "national" ceiling and visibility program. The ceiling and visibility problem is complex as there are actually three major classes of ceiling and visibility (C&V): C&V associated with marine stratus on the west coast; C&V with winter storms impacting the east, upper midwest, and northwest; and C&V associated with radiation fog which is primarily a general aviation safety hazard.

A national ceiling and visibility program would apply technologies developed during the San Francisco effort to improve the accuracy of these three classes of forecasts which could be operationally generated at the Aviation Weather Center. The forecasts and changes to the forecasts will then be available/communicated to the pilots via the internet, flight service stations, and datalink

Question. Please provide a table that presents the detailed composition of the aviation weather R&D budgets for fiscal year 1998, fiscal year 1999, and fiscal year 2000 on a comparable basis. The detail should show Socrates, national laboratory funding, program emphasis areas, program support, cost-benefit analysis support, in-house Civil Service costs, and similar levels of detail.

Answer.

	Fiscal year		
	1998 Enacted	1999 Enacted	2000 President's budget
Appropriation/Request	$18,000,000	$18,684,000	$15,765,000
In-House	800,000	848,000	665,000
Juneau Project	3,500,000	[1] 3,600,000	3,100,000
Center for Wind, Ice & Fog	500,000	336,550	250,000
Project SOCRATES	3,000,000	3,000,000	.....

	Fiscal year		
	1998 Enacted	1999 Enacted	2000 President's budget
National Laboratory Funding	8,838,510	9,621,923	10,300,000
Infrastructure:			
Program Office Support	772,990	716,072	900,000
Tech Center Support	400,000	325,000	325,000
Cost Benefit Analysis	188,500	236,455	225,000

[1] Facilities & Equipment appropriation.

WEATHER RESEARCH

Question. By program subcomponent, what was the Weather Research program office's original request for aviation weather R&D at the outset of the fiscal year 2000 budget formulation process? Which program areas have suffered as a result of reductions during the budget process?

Answer.

Aviation Weather Research—Program Office's Original Fiscal Year 2000 Request

Original Program Office Request	$22,900,000
In-House	665,000
Juneau Project	3,100,000
Center for Wind, Ice & Fog	250,000
Project SOCRATES	
National Laboratory Funding (Core Program)	11,460,000
Infrastructure:	
Program Office Support	900,000
Tech Center Support	375,000
Cost Benefit Analysis	450,000
Currently Unfunded Research Areas	5,700,000

Question. What additional accomplishments could be achieved in fiscal year 2000 if the program were funded at the program office's original request?

Answer. The final budget level sufficiently funds the appropriate mix of programs to support fiscal year 2000 objectives.

Question. A number of the products of the Aviation Weather Research Program are used by the NEXRAD, ITWS, and WARP to integrate new concepts into fielded systems used by air traffic controllers and meteorologists. Have there been any funding-related delays associated with the hardening and deployment of weather product software in these NAS programs? Provide a list of the weather software applications handed off from the Aviation Weather Research program to NEXRAD, ITWS and WARP, along with a timetable and status of their implementation.

Answer. Funding constraints in the National Weather Service budget have contributed to delays in implementing NEXRAD weather product software applications. Specifically, implementation of the digital velocity product (which is needed for ITWS) has been delayed until 2002. In addition, reductions to the National Weather Service budget will result in delays to the next upgrade to NEXRAD. This will affect the digital velocity product as well as several other new FAA capabilities, which would be ready for implementation.

Neither the ITWS nor the WARP program has completed its initial deployment (other than an interim "phase zero" WARP system). Therefore, there has not been an opportunity to integrate new technology from the Aviation Weather Research Program. Software applications are not handed off to NEXRAD, ITWS, and WARP until those systems are ready to receive them, thus there are no handed-off applications to list.

HELENA REGIONAL AIRPORT

Question. What is the status of the Helena Regional Airport request for taxiway construction improvements and planning and design funding to correct the line-of-sight problems at the Helena Regional Airport?

Answer. The airport's request to construct taxiways is included as part of a total project development to rehabilitate the runway and correct the line-of-sight problem. The airport is directing the majority of their resources towards this effort. The FAA allocated over $1 million in AIP funding in fiscal year 1999 to construct taxiways necessary for aircraft access to the main runway. It is anticipated that this work

will be accomplished within the next six months. The additional work to correct the line-of-sight problem is contingent upon AIP reauthorization being extended through fiscal year 1999.

In order for the line-of-sight problem to be corrected, the main runway will have to be closed for approximately two months. The closure schedule has been coordinated with the air carriers currently serving the airport to identify the optimum time to begin the work while reducing any operational impacts. The agreed upon optimum start date between the airport and air carriers is May 2000. The airport is requesting approximately $4.5 million in AIP funding to complete this project.

CONCORD REGIONAL AIRPORT

Question. Concord Regional Airport serves the Concord, North Carolina area and was constructed as a reliever facility for Charlotte-Douglas International Airport. It was designated in the fiscal year 1999 appropriations bill for priority consideration. In addition, Concord Regional Airport base customers rose from 140 to 185 in the past year, the City of Concord has spent almost $17 million in the past 5 years on improving the airport facilities (including a new terminal and air traffic control tower), flight operations have increased from 25,000 in 1996 to an anticipated 60,000 this year, the new operations are more complex because they included a higher percentage of jets and turboprops, and an increasing number of the airport's customers are an indication that the airport runway may be unsafe for their larger aircraft in damp conditions. The airport has identified several projects that qualify for AIP funding: completion of the runway protection zone; a 1,500 foot extension of the 5,500 foot runway and taxi lanes; safety improvements to an access road; and land acquisition to the east and west of the runway. What is the status of fiscal year 1999 discretionary funding for these safety projects at the Concord Regional Airport?

Answer. The State of North Carolina under the Block Grant Program administers the AIP for this location. The FAA's AIP Airports Capital Improvement Plan (ACIP) for North Carolina general aviation airports is developed primarily from information generated and provided by the state aviation officials. State aviation officials have indicated that the airport has expressed much interest in extending the runway, which includes both the runway protection zone and east west land acquisition. The total project development is estimated to cost approximately $20 million. At this stage, the airport is in the early steps of preparing environmental documentation. State aviation officials are working closely with the airport in this process. If a successful environmental determination is provided, the project will be considered by the FAA in fiscal year 2000 for AIP discretionary funds.

MAX WESTHEIMER AIRPORT

Question. Please provide a summary of the legal issues regarding the use of the ancillary property of the Max Westheimer Airport in Norman, Oklahoma, and please contact the subcommittee staff to provide a briefing on what encumbrances lie against the non-operational property attendant to the airport (i.e., the Swearingen Research Park and Employment Center). The Committee's understanding is that this general aviation airport and the property adjacent to the airport could be put to better research and other activities that would benefit all aviation users and activities if the land could be conveyed in accordance with the University's development plan. Assuming the proposed conveyances do not decrease the air traffic service to the existing airport, is the Committee correct in the conclusion that the FAA would facilitate the conveyances in accord with the University's proposal?

Answer. The Max Westheimer Airport is owned and operated by the University of Oklahoma at Norman, Oklahoma. Along the western boundary of the airport property is an area of about 200 acres that the May 29, 1996 airport layout plan designates as a future employment center, part of which is planned for aeronautical use, and part for nonaeronautical use. On the southeast corner of the airport is a triangular area of approximately 100 acres referred to as the "Swearingen Research Park", although this designation does not appear on the 1986 airport master plan or the 1996 airport layout plan. Apparently there are pending development proposals relating to both areas. However, FAA has received only preliminary conceptual information regarding these proposals.

The United States Government conveyed airport property to the University of Oklahoma in a series of six conveyances executed in the period 1948 through 1958. These conveyances impose various conditions on the use, sale, and lease of the property conveyed, depending primarily on the applicable statutory requirements in effect at the time of conveyance. To ascertain the specific legal issues applicable to any proposed sale or lease airport property, it will be necessary to review the par-

ticular conveyance applicable to the parcel involved. Generally speaking, whether or not a proposed conveyance would decrease air traffic service to the existing airport is not necessarily determinative of whether FAA would approve the proposed conveyance.

The FAA Arkansas/Oklahoma Airport Development Office in Fort Worth, Texas, is available to provide guidance to the University of Oklahoma to ensure that the University's proposals comply with its obligations to the Federal Government as a public airport owner and sponsor.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

NEWARK ARRIVAL OPTIMIZATION—PRM/LDA

Question. In the last quarterly report on the Newark Delay Reduction Initiatives, FAA advised that work had begun on the procedures for the LDA and Precision Runway Monitor (PRM). Where will the PRM for Newark come from ? Will it come from your existing inventory ?

Answer. Work has begun on Simultaneous Offset Instrument Approach (SOIA)/ Precision Runway Monitor (PRM) issues. Limited funding is available to study the feasibility of SOIA/PRM for Newark.

The next step will be to simulate SOIA/PRM procedures to determine optimal system effectiveness. Once this work is completed, the results will drive the next phase, which could include extensive airspace remodeling.

The PRM for Newark will not come from the existing inventory. A determination to place a system at Newark, will necessitate a new procurement.

Question. If not, when? In other words, in what budget does FAA expect to be requesting funds for procurement and precisely when will the equipment be available and commissioned?

Answer. Preliminary work has begun on modeling procedures. Planning, simulation, and coordination efforts are expected to be complete in summer 2000. Depending on the outcome of the analysis, the FAA would determine the appropriate method for identifying a PRM system for Newark.

Question. Does the FAA have ILS's available for installation as LDA's?

Answer. There are currently no spare Instrument Landing Systems (ILS) available for use as Localizer Directional Aids (LDA). All ILS systems procured have been delivered and have specific site locations assigned to them. There are contract options to procure additional ILSs; however we have not requested funding for this project.

DEPARTURE SPACING PROGRAM

Question. The Departure Spacing Program initiative has been realigned under the Free Flight Phase 1 Program Office, and funded through fiscal year 1999. Funding will be required in fiscal year 2000 to sustain the program, to develop enhancements such as true two-way interface, and to install additional equipment at Teterboro, White Plains, New York Center, and the Air Traffic Control System Command Center. What portion of the Free Flight Phase 1 funding in the fiscal year 2000 budget is allocated to DSP sustainment and expansion?

Answer. The Free Flight Phase 1 Program Office has allocated $2.5 million for DSP sustainment in fiscal year 2000. Development and implementation of the two-way interface is nearing completion. No funds are allocated for enhancements or expansion to other locations pending future validated requirements.

Question. Is this amount adequate to bring about each of the activities cited above? Precisely how much is budgeted for each activity?

Answer. The Free Flight Phase 1 Program Office will provide $2.5 million for DSP sustainment requirements in fiscal year 2000. We have not requested funding for enhancement or expansion activities.

Question. If there is no amount currently budgeted, how much would be required to accomplish these tasks?

Answer. We estimate that $2.5 million is required in fiscal year 2000 for DSP sustainment. Further expansion costs will depend on future validated requirements.

AIRSPACE REDESIGN

Question. Preliminary program milestones have been established for both the national and NY/NJ Metropolitan Airspace Redesign projects. Precisely what level of funding is needed to achieve these milestones in fiscal year 2000 and beyond? Are these funds included in their entirety in your fiscal year 2000 budget request?

Answer. The fiscal year 2000 budget includes an increase of $6,622,000 over a base of $3,000,000 in the Operations appropriation. Additionally, with the increased redesign analysis required to support early Free Flight Phase I capability deployment, we have requested $3,000,000 in the Facilities and Equipment appropriation to support further National Airspace Lab development. The Lab provides all of the data and the majority of the actual airspace analyses to support the focus leadership teams conducting the National Airspace Redesign.

The airspace redesign for the entire country will be accomplished over a 7 to 9 year period. We anticipate the New Jersey and New York Metropolitan area to take approximately 5 years. Future year budgets will be worked to ensure sufficient levels of funding.

Question. Precisely what level of funding is requested in each relevant FAA account for the national redesign project and the NY/NJ Metropolitan Airspace Redesign project? Please display by project and account.

Answer. Airspace redesign activities center on the various air route traffic control centers and high-traffic airports that make up the traffic flows that affect the New Jersey and New York metropolitan area. Facility and regional collaborative teams meet on a regular basis to discuss airspace issues and redesign initiatives. Proposals will be modeled for operational and environmental feasibility. A systematic approach is vital to the success of the National Airspace Redesign. Funding for the New Jersey and New York metropolitan area redesign efforts support this systematic approach. Of the $9,622,000 request, $6,622,000 is directly in support of the New Jersey and New York airspace efforts. The general funding profile for the overall National Airspace Redesign project is as follows:

[In millions of dollars]

	Purpose
Travel and overtime for the Eastern Region Focus Leadership Team meetings supporting the National Airspace Redesign with specific focus on the New Jersey and New York metro area	1.5
Travel and overtime for New England, Southern and Great Lakes region to support New Jersey and New York flows and National Redesign	1.8
Environmental scoping, public meetings, draft Environmental Impact Statement for New Jersey and New York	3.0
Contractor support, equipment, and training for the Eastern Region	.3
Expansion of National Airspace Redesign activities to Western Pacific, Northwest Mountain, Central, Southwest and Alaska Regions	3.0
Total fiscal year 2000 request	9.6

The FAA is also requesting $3.0 million in Facilities and Equipment funding to support the National Airspace Lab. The Lab provides all the data and the majority of the actual airspace analysis to support the New Jersey and New York Airspace Redesign. The F&E request is for full-scale development of the Airspace Management Laboratory only, no airspace redesign labor. Full Time equivalent estimates include FAA required Laboratory staff to provide data and perform analyses in support of most nav/landing and automation IPT's. These will be air traffic operations data and studies of the impact of alternative deployments and configurations on air traffic driven by airspace design and environmental parameters contributing to the definition and acceptance of new system relocation, and replacement requirements leading to the best performance, deployment, and quantities of systems to be ultimately accepted under the NAS redesign program.

Question. What portion of this funding request is allocated specifically for the NJ/NY Metropolitan Airspace Redesign project?

Answer. The initial National Airspace Redesign encompasses a triangular area from New Jersey, New York and Boston, west to Chicago, south to Miami, back to New Jersey, New York and Boston. The operations funding request fiscal year 2000 is an increase of $6,622,000 over a base of $3,000,000 for a total of $9,622,000. Analyses of trunk flows from other areas of the country are vital to the success of the New Jersey and New York airspace redesign efforts. Funding for the National Airspace Redesign supports a systematic approach under which the New Jersey and New York Metropolitan area is being redesigned. $6,622,000 of the $9,622,000 million request is directly in support of the New Jersey and New York airspace efforts. The remaining funding covers areas outside, yet affected by the character of the New York Traffic, and is the next incremental step in this National redesign process. The general funding profile is as follows:

[In millions of dollars]

	Purpose
Travel and overtime for the Eastern Region Focus Leadership Team meetings supporting the National Airspace Redesign with specific focus on the New Jersey and New York metro area	1.5
Travel and overtime for New England, Southern and Great Lakes region to support New Jersey and New York flows and National Redesign	1.8
Environmental scoping, public meetings, draft Environmental Impact Statement for New Jersey and New York	3.0
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Expansion of National Airspace Redesign activities to Western Pacific, Northwest Mountain, Central, Southwest and Alaska Regions	3.0
Total fiscal year 2000 request	9.6

The FAA is also requesting $3.0 million in Facilities and Equipment funding to support the National Airspace Lab. The Lab provides all the data and the majority of the actual airspace analysis to support the New Jersey and New York redesign.

GLOBAL IMPLEMENTATION OF SAFETY IMPROVEMENTS

Question. Airline operations based outside North America and Europe have two-thirds of the airline accidents but have only one-fourth of the world's flights. They have the same type of airplanes in with a much higher rate of accidents because the investment in operations and infrastructure in these aviation systems is not balanced with safety improvements incorporated into the airplane. Therefore, we need to focus our international programs to address operations and infrastructure.

As an example, the highest number of fatalities in commercial aviation accidents is attributed to Controlled Flight into Terrain (CFIT). Worldwide implementation of EGPWS (Enhanced Ground Proximity Warning Systems) into the in-service fleet of airplanes is expected to significantly reduce CFIT accidents.

U.S. airlines have agreed to incorporate this advanced technology into their entire fleets; the FAA is making this a requirement for all U.S. operators. Boeing and Airbus are incorporating this advanced technology into their on-going production aircraft. However, in the last ten years all but one of the world's CFIT accidents involving commercial jet transports has occurred outside the United States.

How can Congress help the FAA to ensure worldwide implementation of this and other significant safety enhancements?

Answer. The Federal Aviation Administration (FAA) has long been a proponent of global implementation of any significant safety improvements, most often through the aegis of the International Civil Aviation Organization (ICAO). As a major recent example of such an initiative, FAA has been a vigorous supporter of ICAO's Global Aviation Safety Plan (GASP), an ICAO effort launched in 1997 following the large number of aviation accidents which occurred in 1996. The aims of this plan are threefold: (1) achieve a significant decrease in the world-wide accident rate, (2) enhance the identification of shortcomings and deficiencies in the air navigation field and assist States to achieve a significant degree of improvement, and (3) increase and improve ICAO's own capability to compile, assess, and disseminate safety-related information. ICAO's multifaceted program to achieve these goals include initiatives such as the ICAO CFIT prevention program (including the introduction of predictive terrain hazard warning systems such as EGPWS and minimum safe altitude warning systems), increased emphasis on accident/incident analysis based on ICAO's Accident/Incident (ADREP) System, airborne collision avoidance system (ACAS) equipage requirements, and the new ICAO Universal Safety Oversight Audit Program.

FAA also uses other international forums to promote safety improvements. Last fall, for example, FAA launched its new Air Transportation Oversight System (ATOS) with its initial application to ten major U.S. carriers. At several recent regional meetings overseas, FAA has made formal presentations on ATOS to explain the philosophy and procedures for this new data-driven method of air carrier oversight.

FAA LEADERSHIP IN AVIATION SAFETY

Question. The demand for FAA aid from foreign countries is exceeding the supply of qualified specialists. Thus, the FAA cannot fully support important programs that help foreign authorities become self-sufficient and will lead to improved safety of the world aviation system. This increasing demand for FAA resources has come from the recognition that many countries' aviation infrastructure does not meet the mini-

mum ICAO standards. How can Congress help the FAA maintain its leadership role in aviation safety?

Answer. As mentioned before, ICAO has recently launched its new Universal Safety Oversight Audit Program, a program which can result in the identification of safety oversight deficiencies in ICAO Contracting States. In such scenarios, ICAO makes available the follow-on services of its Technical Cooperation Bureau (TCB) to assist States in developing and implementing action plans to address any identified deficiencies. The TCB has many years of experience in planning and executing technical assistance projects, both on bilateral and multilateral bases and, through a register it maintains, has access to many well-qualified technical experts and consulting firms. FAA encourages other authorities to take advantage of such ICAO services, along with those which can be provided by independent consultants and consulting firms, to address any shortcomings.

FAA has found other ways to provide important assistance, usually on a more efficient multilateral basis. For example, FAA is now nearing completion of a model law and regulations which it will make available to ICAO and other authorities. In conjunction with ICAO's TRAINAIR program, FAA is now collaborating with ICAO on developing related inspector training courses. FAA has also been an important participant, both in providing its technical expertise and making financial contributions, in regional ICAO TCB safety oversight improvement projects in South America and Asia. Although not an assistance initiative per se, but as a further example of its leadership role, FAA has, on a long-standing basis, worked with other authorities (particularly the European Joint Aviation Authorities) in the continuing development and refinement of harmonized regulations in the areas of personnel licensing, operations, aircraft maintenance, and aircraft certification.

NEW POLICY PROPOSALS

Question. As countries share in the economic benefits associated with aviation, their civil aviation authorities need to take greater responsibility for providing oversight within their own country. However, these civil authorities need assistance from the FAA in the near term to develop their own aviation infrastructure. In addition to the FAA's participation in international programs, what other U.S. government policies are needed to ensure that other countries assume their regulatory responsibilities?

Answer. FAA agrees that other authorities need to satisfy their obligations which their governments' accepted when they became signatories to the Convention on International Civil Aviation (commonly known as the Chicago Convention) and its annexes. In the context of the FAA's own International Aviation Safety Assessment (IASA) Program, present policy is adequate in that the FAA already takes action to determine if other authorities are in compliance with their ICAO obligations and, when non-compliance is determined, imposes "penalties" on the foreign carriers licensed by these non-compliant authorities which serve, or seek to serve, the United States. As the new ICAO Universal Safety Oversight Audit Program is expanded to other areas in the coming years (e.g. accident investigation, air traffic services, and airports), related U.S. policymaking may be necessary.

Question. Safety indicators such as accident rates are the same for U.S. and Europe—both systems have equivalent safety, but different safety regulations. However, manufacturers have had to meet both sets of regulations and demonstrate regulatory compliance to both agencies at considerable cost and no additional safety benefit.

In an effort to reduce cost and improve efficiency, the FAA, JAA and industry established a regulatory harmonization program. This harmonization project has taken much longer and proven more difficult than originally envisioned. If safety is to be improved in the shortest time frame, it is important for the FAA, JAA, and ICAO to collaborate on a coordinated strategy to develop and implement international high-level safety performance requirements. The safety indicators show that the high leverage safety requirements are in airline operations and infrastructure.

What agreements do you believe are needed between the U.S. and Europe to recognize the equivalent level of safety amongst their aviation systems? And as a follow on, what agreements are needed for the U.S. and Europe to jointly promulgate these safety requirements throughout the world?

Answer. In effort to recognize the equivalent level of safety already inherent in our standards, the FAA and European Joint Aviation Authorities (JAA) jointly developed the Harmonization Work Program (HWP) creating a structure and formal procedure for the harmonization of safety regulations.

In the area of aircraft certification, the main goal of the harmonization effort is to provide a process whereby applicants could comply with one accepted standard, and avoid having to prove that each product met different, but parallel standards in each country where the product would be sold. This process is designed to promote standardization and ensure that problems of multiple interpretation of standards are minimized. Both the FAA and JAA are committed to this harmonization effort.

Because most transport airplanes operated throughout the world are built and certificated in the U.S. and Europe, our safety requirements are inherently promulgated throughout the world with regard to design requirements.

Products manufactured in Canada and Brazil meet both FAR and JAR requirements, further demonstrating a single, worldwide type design standard.

The FAA and JAA have efforts underway to harmonize operating regulations as well as maintenance regulations. While these efforts are not as mature as the effort on aircraft design and manufacturers, they are intended to result in a safety standard that is acceptable in both the U.S. and Europe.

SUBCOMMITTEE RECESS

Senator SHELBY. Ms. Garvey, we appreciate your appearing here today. We appreciate your patience and, moreover, your candor. The hearing is now recessed.

The Subcommittee on Transportation-Related Agencies will reconvene on Thursday, March 25, at 10 a.m., here in Dirksen, 124. The hearing topic is the U.S. Coast Guard's fiscal year 2000 budget request and other operational issues. Admiral Loy, the Coast Guard commandant, will testify at that hearing.

Thank you for coming. The subcommittee is recessed.

[Whereupon, at 3:21 p.m., Tuesday, March 23, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 25.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2000

THURSDAY, MARCH 25, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:05 a.m., in room SD–124, Dirksen Senate Office Building, Hon. C. Richard Shelby (chairman) presiding.

Present: Senators Shelby, Stevens, and Lautenberg.

COAST GUARD BUDGET AND PROGRAMS

DEPARTMENT OF TRANSPORTATION

U.S. COAST GUARD

STATEMENT OF ADMIRAL JAMES M. LOY, COMMANDANT

OPENING STATEMENT OF RICHARD SHELBY

Senator SHELBY. We meet today to consider the Administration's fiscal year 2000 budget request for the United States Coast Guard.

I would like to welcome Admiral James Loy, the Commandant of the Coast Guard here again today. The Coast Guard has not appeared before the subcommittee in a while, so I am especially interested in discussing the budgetary and operational issues facing the Coast Guard with you.

I have a statement to insert in the record, which will save some time and I would like to begin with just a few brief observations.

I believe it is illustrative to place the Coast Guard budget in a broader perspective. If the AIR–21 bill follows in the tradition of TEA–21 and establishes new budgetary firewalls for aviation accounts, the FAA's budget would not only be fenced, but also would consume much of the Department of Transportation's general revenue funding.

Assuming we adhere to the budget caps, this also means there would not be any room to fund the Coast Guard. I am concerned about how the Coast Guard will continue to maintain the quality and ready forces that you have today.

The ever escalating number of operations is beginning to take its toll. With every new deployment or additional functional assignment, we are burning out Coast Guard service men and women

and their families, just as much as we are wearing out the ships, aircraft and equipment they operate.

The Coast Guard has many other challenges to face this year such as affording the Deepwater Project procurement, recruiting and retaining high-quality people in the thriving economy, making up the shortfall in the likely event that the navigational user fee is not enacted and balancing their limited resources between the varied and disparate missions.

Again, Admiral I will look forward to your testimony and to the discussion of these pertinent issues. And as I said my complete statement will be made part of the record without objection.

[The statement follows:]

PREPARED STATEMENT OF RICHARD C. SHELBY

Good Morning. The subcommittee will come to order. We meet today to consider the Administration's fiscal year 2000 budget request for the United States Coast Guard. I would like to welcome Admiral James Loy, the Commandant of the Coast Guard. The Coast Guard has not appeared before this subcommittee in a while, so I am especially interested in receiving your testimony and discussing the budgetary and operational issues facing the Coast Guard.

Before we begin, I want to take this opportunity to once again state my concern over the growing popularity to build a "firewall" around certain transportation programs, thereby insulating them from the annual competition for scarce federal resources. While I do not believe we should undo the highway and transit firewalls, we should not rush to create the same bugetary treatment for aviation.

If the Air-21 bill follows in the tradition of TEA–21 and establishes new budgetary firewalls for aviation accounts, the FAA's budget would not only be protected by a budgetary firewall, but also would be guaranteed massive increases in general revenue contributions. Assuming we adhere to the budget caps, there would not be any funds available for any Department of Transportation program other than highways, transit, and aviation. The accounts that would have to be dramatically cut or actually eliminated includes Amtrak, highway safety programs, and pipeline and hazardous materials safety programs. I hope all of you here today understand that this also means there would not be any room to fund the Coast Guard.

Returning to the matter at hand, the Coast Guard is perhaps best known for responding every day to people in distress and rescuing them without regard for time, weather, or sea state. While they will always answer the call for help, it is only one of a wide range of missions we have come to expect the Coast Guard to meet. On any given day, Coast Guard personnel are stemming the flow of illegal drugs and illegal migrants at sea, preventing and responding to major maritime oil spills, and aiding barges and carriers in our shipping lanes. The Coast Guard is indeed a versatile multi-mission agency.

I am concerned, however, that the Coast Guard may be a victim of its own success. As an agency that has accepted any responsibility thrust upon it, the number of operations has jumped. There is no relief in sight. And, to exacerbate the situation, I believe that the independent Presidential Commission to evaluate the roles and mission of the Coast Guard is more likely to recommend additional or enhanced duties than to eliminate current statutory functions.

This increase in operations came on the heels of trimming its force to the smallest size since the late 1960's. Because of this combination of events, Coast Guard personnel are working harder than ever and "doing more with less." With every new deployment or additional functional assignment, we are burning out our "Coasties" and their families just as much as we are wearing out the ships, aircraft, and equipment they operate.

Complicating the Commandant's task of recruiting and retaining high quality personnel, Coast Guard wages have not kept pace with the civilian economy and the military benefits, especially health care, have been slowly, yet steadily, eroded. Furthermore, as we make it less and less attractive to serve, we will not be able to recruit high quality people. The President's budget includes a 4.4 percent increase in military and civilian pay, additional housing allowance, and other quality of life initiatives.

The Coast Guard has many challenges to face this year—the deepwater procurement, recruiting efforts, retention efforts, sustaining the current level of operations, making up the shortfall in the likely event that the navigational user fee is not en-

acted, and balancing their limited resources between the varied and disparate missions. Again, I look forward to your testimony and to the discussion on these and other pertinent issues.

Senator SHELBY. Senator Lautenberg, do you have a statement?

STATEMENT OF FRANK LAUTENBERG

Senator LAUTENBERG. Yes. Thanks very much, Mr. Chairman. And I apologize for my tardiness. And I particularly want to apologize to Admiral Loy, whom we have been trying to have a conversation with, and it just did not work out.

We have been a little stressed with the budget, which is the source of our discussion this morning. And I assume that Peter Rogoff, my capable assistant, was able to get you, Admiral, and clear up some of the questions that existed. You are looking at two Coast-Guard-loving senators.

Each of our states has a dependence on the Coast Guard and I am sure I speak for Senator Shelby when I say we really appreciate the job that is being done by all of your people, Admiral, from yourself down. I know it is always reassuring to me. I am an amateur sailor, and amateurs always need help.

I look out my window in New Jersey in the apartment I live in, Mr. Chairman, which is right on the Hudson River, and I see the Coast Guard boats patrolling up there.

Senator SHELBY. Excuse me a minute, but up around Martha's Vineyard, he is a pro at sailing. [Laughter.]

Senator LAUTENBERG. We are not talking about that.

Admiral LOY. That is what I have heard, Mr. Chairman. [Laughter.]

Senator LAUTENBERG. Well, I will tell you, I once had to put out an emergency call to the Coast Guard before I was in the Senate. I resolved that once I was in the Senate, I would never have the nerve to get on the radio and say, "I need help." [Laughter.]

But they were there—Johnny on the spot, as always.

Well, today is Commandant Loy's first appearance before this subcommittee, and we welcome you and your staff this morning.

Admiral LOY. Yes.

Senator LAUTENBERG. More than four years ago, the then Secretary of Transportation, Frederico Pena, directed all of the modal administrators within DOT to take a serious look at their budgets and determine ways in which they could streamline and downsize their operation.

At that time, Admiral Kramek was the Commandant. And like all good military officers, the Admiral moved out swiftly, quickly and developed a comprehensive streamlining plan that continues to be implemented to this day.

Now, Admiral Loy was the Coast Guard Chief of Staff during the early years of the streamlining plan. And you have seen the impact of the plan, first as Atlantic Area commander and now as the Commandant of the Coast Guard. And I have reviewed your testimony.

There is one sentence that looms larger than any other for this Senator, Mr. Chairman.

In your formal statement, Admiral Loy says, "After several years of streamlining, the Coast Guard is at its smallest size since 1967,

while at the same time having its greatest number of missions ever."

And, boy, that could not be more obvious. So whenever there is a new area that we need attention paid to, it is always the Coast Guard that is called in when there is a marine and sometimes a land-bound problem.

The situation, Admiral, is that you have developed experts and expertise in a lot of areas. And we need you in those situations. And how do you continue to be effective, do the job that you and your people are committed to do, while we constantly squeeze down on the budget? It is something short of miraculous.

The same year, Mr. Chairman, that the total Department of Transportation budget will top $50 billion for the first time, we will have the smallest Coast Guard in over 30 years.

The fact does not sit well with me. Our expectations of the Coast Guard are always high.

We expect them to constantly be able to change gears, to rapidly enhance our war on drugs, respond to a sudden surge in Haitian or Cuban migrants. We expect them to be able to respond immediately to oil spills, all the while demonstrating nothing short of consistent excellence in their core missions of marine safety, search and rescue and national security.

Mr. Chairman, the motto of our Coast Guard is "Semper Paratus," "Always ready." And I know that its leadership is very reluctant to acknowledge when they could, maybe, not be ready.

But I believe this subcommittee has a responsibility to analyze carefully the fiscal realities and the practical realities of what it means to have more missions than ever before with the smallest Coast Guard in 30 years.

COAST GUARD'S PRIMARY RESPONSIBILITY

My biggest concern is that perhaps we are just asking too much of the Coast Guard. When you look at how all other transportation modes have responded to Secretary Pena's instruction to downsize, we find that the Coast Guard has lost a larger percentage of its force than any other. Indeed, certain DOT modes have not lost any staff at all. Some have grown slightly.

Over the last year, we have seen a couple of tragic incidents indicating possible difficulties in one of the Coast Guard's core missions, search and rescue.

Both in the case of the sailing vessel, Morning Dew, and the fishing vessel, Adriatic, we have seen a tragic loss of life as a result of distress calls that were not answered, period.

Admiral Loy is to be commended for developing and deploying both a short- and long-term plan to address these deficiencies that were highlighted in these two cases.

And I can only hope that we have not allowed the Coast Guard's readiness in dealing with search and rescue to be diminished while we have directed new funding to other missions.

Last year, the Omnibus appropriations bill provided nearly $272 million in emergency funding to enhance the Coast Guard's war on drugs.

Is drug interdiction important? Of course, it is. But we must never lose sight of the fact that we always have got to protect the

funding needed for the Coast Guard's basic or core domestic missions.

And none is more core, more central to the Coast Guard's identity than search and rescue. We do not do search and rescue utilizing joint task forces. The Coast Guard and the Coast Guard alone is responsible for maritime search and rescue mission.

So as we discussed the Coast Guard budget this morning, I hope and expect that the Commandant will be candid with us, as he always has been, regarding his agency's needs and the price that we may be paying to operate so many missions with an excessively lean Coast Guard.

And Commandant, I urge you to not hold back in what you see are problems that can arise from insufficient resources. Thank you for being here.

And thank you, Mr. Chairman, for calling this hearing.

Senator SHELBY. Thank you.

Admiral Loy, your entire statement will be made part of the record in its entirety, so proceed as you wish.

STATEMENT OF ADMIRAL JAMES M. LOY

Admiral LOY. Thank you, Mr. Chairman.

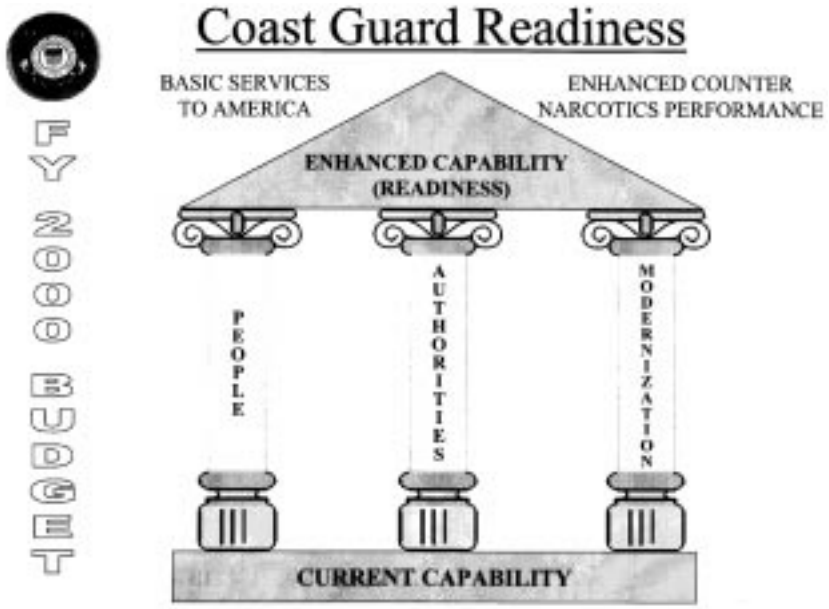
Thank you, Senator Lautenberg.

Let me first of all suggest that if, in fact, you do get in trouble again, sir, please do not hesitate to call. We will be very interested in responding.

Senator LAUTENBERG. I am going to be looking at your budget and say, "They cannot afford to rescue me." [Laughter.]

Admiral LOY. And the thought process of expectations is really what I have taken out of your opening comments, both of you. And I appreciate that very, very sincerely.

At the other end of the day, I owe you, as you have cited, a leadership evaluation as to the readiness of our organization across the board, across the full foundation of current capability, if you will, with respect to that chart. And I will honor that commitment, sir.



First, Mr. Chairman, let me thank you and the other members of the Subcommittee for the support and counsel that you provided this new Commandant as he waded through the process of the annual budget last year.

It turned out to be a very unique process for all of us as we sort of saw at the end of the tunnel, the Omnibus bill that we could ladle fixes into, and that seems not to be the case this year. And it is of great concern to me as I look at the same kind of dimensions that the Chairman mentioned in his opening statement.

As I tried to follow the budget resolution dialogue and the eventual marks that will initialize the process of our budget this year, I too become very concerned that the combination of very real caps and whatever becomes of reduced budget authority flexibility for the Chairman will make your challenge very difficult as it comes around to adequately funding the Coast Guard this year.

But, again, I seek your support. I sense your verbal support through the course of your opening comments, and I will work very hard with you to seek the advocacy necessary to fund the Coast Guard properly.

1999 ACCOMPLISHMENTS

Mr. Chairman, I remain very proud of what our organization did for America last year. Our continuing service in 1999 is based largely on the abilities granted by not only our base budget last year, but what was, in fact, part of the Omnibus bill.

We have sustained the counterdrug excellence that the Congress focused on for us with respect to those plus-ups.

There have been very high profile cases. The fishing vessel LA CONTE case, which found its way into the Washington Post a couple of months ago, is an example of exactly the kind of dedication

to tasks that our young patriotic men in Coast Guard uniforms and women in Coast Guard uniforms offer this nation on a daily basis.

We became detectives for a period as we tracked down through very sophisticated procedures the motor tanker COMMAND that had, in fact, violated the waters of San Francisco Bay and offshore, and were able to bring that particular case to conclusion.

High-seas drift net cases in the middle of the Pacific Ocean that involved multiple nations were brought to closure because of the ability that the Coast Guard has to operate in the deep waters of the Exclusive Economic Zone of this nation and track down violators as necessary to bring them to justice at the other end of the day.

These were solid examples of Coast Guard men and women at work for the nation in a wide variety of areas.

One of the most interesting conferences that we had last year, Mr. Chairman, had to do with the Secretary's Marine Transportation System initiative, where he is trying to raise the visibility of that dimension of our national transportation system, to get it to be thought of in terms of concern equal to the terrestrial and the aviation dimensions. That went very well.

I remain proud of our good stewardship and our continuing role as a leader in management excellence. We have been recognized with a variety of awards in that regard as it relates to GPRA and the National Performance Review.

We have been very aggressive with Y2K. And I will look forward to any questions that you might have with respect to that problem for us this year.

And we have forged productive partnerships with stakeholders and customers and agency colleagues at the Federal level to get good things done for America.

Fundamentally, sir, we remain a maritime, military, multimission service, but we are now at our absolute limits with respect to downsizing.

And as you suggested, Senator Lautenberg, we are, in fact, about the same size we were in 1967, with an endless list of new responsibilities that I would be glad to cite.

Yesterday, we observed the tenth anniversary of EXXON VALDEZ, the tragedy in Prince William Sound. Reviewing that decade of accomplishment reiterated the importance of the basic mission profile of the Coast Guard.

It is not just about only counternarcotics in the nineties and on into this next century. It is about that full foundation of capability that we need to do what the nation has asked of us.

OPA 90 was passed by the Congress, the 101st Congress, 535 to 0. And I do not know whether that has happened before or since, but that was the vote on that particular day. It was the most impacting piece of legislation that ever came in the direction of the Coast Guard except, perhaps, after Hamilton put us together back in 1790.

Yet 10 years later, we have very finite results to show for the effort and for the challenge that you offered the service, a 64 percent reduction in oil spilled, a 50 percent reduction in spills over 10,000 gallons. Those are very real facts that are traceable to the activities out of OPA 90.

FISCAL YEAR 2000 BUDGET SUBMISSION

Mr. Chairman, three phrases sort of dominate my 2000 budget submission. It is about basic essential services for this nation. It is about readiness. It is about accountability with the counterdrug monies that you offered us last year.

Basic services speak for themselves. The request will continue those essential services that the American people expect from the Coast Guard.

It is, however, a bare-bones budget, one that is focused, one in which every penny is necessary to mission performance.

About readiness, I remain very concerned. The dialogue of the past eight months in town focused on national defense readiness, and properly we watched as both the President's budget and initial indications on the Hill suggest that the four DOD services will be dealt with in the manner that that dialogue suggested was appropriate.

I only offer for your concern and your observation that this fifth Armed Service has exactly the same inventory of challenges and problems that have been evidenced by my four service chief colleagues.

On the people side, my most pressing problem this year, sir, is to continue to close the work force gap so that this array of work that we do for the nation is not borne on the backs of Coast Guard sailors and airmen that are out there doing their duty in harm's way on a daily basis 24 hours a day.

I implore you to consider that the thought process is reflected in that about $50 million worth of material, compensation issues in the President's budget are enormously important for us to continue to close that work force gap.

On the modernization side, sir, the other piece, if you will, of this national readiness dialogue that we have encountered in town, I would offer that the $350 million AC&I budget for this organization is as lean as it can possibly be.

Every penny of that budget is required so that we can make good investments now, that will, in fact, yield significant savings for the nation in the out years.

DEEPWATER SYSTEM

Our assets, as you know, sir, are very people intensive: 66 cents of every dollar that is spent by the Coast Guard goes in one way or another to people. Where we can invest now to produce savings in people in the out years seems to me to be a very, very smart management thought process.

Our Integrated Deepwater System project is the centerpiece of that recapitalization effort. And I invite your attention to it and solicit your support for it.

Mr. Chairman, I would like to comment just in passing on a GAO audit that was dated in October of this past fall about the IDS project, the Integrated Deepwater System project. GAO has testified consistently over the last several months about three serious problems that they feel exist in the project.

All three of those I feel we have addressed very, very well. And I would just offer your attention not only to the continuing nature

of an audit dated in October of 1998 to the realities of what is going on in the spring of 1999 as we proceed along the path of this budget.

READINESS ISSUES

My last word on readiness, Mr. Chairman, is an uneasy feeling I have developed from an array of red flags I see on the readiness horizon of this organization.

I have spoken publicly on what I call the curse of "Semper Paratus," which is, as Senator Lautenberg reflected, an inclination mentally on our organization's part from the leadership right on down to say, "Yes," when offered an opportunity to do something or directed to do something for America.

As I have mentioned earlier, Mr. Chairman, I feel that we are right at the limit as it relates to reducing the readiness capability of this organization.

And, in fact, I see problems in training. I see problems in equipment. I see problems as reflected by Mr. Lautenberg, the two cases that you reflected on, the ADRIATIC and MOUNTAIN DEW case off of Charleston.

Both the President and the Congress have caused attention to be drawn to this issue of readiness for the five Armed Services.

And, again, I would offer, it is no less important for this fifth Armed Service that does a full array of work 24 hours a day, 365 days a year for this nation. We deserve the same consideration as the other four.

Mr. Chairman, the same foundation of capability that supports our core missions also supports our ability to do more in drugs, which the Congress directed us to do last year.

We continue to lose 20,000 or so Americans annually from this particular problem. $110 billion is estimated as the social cost the nation pays on an annual basis.

Our STEEL WEB strategy continues to prove itself a valuable contributor to what the nation is doing about drugs. And we are making very good use already of the counterdrug monies that were appropriated by this Congress last year.

Our equipment and our intelligence has improved and the new airborne use of force doctrine that I am considering will potentially have a very dynamic impact on the fast boat threat, which is the crucial vehicle of choice delivering drugs to this nation. In short, we are being very responsive to the congressional direction to do more on drugs.

In closing, Mr. Chairman, let me just reiterate that your Coast Guard is on watch and doing the jobs assigned.

My two job number ones for this year are to make certain that we deal with Y2K appropriately and that we fill the work force so that we can continue to work for this nation, and I seek your support in both of those areas.

Thank you for the opportunity to discuss the President's budget submission for the Coast Guard, sir. And I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL JAMES M. LOY

Good morning, Mr. Chairman and distinguished members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's fiscal year 2000 budget request and its impact on the services we provide the American public on a daily basis.

The Coast Guard can best be characterized by what I like to refer to as the "three M's": multimission, maritime, and military. As a multimission service, the Coast Guard is one of the best bargains in the Federal government: every tax dollar invested in the Coast Guard is returned many times over through the wide range of services we provide that benefit every American, every hour of every day. We have long enjoyed an international reputation as both the world's foremost lifesaving agency and coast guard; no other U.S. government agency or private organization has the expertise, assets, and 24-hour-a-day readiness to conduct search and rescue missions in all areas of the maritime region. As one of the five Armed Services, we have consistently demonstrated our value as a unique instrument of national security in a world of ever-changing threats.

We also take pride in being one of the best-run agencies in the Federal government, having been recognized as a leader in the implementation of both the Government Performance and Results Act (GPRA) and the National Performance Review. We have been proactive in addressing the Year 2000 (Y2K) computer bug and its effect on our people and missions, and have spearheaded international outreach efforts aimed at maritime safety.

As outlined in our performance plan accompanying the President's fiscal year 2000 budget request, our productivity is keyed to strategic goals and outcomes. Our strategic goals of Safety, Protection of Natural Resources, Mobility, Maritime Security, and National Defense will always remain American priorities.

Mr. Chairman, there are three principal themes underpinning the President's fiscal year 2000 budget request; I hope to leave you with a clear understanding of them as a result of today's hearing. First, the President's fiscal year 2000 budget request will permit continuation of the basic services currently enjoyed by the American people. Second, it addresses the Coast Guard's readiness needs. It provides funding for the pay and personnel initiatives of the President needed to recruit and retain a stronger work force. And third, it provides funding both to operate the capital assets provided in the various fiscal year 1999 supplemental appropriations acts and expand our interdiction activities, advancing our already successful interdiction efforts.

The significance of the first theme is self-evident: we need full funding to maintain our outstanding mission performance. The other two themes, however, require some discussion.

READINESS

One of my major concerns right now as Commandant is readiness, which has two components: people and modernization. Coast Guard readiness includes not only our preparedness to fill our role as one of the Armed Services, but also our ability to provide on a daily basis the myriad of services the American public has come to expect from us.

People

After several years of streamlining, the Coast Guard is at its smallest size since 1967, while at the same time having its greatest number of missions ever. Our number one priority in the coming year is to fill critical gaps in our work force. To do this, we must aggressively recruit the high-quality young people we need while at the same time not increasing the sacrifices inherent with military service faced by our current personnel.

In support of our recruiting and retention efforts, the President's fiscal year 2000 budget request provides over $4 million in direct support of Coast Guard recruiting, as well as an additional $6 million for work force readiness tools, which include incentives that our recruiters can use to attract high-quality recruits. The President's budget request also includes: a 4.4 percent pay raise, plus $5 million for a targeted special pay increase; more than $5 million to begin the transition to a more equitable Basic Allowance for Housing (BAH); over $13.5 million to address escalating health care costs, including a provision for the Department of Defense to provide $18 million in health care services to the Coast Guard; and more than $4 million for quality of life initiatives such as childcare subsidies and education programs, both of which are Presidential priorities. We will monitor the effects such reforms have on recruiting and retention to ensure their adequacy.

Modernization

One of the most pervasive problems facing the Coast Guard today is older technology, including sensors, ships, and aircraft; the mounting operations and maintenance costs and intensive personnel requirements of this technology threaten our ability to maintain current mission performance. The Coast Guard's deepwater fleet of cutters and aircraft (deepwater being defined as 50 or more miles off shore) is one of the oldest in the world. Our strategy to overcome this obstacle is to invest to save: smart capital investment is necessary to maintain capability and is essential if we are to leverage technology to reduce future operating costs. Such an invest to save strategy does not work without adequate investment; full funding of the President's fiscal year 2000 request for Acquisition, Construction, and Improvements (AC&I) is critical to our recapitalization effort.

The Integrated Deepwater System (IDS) acquisition project is the centerpiece of that recapitalization effort. It is not your standard government acquisition project. Instead of a piece-meal, traditional approach that considers one-for-one replacement of assets by asset class, IDS encompasses an entire mission area. This analysis centers on the combination of vessel, air, and Command, Control, Communications, Computers, Intelligence, Sensors, and Reconnaissance (C^4ISR) assets and their potential synergies that will operate in the deepwater environment. Instead of making penny-wise and pound-foolish design decisions based only on purchase price, IDS decisions will be based on the total ownership costs: acquisition, maintenance, operating, crewing, training, and eventual disposal.

Instead of making our decisions without regard to the United States' existing maritime capabilities, we are pursuing IDS within the parameters of the National Fleet concept which the Chief of Naval Operations, Admiral Johnson, and I are pursuing jointly. Under this concept, both services will maintain their distinctive heritage, capabilities, and identities; but we will make sure that our strengths are complementary. The Navy will maintain its highly capable surface combatants designed for the full spectrum of naval operations from peacetime engagement to major theater war. The Coast Guard will provide relatively smaller maritime security cutters, designed for peacetime and crisis-response Coast Guard missions, but capable of meeting the requirement for general-purpose, shallow-draft warships. We don't need the Deepwater capability to try to become the second best navy in the world; we need it to remain the single-best coast guard in the world.

A second major modernization initiative included in the President's budget request will improve the ability of mariners in distress to notify the Coast Guard, a critical factor in saving more lives. Without an effective means to communicate with mariners in distress, we cannot help them, despite our most noble intentions. We must be able to learn of the nature and location of the distress, and then respond accordingly. Our National Distress System, the coastal maritime distress communications system, is in dire need of modernization. Much of the equipment is obsolete. We respond to more than 50,000 search and rescue cases every year, saving the lives of approximately 5,000 mariners in imminent danger, and providing some form of emergency assistance to nearly 100,000 mariners. Communications technology is readily available that would give us the capability to save additional lives. We must make every effort to obtain and use these modern capabilities.

The National Distress System Modernization Project will provide for the system-wide modernization of communications and recording equipment and the specific capability to locate vessels in distress by shore-based radio direction finding. Full funding for this project will help us enhance our search and rescue readiness to keep America's commercial and recreational mariners safe, increasing our ability to save lives, such as those that were tragically lost aboard the sailing vessel MORNING DEW off South Carolina and the clammer ADRIATIC off New Jersey.

DRUG INTERDICTION ACTIVITIES

In addition to everything else I have mentioned about readiness, it is also the foundation upon which the President's fiscal year 2000 budget builds in allowing both operation of counterdrug assets funded by fiscal year 1999 appropriations and new interdiction activities.

Every American is adversely affected by illegal drug use. Over 20,000 Americans die every year because of illegal drugs, and the annual social cost is estimated at $110 billion. A balanced approach is required to combat the threat of drugs: effective interdiction reduces supply, in turn supporting demand reduction efforts. The Administration believes that illegal drugs are a threat to national security and that there is a need for increased counterdrug activities and readiness; this budget provides expanded efforts in this important area.

The Coast Guard is a proven performer in the interdiction arena, and STEEL WEB, our highly successful, comprehensive, multiyear interdiction strategy is battle-tested. During fiscal year 1998, the Coast Guard seized 75 vessels transporting 82,623 pounds of cocaine and 31,365 pounds of marijuana, and arrested 297 suspects. The President's fiscal year 2000 budget includes funding to operate critical end game assets such as deployable pursuit boats, additional coastal patrol boats, and interdiction support vessels. In addition, the budget will fund operation of reactivated maritime patrol aircraft and provide for the operation of improved sensors on cutters and aircraft. These items will help us to locate, track, and intercept suspected smugglers.

The recent seizure of a 580-foot bulk carrier by the Coast Guard on the high seas is indicative of the value of coordinated and effective maritime interdiction operations. The interdiction and seizure of the Panamanian registered M/V CANNES by the Coast Guard in January resulted in the seizure of an estimated 9,500 pounds of cocaine. The vessel was first spotted by a Coast Guard maritime patrol aircraft operating as part of a Joint Interagency Task Force East coordinated counterdrug effort. A Navy patrol boat with an embarked Coast Guard law enforcement detachment (LEDET) intercepted and initially boarded the vessel approximately 125 miles southwest of Jamaica. Coast Guard cutters subsequently relieved the patrol boat and boarding teams located contraband hidden beneath the vessel's bulk cargo. The drugs were seized, the crew arrested, and the vessel seized on behalf of the Panamanian government.

Full funding of the President's fiscal year 2000 budget request will ensure the Coast Guard remains ready to prevent illegal drugs from threatening our national security.

CONCLUSION

In closing, Mr. Chairman, I would like to thank you and the other members of this distinguished subcommittee for the opportunity to discuss the President's fiscal year 2000 budget request for the Coast Guard. I look forward to working with you over the course of the next several months to ensure America's Coast Guard remains *Semper Paratus.*

I will be happy to answer any questions you may have.

Senator SHELBY. Senator Lautenberg?

Senator LAUTENBERG. Yes, Mr. Chairman. I thank the Commandant for his excellent testimony. And I thank you, Mr. Chairman. I am not going to be able to stay.

I would like to know if the record is going to be open sufficiently for us to submit questions.

Senator SHELBY. It will be.

Senator LAUTENBERG. I thank the Admiral, and I thank you for the opportunity.

Senator SHELBY. Well, we know you stay busy on the budget committee.

Senator LAUTENBERG. Thank you.

Senator SHELBY. That is important.

Senator LAUTENBERG. Very.

Admiral LOY. Thank you very much, Senator Lautenberg. Good to see you, sir.

AIR–21 FUNDING CONSTRAINTS

Senator SHELBY. Admiral Loy, as I indicated in my opening statement, if Chairman Shuster's AIR–21 bill follows the path of TEA–21, Federal Aviation Administration programs will not only be increased by $5 billion, they will also be separated from the annual appropriations process by a budgetary firewall.

And mark my words, this is what will have to happen. The aviation, highway and transit firewalls will squeeze the discretionary budget cap to the point that there will not be any room left in the

transportation appropriations bill to fund any other Department of Transportation programs.

This includes Amtrak, rail safety, pipeline and hazardous material safety and the general fund portion of NTSA, and, of course, the agency of interest to everyone here today, the Coast Guard.

Admiral Loy, do you have any concerns about the proposal to establish an aviation firewall and in your view, how would the establishment of an aviation firewall impact have on future Coast Guard budgets? Would it be like I described?

Admiral LOY. Mr. Chairman, I do believe it would be basically like you described. It is not my position to comment on the Secretary's total array of interested agencies. I am very, very concerned.

Senator SHELBY. You can comment on your own, can you not?

Admiral LOY. Yes, sir, I surely can.

If the eventuality played out as you just described, it would bring this organization to its knees.

PERSONNEL REQUIREMENTS

As you know, as I indicated earlier, we are a very Operating Expenses—dominated agency, and since as much as 66 cents of every dollar is a people dollar in our organization, we would literally be decommissioning stations. We would be tying up ships and not doing what the American public expects of its Coast Guard on a routine basis.

So I have been very concerned as I heard estimates around town in terms of even five and ten and fifteen percent kind of reduction figures.

Senator SHELBY. Yes.

Admiral LOY. Because if, in fact, the American public is to get the services that it expects from our organization, it must find a way to gain the President's budget to do that.

And it is an enormously growing concern on my part as I watch the budget resolution dialogue as well as the speculation from a lot of folks whose opinion I value very highly play out over the town.

Senator SHELBY. If the services continue to hemorrhage qualified people at the current rates, there will be a reckoning, the magnitude of which we are not prepared to endure, I believe.

Admiral LOY. Yes, sir.

Senator SHELBY. How does your 2000 budget request ensure that the Coast Guard can meet its recruiting requirements and slow the exodus of qualified personnel from the Coast Guard? Is that not a problem?

Admiral LOY. It is very much a problem, as I indicated earlier, sir. We share the same problems, perhaps to a bit lesser degree, but nonetheless the very same level of problems as the other four services.

Senator SHELBY. Yes.

Admiral LOY. Just as a point of reference, it takes an Army recruiter today, sir, about 140 negotiations, if you will, with qualified eligible young people on the other side of the table for them to get one soldier to go to boot camp.

Senator SHELBY. It used to be automatic, did it not?

Admiral LOY. Yes, sir. There was a day when it was absolutely automatic.

Senator SHELBY. It was automatic.

Admiral LOY. Yes, sir. And the Coast Guard number in that regard is about 100 to 105. So we have a bit lesser recruiting challenge, but an enormous one nonetheless.

And it has everything to do with what I see as a widening gulf between the propensity to join the military services and the civilian sector of our nation, the social culture of our nation, if you will.

Senator SHELBY. Yes.

Admiral LOY. I fear for that.

There are a lot of folks who suggest it is just the robust economy of the moment. But I think there are more deeply ingrained issues there.

The President's budget offers us a chance to fund the second year. That was the $50 million I was speaking about earlier: the second year of a 2-year designed effort that I have undertaken to refill our work force, sir.

And we think that will be sufficient, but we will watch that very carefully.

Senator SHELBY. Are you confident that your request will provide adequate resources for recruiting and advertising?

Admiral LOY. It will meet the specifications that we think we need to do to refill the work force. Yes, sir. It will.

Senator SHELBY. Okay.

Admiral LOY. I must say I enjoy March Madness on an annual basis. And I envy the recruiting advertising that I have watched for the Air Force and the Marine Corps and what have you.

Those are enormous dollar values that we simply cannot compete with.

DEEPWATER REPLACEMENT PROJECT

Senator SHELBY. The Integrated Deepwater Replacement project will potentially be the most expensive acquisition program in the Coast Guard's history.

Admiral LOY. Yes, sir.

Senator SHELBY. Although funding in the near term is relatively small, the cost of the Deepwater project is projected to grow substantially and reach as much as $500 million annually after the contract is awarded in the year 2002.

Admiral LOY. Yes, sir.

Senator SHELBY. This level of spending would consume nearly all the funding that is projected for the acquisition, construction, and improvements account.

Can the Coast Guard afford the Deepwater project without relying on Congress to double AC&I funding or without foregoing virtually all other capital projects? You have to have capital money, do not you?

Admiral LOY. Yes, sir, absolutely.

Just two or three thoughts, sir. One, it is enormously important for us to recognize that we are using the 37th oldest of 41 like sized naval fleets in the world.

Senator SHELBY. We know you are. We know.

Admiral LOY. And so the foundation for the re-capitalization challenge is an absolute one. And that is very, very real.

We have worked very, very hard to imagine what the maritime environment will be like in 2020 or 2025 and what the nation would most logically expect out of its Coast Guard, and then worked backward to the capabilities, i.e., resources necessary to do those jobs.

The project is underway. As you well know, there is a roles and missions effort associated with it, sir, that will help address that.

The dollar values, I think, we have to take with a grain of salt until we reach the point in the project where these very best industrial minds of the nation, in the consortia that are competing for the project, offer us insights as to what the dollar values really will be.

Senator SHELBY. Yes.

Admiral LOY. The $500 million that you heard cited was simply an estimate to cover perhaps a 15- to 20-year AC&I requirement, keyed to a one-for-one replacement of assets that we currently have.

We are not going to be in the one-for-one replacement business. So, sir, I think we have to wait until we see better numbers.

And then at that point, the Congress and the Administration will, I would hope, as they have done in the past, recognize the continuing need and find the way to fund those projects.

Senator SHELBY. Let us get into this a little bit, the procurement, taking a system of systems approach rather than replacing whole classes of ships and aircraft one at a time.

Admiral LOY. Yes, sir.

Senator SHELBY. This is to some people the troubling aspects of the Deepwater Acquisition Strategy.

Admiral LOY. Yes.

Senator SHELBY. This acquisition effort means overcoming the traditions and the culture of the various Coast Guard operational communities in breaking up the contracting establishment, does it not?

Admiral LOY. I am not sure what communities you are speaking of, sir. Are we talking between ship drivers and aviators?

The acquisition project, sir, is a very, very integrated effort on the part of the senior leadership of the organization.

Senator SHELBY. Yes.

Admiral LOY. We have very carefully staffed the project and deal with it on a matrix management sense that offers all of those communities adequate input to the future package that will be represented by the project at the other end of the day.

One of the "problems" that GAO and their audit offered was that legacy assets are not adequately dealt with in the design work that has gone into the project to this point.

We have worked diligently to provide all the consortia all of the information that they have asked for or perceived the need for about our existent legacy fleet.

So to the degree they imagine the extended life of some of those legacy assets to be built into their proposals, they will very much be able to do that.

Senator SHELBY. Okay.

Admiral LOY. I do not see a competition problem, sir, between, for example, our aviators and our ship drivers. Not at all.

PARTNERSHIP WITH THE NAVY

Senator SHELBY. It seems that there has been an unprecedented level of cooperation between the Coast Guard and the Navy. I think that is good.

To better coordinate, integrate these two maritime forces, you and the Chief of Naval Operations, Admiral Jay Johnson, have embraced the concept of a National Fleet.

Admiral LOY. Yes, sir.

Senator SHELBY. What is the National Fleet, and what role does it play in terms of the Deepwater project? And how does your AC&I budget request further the policy goals of the National Fleet concept? Could you comment on that?

Admiral LOY. Yes, sir, happily.

First of all, this was a concept that grew out of the NavGuard board, a board that meets twice annually, chaired by the Vice-Commandant and the Vice-Chief of Naval Operations, and offers that constant twice annual opportunity for the Coast Guard and the Navy to find those common areas of interest to both and to solve problems that seem to be, if you will, almost on the margin between their responsibilities and our own.

The National Fleet is a concept whereby we want to promise to the American taxpayer and to the Congress that we have thoughtfully considered each other's requirements when we bring recapitalization projects to the Congress.

There are great savings, I think, to be made, simply by acknowledging that we are both maritime services.

An example: we were in the midst of a procurement on surface search radars. The Navy sort of caught wind of that procurement, became very interested in it, came aboard with us, and as a result at the other end of the day, because of the volume of procurement they brought to the table, we drove down the unit price of each one of the radars to be bought.

Senator SHELBY. Yes.

Admiral LOY. The Navy is delighted with those radars on their ships and we are delighted with those radars on our ships.

Senator SHELBY. Splendid.

Admiral LOY. So there are compatible systems throughout the infrastructure of any kind of a ship procurement that we feel we can save the American taxpayer a lot of money by being thoughtful about how we do that.

Senator SHELBY. That is good.

Admiral LOY. So we are merging our acquisition efforts and we want to guarantee complementary asset procurement for the nation such that the nation's maritime business is dealt with by the nation's maritime fleet, made up of a Naval fleet and a Coast Guard fleet.

Senator SHELBY. That is good.

USER FEE PROPOSAL

The President's budget request includes a proposal to levy a new user fee on American and foreign commercial cargo carriers for navigation services provided by the Coast Guard.

This is not the first time that the Administration has proposed this tax, and Congress has rejected it every time.

If Congress does not act on these tax proposals and I do not believe we will, what would you have to cut from the Coast Guard budget request to offset a $41 million shortfall?

Admiral LOY. The projection for 2000 is a fourth quarter projection, as you know, sir.

Senator SHELBY. Yes.

Admiral LOY. So it is $41 million in 2000 and becomes $165 million if, in fact, those fees would actually be accrued to the account in future out years.

First of all, sir, we have complied with the Congress's direction from last year. We are not in the midst of planning or implementing or designing a user fee proposal at this time because it was clear from language in last year's bill that we should not be doing that.

This is an effort on the part of the Administration to solicit congressional support for the thought process directed to happen and get it out from under the thought process that we could do it "with existing statutes that we already have."

It is about aids to navigation, icebreaking, and VTS services that we offer navigational users in the nation. The specific question you asked, sir, was "What would give inside my budget?"

Senator SHELBY. Yes. That is right.

Admiral LOY. If, in fact, we did not realize it, I think what I would like to leave on the record, sir, is that I and the Secretary and the President have clearly stipulated the need for the $350 million level of the capitalization requirement for the Coast Guard for 2000. And we have offered that as one thought process to gain some of those monies, this user fee proposal.

We will watch very carefully and work very carefully with you as you consider it.

READINESS ISSUES

Senator SHELBY. Admiral Loy, as you well know, alarm over eroding readiness has the focus primarily on the Department of Defense.

Admiral LOY. Yes, sir.

Senator SHELBY. Is the Coast Guard, the fifth military service as some people call it, experiencing similar problems in maintaining a high state of readiness either in fulfilling your national security function or your other responsibilities such as law enforcement and rescue?

Admiral LOY. Now, sir, the dialogue has, as I indicated earlier, taken two tracks, a people track and an equipment or modernization track.

And in both of those instances, sir, the Coast Guard has exactly the same inventory of challenges and problems as does DOD.

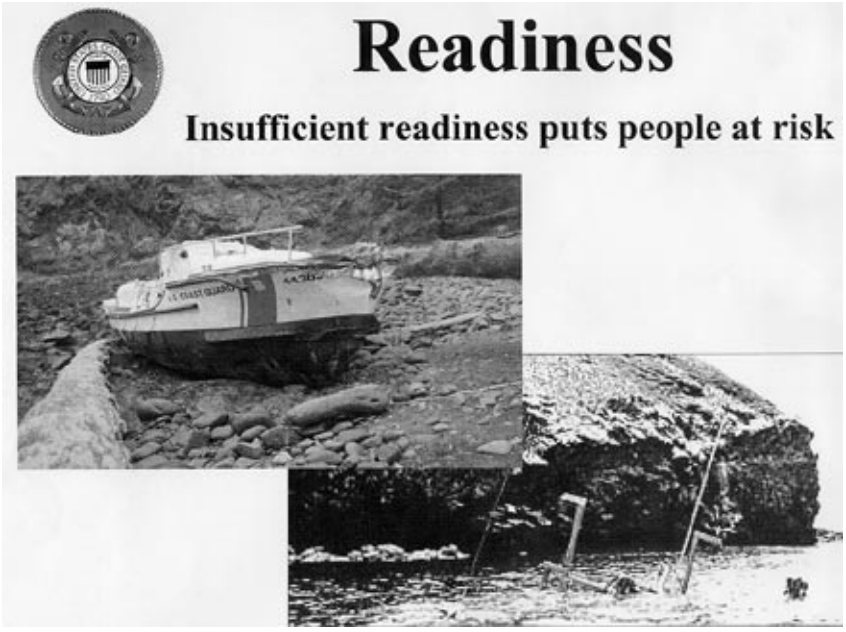
We are concerned for our people. We are concerned for a downsized service with an overload in a number of missions. We are concerned with 80-and 90-hour work weeks at our stations. We are concerned with young sailors who are standing three days on, three days off, on a 24-hours on-call basis for 72 hours running.

Senator SHELBY. Yes.

Admiral LOY. We are concerned with equipment in, for example, the MORNING DEW case and the ADRIATIC case. Our concern is registered simply from the reality that if it was taping equipment and communications equipment shortfalls that has resulted in that case of lives lost, that is a great concern to me.

The only other chart that I wanted to bring to your attention, sir, this morning was the upper left hand corner of the readiness chart: it's all about a 44-footer case off of the Pacific Northwest three years ago that resulted in the loss of three of the four crewmen on that vessel.

These are Coast Guard sailors that I am concerned about whether or not I am putting in harm's way with adequate training, adequate equipment, adequate wherewithal to do that.



Senator SHELBY. It is a real concern though.

Admiral LOY. It is a serious concern that I have, sir.

Senator SHELBY. As a multimission agency that is assigned a wide range of duties, does any particular mission area or areas strain readiness more than others, or is it across the board?

Admiral LOY. I think there is a lot of attention, sir, on our counternarcotics mission at the moment. It certainly has been that for the last decade.

It promises to be that for the next decade. But the true value of what the United States gets out of its Coast Guard is its multimission character and its multimission capability.

In the summer and fall of 1994, although our assets were to be deployed on fisheries enforcement and counternarcotics enforcement predominantly, the realities of Haitian and Cuban refugees coming at the Florida peninsula certainly prompted us to give all of our attention, if you will, to that mission in that year.

Senator SHELBY. Yes.

Admiral LOY. So what the country gets out of this organization is this grand mix of services to the American public. We are there to go in whatever direction America needs us on a daily basis.

Further, I would again offer that that current capability foundation for this organization about readiness is to do all that we do for America, not just to focus in on being ready to do more in drugs.

Senator SHELBY. Yes.

Admiral LOY. I do not think this Congress, I do not think the Administration, I do not think the American public wants us to back away from readiness to do search and rescue, aids to navigation, maritime safety or spill cleanup, et cetera, across that foundation, just to focus on counternarcotics.

Our foundation needs to be able to do it all.

DRUG INTERDICTION ACTIVITIES

Senator SHELBY. Okay. Does your budget request include sufficient resources to sustain a higher level of drug interdiction activities through the year 2000?

Admiral LOY. It does, sir. There is an additional $46 million in the counterdrug piece that will enable the Coast Guard to continue to make its contribution to the goals as have been prescribed by General McCaffrey and his National Drug Control Strategy.

That $46 million will enable us to fund and operate the assets that you were kind enough to offer in the 1999 supplemental. And we will have those assets on target in terms of complementing our counternarcotics activities.

Senator SHELBY. Senator Stevens, we are glad you could join us here today.

Senator STEVENS. Thank you very much.

EXXON VALDEZ ANNIVERSARY

Admiral, it is nice to see you. I enjoyed talking to you the other day. I understand you have already made remarks about the EXXON VALDEZ disaster of ten years ago yesterday.

And I flew in there with one of your predecessors, Admiral Yost, you know.

Admiral LOY. Yes, sir.

Senator STEVENS. But we do appreciate what you are doing and you are right. I think that the defenses against oil spill pollution in Prince William Sound are the best in the world.

So I am grateful to the Coast Guard for their diligence in pursuing that to just absolute perfection.

Admiral LOY. Thank you, sir.

Senator STEVENS. I am a little worried about what I am hearing about the new transportation bill in the House.

Have you spoken about that yet?

Admiral LOY. We have, sir, with the Chairman.

Senator STEVENS. Well, I intend to vigorously oppose any further diminution of the kind of support that we can give to agencies such as the Coast Guard.

You are a defense establishment. I would oppose, completely, anything that would take any portion of the defense establishment and put it behind a firewall that could not be dealt with in terms of the regular appropriation process to meet emergencies.

And I intend to inform the Chairman that I will oppose that bill.

I think that the defense caucus over here will kill that bill, if he persists in trying to tie down, in terms of an entitlement, the ability to deal with emergencies in the Coast Guard or any other defense entity.

And it is not just your defense side. I think you have obvious readiness problems in your daily lives in terms of law enforcement, search and rescue and other protection services of the Coast Guard.

VESSELS IN THE ADRIATIC

I do not have any specific questions for you this morning. I am sure that we are all working together with the Chairman here to make sure that you have the greatest flexibility possible to deal with your problems.

Actually, I do have one question. I stayed up quite late last night surfing through all the information I could get from the media about the Kosovo issue. Have you got vessels in the Adriatic now?

Admiral LOY. Not at this time, no, sir. We did, as you know, during the Bosnia incident.

Senator STEVENS. Yes, I remember.

Admiral LOY. We provided principally some law enforcement detachment personnel that would enable some serious inspections to take place on maritime interdiction operations in the Adriatic, but we have nothing there at the moment, sir.

Senator STEVENS. All right.

Admiral LOY. Senator Stevens, thank you very much for your thoughts on EXXON VALDEZ as well.

Senator SHELBY. We thank you for coming.

Senator STEVENS. Thank you, sir.

CURTIS BAY COAST GUARD YARD

Senator SHELBY. Admiral Loy, I have several more questions.

Admiral LOY. Yes, sir.

Senator SHELBY. The General Accounting Office recently issued a report that reviewed the Coast Guard's major administration and supportive functions.

The GAO report found that the Coast Guard Yard located in Curtis Bay, Maryland, performs only a small percentage of the Coast Guard's industrial operations related to ships.

What is the current utilization rate of the Coast Guard Yard?

Admiral LOY. The utilization rate, sir, is keyed to my having labeled it, as have Commandants before me, as a core logistics facility for the organization.

It represents about a $60 million a year work load and is sort of what the average has been, I would guess, sir, over the last ten years or so.

We usually attempt to distribute that workload toward about a half of it being what I have come to call anchor projects over there. Those kind of things that are multi-year in nature that will solidify a foundation of work there.

And then the others have become a variety of different things out of either our AC&I work or OE work, ship renovation and repair, that kind of thing.

It has been an absolute godsend on numerous occasions where, for example, if a yard working on a Coast Guard cutter backs out of a contract and we need that cutter back in operation, the Yard has on several occasions stepped in and been able to finish the work, bailed out failed contracts, if you will, to get work done.

They have also become the center of excellence, sir, in a variety of different engineering functional issues. For example, they have become probably the world's experts at Paxman engine repair inasmuch as a number of our vessels are propelled by Paxman engines. They have become the world's experts in doing that.

Senator SHELBY. Okay.

Admiral LOY. They also do a lot of Mark 75 gun work, including some foreign military sales kind of work. They do Mark 75 guns for the Saudis.

And they have also become the experts in removing PCBs and asbestos and such other offending agents from decommissioned cutters so that we can then scrap them with full attention having been given to the environmental realities of such things.

Senator SHELBY. Okay.

Admiral LOY. So the Yard is fully employed, sir. And my concern is to look to the future and make certain that that 50 percent of their work that we have attested to be their anchor projects are going to continue to play out into the future.

HEALTH CARE PROGRAM

Senator SHELBY. Just to get into the Coast Guard's medical program, are you aware of any other problems in your health program such as retention or recruitment?

Admiral LOY. Yes, sir. As I indicated earlier, the compensation, housing, and health care package of issues remains that people side with readiness that we are all very concerned about.

We track carefully the reasons folks are, for example, not re-upping.

Senator SHELBY. Yes.

Admiral LOY. Especially after a second-term enlistment. And to the degree, those four things are always there, retirement issues, housing issues, health-care issues, and compensation issues in there somewhere, is usually the reason for some sailor or Coast Guard airman to go a different way.

Senator SHELBY. You have some of the retention problems that other services have.

Admiral LOY. Identical to them, sir.

Senator SHELBY. Yes.

Admiral LOY. Identical to them, sir. Tricare, of course, is the supposed solution for military health care. The challenge for the Coast Guard is that probably a good 50 to 60 percent of Coast Guard people are outside the so-called catchment areas for Tricare facilities.

And so we find ourselves in the Cordovas and the Homers of the world in Alaska. And in places where access to a major military hospital that can be the core for Tricare health delivery is not available to them.

And then we become at the whim of whatever providers are in those areas.

We have recently expressed those concerns after I came back from Alaska, and it became the cause celebre, if you will, through the course of my trip up there.

And we have activated the Tricare managers in the Department of Defense to work with us to provide better availability of treatment for Coast Guard personnel and their dependents.

And lastly, sir, the simple sobering reality of health care costs across the nation are reflected inside of our budget as well.

One of the things that we sort of got away with over the course of a number of years was services provided by the Department of Defense for which we did not end up paying.

They have gotten a lot better at their bookkeeping, so that aspect of driving our health care costs in a spiraling upward direction is real as well.

So we have the potential for a $32 million problem in the 2000 budget. We are asking for $13 million in our bill and have arrangements that we are in the process of making with our DOD counterparts to pick up the other $18 million.

But it is a serious issue, sir.

Senator SHELBY. Are you concerned that the DOD contribution will not materialize?

Admiral LOY. That still has to be knitted together.

Senator SHELBY. Yes.

Admiral LOY. And I am concerned, yes, sir.

Senator SHELBY. Okay. I have been told that the Coast Guard is experiencing a shortfall in its maritime patrol aircraft capability to support counterdrug operations.

This shortfall is estimated to reach 6,000 to 7,000 hours per year.

Admiral LOY. Yes.

Senator SHELBY. In either your role as the U.S. Interdiction Coordinator or as Commandant, are you aware of such a shortfall?

Admiral LOY. Oh, absolutely, sir. And, as you know, General McCaffrey's strategy is a ten-year strategy, to get to where we need to get to in 2007 on a 1996 baseline.

Senator SHELBY. Yes.

Admiral LOY. In the out year, he has a five-year budget that supports that ten-year strategy.

Senator SHELBY. Yes.

Admiral LOY. And in the out years, we absolutely have to fill that shortfall, if we are to meet the goals as have been prescribed by the President in the 2002 and 2007 checkpoints.

Senator SHELBY. Would additional C–130s assist in meeting the shortfall?

Admiral LOY. Anything that we could get to help us meet the shortfall would do so, sir.

Senator SHELBY. Okay.

Admiral LOY. We have——

Senator SHELBY. Would they help?

Admiral LOY. We focused in the last year, on recalling HU–25s and putting them back to work, because of the support provided by the Congress.

Senator SHELBY. Yes.

Admiral LOY. And as Interdiction Coordinator I have focused on P–3s, but C–130s would certainly fill the bill. We are using them today.

ADDITIONAL COMMITTEE QUESTIONS

Senator SHELBY. I appreciate your appearance here today. We will leave the record open for Senator Lautenberg and any other questions for the record. And this committee will now be adjourned subject to the call of the Chair.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR SHELBY

FISCAL YEAR 1998 AND 1999 REPROGRAMMINGS AND TRANSFERS

Question. Please provide the amount and description of all reprogrammings or transfers of funds that occurred within fiscal year 1998 or thus far in fiscal year 1999.

Answer. There have been no congressional reprogrammings in the Operating Expenses (OE) appropriation in fiscal year 1998 and thus far in 1999. The table below shows the transfers to the OE appropriation in fiscal year 1998 and thus far in 1999.

Agency	Amount	Reason for transfer
Fiscal year 1998:		
ONDCP	$45,393	Funding for a counterdrug billet.
Department of State	63,000	International Cooperative Admin. Support Service Program.
Fiscal year 1999:		
Information Technology Systems and Related Expenses.	20,505,000	Y2K Supplemental.
Information Technology Systems and Related Expenses.	7,210,000	Y2K Supplemental.
Information Technology Systems and Related Expenses.	4,058,000	Y2K Supplemental.

There have been no transfers of funds in the Acquisition, Construction, and Improvements (AC&I) appropriation in fiscal year 1998 or thus far in fiscal year 1999. The table below shows the amount and description of reprogrammings that occurred within AC&I in fiscal year 1998 and thus far in 1999 for the appropriation.

UNITED STATES COAST GUARD—ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS APPROPRIATION

PROJECT TITLE	BRIEF DESCRIPTION OF REPROGRAMMINGS	AMOUNT
FISCAL YEAR 1999 REPROGRAMMING ACTIONS		
COASTAL BUOY TENDER (WLM) REPLACEMENT	PROJECT SAVINGS	−3,000,000
DEEPWATER CAPABILITY REPLACEMENT ANALYSIS	INSUFFICIENT FUNDS	3,000,000
COASTAL BUOY TENDER (WLM) REPLACEMENT	PROJECT SAVINGS	−5,000,000
DEEPWATER CAPABILITY REPLACEMENT ANALYSIS	PENDING CONGRESSIONAL APPROVAL	5,000,000
TRAINING INFRASTRUCTURE STUDY	PROJECT TERMINATION	−2,200,000
GROUP NEW ORLEANS RELOCATION	PENDING CONGRESSIONAL APPROVAL	2,200,000
CONVERSION OF SOFTWARE APPLICATION	PROJECT SAVINGS	−1,500,000
FLEET LOGISTICS SYSTEM (FLS)	PROCUREMENT MODULE	1,500,000
CONVERSION OF SOFTWARE APPLICATION	PROJECT SAVINGS	−800,000
MARINE INFORMATION FOR SAFETY AND LAW ENFORCEMENT (MISLE)	INSUFFICIENT FUNDS	800,000
TRAFFIC AND COLLISION AVOIDANCE SYSTEM (TCAS)	PROJECT SAVINGS	−1,000,000
ROLES AND MISSION STUDY	DIRECTED BY CONGRESS	1,000,000
STATION BELLINGHAM RELOCATION	PROJECT SAVINGS	−222,000
ISC KODIAK HANGAR RENOVATION	CONTRACT CHANGE ORDERS	222,000
COASTAL BUOY TENDER (WLM) REPLACEMENT	PROJECT SAVINGS	−400,000
ATS–1 CONVERSION	COMPLETE PRE-COMMISSIONING OUTFITTING	400,000
FISCAL YEAR 1998 REPROGRAMMING ACTIONS		
SAN PEDRO CONSTRUCT MEDICAL FACILITY	PROJECT SAVINGS	−165,000
STATION SABINE RECONSTRUCT/EXPAND WATERFRONT	OUTFITTING ELECTRONICS AND CHANGE ORDERS	165,000
210-FOOT MEDIUM ENDURANCE CUTTER (WMEC) MMA	PROJECT SAVINGS	−41,000
SURVEY & DESIGN VESSELS	INSUFFICIENT FUNDS	41,000
210-FOOT MEDIUM ENDURANCE CUTTER (WMEC) MMA	PROJECT SAVINGS	−1,400
SURVEY & DESIGN VESSELS	INSUFFICIENT FUNDS	1,400
SANDY HOOK, NJ CONSTRUCT GROUP ENGINEERING BUILDING	PROJECT SAVINGS	−15,100
STATION HONOLULU, HI REPLACEMENT	CONTRACT CHANGE ORDERS	15,100
ATLANTIC STRIKE TEAM EQUIPMENT STORAGE FACILITY	PROJECT SAVINGS	−265,000
MID-ATLANTIC AIR STATION CONSOLIDATION	ANTECEDENT LIABILITY	265,000
SUPRTCEN PORTSMOUTH PAINTING/SANDBLAST FACILITY	PROJECT SAVINGS	−25,000
MID-ATLANTIC AIR STATION CONSOLIDATION	PROJECT CONTINGENCIES	25,000
VHF–FM HIGH-LEVEL SITE UPGRADE	PROJECT SAVINGS	−615,000

FREQUENCY SPECTRUM REALLOCATION	COMPLIANCE WITH OMNIBUS BUDGET RECONCILIATION ACT OF 1993 MANDATE TO VACATE FREQUENCY SPECTRUM.	615,000
VARIOUS SHORE PROJECTS	PROJECT SAVINGS	−40,000
CG ACADEMY GALLEY RENOVATION/CHASE HALL	CONTRACT CHANGE ORDERS & CONTINGENCIES	40,000
BASE SOUTH PORTLAND, ME CONSTRUCT STATION OPS BLDG	PROJECT SAVINGS	−1,000
CG ACADEMY ROLAND HALL RENOVATION	CONTRACT CHANGE ORDERS & CONTINGENCIES	1,000
SUPRTCEN PORTSMOUTH PAINTING/SANDBLAST FACILITY	PROJECT SAVINGS	−15,000
MID-ATLANTIC AIR STATION CONSOLIDATION	CONTRACT CHANGE ORDERS	15,000
VARIOUS SHORE PROJECTS	PROJECT SAVINGS	−300,000
AIR STATION MIAMI HANGAR UPGRADE	CONTRACTOR CLAIM	300,000
TRAFFIC AND COLLISION AVOIDANCE SYSTEM (TCAS)	PROJECT SAVINGS	−547,000
GLOBAL POSITIONING SYSTEMS INSTALLATION (GPS)	RETROFIT OF OBSOLETE OMEGA/GPS NAVIGATION SYSTEM	547,000
BAYONNE, NJ PIER IMPROVEMENT	PROJECT SAVINGS	−12,500
ROSEBANK, NY PIER & STATION REHABILITATION	PROJECT SAVINGS	−7,500
CG ACADEMY GALLEY RENOVATION/CHASE HALL	CONTRACT CHANGE ORDERS	20,000
BASE KETCHIKAN—REPLACEMENT BREAKWATER	PROJECT SAVINGS	−200,000
CG DISTRICT ONE—CONSTRUCT BAYONNE PIER	CONTRACT CHANGE ORDERS & CONTINGENCIES	200,000
SUPRTCEN SAN PEDRO CONSTRUCT MEDICAL FACILITY	PROJECT SAVINGS	−17,000
MID-ATLANTIC AIR STATION CONSOLIDATION	CONTRACT CHANGE ORDERS	17,000
CG YARD LAND–BASED SHIP HANDLING FACILITY	PROJECT SAVINGS	−2,407
CG ACADEMY ROLAND HALL RENOVATION	CONTRACT CHANGE ORDERS	2,407
MSO TAMPA ADMINISTRATION BUILDING	PROJECT SAVINGS	−30,298
GROUP STATION FT MACON MULTIPURPOSE BUILDING	CONTRACTOR CLAIM FOR EQUITABLE ADJUSTMENT	30,298
SELF-PROPELLED BARGE	PROJECT SAVINGS/TERMINATION	−200,000
DEEPWATER CAPABILITY REPLACEMENT ANALYSIS	INSUFFICIENT FUNDS	200,000
VARIOUS SHORE PROJECTS	PROJECT SAVINGS	−38,857
STATION HONOLULU, HI REPLACEMENT	CONTRACTOR CLAIM	38,857
TRAFFIC AND COLLISION AVOIDANCE SYSTEM (TCAS)	PROJECT SAVINGS	−550,000
LONG-RANGE SEARCH AIRCRAFT CAPABILITY PRESERVATION	AVIATION CAPABILITY ANALYSIS FOR INTEGRATED DEEPWATER SYSTEM	550,000
VARIOUS OTHER EQUIPMENT PROJECTS	PROJECT SAVINGS	−700,000
FLEET LOGISTICS SYSTEM (FLS)	DEVELOP STANDARD PROCUREMENT MODULE INCREMENT 3	700,000

UNOBLIGATED AND CARRYOVER FUNDS

Question. Please provide a list of any unobligated funds and carryover funds from previous years.

Answer. The Operating Expenses (OE) appropriation was appropriated $2,816,300,000 in fiscal year 1999, of which $1,465,450,086 was unobligated as of March 31, 1999. $48,024 in OE funding was carried forward from fiscal year 1998 to fiscal year 1999. These funds are available until expended for Hurricane Iniki and Andrew costs pursuant to the Supplemental Appropriations Transfers and Rescissions Act, Public Law 102–368.

The following table provides a list of unobligated funds carried forward from previous fiscal years for the Acquisition, Construction, and Improvements (AC&I) appropriation.

UNITED STATES COAST GUARD—ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS APPROPRIATION—UNOBLIGATED BALANCES BY PROJECT

[AS OF 03/31/99]

YEAR FUNDS APPRO-PRIATED	PROJECT TITLE	BALANCE BY FISCAL YEAR	PROJECT TOTAL
1995	47-FOOT MOTOR LIFEBOAT (MLB) REPLACEMENT	$171,000	
1996	47-FOOT MOTOR LIFEBOAT (MLB) REPLACEMENT	2,000	
1997	47-FOOT MOTOR LIFEBOAT (MLB) REPLACEMENT	141,000	
1998	47-FOOT MOTOR LIFEBOAT (MLB) REPLACEMENT	1,599,000	
1999	47-FOOT MOTOR LIFEBOAT (MLB) REPLACEMENT	20,800,000	$22,713,000
1999	ATS–1 CONVERSION	1,743,000	1,743,000
1995	COASTAL BUOY TENDER (WLM) REPLACEMENT	16,000	
1996	COASTAL BUOY TENDER (WLM) REPLACEMENT	24,000	
1997	COASTAL BUOY TENDER (WLM) REPLACEMENT	1,356,000	
1998	COASTAL BUOY TENDER (WLM) REPLACEMENT	15,450,000	
1999	COASTAL BUOY TENDER (WLM) REPLACEMENT	24,070,000	40,916,000
1995	COASTAL PATROL BOAT (CPB) REPLACEMENT	41,000	
1996	COASTAL PATROL BOAT (CPB) REPLACEMENT	1,000	
1997	COASTAL PATROL BOAT (CPB) REPLACEMENT	284,000	
1998	COASTAL PATROL BOAT (CPB) REPLACEMENT	494,000	
1999	COASTAL PATROL BOAT (CPB) REPLACEMENT	29,891,000	
NO	COASTAL PATROL BOAT (CPB) REPLACEMENT	3,189,000	
NO	COASTAL PATROL BOAT (CPB) REPLACEMENT	33,000,000	66,900,000
1996	CONFIGURATION MANAGEMENT	4,000	
1997	CONFIGURATION MANAGEMENT	106,000	
1999	CONFIGURATION MANAGEMENT	3,800,000	3,910,000
NO	CUTTER SENSOR AND COMMUNICATIONS SYSTEMS	13,000,000	
NO	CUTTER SENSOR AND COMMUNICATIONS SYSTEMS	15,600,000	28,600,000
NO	DEPLOYABLE PURSUIT BOAT ACQUISITION	2,017,000	2,017,000
1998	GREAT LAKES ICEBREAKER CAPABILITY	21,000	
1999	GREAT LAKES ICEBREAKER CAPABILITY	4,385,000	4,406,000
1997	MOTOR SURF BOAT (MSB) REPLACEMENT	19,000	19,000
1997	POLAR CLASS ICEBREAKER RELIABILITY	134,000	
1998	POLAR CLASS ICEBREAKER RELIABILITY	1,600,000	1,734,000
1995	POLAR ICEBREAKER REPLACEMENT (PIR)	13,000	
1997	POLAR ICEBREAKER REPLACEMENT (PIR)	26,000	
1998	POLAR ICEBREAKER REPLACEMENT (PIR)	346,000	
1999	POLAR ICEBREAKER REPLACEMENT (PIR)	1,000,000	1,385,000
1995	SEAGOING BUOY TENDER (WLB) REPLACEMENT	34,000	
1996	SEAGOING BUOY TENDER (WLB) REPLACEMENT	108,000	
1997	SEAGOING BUOY TENDER (WLB) REPLACEMENT	39,000	
1999	SEAGOING BUOY TENDER (WLB) REPLACEMENT	26,221,000	26,402,000
1995	STERN LOADING BUOY BOAT BUSL REPL	11,000	
1997	STERN LOADING BUOY BOAT BUSL REPL	13,000	
1998	STERN LOADING BUOY BOAT BUSL REPL	120,000	

UNITED STATES COAST GUARD—ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS APPROPRIATION—UNOBLIGATED BALANCES BY PROJECT—Continued

[AS OF 03/31/99]

YEAR FUNDS APPRO-PRIATED	PROJECT TITLE	BALANCE BY FISCAL YEAR	PROJECT TOTAL
1999	STERN LOADING BUOY BOAT BUSL REPL	478,000	622,000
1997	SURFACE SEARCH RADAR REPLACEMENT	2,000	.....
1998	SURFACE SEARCH RADAR REPLACEMENT	425,000	.....
1999	SURFACE SEARCH RADAR REPLACEMENT	5,631,000	6,058,000
1995	SURVEY & DESIGN—CUTTERS AND BOATS	25,000	.....
1998	SURVEY & DESIGN—CUTTERS AND BOATS	200,000	.....
1999	SURVEY & DESIGN—CUTTERS AND BOATS	500,000	725,000
	TOTAL, VESSELS	208,150,000	208,150,000
NO	AIRCRAFT SENSOR & C–130 ENGINE UPGRADE	38,318,000	38,318,000
1998	GLOBAL POSITIONING SYSTEM INSTALLATION	557,000	557,000
1998	HC–130 AIRCRAFT SENSOR UPGRADE	630,000	.....
1999	HC–130 AIRCRAFT SENSOR UPGRADE	10,000,000	10,630,000
1999	HC–130 ENGINE CONVERSION	370,000	370,000
1999	HC–130 SIDE LOOKING AIRBORNE RADAR (SLAR)	2,400,000	2,400,000
1999	HH–60J NAVIGATION UPGRADE	96,000	96,000
1999	HH–65A ENGINE CONTROL PROGRAM	5,500,000	5,500,000
1997	HH–65A HELICOPTER KAPTON REWIRING REPLACEMENT	25,000	.....
1998	HH–65A HELICOPTER KAPTON REWIRING REPLACEMENT	1,500,000	.....
1999	HH–65A HELICOPTER KAPTON REWIRING REPLACEMENT	4,500,000	6,025,000
1998	HH–65A HELO MISSION UNIT COMPUTER REPLACEMENT	100,000	.....
1999	HH–65A HELO MISSION UNIT COMPUTER REPLACEMENT	2,223,000	2,323,000
1999	HU–25 AIRCRAFT AVIONICS IMPROVEMENT	3,500,000	3,500,000
1998	LONG RANGE SEARCH AIRCRAFT CAPABILITY PRESERVATION	2,465,000	2,465,000
NO	MARITIME PATROL AIRCRAFT ACQUISITION	37,000,000	37,000,000
NO	OPERATIONAL TEST, USE OF FORCE FROM AIRCRAFT	779,000	779,000
NO	REACTIVATE OF HU–25 JETS	542,000	542,000
1999	ROLES AND MISSION STUDY	1,000,000	1,000,000
1998	TRAFFIC AND COLLISION AVOIDANCE SYSTEM (TCAS)	1,200,000	.....
NO	TRAFFIC AND COLLISION AVOIDANCE SYSTEM (TCAS)	468,000	1,668,000
	TOTAL, AIRCRAFT	113,173,000	113,173,000
1997	AVIATION LOGISTICS MANAGEMENT INFORMATION SYSTEM (ALMIS)	958,000	.....
1998	AVIATION LOGISTICS MANAGEMENT INFORMATION SYSTEM (ALMIS)	2,699,000	.....
1999	AVIATION LOGISTICS MANAGEMENT INFORMATION SYSTEM (ALMIS)	1,000,000	4,657,000
1999	COMMERCIAL SATELLITE COMM UPGRADE	3,935,000	3,935,000
1998	COMMUNICATION SYSTEM (COMMSYS) 2000	195,000	.....
1999	COMMUNICATION SYSTEM (COMMSYS) 2000	1,162,000	1,357,000
1997	CONVERSION OF SOFTWARE APPLICATION	20,000	.....
1998	CONVERSION OF SOFTWARE APPLICATION	1,620,000	1,640,000
1998	DEFENSE MESSAGE SYSTEM (DMS) IMPLEMENTATION	1,129,000	.....
1999	DEFENSE MESSAGE SYSTEM (DMS) IMPLEMENTATION	460,000	1,589,000
1998	DIFFERENTIAL GLOBAL POSITIONING SYSTEM (DGPS)	146,000	146,000
1997	FINANCE CENTER INFORMATION SYSTEM REPLACEMENT	8,000	8,000
1998	FLEET LOGISTICS SYSTEM (FLS)	111,000	.....
1999	FLEET LOGISTICS SYSTEM (FLS)	1,939,000	2,050,000
1998	FREQUENCY SPECTRUM REALLOCATION	750,000	750,000

UNITED STATES COAST GUARD—ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS APPROPRIATION—UNOBLIGATED BALANCES BY PROJECT—Continued

[AS OF 03/31/99]

YEAR FUNDS APPROPRIATED	PROJECT TITLE	BALANCE BY FISCAL YEAR	PROJECT TOTAL
1997	GLOBAL MARITIME DISTRESS AND SAFETY SYSTEM	529,000	529,000
1998	LOCAL NOTICE TO MARINERS (LNM) AUTOMATION	550,000	
1999	LOCAL NOTICE TO MARINERS (LNM) AUTOMATION	1,000,000	1,550,000
1999	MARINE INFORMATION FOR SAFETY AND LAW ENFORCEMENT (MISLE)	1,540,000	1,540,000
1999	MARITIME DIFFERENTIAL GLOBAL POSITIONING SYSTEM (DGPS)	6,000,000	6,000,000
1998	NATIONAL DISTRESS SYSTEM MODERNIZATION	1,800,000	
1999	NATIONAL DISTRESS SYSTEM MODERNIZATION	3,000,000	4,800,000
1997	PERSONNEL MANAGEMEMT INFORMATION SYSTEM/MIL PAY SYSTEM	646,000	
1998	PERSONNEL MANAGEMEMT INFORMATION SYSTEM/MIL PAY SYSTEM	38,000	
1999	PERSONNEL MANAGEMEMT INFORMATION SYSTEM/MIL PAY SYSTEM	1,146,000	1,830,000
1997	PORTS AND WATERWAYS SAFETY SYSTEMS (PAWSS)	254,000	
1998	PORTS AND WATERWAYS SAFETY SYSTEMS (PAWSS)	322,000	
1999	PORTS AND WATERWAYS SAFETY SYSTEMS (PAWSS)	5,901,000	6,477,000
1997	VESSEL TRAFFIC SERVICE REQUIREMENTS EVALUATION	254,000	254,000
1997	VHF–FM HIGH LEVEL SITE UPGRADE	93,000	
1998	VHF–FM HIGH LEVEL SITE UPGRADE	2,500,000	2,593,000
	TOTAL, OTHER EQUIPMENT	41,705,000	41,705,000
NO	ACQUISITION OF 2 C3 PLATFORMS	17,000,000	17,000,000
1999	AIR STATION CAPE COD—REPLACEMENT ELECTRIC DISTRIBUTION SYS	1,500,000	1,500,000
1999	AIRSTATION MIAMI—RENOVATE FIXED WING HANGAR	3,600,000	3,600,000
1997	BALTIMORE, MD—COST GUARD YARD LAND BASED SHIP HANDLING FAC.	19,000	19,000
1997	BASE SAN JUAN RECONSTRUCTION PHASE I	293,000	293,000
1998	BAYONNE, NJ CONTRUCT PIER	200,000	200,000
1999	CAPITALIZATION PROJECT	8,000,000	8,000,000
NO	COMSTA MIAMI RESTORATION	226,000	226,000
1997	CUTTERS CHIPPEWA AND OBION RELOCATE OWENSBORO MOORING	38,000	38,000
1998	GROUND WAVE EMERGENCY NETWORK (GWEN/DGPS)	294,000	294,000
1998	GROUP WOODS HOLE—WATERFRONT RENOVATION	120,000	120,000
1998	GROUP STATION NEW ORLEANS—RELOCATION PHI	8,400,000	8,400,000
1999	GROUP STATION NEW ORLEANS	4,000,000	4,000,000
1999	INTEGRATED SUPPORT COMMAND (ISC) BOSTON WATERFRONT REHAB	2,100,000	2,100,000
1998	INTEGRATED SUPPORT COMMAND (ISC) KETCHIKAN REPLACE BREAKWATER	246,000	246,000
1998	INTEGRATED SUPPORT COMMAND (ISC) KODIAK HANGAR RENOVATION	54,000	54,000
1998	INTEGRATED SUPPORT COMMAND (ISC) PORTSMOUTH, VA	745,000	745,000
NO	HURRICANE GEORGES SUPPLEMENTAL	6,620,000	6,620,000
1998	LEADERSHIP DEVELOPMENT CENTER PH IV	470,000	470,000
NO	MIDWEST FLOOD SUPPLEMENTAL	399,000	399,000
1997	MINOR AC&I SHORE CONSTRUCTION PROJECT	25,000	
1998	MINOR AC&I SHORE CONSTRUCTION PROJECT	525,000	
1999	MINOR AC&I SHORE CONSTRUCTION PROJECT	5,910,000	6,460,000

UNITED STATES COAST GUARD—ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS APPROPRIATION—UNOBLIGATED BALANCES BY PROJECT—Continued

[AS OF 03/31/99]

YEAR FUNDS APPROPRIATED	PROJECT TITLE	BALANCE BY FISCAL YEAR	PROJECT TOTAL
1999	OPTIMIZE COAST GUARD TRAINNG INFRASTRUCTURE	2,200,000	2,200,000
1997	PUBLIC FAMILY QUARTERS	12,000	
1998	PUBLIC FAMILY QUARTERS	1,623,000	
1999	PUBLIC FAMILY QUARTERS	9,000,000	10,635,000
1999	STA CAPE DISAPPOINTMENT 47' MLB IMPROVEMENTS	1,700,000	1,700,000
1999	STATION DAUPHIN ISLAND	3,200,000	3,200,000
1997	STATION JUNEAU RENOVATE/EXPAND STATION FACILITY	71,000	71,000
1999	STATION NEAH BAY—WATERFRONT RENOVATION	3,000,000	3,000,000
1999	STATION OSWEGO 47' MLB IMPROVEMENTS	1,450,000	1,450,000
1997	STATION SABINE CONSTRUCT/EXPAND WATERFRONT FACILITY	90,000	90,000
1998	STATION BELLINGHAM RELOCATION	633,000	633,000
1997	SUPRTCEN PORTSMOUTH UPGRADE PAINTING AND SANDBLAST FACILITY	24,000	24,000
1997	SUPRTCEN SAN PEDRO CONSTRUCT MEDICAL FACILITY	87,000	87,000
1997	SURVEY & DESIGN—SHORE PROJECTS	56,000	
1998	SURVEY & DESIGN—SHORE PROJECTS	2,000	
1999	SURVEY & DESIGN—SHORE PROJECTS	2,800,000	2,858,000
1999	WATERWAYS AIDS-TO-NAVIGATION PROJECTS	4,073,000	4,073,000
	TOTAL, SHORE PROGRAM	90,805,000	90,805,000
	TOTAL, ALL CATEGORIES	453,833,000	453,833,000

COMPARISON OF AC&I FISCAL YEAR 1999 AND FISCAL YEAR 2000 REQUESTS

Question. Please provide a table comparing your fiscal year 2000 Acquisition, Construction, and Improvements (AC&I) request with your fiscal year 1999 request and House, Senate, and Conference actions.

Answer. The information follows.

COAST GUARD FISCAL YEAR 1999–2000 ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS BUDGET SUMMARY

[In thousands of dollars]

Fiscal year	
1998 Enacted	407,300
1999 Requested	443,000
1999 Senate	426,200
1999 House	389,000
1999 Conference	395,400
2000 Requested	350,326

Project	Fiscal year 1999				Fiscal year 2000 Req
	Req	Senate	House	Conf	
VESSELS					
Survey & Design	500	500	500	500	500
Buoy Tender (WLB)	105,000	45,000	81,790	72,600	77,000
Buoy Tender (WLM)	31,000	31,000	27,000	27,000	
Buoy Boat (BUSL)	11,773	11,773	7,055	11,773	5,000
47' (MLB)	20,800	20,800	20,800	20,800	24,360
Healy	2,100	2,100	2,100	2,100	1,900
Surf Search Radar	12,900	12,900	8,450	8,450	4,000

Project	Fiscal year 1999				Fiscal year 2000 Req
	Req	Senate	House	Conf	
Coastals (CPB)	37,600	37,600	47,600	37,600	1,000
Deepwater	28,000	28,000	20,000	20,000	44,200
GLIB	.....	4,000	6,000	5,300	.....
Repair/improve vessels:					
Polar (RIP)	6,100	4,000	.....	.....	4,100
Config Mgmtt	3,800	3,800	3,800	3,800	3,700
Edenton	10,000	14,000	2,000	10,000	.....
Subtotal vessels	269,573	215,473	227,095	219,923	165,760
Reprogramming Prior Year Funds	.....	.....	−9,100	.....	.....
New budget authority	.....	.....	227,913	.....	.....
AIRCRAFT					
HH–65A Kapton Wiring	4,500	4,500	4,500	4,500	3,360
HH–65A Mission Computer Unit Replacement	3,000	3,000	3,000	3,000	3,650
HC–130 Eng Upgrade * C	9,941	9,941	4,100	4,100	.....
L R Search—HC–130	1,590	1,590	.....	.....	5,900
HC–130 Sensor-drugs	11,000	11,000	11,000	11,000	.....
HU–25 Aircraft Avionics	3,500	3,500	3,500	3,500	2,900
HH–60J Upgraded Navigation	1,100	1,100	1,100	1,100	3,800
Low Signature Aircraft	.....	.....	2,000	.....	.....
HU–25 Engine Overhaul	.....	.....	9,000	.....	.....
HH–65 Engine Control FADEC	.....	9,000	.....	6,000	.....
HH–130 Side Looking Airborne Radar Upgrade	2,500	2,500	2,500	2,500	2,500
Subtotal aircraft	37,131	46,131	40,700	35,700	22,110
Reprogramming Prior Year Funds	.....	.....	−1,400	.....	.....
New budget authority	.....	.....	39,400	.....	.....
OTHER EQUIPMENT					
Fleet Logistics System (FLS)	4,669	4,669	4,669	4,669	6,000
Ports and Waterways (PAWSS)	6,600	5,500	6,600	6,600	4,500
Marine Info for Safety & LE (MISLE)	6,100	4,000	4,100	4,100	10,500
Communications System (COMMSYS) 2000	2,000	1,000	2,000	2,000	.....
Aviation Logistics Info System (ALMIS)	1,000	1,000	.....	1,000	2,700
National Distress System (NDS)	3,000	2,000	3,000	3,000	16,000
DGPS Phase III	2,600	9,520	.....	7,500	.....
Defense Message Service Implementation	800	800	800	800	3,477
PMIS/JUMPS II, PH II	1,900	1,900	1,900	1,900	4,400
Commercial Comms Sat-drugs	4,000	4,000	4,000	4,000	4,049
Local Notice to mariners	1,300	1,000	1,300	1,000	.....
Drug Sensors—Deploy Dectect ID	.....	.....	9,000	.....	.....
Human Res Info Sys	.....	.....	.....	.....	1,100
LORAN C Recap	.....	.....	.....	.....	1,000
Subtotal other equipment	33,969	35,389	37,369	36,569	53,726
Reprogramming Prior Year Funds	.....	.....	−7,055	.....	.....
New budget authority	.....	.....	30,314	.....	.....
SHORE FACILITIES/ATON					
Survey & Design	5,000	5,000	5,000	5,000	6,000

Project	Fiscal year 1999				Fiscal year 2000 Req
	Req	Senate	House	Conf	
Minor AC&I	6,000	6,000	6,000	6,000	6,000
Air stations:					
AIRSTA Cape Cod—Electrical	1,500	1,500	1,500	1,500	.....
AIRSTA Miami—HU25 Hangar	7,100	7,100	3,600	3,600	3,500
AIRSTA Kodiak—Hangar	.....	.....	.....	.....	8,300
AIRSTA Elizabeth City—Ramp Expansion	.....	.....	.....	.....	3,800
Supply/support/training ctrs:					
ISC Alameda—Replace Causeway	.....	.....	.....	.....	.....
ISC Boston—Waterfront Rehab	2,100	2,100	2,100	2,100	.....
CGA—Renovate Satterlee Hall	.....	.....	.....	.....	5,000
Coast guard housing	18,600	5,000	2,300	9,000	7,800
Bases/stations/groups/MSO's:					
STA Oswego—47 MLB Improvements	1,450	1,450	1,450	1,450	.....
STA Neah Bay—Waterfront Improvements	3,000	3,000	3,000	3,000	.....
GROUP Cape Disappointment—47 MLB Improv	1,700	1,700	1,700	1,700	.....
Eliminate Excess Training Infrastructure	2,200	2,200	2,200	2,200	.....
Group/Station NOLA	.....	.....	4,000	4,000	.....
Station Dauphin Island	.....	3,200	.....	3,200	.....
Construct WPB Maint Facility	.....	.....	.....	.....	3,100
Modernize CG Station Shinnecock	.....	.....	.....	.....	3,500
Relocate MSO/Station Cleveland Hbr	.....	.....	.....	.....	1,000
87' Shore Improvements	.....	.....	.....	.....	2,800
Waterways/ATON Projects	5,000	5,000	4,073	4,073	5,000
Capitalizable projects (transfer from OE)	.....	.....	8,000	8,000	.....
Subtotal shore	53,650	43,250	44,923	54,823	55,800
PERSONNEL					
Direct Personnel Costs	47,700	47,700	47,700	47,700	51,180
Core Acquisition Costs	750	750	750	750	1,750
Subtotal personnel	48,450	48,450	48,450	48,450	52,930
Reduction for Asset Sales	.....	.....	−2,000	.....	.....
Dewine Amendment—drugs	.....	37,480	.....	.....	.....
Total request	442,773	426,173	389,000	395,465	350,326

Note: In addition to the fiscal year 1999 AC&I funds appropriated for multimission capital assets, the Coast Guard received $217.4M in AC&I emergency supplemental funds for ''the expansion of drug interdiction activities.'' These funds were earmarked for specific vessels, aircraft, and sensors dedicated to drug interdiction efforts.

FIVE-YEAR BUDGET PROCESS

Question. The Committee has been informed that the Coast Guard is developing a five-year budget process to improve long-range planning. What is the status of this proposal?

Answer. The Coast Guard is considering the value of producing a 5-year budget similar to what is currently developed to support the President's National Drug Control Strategy. Although the Coast Guard believes that a 5-year budget would be

a useful planning and programming tool, the Coast Guard is weighing the benefits against considerable additional demands on limited staff resources.

CHIEF FINANCIAL OFFICERS ACT COMPLIANCE

Question. The Coast Guard has not received an unqualified opinion on its Chief Financial Officers Act audit of its financial statements. What actions has the Coast Guard taken to gain compliance and when does the Coast Guard expect to achieve compliance?

Answer. The Coast Guard is on track to achieve an "unqualified opinion" on the audit of fiscal year 1999 financial statements.

The Coast Guard is nearly complete with establishing an accurate baseline value for its land, buildings, and structures. In partnership with the Department of Transportation Inspector General (DOTIG), the Coast Guard is resolving several categories of data discrepancies. We expect to have an accurate baseline for real property by the end of May 1999.

The Coast Guard has established an accurate baseline for its cutters and aircraft. By the end of fiscal year 1999, we will have an accurate baseline established for all other categories of property and equipment.

One of our initiatives for facilitating the long-term systemic accounting for property is the implementation of an integrated property accounting system. This commercial-off-the-shelf-software will eliminate the need for multiple, often redundant, property tracking systems and will provide for accurate asset accounting, from acquisition to disposal. This system is in the beta test stage of development and will be deployed beginning in the 4th quarter of this fiscal year. Full deployment should be achieved by the end of fiscal year 2000.

In partnership with the DOTIG, the Coast Guard is reviewing its internal accounting policies and procedures to ensure expenses and year-end obligations are properly recorded. We expect to have deficiencies resolved by the end of this fiscal year.

CHIEF FINANCIAL OFFICERS ACT BUDGETARY IMPACT

Question. What effect, if any, has noncompliance had on the Coast Guard's fiscal year 2000 budget request?

Answer. The Chief Financial Officers (CFO) Act has had no impact on the Coast Guard's fiscal year 2000 budget request. The Coast Guard has placed, and will continue to place, high priority on achieving an unqualified opinion in the fiscal year 1999 CFO Act audit.

CHALLENGES IN DRUG INTERDICTION PERFORMANCE MEASURES

Question. What difficulties has the Coast Guard identified in developing outcomes, performance goals, and performance measures for its counterdrug activities?

Answer. The National Drug Control Strategy (NDCS), and the associated Performance Measures of Effectiveness (PME), establish the national policy requirements for drug interdiction and quantifiable performance targets. The Coast Guard's drug interdiction performance goal and performance targets are designed to achieve the mandates of the NDCS. The Coast Guard's goal is to reduce the flow of illegal drugs into the United States by denying maritime smuggling routes. The Coast Guard uses two measures to assess progress toward this goal:

—The proportion of cocaine removed via noncommercial maritime routes in transit to the United States, as measured against interagency flow estimates; and
—The smuggler success rate.

The first measure is directly linked with the PME requirements and impact targets for Goal 4 of the NDCS. The second was developed by the Coast Guard to account for not only drug removals enroute to the U.S., but also the deterrent effect created by the Coast Guard's interdiction presence in the Transit Zone. Two primary challenges, the accuracy of cocaine flow estimates and the quantification of the deterrent effect, are related to performance data.

Since smuggling is an illegal activity, cocaine flow is difficult to ascertain accurately. As part of the NDCS PME system, the Office of National Drug Control Policy (ONDCP) is working within the interagency framework to improve flow estimates. The Interagency Assessment of Cocaine Movement (IACM) Model is operational and continues to be refined.

A study of deterrence is being pursued by ONDCP, the Coast Guard, and the Customs Service to further establish the relationship between law enforcement presence and deterrence. This effort will help better define performance measurement in this area.

FIVE-YEAR DRUG BUDGET INITIATIVES

Question. How much funding is needed over the next 5 years to achieve the Coast Guard's drug interdiction goals?

Answer. The Coast Guard's current drug law enforcement plan requires increased drug interdiction capability in three key areas:

—Increased surface end-game capability—This is the ability to intercept and stop suspect vessels allowing for arrests to be made and contraband to be seized.

—Increased airborne capability—This is the ability to carry out surveillance in high-threat areas, detect and track suspects, and support surface end game interdiction efforts.

—Enhanced effectiveness of current assets/forces—This is the ability to increase the capability of current forces with technology, intelligence, and logistics support.

The fiscal year 2000 budget request includes $46 million for the initial operation and maintenance of the drug interdiction capital assets provided for in the fiscal year 1999 emergency supplemental appropriations. This funding will be used to increase capability in the three key areas identified above.

Resource requirements beyond fiscal year 2000 will be detailed in future year budget requests. Actual outyear resource requirements will depend upon the many variables that affect maritime interdiction operations. These variables include: the evolving threats (smuggling routes, smuggling modes, smuggling technologies); the level of Department of Defense and interagency participation in counterdrug activities; the effects of increased international cooperation; the value of ongoing engagement efforts with transit and source nations; potential efficiencies gained from new technology; and the long-term success of the strategy as currently developed.

FUNDING REQUIRED FOR FISCAL YEAR 1999 EMERGENCY APPROPRIATIONS INITIATIVES

Question. How much funding is required to sustain new drug interdiction operations and assets the Coast Guard is deploying as a result of the fiscal year 1999 emergency appropriations?

Answer. The President's fiscal year 2000 budget request includes $46 million for the initial operation and maintenance of counterdrug capital assets funded in the fiscal year 1999 emergency appropriations. This amount will need to be annualized in fiscal year 2001.

HU–25 RE-ENGINE PROOF OF CONCEPT PROJECT

Question. The committee understands that the Coast Guard is about to initiate a program to re-engine its HU–25 Falcon fleet, including aircraft currently in storage, using $15 million of the fiscal year 1999 emergency supplemental funds. Please provide for the record a description of the program, schedule, and funding profile.

Answer. This project will determine if re-engining the HU–25 Falcon with new commercially available engines reduces HU–25 operating costs while increasing performance and availability. The project scope entails engine replacement on a maximum of three HU–25s. The collected data will determine if the best interests of the Coast Guard are served by re-engining the entire HU–25 fleet.

The project will be evaluated using two metrics employed during flight testing of the prototype aircraft. The first metric verifies aircraft performance, identifying any actual increases or decreases in range and endurance. Secondly, measures of engine reliability and aircraft availability will be gathered as modified aircraft return to operational status.

This project is a key element of the Aviation Near-Term Support Strategy, which identified the requirements needed to extend the capability of the Coast Guard's current aircraft fleet for the remainder of their usable service lives, or until a Deepwater replacement system becomes operational.

PROPOSED SCHEDULE AND FUNDING PROFILE

Key events	Fiscal year	Total
Non-Recurring Engineering and System Design	1999/2000	[1] $15,000,000
Aircraft Engine Installation and Flight Testing	2001/2002	TBD

[1] Fiscal year 1999 Supplemental.

FISCAL YEAR 2000 BUDGET REQUEST FOR HU–25 RE-ENGINE PROOF OF CONCEPT PROJECT

Question. What is the fiscal year 2000 budget request for the HU–25 re-engine program? Is this amount sufficient to prevent a break in the program once it is initiated?

Answer. There is no fiscal year 2000 budget request for HU–25 re-engining. The initial investment of $15 million from the fiscal year 1999 emergency supplemental appropriation will be sufficient to fund the initial non-recurring engineering and system design for a re-engining project through fiscal year 2000. Additional funding requirements for such a project must still be determined.

INTENTIONS REGARDING "POWER-BY-THE-HOUR" PROGRAM

Question. Is it the Coast Guard's intention to support these re-engined aircraft with a "power-by-the-hour" program? If so, please describe the program properties.

Answer. The Coast Guard intends to evaluate the costs and benefits of a "power-by-the-hour" (PBTH) program. In a PBTH agreement, the vendor assumes responsibility for future overhaul and repair (excluding line maintenance and consumables) at a fixed rate based on engine hours in service, hence "power-by-the-hour." Under this arrangement, the vendor must absorb any excess costs incurred over the fixed rate. Under the PBTH agreement, the Coast Guard is assured of an accurate cost projection and will avoid the costs associated with unscheduled maintenance actions. This arrangement also provides significant incentives for the vendor to reduce their costs by increasing engine reliability. PBTH has proven to be enormously successful with the Allied-Signal LTS101 (HH–65 engine).

RESEARCH TO REDUCE AIDS TO NAVIGATION MAINTENANCE

Question. Has the Coast Guard conducted any research to reduce maintenance on Federal aids to navigation?

Answer. Yes. Past Coast Guard research has resulted in reduced maintenance requirements on Federal aids to navigation. For example, improved coating systems have removed the requirement for the servicing unit to paint the buoy on-station between the 6-year overhaul cycle, and smaller foam and plastic buoys now used in protected waters do not require maintenance of the buoy body itself over its service life. In addition, improved color films have more than doubled the service life of the previously used fluorescent film. Primary batteries have been replaced with a solar-powered system eliminating potential environmental hazards. The development of improved optics in combination with solar power has also enabled the Coast Guard to remove diesel powered generators from most remote lighthouses, reducing scheduled servicing visits from quarterly to annual, in addition to removing the possibility of environmental damage due to fuel spills or tank leaks.

The Coast Guard continues to conduct research to determine the most cost effective means to conduct the aids to navigation mission.

ADMINISTRATIVE AND SUPPORT FUNCTIONS

Question. The General Accounting Office (GAO) recently issued a report after reviewing eight Coast Guard administrative and support functions to identify potential cost savings. The GAO found that seven of the eight functions might be able to achieve cost savings. What actions has the Coast Guard taken in each of these areas to reduce costs? What additional actions is the Coast Guard considering taking in the future to reduce costs?

Answer. Coast Guard action on the seven areas identified by GAO for potential cost savings are as follows:

1. *Shipbuilding and repair.*—The number of overhead workers at the Coast Guard Yard has been reduced by 19.3 percent since 1994. In 1994, the cost of one overhead worker was borne by three waterfront producers; today, the cost of one overhead worker is spread over 3.5 producers. The Coast Guard Yard is narrowing the gap with private sector yards and compares very well with other medium size shipyards (Coast Guard Yard labor rate is $45.99 per hour; commercial yard rates range from $35.67 to $47.30 per hour; the U.S. Navy rate at Pearl Harbor is $110 per hour). The Coast Guard Yard is currently pursuing work from other government agencies to maintain an optimum production work force to overhead worker ratio.

2. *Permanent change of station.*—The Coast Guard has taken aggressive action to reduce permanent change of station (PCS) costs. A 1995 Department of Transportation Inspector General (DOTIG) report concluded, "USCG efforts to extend the tours of duty have been effective. Since our prior survey in 1990, the Coast Guard increased the average standard officer tour length by 8 percent. Also, during this

same time period, tour completion rates for enlisted personnel increased from 40 percent to over 80 percent." Since then, the Coast Guard has also authorized 2-year tour length extensions, eliminated some non-rated personnel transfers, and increased certain specialty tour lengths. It is important to note that approximately 28 percent of PCS funds are used for non-discretionary transfers (retirements, separations, schools, and recruit graduates) required by law. Another 24 percent of PCS funds are used to replace these members. Also, arduous duty, command, or liaison assignments and their replacements drive 25 percent of assignments. Therefore, only about 23 percent of PCS assignments are truly discretionary. The Coast Guard continues to identify efficiencies in PCS expenditures.

3. *Payment of bills and payroll*.—Comparisons between Finance Center processing of transactions and other processing centers have shown the Finance Center to be efficient. The Coast Guard is currently revamping its military personnel and payroll system, which is expected to reduce the need for administrative personnel. In fiscal year 1999, the Coast Guard saved 115 positions due to the implementation of Personnel Management Information/Joint Uniform Military Pay System (PMIS/JUMPS) II. These savings have been returned to the taxpayer as savings shown in the Coast Guard's fiscal year 1999 budget, with total system savings in excess of $6 million per year.

4. *Cutter and aircraft spare parts inventories*.—The Coast Guard's aviation and cutter supply and engineering software ensures that the correct parts are available when needed and, where possible, reduces inventory levels of parts that are not needed. The existing Aviation Logistics Management Information System and the Fleet Logistics System, currently in development, will allow further reductions by integrating parts availability information with maintenance tracking.

5. *Training*.—The $345 million for training identified by GAO greatly exceeds the $65 million value for training and education in the Program, Project, and Activities (PPA) section of the congressional stage budget. The $345 million includes not only operating and maintenance costs to manage the training centers, but also the salaries and other benefits associated with training.

6. *Collection of administrative civil penalties*.—As discussed by the GAO, the Coast Guard initiated a ticketing program in 1995 for pollution violations. The Coast Guard is considering expanding this program into a "universal" ticket for use in instances where there are violations of other regulations or statutes that the Coast Guard enforces. A regulatory project is underway. The Coast Guard completed a study on its Hearing Officer program and found that due to the decreased workload for the Hearing Offices and the Coast Guard's need to reduce costs, the program consolidated its three offices into one primary office and one satellite office. The primary office is located in Ballston, Virginia, and the satellite office is in Alameda, California. The New Orleans office will be closed in the summer of 1999, and the Boston office will close during the summer of 2000.

7. *Health Care*.—The Coast Guard is currently establishing a Headquarters office that will more closely monitor clinics' health care expenditures and identify opportunities to optimize the use of Coast Guard health care resources.

RELOCATION OF AIR FACILITY GLENVIEW, IL TO MUSKEGON, MI

Question. Is the Coast Guard still satisfied with its decision to relocate the air facility at Glenview, IL to Muskegon, MI?

Answer. Although the Coast Guard firmly believes that an air facility on Southern Lake Michigan is operationally redundant, if directed to continue operation of one air facility on the lake, Muskegon continues to be the best location from both a budgetary and operational perspective.

ACTIVITIES FIELD ORGANIZATION STREAMLINING EFFORT

Question. What is the status of the effort to streamline field organizations by developing and evaluating prototype field organizations at Baltimore, Corpus Christi, San Diego, and New York? What are the potential savings and impact on operations of these prototype organizations?

Answer. Of the four prototyped field organizations, three remain operational and there are currently no plans to change their organizational structures. The fourth prototyped activities organization at the Corpus Christi location was disestablished because the geographical distance separating the Marine Safety Office and the Group/Air Station commands minimized the benefit that activities commands were designed to achieve.

The lessons learned from this particular command and other prototyped integrated organizations were evaluated this past year. The major findings were: (1) the activities prototypes and similar integrated command structures evaluated are effec-

tive in carrying out their Coast Guard missions, including cross-programmatic coordination; and (2) effectiveness, multimission capability, unit/program coordination, and one-stop shopping for customers were enhanced at operating units where one or more of the following four core characteristics were present, regardless of the command structure:

—Presence of an integrated command center within a specific area of responsibility (AOR);
—Presence of a single resource broker of assets at the field unit commander level with the authority and ability to task all operational assets (boats, cutters, aircraft, and personnel) within a specific AOR;
—Collocation of field unit command and control structures in a specific AOR; and
—Presence of an integrated operations concept where group, port, and air operations staff entities work side by side within a common space or building.

Savings were not the primary reason behind the decision to create activities commands. Improved coordination and effectiveness between different operational commands within a specific area of operations and the provision of "one-stop shopping" for Coast Guard customers in the port were the key drivers behind testing the activities concept.

EXCESS COAST GUARD INFRASTRUCTURE

Question. Has the Coast Guard identified excess infrastructure? What excess properties were sold and what was the amount raised?

Answer. Yes. Those properties which have been identified as excess to the Coast Guard's needs have either been reported excess to the General Services Administration (GSA) or a notice of intention to relinquish has been sent to the Department of Interior.

The following is a list of excess properties that were sold and the amount raised:

Description	Fiscal year credit	State	Amount raised
LITTLE WOODS HOUSING	1997	LA	$1,132,600
SECOND DISTRICT FLAG QUARTERS	1997	MO	192,000
ELIZABETH CITY CLEAR ZONE	1997	NC	49,000
TOTAL	.....	.....	1,373,600
COINJOCK HOUSING	1998	NC	83,600
OWENSBORO MOORINGS	1998	KY	168,400
REDMOND HOUSING	1998	WA	1,691,900
OLD GREENVILLE DET/LAND/BLDG	1998	MS	37,400
TOTAL	.....	.....	1,981,300
LAMOURE HOUSING	1999	ND	208,200
BAUDETTE HOUSING	1999	MN	26,000
GWYNN ISLAND HOUSING	1999	VA	14,300
Total	.....	.....	248,500
TOTAL AMOUNT RAISED	.....	.....	3,603,400

Note: Dollar amounts indicate actual proceeds received rounded to the nearest hundredth dollar. Property credited to the Coast Guard in funding year indicated.

The following is a list of excess properties that may result in a public sale by the GSA:

Description	Fiscal year credit	State	Estimated proceeds
LORSTA DANA HOUSING	1999	IN	$152,000
HYDE PARK HOUSING	1999	MA	1,439,000

Description	Fiscal year credit	State	Estimated proceeds
ESTIMATED TOTAL	.....	.....	1,591,000
SO HAVEN LAND/DWELLING	2000	MI	105,300
ESMT MANASQUAN	2000	NJ	160,000
ESMT PORTSMOUTH	2000	NH	411,300
STA CLAIR FLATS/LAND & IMP.	2000	MI	377,000
ANT HURON/LAND/DWELLING	2000	OH	83,600
ESTIMATED TOTAL	.....	.....	1,137,200
TOTAL ESTIMATED PROCEEDS	.....	.....	2,728,200

Note: Dollar amounts indicate estimated proceeds rounded to the nearest hundredth dollar. Property sale may occur in the funding year indicated.

LEGISLATION FOR COAST GUARD BASE REALIGNMENT AND CLOSURE

Question. Is legislation similar to the Base Closure and Realignment Commission necessary to reduce excessive infrastructure?

Answer. No. Legislation similar to the Base Closure and Realignment Commission is not necessary to reduce excessive Coast Guard infrastructure. Each year, the Coast Guard reports a number of properties as excess infrastructure to the General Services Administration for disposal, or as subject of no-cost conveyance legislation. Since 1997, the proceeds from the sale of these properties results in approximately $1 million annually as revenue.

Through the effective use of its planning and review process, the Coast Guard is able to divest unused or underutilized properties. These reviews, combined with existing processes for divestiture, provide sufficient means to reduce excessive Coast Guard infrastructure.

EXCESS CAPACITY AT TRAINING CENTERS

Question. A study conducted in 1995 concluded that the Coast Guard should close the training center at Petaluma, California, as part of its streamlining effort. Does the Coast Guard still contend that it has excess training space and need to close one of its facilities?

Answer. The Coast Guard is currently reviewing its training space needs and will issue a report in the near future.

SAVINGS FROM CLOSING A TRAINING CENTER

Question. How much would you save in fiscal year 2000 and during the next five fiscal years (2000 –2005)?

Answer. The Coast Guard is currently reviewing its training space needs and will issue a report in the near future.

ALIGNMENT OF TRAINING CENTER PETALUMA PROGRAMS

Question. If this Training Center were closed, how would the Coast Guard align its training programs among the other training centers?

Answer. The training center at Cape May, NJ would remain the Recruit Training Center. The training center at Elizabeth City, NC would remain the Aviation Technical Training Center, and would receive the Health Services and Food Services schools from Training Center Petaluma. Reserve Training Center, Yorktown, VA, would receive the remaining schools from Training Center Petaluma, including Electronics Technician, Telephone Technician, Telecommunications Specialist, Yeoman, and Storekeeper schools. This assumes the programmatic environmental review now underway identifies no obstacles to expansion at Yorktown or to the closure at Petaluma.

DEEPWATER FUNDING ALLOCATION

Question. The Coast Guard is requesting $44 million to continue the Deepwater project. How will the funds be allocated?

Answer. The $44.2 million requested for fiscal year 2000 includes:

—$25.2 million for Deepwater industry teams. Specifically, $8.4 million will be provided to each of the three industry teams to fund Functional Design requirements.
—$16 million for Deepwater Project technical support. Specifically, continuing development and implementation of Modeling and Simulation tools; integrating and analyzing industry's proposals and the resulting impact on existing Coast Guard capabilities and assets; examining proposed surface/air/C^4ISR (command, control, communications, computers, intelligence, surveillance, and reconnaissance) assets for environmental impacts, conformance with project requirements, and technical feasibility; and planning and assessing impacts to the Coast Guard logistics and facilities infrastructure.
—$3 million for project management and administration. Specifically, project management and support contractors, travel, preparation of the Phase 2 Request for Proposals (RFP), and administrative expenses.

COAST GUARD RESPONSE TO GAO DEEPWATER REPORT

Question. What additional analysis and justification have been prepared to respond to the shortcomings identified in the General Accounting Office (GAO) report (GAO/RECD–99–6) of the Coast Guard's original formal justification developed depicting the need for replacement or modernization of the asset mix characterized as deepwater ships and aircraft? Please provide all relevant documentation for the record.

Answer. The Coast Guard has taken aggressive steps to address the concerns cited in GAO's report. These actions include:
—Modification of the Project's contracting strategy to double the duration for development of industry's Deepwater concepts. While retaining the original final contract award date of January 2002, the extended design process provides the Coast Guard with more advanced technical concepts and more refined cost estimates. In addition, extending design provides the time and contractual framework to address GAO's concern about the Project's ability to incorporate findings from the Interagency Task Force on Coast Guard Roles and Missions.
—Substantial increase in the amount of information provided to industry on the condition and cost of Deepwater legacy assets. The Coast Guard developed and provided an exhaustive record of the operating and support costs and planned upgrades for all Deepwater legacy assets, an extensive report describing viable strategies to extend the service life of all legacy aviation assets, and a detailed engineering study on the condition and estimated remaining service life for the 378 foot high endurance class of cutters. In addition, similar engineering studies on the condition and estimated service lives of the 270 foot and 210 foot medium endurance cutter fleets are underway and will be provided to industry by the end of May and June respectively.
—Tasked the Project's Independent Analysis Government Contractor with performing a cost sensitivity analysis. In addition, the Coast Guard intends to task the Deepwater industry teams with performing a similar cost sensitivity analysis during Functional Design. Among other factors, these cost sensitivity analyses will consider the impact of procuring a Deepwater system over a longer period of time, which as GAO noted in their report, "ultimately drives up costs because of such factors as higher administrative costs and the loss of quantity discounts."
—Meeting with GAO May 18–19, 1999 to gather firsthand specific criticisms, comments, and concerns with the Project's formal justification documents—the Mission Analysis Report and Mission Needs Statement (MAR/MNS). The Coast Guard's revision/revalidation of the MAR/MNS will not commence until findings from the Interagency Task Force on Coast Guard Roles and Missions are known—currently expected in the fall of 1999.

Since GAO issued their report in October 1998, the Coast Guard has maintained and will continue to maintain an ongoing partnership with GAO. The Coast Guard kept GAO apprised of the actions being taken to address the concerns in their report and has received very positive responses. The Project also briefed and sought GAO's comment on the new Deepwater contracting strategy before pursuing implementation.

USER FEES AND FUNDING SHORTFALL

Question. If Congress does not agree to authorize the proposed user fee on navigational services, what recommendations would the Coast Guard propose to Congress to adjust its fiscal year 2000 budget request to account for the funding shortfall?

Answer. The new budget authority reflected in the President's budget request is equal to the funding requirements for the capital asset account line items contained in the fiscal year 2000 request. As we understand it, no reductions from the general fund will occur unless Congress authorizes the proposed user fees.

USER FEES AND FUNDING REDUCTIONS

Question. Specifically, what Coast Guard programs would you cut to make up the shortfall?

Answer. A final appropriation that contains the level of new budget authority contained in the President's fiscal year 2000 request will enable the Coast Guard to fully execute the capital asset line items in that request.

ACQUISITION REFORM

Question. Acquisition reform is a government-wide initiative intended to integrate greater efficiencies and cost saving measures into government procurement practices. What steps is the Coast Guard taking to incorporate the lessons learned from the U.S. Navy in developing contracting methods that allow multiple ship and multiple year best value procurements?

Answer. The Coast Guard has taken several steps in implementing acquisition reform in order to integrate greater efficiencies and cost saving measures. There has been a significant increase in the use of performance-based specifications, focusing on the missions to be performed and allowing contractors to propose how to perform those missions. Concurrently, the Coast Guard has increased the use of market research to identify what is commercially available and to increase reliance on commercial specifications and standards, as opposed to imposing government standards on the contractors. The Coast Guard has streamlined its best value source selection by making greater use of oral presentations, by reducing the number of evaluation factors, and by placing considerably higher reliance upon evaluations of contractors' past performance. The Coast Guard is also exploring the possibilities/advantages of multiple year contracting.

POLAR CLASS RELIABILITY IMPROVEMENT PROJECT USE OF THE PRIVATE SECTOR

Question. The Coast Guard has instituted the Reliability Improvement Project (RIP) as a long-term plan to upgrade its Polar Class Icebreakers. How does the Coast Guard intend to utilize the private sector in the RIP?

Answer. The Reliability Improvement Project (RIP) is a $60 million project of which $55 million is presently planned to be spent in the private sector for design, equipment purchase, and installation of the upgrades to the two Polar Class Icebreakers.

PORTS AND WATERWAYS SAFETY SYSTEMS (PAWSS) PROGRAM STATUS

Question. In fiscal year 1998, the Coast Guard initiated the Ports and Waterways Safety Systems (PAWSS) as a successor to the Vessel Traffic Service (VTS) 2000 program. Congress provided $6.6 million in fiscal year 1999 for this program, and the Coast Guard is requesting $4.5 million in its fiscal year 2000 budget. What is the current status of the PAWSS program?

Answer. The Vessel Traffic Service (VTS) prototype installation at Gretna Light near New Orleans, LA was completed in October 1998. The system will be moved to the Vessel Traffic Center between July and August 1999. Additional surveillance sites with radar and closed-circuit television cameras will be installed by November 1999. Initial operating capability (IOC) is scheduled for January 2000.

Through the use of Y2K supplemental funding, the Coast Guard is pursuing the first phase of the Valdez, AK VTS replacement. Phase one of the Valdez effort addresses Y2K compliance issues. In fiscal year 2000, the second phase will begin, at which time two aging radars and the entire communications infrastructure will be replaced.

VTS NEW ORLEANS/PORTS BEING CONSIDERED FOR PAWSS PROGRAM

Question. When will the Vessel Traffic Service (VTS) in New Orleans become operational? In addition to New Orleans, what other ports is the Coast Guard considering for the PAWSS program?

Answer. The Coast Guard's Vessel Traffic Service (VTS) in New Orleans will be operational with coverage of the Mississippi River from Baton Rouge to the Gulf of Mexico using Automatic Identification System (AIS) transponders in late 2000. However, three milestones must be reached before the VTS can be declared fully operational. First, facility construction must be completed and the system's hardware

and software must be installed, tested, and accepted by the Government. This process is on schedule and should be complete in late 1999. Second, the complete crew must be on board, trained, and qualified in accordance with approved operating procedures. The fiscal year 2000 budget request identifies nine positions to staff the Vessel Traffic Center. These new people will have to be recruited, hired, and trained. Pending approval, this process can be complete by October 2000. Operational procedures for the new VTS are being written and must be in place prior to beginning training of new hires. Because this will be the world's first VTS to rely on AIS for information exchange with participating vessels, the Coast Guard must pay close attention to detail in crafting operating procedures and regulations for participation. The third milestone is the implementation of a mandatory carriage requirement for AIS transponders. The Coast Guard has the least control over the timing of this aspect. It is dependent on international standards being complete, dedicated radio frequency channels being identified, successful field testing for interoperability of the standard, and manufacturers producing shipboard systems in sufficient quantities to meet demand. Barring any unforeseen delays or disruptions to this process, a carriage requirement could be in place for VTS New Orleans in late 2000.

The number of additional ports that will receive new systems under the Coast Guard Ports and Waterways Safety Systems (PAWSS) program is not yet known. The Coast Guard is using a systematic risk assessment process to evaluate navigation safety conditions in ports and waterways to determine if additional risk mitigation measures, such as a PAWSS VTS, are necessary. The process relies on input from local waterway users to identify risk drivers and evaluate existing mitigation measures (i.e., visual traffic schedules, channel depth, buoy layout, etc.).

The Coast Guard will establish a VTS under the PAWSS project only where a shoreside oversight/traffic-organizing component is identified by the users as a necessary risk mitigation measure and then, ideally, only where there is a compelling Federal interest in providing that shoreside component. The Coast Guard will begin assessing ports in the summer of 1999.

AGENCY CAPITAL PLAN

Question. When did the Coast Guard last update its Agency Capital Plan and what is the most current estimate of the Coast Guard's capital needs in fiscal year 2001 and 2002?

Answer. The fiscal year 2000 Agency Capital Plan is not yet complete. Capital needs for fiscal years 2001 and 2002 have not yet been determined.

GAPS BETWEEN FUNDING LEVEL AND AGENCY CAPITAL PLAN NEEDS

Question. How does the Coast Guard intend to address any gap in funding between its probable funding level and the needs identified in the Agency Capital Plan?

Answer. The Coat Guard will prioritize Acquisition, Construction, and Improvements (AC&I) needs. Should the final funding level still be insufficient to address the needs recommended for funding in the President's budget, lower-priority investments will have to be deferred.

IMPACTS OF NOT INCREASING AC&I APPROPRIATION

Question. What actions would the Coast Guard propose taking to continue operations if the Acquisition, Construction, and Improvements (AC&I) account is not increased through 2002?

Answer. If the AC&I appropriation is not adequate, the Coast Guard's ability to continue to provide basic services is placed at risk, as legacy systems become unserviceable. Capital funding below the budget request also increases the annual cost of operating and maintaining existing infrastructure. The increased costs would result in reduced service levels, unless the Operating Expenses (OE) appropriation was increased to compensate. Adequate AC&I funding is critical to the Coast Guard's future readiness.

ENGINE LEASES FOR AIRCRAFT

Question. Is it possible, feasible, and desirable to obtain replacement engines on a pilot lease program? If so, is there any statutory impediment to an operating lease program or a lease-to-purchase program? If so, please provide suggested language that would provide the requisite statutory relief.

Answer. The Coast Guard can acquire equipment through lease. (Federal Acquisition Regulations (FAR) 2.1) The decision to lease or buy is made on a case-by-case

basis. (FAR 7.401) The desirability of leasing engines for Coast Guard aircraft depends on an analysis of the benefits of various alternatives, which typically may be affected by the period of the lease. If the Coast Guard desires to consider all possible alternatives when it is planning to replace equipment, long-term leases are problematic. Without special authority, multiyear contracts cannot exceed 5 years. (10 U.S.C. 2306b.)

The following language might be used in a statute to authorize a longer-term program for lease of aircraft engines (modeled after an Army pilot program for leasing commercial utility cargo vehicles, see section 807(c) of Pub. L. 104–106, note to 10 U.S.C. 2401a):

(1) The Coast Guard may lease aircraft engines in accordance with this subsection.

(2) Under this program—

—(A) the Coast Guard may trade existing aircraft engines for credit against the costs of leasing new replacement engines;

—(B) the quantities and trade-in value of aircraft engines to be traded in shall be subject to negotiation between the Coast Guard and the lessors of the new replacement engines;

—(C) the lease agreement for new engines may be executed with or without an option to purchase at the end of the lease period; and

—(D) the lease period for new engines may extend up to the end of the projected useable service life of the airframe on which the engines will be installed.

HH–65A REPORT

Question. Last year, the Committee added funding to support the HH–65 engine upgrade and requested a report on the need to and recommendations for restoring HH–65 power margins while accommodating for future growth. What is the status of this report? What are the conclusions of this study and what recommendations have been proposed for restoring power margins?

Answer. The report is currently under review in the Administration. Until this review is complete, the Coast Guard cannot comment on the various conclusions and recommendations contained in the report.

HH–65A FADEC FISCAL YEAR 2000 FUNDING

Question. What are the Coast Guard's plans for replacing the current fuel control on the HH–65 and how much is required in fiscal year 2000 to continue the program initiated last year? What is the fiscal year 2000 budget request for the HH–65 Full Authority Digital Electronic Control (FADEC)?

Answer. The current fuel control on the HH–65 will be one of the engine components replaced during the installation of FADEC technology. The Coast Guard received $6 million in fiscal year 1999, enough to continue the project until fiscal year 2001. There is no request for FADEC funding in fiscal year 2000 because no additional funding is required in fiscal year 2000.

HH–65A ENGINE UPGRADE

Question. Please provide for the record a description of any engine upgrade recommended along with an estimated funding profile by year for both non-recurring and recurring unit costs.

Answer. The HH–65 report is currently under review. Until this review is complete, the Coast Guard is unable to comment on any proposed recommendations.

HH–65A ENGINE UPGRADE INITIATION DURING FISCAL YEAR 2000

Question. Is it possible to initiate the engine upgrade process by integrating available off-the-shelf parts required to restore operational power margins with the engines that are returned for depot maintenance during fiscal year 2000? If so, how much funding would be necessary?

Answer. The HH–65A report is currently under review in the Administration. Until this review is complete, the Coast Guard cannot comment on HH–65 engine upgrades. No funding is necessary in fiscal year 2000.

MARINE TRANSPORTATION SYSTEM—FACTORS AFFECTING CAPITAL NEEDS OF PORTS

Question. In the next few years, the Congress will face several issues related to the marine transportation system. Some of the most important issues are financing dredging and shipping channels, reviewing whether ports receive adequate funding for intermodal connections, and assessing alternatives for maintaining and operating the system. The Coast Guard will play a significant role as we determine the

funding needs of the nation's ports. What are the key factors that will likely affect the capital needs of ports over the next five years?

Answer. The key factors that affect the infrastructure and service capital needs of ports and their associated waterways are safety, security, environment, and economic competitiveness. Economies of scale, increases in requirements for trade, and developments in technology have led to the use of larger container ships and faster vessels. Capital improvements are then necessary at ports to accommodate these vessels: they must have sufficient depth and configuration of navigational channels and berths, appropriate cargo handling gear, sufficient capacity, efficient intermodal connections, and more capable systems for cargo and vessel traffic management. Beyond these issues, the growth in the size, speed, and amount of traffic are increasing the risks posed to safety and the environment. Smuggling activities, cargo-related crimes, and terrorism also threaten U.S. economic health and personal safety.

COAST GUARD ROLE IN EASING CONSTRAINTS ON PORT DEVELOPMENT

Question. What is the role of the Coast Guard in easing the constraints to port development?

Answer. The Coast Guard's broad marine safety, security, and environmental protection responsibilities directly impact the flow of marine transportation, which in turn influences port development. Some examples where the Coast Guard is reducing potential constraints to port development are by:

—Working at local levels with government and private sector stakeholders to integrate safety, environmental protection, and security issues in the early phases of development plans to improve effectiveness and avoid unnecessary hindrance of development.

—Implementing new technologies that will directly or indirectly foster port development. Examples include the Automatic Identification System and Differential Global Positioning System.

—Procuring and operating infrastructure and systems to support management of waterways operations, including aids to navigation, vessel traffic services, and domestic icebreaking.

—Streamlining regulatory processes—the Coast Guard and other agencies are working together to streamline review processes and create one-stop shopping for customers.

BARRIERS TO MEETING MARINE TRANSPORTATION SYSTEM NEEDS

Question. What are the barriers the Coast Guard faces in meeting the marine transportation needs?

Answer. The following are the challenges that Marine Transportation System (MTS) stakeholders (including the Coast Guard) face as identified in MTS Regional Listening Sessions and the National Conference on the U.S. Marine Transportation System:

—Competing use of waterways and increasing demand for landside access is a growing challenge to effective management of the MTS. Increased vessel traffic, use of larger and higher speed vessels, and congestion of waterways impact safe and efficient vessel operation.

—As U.S. waterways become more congested, the need for greater management and operational control of vessels and facilities increases. Operational awareness of all interrelated MTS activities is key to ensuring safe movement of vessels and facility cargo operations. To meet this challenge, we are exploring integration of systems employing new technology such as the Electronic Chart Display and Information System (ECDIS), Physical and Oceanographic Real-Time System (PORTS), and Automatic Identification System (AIS).

EFFECTS OF MEGA-SHIPS & HIGH-SPEED VESSELS ON PORT SAFETY

Question. How will the development of mega-ships and high-speed vessels affect the Coast Guard's responsibilities for ensuring safety and environmental protection in and around ports?

Answer. The development of mega-ships and high-speed vessels will not affect the Coast Guard's responsibilities in ensuring safety and environmental protection in and around ports. However, the development and employment of these high-capacity and high-speed vessels will impact the means by which the Coast Guard ensures public safety because they present significantly increased levels of risk. The primary threats to safety and environmental protection for these vessels arise from the increased risk of collision (or allision) and grounding associated with limited maneuverability of the mega-ships or reduced reaction time for the operators of high-speed craft and vessels encountered by high-speed craft. Both great size and high speed

lead to the potential for increased levels of damage, which in turn can result in an increased risk of loss of life and release of pollutants. Further, high speed vessels are often ferries which, because of the large number of passengers they carry, increases the potential for significant loss of life.

With increased levels of trade and marine recreation, waterways are becoming more congested and the risks directly associated with these vessels will be compounded. The legal authorities granted to the Coast Guard are sufficient to manage these risks. However, new methods and tools must be developed to meet the challenges posed by high-speed vessels and mega-ships. Regulatory and non-regulatory mitigations to these challenges may be attained by:

—Use of risk assessment (using tools such as Ports and Waterways Safety Assessment (PAWSA)) and risk management (risk-based decision making);
—Increased partnerships (e.g., harbor safety committees and the Passenger Vessel Association high-speed craft working group) and interagency efforts to integrate safety management systems to commercial vessel operations;
—Traffic management tools, such as Regulated Navigation Areas, traffic separation schemes, and safety zones surrounding operations; and
—Improved vessel detection, monitoring, and communications systems which better enable safe navigation and harness new technologies, such as the Automatic Identification System (AIS).

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

OPERATIONAL RATIONALE FOR DECOMMISSIONING ELEVEN HARBOR TUGS

Question. Admiral, your budget asks us to approve the decommissioning of eleven harbor tugs. Four of these vessels are either in, or adjacent to, the State of New Jersey. I am very reluctant to allow the Coast Guard to give up important floating assets, especially those that are currently being used on a regular basis. What is the operational rationale for decommissioning these vessels?

Answer. The 11 harbor tugs proposed for decommissioning were found to be redundant to the Coast Guard's mission performance needs. The availability of other Coast Guard assets to complete most of the harbor tugs' mission responsibilities presented an opportunity to capture operational savings, while still meeting performance goals in higher priority mission areas.

MISSION CAPABILITY OF 65-FOOT HARBOR TUGS (WYTLS)

Question. These 65-foot harbor tugs are shallow draft vessels for their size, as compared to the other vessels in your inventory. Indeed, at some units there are no vessels approaching this size that can enter shallow waters. What degradation in mission capability will you experience by decommissioning these vessels?

Answer. Decommissioning the harbor tugs eliminates the Coast Guard's capability to break ice in the shallowest water and narrowest channels, currently served by the 65-foot harbor tugs (WYTLs), in the rare case when ice thickness exceeds 4 inches. Below 4 inches, the 49-foot stern-loading buoy boat (BUSL) is capable of breaking ice in these constrained waterways. For less restricted channels, buoy tenders and the 140-foot icebreaker tugs are fully capable of meeting icebreaking requirements. The Coast Guard believes that the harbor tugs' operational niche is too narrow to justify their continued operation.

ICEBREAKING CAPABILITY WITH 65-FOOT HARBOR TUGS (WYTLS) AND OTHER VESSELS IN INVENTORY

Question. I understand that these vessels, especially in the Northeast, are used for icebreaking in shallow waters and around piers and other shoreline structures. Do you currently have the capability, utilizing other vessels in your inventory, to do this kind of shallow water icebreaking?

Answer. The Coast Guard has no replacement icebreaking capability for the shallowest waters and narrowest channels, currently served by the 65-foot harbor tugs (WYTLs), in the rare case when ice thickness exceeds 4 inches. Buoy tenders, 140-foot icebreaker tugs, and 49-foot buoy boats can break ice in all other situations within the harbor tugs' operational capability range. Operational commanders have the latitude to employ icebreaking assets against the highest priority needs, including prevention of accumulation of ice thickness beyond the 49-foot buoy boats' capability.

DECISION TO DECOMMISSION 65-FOOT HARBOR TUGS (WYTLS)

Question. I understand that the proposal to decommission these eleven vessels was not in your draft budget and not in the Department of Transportation's draft budget, and that it did not surface in your budget until it was under review at OMB. Can you explain why the Office of Management Budget felt that they should make operational decisions regarding the type of vessels you need in your inventory?

Answer. The decision to decommission the 65-foot harbor tugs (WYTLs) was made by the Coast Guard.

S/V MORNING DEW AND F/V ADRIATIC SAR RESPONSE

Question. As I mentioned in my opening statement, there were two recent marine casualties where Mayday calls were not appropriately identified by Coast Guard personnel: the sinking of the sailing vessel MORNING DEW, and the loss of the fishing vessel ADRIATIC. In each of these casualties, the Coast Guard response was not as targeted or as timely as it could have been. Each vessel lost its crew of four, for a total of eight fatalities. Admiral, what can you tell us about the problems with the Coast Guard response in each of these incidents, and what, if anything, distinguishes one from the other?

Answer. In both of these unfortunate cases, the Coast Guard received a garbled, indecipherable radio call and did not respond until it was too late to save the crews.

In the MORNING DEW case, the initial reception was so poor that the radio operator did not perceive it as a distress call. Despite Coast Guard efforts to contact the transmitter of the garbled message, communications were never established. Several hours later when, in heavy fog conditions, an inbound ship's lookout reported hearing voices in the water, the Coast Guard requested assistance from the nearby pilot boat to investigate the report of voices. The pilot boat reported negative results from its search. The principles of aggressive prosecution and the full use of all available investigative tools were not utilized, as a Coast Guard boat or aircraft should have been dispatched to investigate. Upon enhancement of the radio call, well after the case was closed, MAYDAY could be heard, but the vessel position or identification was not given.

In the ADRIATIC case, the initial reception was so poor that the radio operator did not perceive it as a distress call. Despite Coast Guard efforts to contact the transmitter of the garbled message, communications were never established. Several hours later, a dock worker reported that the ADRIATIC was overdue and the voice recorder enhancement revealed that the name ADRIATIC had been transmitted. An expansive Coast Guard search and rescue mission was immediately mobilized; however, no survivors were found.

Despite the differences in vessel type, the MORNING DEW, a recreational vessel and ADRIATIC, a commercial fishing vessel, the cases are similar in that they highlight the need for a more modern, technologically current communications system. Our existing communication system does not have the capability to establish a reasonable search area from uncorrelated VHF–FM transmissions. The proposed National Distress and Response System acquisition project envisions utilizing new technology that would improve coverage, improve the quality of reception, provide voice recorder replay, and add direction-finding capability which will improve our ability to locate mariners in distress quickly.

LESSONS LEARNED FROM S/V MORNING DEW AND F/V ADRIATIC INCIDENTS

Question. Please describe the lessons the Coast Guard has learned from these two incidents.

Answer. These two unfortunate casualties highlight three critical lessons learned; the need for investment in our National Distress and Response System, the need for vigilant aggressiveness in conducting Search and Rescue, and the need for proper staffing and training.

The Coast Guard is working with a distress communications system that is equivalent to what local police and fire departments were using in the 1950s. The current equipment does not provide information on a caller's position or identification. In addition, it does not have the capability to enhance and replay audio signals, though efforts are underway to procure new voice recorders. Nor does the Coast Guard have useful direction finding equipment. The current system requires significant reliance on personal judgment and experience to process uncorrelated distress broadcasts. The National Distress and Response System project would utilize new technology that would improve coverage, improve the quality of reception, provide voice re-

corder replay, and add direction-finding capability which will improve our ability to locate mariners in distress quickly.

Coast Guard difficulties in recruiting have caused operational experience levels to decline, resulting in personnel with minimal experience placed into critical positions. Learning search and rescue policy and procedures, geographical characteristics of the area of operations, unique mission requirements, and other local agency resource capabilities requires significant time invested in training. The Coast Guard is experiencing a reduction in the average tour length at Groups and Stations, which degrades the ability to train watchstanders properly. The search and rescue program strives for vigilant aggressiveness in prosecuting distress broadcasts. However, achieving vigilant aggressiveness requires an adequately trained work force which is achieved through formalized training, on-the-job training, and experience. Our average tour lengths at Coast Guard Stations have declined from an average of 33 months in 1995 to just 23 months in 1998. The average experience of our qualified station boat crew is only 11.9 months. To continue progress in this area, the Coast Guard needs the Committee's full support of the President's budget.

IMMEDIATE CHANGES IMPLEMENTED FROM S/V MORNING DEW AND F/V ADRIATIC INCIDENTS

Question. Please describe the immediate changes you have implemented as a result of the lessons learned to address future incidents such as these.

Answer. The immediate changes the Coast Guard has made include:

—The addition of two billets to Group Charleston, scene of the S/V MORNING DEW incident.

—Began development of a workload and staffing model to define the adequate staffing requirements for Coast Guard Groups and Stations. The Center for Naval Analyses has been awarded a contract to complete the analysis in fiscal year 2000.

—Continuing the replacement of antiquated voice recorders with new voice recorders at Groups. The voice recording equipment available to the watchstander during the S/V MORNING DEW incident was inadequate.

—Increasing search and rescue watchstanding vigilance. All personnel involved in receiving, evaluating, or directing the response to distress broadcasts have reviewed existing policies and procedures. The principles of aggressive prosecution and full use of available investigative tools are to be used to the maximum extent.

—Publishing the draft Request for Proposal soliciting industry comments for the acquisition of the National Distress and Response System.

IMPORTANCE OF NATIONAL DISTRESS AND RESPONSE SYSTEM MODERNIZATION PROJECT (NDRSMP)

Question. Over the last several years, the Committee has appropriated $11.3 million toward the replacement of the National Distress System. You are asking for $16 million in this year's budget. How critical is the replacement of the National Distress System to your improved response to Mayday calls?

Answer. The National Distress and Response System Modernization Project is critical to improving Coast Guard response to distress calls received via maritime VHF–FM radio, other calls for assistance, and for command and control of Coast Guard assets operating in the coastal areas. Funding has allowed the finalization of comprehensive operational requirements to better ensure improved distress alerting, improved Coast Guard response operations, and improved interoperability with other public safety and law enforcement agencies.

The new capabilities incorporated in this project will resolve critical shortcomings of the current system, some of which were highlighted by the December 1997 sinking of the sailing vessel MORNING DEW near Charleston, South Carolina, and the sinking of the fishing vessel ADRIATIC off the coast of New Jersey in 1998.

CAPABILITIES OF NATIONAL DISTRESS AND RESPONSE SYSTEM MODERNIZATION PROJECT

Question. Would such a National Distress System have made any difference in either of these two vessel casualties?

Answer. A modernized National Distress and Response System might have made a difference in both cases, though the incident investigations are not yet complete. In the case of MORNING DEW, Coast Guard Group Charleston received a garbled and indecipherable radio call. The quality of the call was so poor that the operator did not perceive it as a distress call and, despite further efforts to contact the vessel, communications could not be established. Only after audio enhancement of the radio call was the Coast Guard able to hear the words "MAYDAY, Coast Guard, come in."

Even if the MAYDAY was heard, the Coast Guard search was impeded because no additional information was available on the distressed vessel's location or identification.

In the case of ADRIATIC, a distress call was clearly received by Group/Air Station Atlantic City, but with no position or vessel information. Further communications could not be established with the ADRIATIC.

As part of the design, the National Distress and Response System Modernization Project (NDRSMP) will allow instant playback and/or sound enhancement of radio calls, as well as directional information. This project will enhance the Coast Guard's ability to mount successful rescue operations in circumstances similar to those encountered in the cases of the MORNING DEW and the ADRIATIC, where the poor audio quality of the distress call, insufficient information, or inability to establish communications precluded an effective response.

PROBLEMS IN RESPONDING TO MAYDAY CALLS IN RECENT VESSEL SINKINGS

Question. How soon could we expect the National Distress System to be fully implemented if all your funding needs are met?

Answer. The National Distress and Response System Modernization Project (NDRSMP) is currently planned for completion in fiscal year 2005.

NATIONAL FLEET CONCEPT AND POTENTIALLY NEW NAVY MISSIONS

Question. Admiral, you have been in discussions with the Chief of Naval Operations, Admiral Johnson, regarding the "National Fleet" concept. I am concerned by press accounts indicating that the expected downsizing of the Navy fleet will result in the Coast Guard being asked to play a larger role in filling missions at the lower end of the threat scale that are now the exclusive responsibility of the Navy. Can you please identify for us the missions that are currently being conducted exclusively by the Navy that could, eventually, become Coast Guard responsibilities?

Answer. The National Fleet concept does not envision the Coast Guard taking on Navy missions. Rather, it involves the two services, together comprising the national maritime defense capability of the United States, becoming more interoperable, better prepared, and more aptly suited to meet all the maritime threats to our national security. The National Fleet concept recognizes that there is a full range of maritime challenges to our national security: marine pollution; drug, alien migrant, and weapons smuggling; mass migrations of aliens; pillaging of our marine resources; piracy; natural disasters; collapsed states; terrorism; non-state military threats; and war. Many of these threats require the Coast Guard to work together with the Navy.

National Fleet emphasizes interoperability (systems, logistics, tactics, doctrine, etc.) of Coast Guard and Navy forces so that they can more effectively combine their complementary capabilities. Many of the worlds most dynamic and pervasive maritime challenges, such as drug trafficking and regional instability, require a combination of Navy and Coast Guard capabilities. Successful joint operations include: the counterdrug Joint Interagency Task Forces; Arabian Gulf Maritime Intercept Operations; the Cuban and Haitian migrant operations of 1994 through 1995; UPHOLD DEMOCRACY (1994 Haiti incursion); and peacetime engagement operations in the Baltic, Mediterranean, and Black Seas.

DOD FUNDING FOR THE COAST GUARD

Question. Would you agree that the amount of funding provided by the Department of Defense (DOD) for the Coast Guard should grow if your national security mission requirements also grow?

Answer. Yes. In fiscal year 1998 and fiscal year 1999, the Coast Guard received $300 million in each year (from Function 054) to fund the Coast Guard's National Security missions (i.e. participation in DOD exercises, domestic maintenance of aids to navigation on strategic waterways, port security for strategic ports, support of Commanders-in-Chief operations plans, and maritime border security). This same funding was also used to fund the Coast Guard's specific National Defense missions (i.e. maritime interception operations, military environmental response operations, deployable port operations/security/defense, and peacetime engagement). Per GAO report 98–110, titled "U.S. Coast Guard, Use of Defense Funds for National Security," the Coast Guard expended $726 million in fiscal year 1997 for all National Security missions (including drug law enforcement and the subset of National Defense missions).

HAZARDOUS MATERIALS SAFETY

Question. The largest container port in the eastern United States is in my state of New Jersey. When hazardous materials are inappropriately shipped in containers, they pose a great risk to dock workers, truckers, and, potentially, the driving public if there is a highway accident resulting in a hazardous material spill. Given the millions of containers that enter this country each year, do you believe the Coast Guard has adequate resources to really influence industry practices when it comes to the shipping of hazardous materials by container?

Answer. The Coast Guard in currently studying this issue. As reported in the Federal Register on March 9, 1999, Secretary Slater commissioned a One DOT study group on hazardous materials (HAZMAT) compliance programs. They have started to collect and analyze data as to successes and failures in the program, regardless of the mode of transportation. One of their areas of concentration will be an examination of resource allocation: does each mode have the number of inspectors needed considering the traffic for which it is responsible? The One DOT study group expects to publish their results in early 2000.

Currently, the Coast Guard is relying on targeted sampling and force multipliers to best employ our container inspection resources. One of the best force multiplier methods the Coast Guard currently uses to influence industry, to ensure high-quality inspections, and consistent application of standards, is the Coast Guard Container Training and Assist Team (CITAT). CITAT is tasked with teaching Coast Guard inspectors their duties. They also run an aggressive outreach program, where they teach U.S. Customs inspectors, Port Authority officials, and other interested parties (including industry) whenever possible. CITAT just recently completed training for the Panama Canal Commission and have been approached by a Japanese concern in the hopes of starting a similar compliance program on the home islands. CITAT is a good example of improving HAZMAT compliance through a better government/business partnership.

HAZARDOUS MATERIAL CONTAINER INSPECTIONS

Question. Admiral Loy, last year the Inspector General pointed out that the Coast Guard was doing a very poor job of targeting their efforts at inspecting hazardous material containers. What steps have you taken to address the Inspector General's findings?

Answer. The Coast Guard provided an action plan to address the weaknesses identified in the Container Inspection Programs (CIP) in its response to the Department of Transportation Inspection General's audit report on November 21, 1998. All proposed corrective actions noted in the action plan will be completed by the end of the third quarter of fiscal year 1999. The plan includes the development of a process flow chart for targeting procedures (to be distributed to the field by June 30, 1999), a risk assessment matrix to aid in the selection of the highest risk containers for inspection, and revisions to the CIP instruction and primary policy document, Commandant Instruction (COMDTINST) 16616.11B. The last element, COMDTINST 16616.11B, will be delivered to field units prior to June 1, 1999.

CONTAINER INSPECTION PROGRAM TARGETING REGIME

Question. You recently submitted a report to the Committee on your efforts to improve the container inspection program. That report stated that you expect to develop a new targeting regime for containers for the entire Coast Guard Marine Safety Program, and to have it completed by June 30th 1999. Are you, indeed, on schedule with this effort? If not, what problems are you encountering in developing a new targeting regime?

Answer. Yes. The project to develop a viable targeting matrix to be used by field units to select containers for inspection based upon risk is proceeding on schedule. The directive containing the new targeting matrix and field guidance is in final legal review; the Coast Guard expects to distribute it to the field by the end of June 1999.

PORT STATE CONTROL INITIATIVE

Question. Admiral Loy, this July, we will celebrate the 5th anniversary of the Port State Control initiative. The purpose of that initiative was to target Coast Guard marine inspection resources on substandard ships in order to keep them out of U.S. waters. At this point, do you have any hard data showing whether this initiative has been successful?

Answer. Yes. A number of indicators point to the success of the Port State Control (PSC) Initiative, including a reduction in the number of foreign flagged vessels detained because of their substandard condition, and the incorporation of two major

international requirements into our boarding program: the International Convention on Standards of Training, Certification, and Watchkeeping for Seafarers, 1978, as amended in 1995 (STCW 95); and the International Safety Management (ISM) Code. Of the 7,900 foreign flagged ships that arrived in the U. S. in 1998, only 373 were detained because of their substandard condition, which was a 30 percent decrease from the previous year.

PSC exams had traditionally focused only on the physical condition of ships and equipment. STCW 95 and the ISM Code requirements expanded PSC boardings to include an examination of the "human factors" of ship operations. There was considerable fear expressed by the international maritime community that many ships would not be able to comply with the ISM Code by the July 1, 1998 deadline. However, since the deadline only four foreign-flagged vessels that have visited U.S. ports have been found in substantial noncompliance with the ISM Code.

RESULTS OF PORT STATE CONTROL INITIATIVE

Question. Do you have evidence that shippers are now avoiding shipping their cargo on substandard ships as a result of this initiative?

Answer. The Coast Guard does not have hard evidence that shippers are consciously avoiding substandard ships as a result of the U.S. Port State Control (PSC) initiative. However, there are some indications that cargo shippers are interested in the physical condition and PSC history of a vessel before initiating charters. The Coast Guard's PSC Web Site averages nearly 1,000 "hits" each month. Charterers are demanding that vessels comply with the International Safety Management (ISM) Code, and Coast Guard field units routinely check for ISM compliance during PSC examinations to ensure that non-compliant ships are identified. As a result of the Coast Guard Authorization Act of 1998, U.S. government shippers are no longer allowed to charter substandard vessels. Several international maritime periodicals now devote several pages of their papers to vessel detention reports from the Tokyo and Paris memoranda of understandings on PSC, and the U.S. PSC program. Additionally, the U.S. is not the only country that is increasing the scrutiny paid to these vessels, as most of Europe and Asia also have very regimented PSC programs. As a result of this worldwide effort, there are fewer places that a substandard vessel can trade today.

IMPACT OF PORT STATE CONTROL PROGRAM ON CLASSIFICATION SOCIETIES AND FLAG STATES

Question. Have you seen real evidence that substandard classification societies, or substandard flag states, are "cleaning up their act" as a result of this initiative?

Answer. Yes. The percentage of substandard vessel detentions that are attributable to poor classification society performance has been steadily decreasing. With the publication of annual classification society Port State Control (PSC) statistics, classification societies have carefully tracked their detention rates and have initiated substantive remedial measures to enhance their vessel survey effectiveness. Overall, the number of vessel detentions has dropped 30 percent in the last year, which may be attributed to both U.S. Port State Control and increased flag state oversight of their international vessel fleets.

ELIMINATION OF SUBSTANDARD SHIPS FROM U.S. WATERS

Question. Are you now seeing the "full fruits" of the Port State Control inspection regime? Have we eliminated substandard ships from U.S. waters? If not, when do you expect such results?

Answer. Significant progress has been made toward the elimination of substandard foreign-flagged ships from U.S. waters. The Coast Guard's Port State Control (PSC) program ensures that all foreign-flag tankships, freight ships, and passenger vessels are examined for compliance with international conventions and domestic laws for pollution prevention, manning, safety equipment and construction. Of the 7,900 foreign-flagged ships that arrived in the U.S. in 1998, only 373 were detained because of their substandard condition, which was a 30 percent decrease from the previous year.

There may always be a potential for substandard ships attempting to call at U.S. ports, but a concerted effort is made to detect and correct all unsafe conditions via comprehensive examinations. All foreign-flagged vessels that enter U.S. waters for the first time are boarded and examined. Follow-on examinations are conducted thereafter, dependent upon risk-based analysis of the vessel as it trades in U.S. waters. A history of the vessel's performance is maintained, and reports are submitted to the vessel's flag state and the International Maritime Organization when a vessel is detained.

The PSC program is updated regularly to ensure that new U.S. and international regulations are enforced, and to improve the foreign vessel targeting system to ensure that substandard ships are identified. By continuously improving the PSC program, the number of deaths, injuries, economic loss, and environmental damage associated with marine transportation will be reduced.

MINIMIZING OIL SPILLS

Question. On March 24th we celebrated the 10-year anniversary of the EXXON VALDEZ spill. The Congress followed up on that incident by enacting the Oil Pollution Act of 1990. It established a myriad of new regulatory requirements and added hundreds of new billets to the Coast Guard for the purposes of oil spill prevention and control. Meanwhile, your data show that since 1992, the amount of oil spilled in U.S. waters per million gallons shipped continued to rise from 1992 through 1996. In 1997, the rate finally did drop. Is there a solution to minimizing oil spills that we did not address in the Oil Pollution Act of 1990?

Answer. The "data" in this question is contained in the Coast Guard's fiscal year 2000 Performance Plan. There are two components to the data: spill rate and number of spills.

Spill rates.—Although the data appears to show a rising trend in the spill rate (defined as "gallons spilled per million gallons transported") for the years 1993 through 1996, this data was skewed by singular major oil spill cases. In 1994, for example, one spill alone (the MORRIS J. BERMAN spill of 750,000 gallons) accounted for 44 percent of the total spillage for that year. Similarly, in 1996 the NORTH CAPE spill (828,000 gallons) accounted for 45 percent of that year's spillage. Such single, dominant spills distort the trendline. If these single spills are taken out of consideration for their respective years, the actual spill rate continues to decline as it has each year since the passage of the Oil Pollution Act of 1990 (OPA 90); in fact, over the long term there has been a 4-fold reduction in the spill rate since the mid-1980s.

Annual number of spills.—A second potentially misleading statistic in the Coast Guard data is the apparent increase in the annual number of spills. However, the Coast Guard does not believe that the actual number of spills has significantly increased, but rather that the reporting levels have increased. OPA 90 has caused operators to report even the smallest of spills that previously might have gone unreported. The Coast Guard data reveals that an average of 5,400 vessel spills have been reported each year since 1992. The median spill size is less than 5 gallons; in some years it is only 1 gallon. By comparison, for the years 1987–1989 an average of only 2,000 vessel spills were reported each year, with a median spill size of 10 to 20 gallons. In other words, prior to OPA 90, "small" spills were not typically reported until they were much larger than the reporting threshold of today. Thus, OPA 90 is now providing a more accurate level of spill reporting.

Other solutions to minimizing oil spills.—With respect to the question of what else might be done with OPA 90 to further minimize oil spills, the Coast Guard is now studying spillage from other, non-tank vessels (such as cargo ships).

Within this category of vessels, the ocean-going cargo ships may represent the largest potential spillers, due to their on-board fuel oil (bunker) capacity. This situation suggests that the extension of other provisions of OPA 90 to non-tank vessels may be in order (such as the vessel response plan requirements).

However, rather than expanding the scope of the OPA 90 as a unilateral port state action, quests for solutions should first be undertaken in the international arena. The International Maritime Organization (IMO) has implemented an important supporting initiative with its International Safety Management (ISM) Code. The ISM Code addresses the importance of designated persons and various responsibilities of the master and maritime company, and requires consistent documentation and monitoring of management procedures, actions, and practices implemented in accordance with governmental and company requirements. Tank ships and passenger vessels have been required to comply with the ISM Code since 1998. Cargo ships do not have to comply until July 2002. When that provision is implemented, the Coast Guard expects that the spillage risk from cargo ships will be reduced.

NEED FOR ADDITIONAL LEGAL AUTHORITY TO MINIMIZE OIL SPILLS

Question. Is there any tool or legal authority that you wish you had for the purpose of minimizing oil spills that you currently do not have?

Answer. No new authorities are necessary at this time for the Coast Guard to continue its efforts to minimize oil spills and their impact in the marine environment. The expansive changes required by the Oil Pollution Act of 1990 (OPA 90) are still being implemented. We have seen a significant reduction in the number/quantity of

spilled oil (particularly by tankships). We need to continue enforcing the OPA 90 material, operational, planning, and drilling requirements to ensure this downward trend continues.

LESSONS LEARNED FROM NEW CARISSA SPILL

Question. What have been the lessons learned from the recent spill associated with the NEW CARISSA off the coast of Oregon?

Answer. Lessons learned from the M/V NEW CARISSA incident are being collected and documented by the Federal On-Scene Coordinator (FOSC) and his staff. They will be included in an On-Scene Commander's (OSC) Report per the National Contingency Plan. The Environmental Protection Agency (EPA) and Coast Guard Co-Chairs to the Region X Regional Response Team directed the FOSC to produce a report. The report is still being developed. Copies of the final report will be made available.

The Coast Guard Headquarters staff observed aspects of the response that will be captured in the OSC Report. Some of them are:

—In-situ burning of fuel onboard vessels is a viable option for rapidly removing oil in situations that are time-critical and when favorable conditions exist, i.e., remoteness from population centers, presence of offshore winds, and conventional mechanical recovery methods are not feasible.

—The Special Monitoring of Advance Response Technologies, a draft national protocol for monitoring in-situ burn operations, was successfully implemented during the spill. The protocol enabled government health organizations to address community concerns over smoke inhalation. The monitoring determined that there were no measurable human health impacts from the smoke.

—The NEW CARISSA Web pages developed by the Unified Command were highly successful in addressing the high demand for information both locally and nationally.

—Despite the expert salvage resources mobilized from the Navy, Coast Guard, and industry, even the best-laid plans can succumb to the uncertainties of the weather and a severely damaged vessel. It is important to have backup plans and resources staged when the original plan does not work. The Unified Command did an excellent job of this.

—The Incident Command System proved to be both effective and efficient as a spill management system. Plans for using advanced response techniques were rapidly approved. Mobilization of resources not common to oil spill response—a Navy ordnance team, submarine, and destroyer—were rapidly acquired, organized, and deployed. The rapid response also ensured wildlife rescue organizations were quickly mobilized. Although there were impacts, neither mammals nor endangered species were lost, including the Snowy Plover. Shoreline impact was minimal: local travel publications are reporting that impacts to the shoreline are indiscernible.

DEEPWATER INDUSTRY TEAM ALTERNATIVES

Question. The Coast Guard is currently funding three different industry teams to develop a plan for the Coast Guard's ship and aircraft mix for the future. Your justification for the "Deepwater" replacement project emphasizes that the Coast Guard has not preordained the types of ships and aircraft they will be purchasing in the future. Indeed, you have said that it is possible that you may even be extending the life of your current ships rather than replacing them.

However, recently, in Defense News magazine you stated, and I quote, "Many in the Navy's leadership are delighted by the thought process that at the end of the day a Coast Guard security cutter is going to be frigate-sized." You also said, "I want to be able to augment the Navy's capability with a low-end, frigate-sized kind of platform."

Are you, indeed, committed to purchasing a frigate-sized cutter, or will the three industry teams be allowed to propose other alternatives as part of your Deepwater project?

Answer. The Deepwater industry teams have the flexibility to consider a range of alternatives, including renovation of the existing 378-foot cutter fleet or by introduction of a new class of cutters based upon traditional mono-hull or advanced new multi-hull designs. In general, the Coast Guard will consider any and all alternatives that meet the Coast Guard's mission the performance requirements (which are currently being reviewed by the Interagency Task Force on the Roles and Missions of the Coast Guard) and achieve the Project's objective of maximizing operational effectiveness while minimizing total ownership costs.

DEEPWATER SURFACE SHIP REPLACEMENT ALTERNATIVES

Question. Have you emphasized to the industry teams that you are truly looking for a wide variety of alternatives when it comes to replacing your existing surface ships?

Answer. The Coast Guard will consider any and all alternatives that meet the Service's performance requirements and achieve the Deepwater Project's objectives of maximizing operational effectiveness while minimizing total ownership costs. By focusing on mission capability instead of asset capability, the Coast Guard has provided industry with substantial flexibility to consider and propose a broad spectrum of surface platform alternatives—from renovating existing Coast Guard assets to replacement with traditional mono-hull designs to advanced new multi-hull concepts.

COAST GUARD PARTICIPATION IN CONGRESSIONAL HEARINGS ON RECRUITING AND RETENTION

Question. Admiral, as you know, there has been a great deal of discussion on the part of the Armed Services Committees and the Defense Appropriations Subcommittees about the need to provide substantial increases for recruitment and retention to the Armed Services—increases well above those requested by the Administration. Has the Coast Guard been included in these discussions?

Answer. The Coast Guard regularly consults with the other Armed Services on these issues. The problems described by the Department of Defense Services are mirrored in the Coast Guard. In every category, the Coast Guard faces the same difficulties in recruiting the qualified young Americans necessary to adequately meet mission requirements. The Coast Guard has not, however, testified before the Armed Services Committees concerning recruiting and retention. The Coast Guard requests support for the recruiting and retention initiatives proposed by the President in the fiscal year 2000 budget.

PARITY IN ARMED FORCES RECRUITING PROGRAMS

Question. Are you concerned about parity with the other Armed Services when it comes to your having an adequate recruitment budget?

Answer. Yes. Although the Coast Guard has a unique niche among the Armed Services, we do compete with the Department of Defense (DOD) and the private sector for the steadily decreasing pool of qualified youth with a propensity to enlist. All services are facing difficult recruiting challenges. The 1997 Youth Attitude Tracking Surveys (YATS) showed that the propensity to enlist in the Armed Services is at historically low levels and the booming economy is offering many other opportunities to potential recruits. For the Coast Guard, recruiting is made even more challenging as our name recognition is much lower than the other services (7 percent versus 30 percent). Additionally, DOD spends significantly more on advertising than does the Coast Guard.

The President's fiscal year 2000 budget request pursues parity with DOD in providing improved enlistment bonuses and a college fund incentive.

CONCLUSION OF HEARINGS

Senator SHELBY. We thank you very much, Admiral.

Admiral LOY. Mr. Chairman, we thank you, sir.

Senator SHELBY. We will continue to work with you.

Admiral LOY. Thank you, sir.

[Whereupon, at 10:55 a.m., Thursday, March 25, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2000

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

MATERIAL SUBMITTED BY AGENCIES NOT APPEARING FOR FORMAL HEARINGS

[CLERK'S NOTE.—The following agencies of the Department of Transportation and independent related agencies did not appear before the subcommittee this year. Chairman Shelby requested these agencies to submit testimony in support of their fiscal year 2000 budget request. Those statements and answers to questions submitted by the chairman follow:]

DEPARTMENT OF TRANSPORTATION

AMTRAK REFORM COUNCIL

QUESTIONS SUBMITTED BY SENATOR SHELBY

COUNCIL MEMBERSHIP

Question. Please provide a membership list of the Amtrak Reform Council etc.

Answer. The information follows:

Mr. Gil Carmichael, Vice Chairman of the Board, MotivePower Industries, Inc., Pittsburgh, PA, 2209 Highway 45N, Suite F, Meridian, MS 39301, 601–483–9712—Office, 601–483–9711—Fax.

Mr. Bruce Chapman, President, Discovery Institute, 1420 Third Avenue, Suite 400, Seattle, WA 98101–3099, 206–292–0401—Office, 206–682–5320—Fax.

Mr. Wendell Cox, President, Wendell Cox Consultancy, P.O. Box 841, 1010 Thornbury Pl., O'Fallon, IL 62269, 618–632–8507—Office, 618–632–8538—Fax.

Mr. Christopher Gleason, President, The Gleason Agency, Inc., 551 Maine Street, East Johnstown, PA 15901, 814–532–0211—Office, 814–536–7266—Fax.

Mr. S. Lee Kling, Chairman, Kling Rechter & Co., 1401 S. Brentwood Blvd, Suite 800, St. Louis, MO 63144, 314–963–2501—Office, 314–968–1255—Fax.

Mr. Clarence V. Monin, President, Brotherhood of Locomotive Engineers, 1370 Ontario Street, Cleveland, OH 44113, 216–241–4178—Office, 216–241–6516—Fax.

Mr. John O. Norquist, Mayor of Milwaukee, City Hall, 200 East Wells Street, Room 201, Milwaukee, WI 53203, 414–286–2200—Office, 414–286–3191—Fax.

Mr. Rodney E. Slater, Secretary, Department of Transportation, 400 7th Street, SW, Room 10200, Washington, DC 20590 (Representatives who can represent in the Secretary's absence—Mortimer Downey, Deputy Secretary and Jolene Molitoris, Federal Rail Administrator), 202–366–1111—Office, 202–366–7202—Fax.

Mr. Donald R. Sweitzer, GTECH, 55 Technology Way, West Greenwich, RI 02817, 401–392–7780—Office, 401–392–0279—Fax.

Mr. Joseph Vranich, 17595 Harvard, Suite C210, Irvine, CA 92614–8546, 949–660–4924—Office, 949–660–1835—Fax.

Mr. Paul Weyrich, President, Free Congress Foundation, 717 Second Street, NE, Washington, DC 20002, 202–546–3000—Office, 202–543–5606—Fax.

BIOGRAPHIES OF AMTRAK REFORM COUNCIL'S COUNCILMEMBERS

Gilbert E. Carmichael (Chairman).—Is a leading international authority on railroad and intermodal transportation policy. Appointed to the National Transportation Policy Study Commission by President Ford during the Energy Crisis, he chaired its subcommittee on advanced technology and later served as Federal Railroad Administrator under President Bush. Currently, he is the Chairman of the University of Denver's Intermodal Transportation Institute. Majority Leader Trent Lott appointed him to the Amtrak Reform Council, of which he is the Chairman.

Paul M. Weyrich (Vice Chairman).—Has been a reporter, editor, publisher, staff assistant for the Senate Transportation Appropriations Subcommittee, and has served on various boards regarding rail issues for many years. These include: the Dulles Corridor Transit Citizens Advisory Committee and the Dulles International Airport Light Rail Task Force, which he chaired. He also served as Member of Board of Directors of Amtrak. Currently, he is President and Founder of Free Congress Foundation, a public policy think tank. He was appointed to the Amtrak Reform Council by Majority Leader Trent Lott and elected Vice Chairman by the Council.

Bruce Chapman—Has had an extensive career in public policy development and writing. He has served as a Seattle City Council member, Washington State Secretary of State, Director of U.S. Census Bureau, Deputy Assistant to President Reagan as Director of White House Planning and Evaluation, and U.S. Ambassador to the U.N. organizations in Vienna. In 1990, he founded the Seattle-based Discovery Institute, a public policy center on national and international affairs. He was appointed to the Amtrak Reform Council by House Speaker Newt Gingrich.

Wendell Cox.—Is a consultant on public transport issues both in the U.S. and internationally. He served as member of the Los Angeles County Transportation Commission for both highway and public transport. Afterwards, he established the Wendell Cox Consultancy, a firm specializing in international public policy and demographics. He has advised governments in the United States, Canada, New Zealand, Australia and Europe on the design of competitive public transport service delivery. House Speaker Newt Gingrich appointed him to the Amtrak Reform Council.

Christopher K. Gleason.—Is a financial analyst who is the president of a family-owned financial services company and also an expert on state and federal transportation issues. He has served on the National Motor Carrier Advisory Committee and on the Commercial Space Transportation Advisory Committee. He was appointed to the Amtrak Advisory Group (the Blue Ribbon Panel) established by the House Transportation and Infrastructure Committee. He was appointed to the Amtrak Reform Council by former House Speaker Newt Gingrich.

S. Lee Kling.—Has held an executive position as Chairman of a commercial banking company and is a senior partner in a merchant banking firm, and has extensive experience serving on government commissions. He has served as Finance Chairman of the Democratic National Committee and also served as National Treasurer of the Carter-Mondale Re-election Committee. President Clinton appointed him as a Commissioner on the Defense Base Closure and Realignment Commission. He chairs the Missouri Highway and Transportation Commission. Minority Leader Richard Gephardt appointed him to the Amtrak Reform Council.

Clarence V. Monin.—Is a locomotive engineer and labor union representative who has had a long career working on issues affecting the railroads. He began his career as a trainman, then as an Apprentice Engineer and ultimately became a locomotive engineer. He joined the Brotherhood of Locomotive Engineers (BLE) and served as a Local Chairman in Louisville, Kentucky, then as General Chairman of Kentucky. He was elected to the BLE's national organization as Vice President, then served as First Vice President. He is currently the International President of the BLE. President Bill Clinton appointed him as the labor representative for the Amtrak Reform Council.

John O. Norquist.—Is serving his third term as the mayor of Milwaukee, Wisconsin, one of the country's fastest growing cities. He is the author of The Wealth of Cities a book on urban design, government efficiency and educational issues. He has been an Adjunct Professor at University of Wisconsin-Milwaukee School of Architecture and Urban Planning. He chaired the National League of Cities Task Force on Federal Policy and Family Poverty. He was appointed by President Bill Clinton to the Amtrak Reform Council.

Rodney Slater.—Is the Secretary of Transportation. He formerly served as the Administrator of the Federal Highway Administration. In Arkansas, he held several positions including membership on the Arkansas State Highway Commission, Director of Governmental Relations at Arkansas State University, Assistant Attorney General-Litigation Division of the Arkansas State Attorney General's Office. He is

an Ex Officio member of the Amtrak Reform Council who represents the interests of the Administration.

Donald Sweitzer.—Is a public policy consultant with more than twenty years of government relations consulting services. He was president of the Dorset Resource and Strategy Group, a public affairs consulting firm, before joining GTECH as Senior Vice President of Government Relations. Senate Minority Leader Tom Daschle appointed him to the Amtrak Reform Council.

Joseph Vranich.—Has worked in the transportation sector for the last three decades as both a public relations spokesman and association executive. He served as the press spokesman for Amtrak, and as Executive Director of National Association of Railroad Passengers. He also worked for High Speed Rail Association, first as a consultant, then as President/CEO. His writings include the books: "Supertrains: Solutions to America's Transportation Gridlock and Derailed: What Went Wrong and What to Do About America's Passenger Trains". He was appointed to the Amtrak Reform Council by Majority Leader Trent Lott.

COUNCIL STAFF

Question. Please provide a staff list of all permanent and part time ARC employees, including position title, responsibilities and salary. Are any positions vacant at this time?

Answer. The information follows:

Thomas A. Till, Executive Director (Senior Level; $125,900). Mr. Till is responsible for executive management of the Council's office and staff. He represents the Council in its relations with Federal and state and local governmental entities, Amtrak, freight railroads, the railway labor movement, and other groups and individuals with interests in intercity rail passenger service. He manages the meeting schedule and agenda of the Council and is responsible for preparation and submission of the Council's reports and recommendations as required by statute.

William E. Loftus, Assistant to the Executive Director (Part time, temporary appointment; $314 per day WAE). Assists the Executive Director in organizing the Council's staff and its work program. Responsible for preparation of ARC's financial operating plan, fiscal year 2000 budget request, position descriptions for key staff personnel, and planning for Council's outreach meetings.

Kenneth P. Kolson, Senior Attorney-Advisor (GS–15; $91,400). Serves as the principal legal advisor and expert to the Council on all legal and legislative matters; prepares testimony and statements for submission to Congress and other entities and advises the Council on legal sufficiency and/or limitations of various recommendations or findings that the Council may consider in accordance with its statutory mandate.

Deirdre O'Sullivan, Administrative Specialist (GS–9; $33,650). Serves as executive assistant to the director in overall management of the office, arranges for Council meetings including presentations by representatives of various interest groups; contacts with media representatives; preparation of news releases; establishment of data bases and production of various official notices, public statements, reports and internal control documents.

Stacy Murphy, Administrative Assistant—Typing (GS–7; $31,176). Staff assistant who performs a wide range of clerical, administrative and secretarial duties both in direct support of the director and senior staff and in contact with all those with whom the Council works.

Senior Transportation Economist/Financial Analyst (Sr. Level; Vacant). Serves as expert economist/financial analyst to the Council in its mission to assess Amtrak's financial performance and long term self-sufficiency from Federal operating grants. Will provide expert financial and corporate expertise in the development of recommendations to Amtrak regarding revenue enhancement, cost containment and financial management initiatives. Will lead and serve as principal financial officer for the Council's program to monitor Amtrak's financial performance. Will also advise Council members on the financial impact of alternative scenarios they may consider in fulfilling their statutory mandate.

Transportation Industry Analyst (GS14/15; Vacant). Responsible for analysis of Amtrak's network operations, train operations budget, route structure and services, allocation and use of workforce, and plans and programs for the maintenance of both its locomotives and passenger cars and its shop facilities, and of its track, signals and communications, yards, and passenger stations. Monitors and evaluates Amtrak's performance based on its annual budget, operating plan, and strategic business plan.

SENIOR LEVEL POSITIONS

Question. Do ARC senior level staff positions count toward the Department of Transportation's Senior Executive Service staff ceiling?

Answer. ARC does not have direct hiring authority. Therefore, its full time and part time employees are employees within the Federal System. The Executive Director's position is a senior level position within the DOT staff ceiling. Given the critical importance of the Council's role in monitoring Amtrak's financial condition, and the small full-time staff that the Council has approved (four professional and two clerical), the Council has requested one other senior level position for an expert financial analyst/economist. It is the Council's understanding that the Department will seek from the Office of Personnel Management a slot for this second senior level position that is outside of the DOT ceiling.

CONSULTANT HIRING RESTRICTIONS

Question. Both ARC and the Administration have appealed Congress's restriction on hiring of consultants. Please explain why you feel it is necessary to remove this restriction.

Answer. The Council is an independent federal commission responsible for: (1) overseeing Amtrak's business activities so that it can recommend improvements in operations, productivity, and cost containment in order that Amtrak might improve its financial performance; (2) monitoring Amtrak's financial performance to determine whether it will meet the operating self-sufficiency targets established under the Amtrak Reform and Accountability Act; and (3) carrying out certain other functions, which include (a) receiving from Amtrak and analyzing quarterly reports on productivity improvement, (b) reviewing Amtrak's expenditure of funds provided under the Taxpayer Relief Act, and (c) filing an annual report with the Congress that includes both (i) analyzing cost-savings resulting from work rules established under new agreements between Amtrak and its labor unions, and (ii), under instructions from the Appropriations Committees, use Amtrak's route analysis system to identify routes and services as candidates for closure or realignment.

Amtrak is a government-owned corporation with annual expenses of more than $2.6 billion in 1998. As its principal lines of business, Amtrak operates a nationwide network of intercity passenger, mail, and express services, manages major shops that conduct repair, overhaul, and remanufacturing of rail passenger cars and locomotives, maintains and rehabilitates the track, electrification, and communications and signaling systems of the Northeast Corridor, and operates, under contract, commuter services for various metropolitan areas.

The Council has organized its work program around a small, but expert, core staff that will focus its analyses and recommendations on three critical areas—Amtrak's financial structure and performance, its system-wide passenger operations, and the corporation's management organization and supporting services, including the associated management and labor workforce involved. To fully accomplish its mission, the Council requires expert analysis of complex financial and technical factors in order to support its recommended improvements to Amtrak's management, and in support of the Council's determination of whether Amtrak can indeed achieve a sustainable level of financial performance that will permit the Corporation to operate permanently without the need for Federal operating grants. In the event of either a positive or negative finding, the Council will need to present to Congress a comprehensive report based on thorough and objective analysis. A small core staff cannot meet all the analytic requirements that such a comprehensive finding requires, particularly in the time frame envisioned in the Act. We strongly believe that the expert work of the staff supported by specific studies and analyses of outside technical, financial and legal experts will enable the Council to present to the Congress well-reasoned and well-documented recommendations in its reports and testimony.

Removal of this restriction reflects the legitimate needs of a Council charged with a broad and complex program of work. We are unaware of any other Governmental body with a similar mandate that operates under a like restriction.

REPORTS TO CONGRESS

Question. Section 203(h) of the Amtrak Reform and Accountability Act (Public Law 105–134) requires the ARC to provide an annual report to Congress that includes an assessment of Amtrak's progress on the resolution of productivity issues, or the status of those productivity issues and makes recommendations for improvements and for any changes in law it believes to be necessary or appropriate. Have you completed the ARC's first annual report to Congress? If not, when will it be

complete? Please supply any correspondence from the ARC to Congressional authorizing committees on this requirement.

Answer. On December 15, 1998, Mr. Paul Weyrich, acting chair of the Council, sent a letter to the chairmen of the Senate and House authorizing committees concerning the annual reporting requirement that the Act placed on the Council. A copy of Mr. Weyrich's letter is provided for the record. Mr. Weyrich explained that due to the lengthy and difficult startup process for establishing the Council and for providing its funding; the resignation of its first chair; and the lateness and incompleteness of various reports that the Council was charged to review, it would not have been possible for the Council to provide a report that would materially add to the dialogue on the current and future condition of Amtrak. In addition, Amtrak's newly appointed Board of Directors and its new president came into office in 1998. In October of 1998 the Board approved a revised Strategic Business Plan for the corporation. Thus, 1998 was a year dominated by organizational matters at both ARC and Amtrak.

The Council intends to provide to Congress by the time it returns in January 2000, a 1999 Annual Report that will include a comprehensive review of ARC's activities prior to December of 1999, including—as required by the statute—both the Council's analyses and conclusions regarding Amtrak's progress on productivity matters under its new labor contracts, and its views on any routes or services that Amtrak's route analysis data indicate should be closed or realigned. The report will also describe any recommendations that the Council made to Amtrak during the year, along with pertinent aspects of the Council's other activities during 1999.

AMTRAK ROUTE PERFORMANCE

Question. Please describe how you plan to comply with the appropriations bill language directing the ARC to expand its statutory duties to include the identification of Amtrak routes which are candidates for closure or realignment, based on performance ranking developed by Amtrak which incorporate information on each route's fully allocated costs and ridership on core intercity passenger service, and which assume, for purposes of closure or realignment candidate identification, that federal subsidies for Amtrak will decline over the four-year period from fiscal year 1999 through 2002.

Answer. Amtrak is in the process of developing its Market Based Network Analysis (MBNA) system, which is designed to reflect more accurately the market impact on costs and revenues between the various types of services in Amtrak's system. The Route Profitability System (RPS) that Amtrak has traditionally used for allocating costs and revenues to specific services will continue to be used for route and service analysis. The MBNA model will add to the analytical base that the Appropriations Committee instructed the Council to use in assessing Amtrak's network to identify routes or services that are candidates for closure or realignment. The Council expects to receive from Amtrak during 1999, a full MBNA report on each core route and its ranking in terms of fully allocated costs vs. revenue and any other allocation factors that are part of the MBNA model. The Council will include the results of its assessment in its annual report to Congress.

COUNCIL MEETINGS

Question. How many Council meeting have been held? Where and when were they held, and what discussion items were on the agenda? What future meetings are planned? Where and when will they be held, and what discussion items are on the agenda? Are the Council's meetings open to the public?

Answer. Beginning with its organizational meeting in May 1998, the Amtrak Reform Council has held nine meetings. The five meetings in 1998 were held in Washington, DC. In 1999, the Council met in Washington, DC, on January 19th and March 15th. On April 26, the Council met in Philadelphia for a short, early-morning business meeting, followed by an all-day regional meeting with representatives of Northeast Corridor states and railroad operating entities.

At its meetings, the Council has heard from Congressional staff, GAO, DOT/OIG and from Amtrak on financial and operating matters including the Strategic Business Plan, 1998 Financial Report and Amtrak's comments regarding reports from the DOT Office of Inspector General and Government Accounting Office on its financial condition and prospects. The Council found the April 26th meeting with NEC states and rail operators extremely useful. ARC gained a comprehensive view of the variety of services operated on NEC, the large number of public agency stakeholders, the Corridor's complex landlord-tenant relationships and operating environment, its active and growing freight operations, and the major infrastructure capacity and investment issues that impact on intercity, commuter and freight operations.

The Council has not finalized its meeting schedule for 1999, but it intends to conduct more outreach meetings with the states and other rail operators in the southeast, midwest, southwest, New England, and Pacific regions. ARC will sponsor a seminar in Washington, DC, on May 18 to focus on both the U.S. intercity rail passenger service experience and the developments of the past few years in the rail passenger systems of Europe, South America, Australia, and New Zealand. At ARC's April 26th meeting, the Council voted to form committees, including Financial, Network, Organization/Management, and Labor. Additional meetings and seminars are also being planned on issues such as financial analysis of Amtrak, labor productivity, the Market-Based Network Analysis, and the Corporation's performance targets under its strategic business plan.

All of the Council's business meetings, outreach sessions and seminars are open to the public. The Council holds executive sessions only when it is dealing with proprietary information from Amtrak or confidential personnel issues.

BUDGET REQUEST AMOUNT

Question. The ARC is requesting $1,300,000 for fiscal year 2000, $550,000 more than the administration has forwarded in its request. What would the effects be of an appropriation of $750,000, the level requested by the Administration?

Answer. The $750,000 funding level requested by the Administration would support the Council's limited staff (four professionals and two clerical) and its schedule of meetings, regional and state outreach sessions, informational seminars, and associated travel and other costs. The $750,000 level would not permit the Council to obtain the assistance of non-government experts in such critical areas as financial analysis, network and service structure, labor productivity, legal review of complex ownership rights, among other important subjects of interest to the Council. Each of these areas is critical to carrying out a specific mandate of the statute, and several are necessary to provide recommendations to Amtrak in the near-term in order to assist it in lowering its expenditures and becoming more productive and efficient.

Without access to these experts, on an as needed basis, the Council will have difficulty in meeting its primary goal, which is to provide Congress with a comprehensive, fully documented, objective review of the critical factors affecting Amtrak's long term ability to achieve self sufficiency. At the same time, the Council feels strongly that its recommendations and findings must be based on a clear understanding of their impact on the national rail passenger network, Amtrak as a government funded corporation and the transportation service demands of the nation.

TECHNICAL SUPPORT JUSTIFICATION

Question. The ARC's request includes $700,000 for technical support and analysis. What are the underlying assumptions you used to develop this number? How many hours of contractual expertise will be required, at what hourly rate?

Answer. The funding requested for technical support and analysis is based on an estimated average cost of $20,000 per consultant staff-month. Thus, the planned funding level of $700.000, (including $125,000 in fiscal year 1999 carryover funds) would procure approximately 35 staff-months of professional effort. We are not able to estimate hourly rates at this time due to the variance in the expertise sought. We anticipate using the funds to support the Council's work in the such areas as follows:

—Route and Service Analysis. Performing route and service analyses using planning tools and data from the Market Based Network Analysis including a review of MBNA's assumptions and allocations, and developing a ranking of routes and services in terms of market response, revenue/cost and contribution to the national system.

—Financial Scenario Analysis: Computer-assisted modeling (using current data and existing models) to examine varying scenarios for structuring and financing Amtrak's assets and operations.

— Productivity Analysis: An assessment of the effect of current and projected labor agreements and non-contract work force levels on operating efficiencies.

—Non-Federal Funding Review: The current pattern of state and local funding for Amtrak is a patchwork quilt dealing with joint facility use, cost-sharing, capital investment responsibility etc. In some cases these arrangements are beneficial to the Corporation, while others may not represent an equitable sharing of Amtrak's costs.

—Asset Analysis: A legal assessment of Amtrak's transferable property rights and complex landlord/tenant relationship with freight and commuter railroads is an essential component of evaluating potential recommendations for improving Amtrak's cost structure and financial performance.

LETTER FROM PAUL M. WEYRICH

AMTRAK REFORM COUNCIL,
Washington, DC, December 15, 1998.

Hon. RICHARD GEPHARDT,
Minority Leader, U.S. House of Representative, Washington, DC.

DEAR CONGRESSMAN GEPHARDT: The Amtrak Reform and Accountability Act of 1997 (ARAA, Public Law 105–134), which created the Amtrak Reform Council, also provides for certain periodic reports by the Council to the Congress.[1] The Council strongly believes that the underlying purpose for requiring these reports is to obtain our independent views on the specific issues identified by the Congress and their implications for the long-term financial viability of Amtrak. Due to a number of factors outside the control of the members of the Council, meaningful independent commentary on these issues is not possible at this time.

As the Congress is aware, appointments to the Council were not as timely as anticipated in section 203 of the ARAA and we currently have one vacancy. In addition, final action on the Council's requested budget did not occur until October 21, 1998, and this appropriation contained restrictions of the ability of the Council to use appropriated funds to hire consultant support. This has necessitated that we begin a process to hire the temporary staff necessary to assist in processing the substantial information now becoming available.

Similarly, essential inputs to the Council's deliberations have been provided later than anticipated by the ARAA. Specifically, the first independent assessment by the U.S. Department of Transportation's Inspector General of the financial requirements of Amtrak through fiscal year 2002 was not received by the Council until November 24, 1998. Amtrak's first report to the Council on the expected productivity issues involving agreements with organizations representing Amtrak's employees was also presented to the Council on November 24. Finally, Amtrak's submission of information regarding the use of funds provided to it under section 977 of the Taxpayer Relief Act (TRA), is inadequate in presenting justification for the capital commitments and hampers a reasonable assessment of the merits of Amtrak's investments thus far.

The Council concluded at our November 24, 1998 meeting that, rather than provide Congress with a report that did not materially add to the dialogue on the current and future condition of Amtrak, I should inform Congress that no report will be forwarded to it for 1998. The Council wishes me to emphasize the importance in which each member views his or her responsibilities as a member of the Council and their collective commitment to providing the Congress with the independent commentary the Council is charged with making. Now that the Council is organized, moving to hire necessary support staff, and receiving necessary inputs from the Inspector General, Amtrak and others, we anticipate to begin reporting to the Congress with the quarterly report on Amtrak's use of TRA funding for the second quarter of fiscal year 1999 and to provide the first annual report at the close of calendar year 1999. We are confident that these reports will provide the independent look at Amtrak's progress intended by the ARAA and that they will be of value to the Congress in its deliberations on issues related to Amtrak.

If the Council can be of any further assistance in the interim, please do not hesitate to contact us.

Sincerely,

PAUL M. WEYRICH,
Acting Chairman.

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[1] These reports are an assessment of (1) Amtrak's progress on the resolution of productivity issues; or (2) the status of productivity issues, and make recommendations for improvements and for any changes in law it believes to be necessary or appropriate. (required by section 203(h) of the ARAA); the use of amounts received by Amtrak under section 977 of the Taxpayer Relief Act of 1997) (required by section 209(b) of the ARAA); and, identification of Amtrak routes which are candidates for closure or realignment * * * (required by Section 349 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999).

FEDERAL RAILROAD ADMINISTRATION

QUESTIONS SUBMITTED BY SENATOR SHELBY

USE OF RABA FUNDS FOR RAIL PROJECTS

Question. Please delineate how the monies that are proposed to be transferred from the highway trust fund would be allocated among the various FRA programs. If those amounts are not transferred, what are the implications?

Answer. The budget contains the following proposed transfers from Revenue Aligned Budget Authority (RABA) in the Highway Trust Fund:

—$15 million for Highway Rail Crossing Hazard Elimination in High-Speed Rail Corridors under Section 1103(c) of TEA21 (Section 104(d)(2) of Title 23)

—$10 million for Positive Train Control within the Next Generation High-Speed Rail Technology program under Section 7201 of TEA21 (Section 26102 of Title 49)

—$10.4 million for the Nationwide Differential Global Positioning System (NDGPS)

If these projects are not funded from RABA, the following consequences would ensue:

The grade crossing hazard elimination program for high-speed corridors, which provides important safety benefits and addresses a major cost factor in implementing high-speed rail based on incremental improvements of existing railroads, would be cut to ¼ its proposed size.

The progress made on the Michigan and Illinois train control projects will be set back at least one year. In particular the Illinois project, which also involves industry funding and which represents a major effort to develop an interoperable train control system applicable across the major railroads, so essential for preventing rail collisions in the future, might have to be terminated because of industry uncertainty regarding the Federal commitment.

The NDGPS program, which is a necessary ingredient for widespread implementation of positive train control, and which has multiple uses in other elements of intelligent transportation systems and other economic sectors, would be delayed for at least a year.

USE OF ADDITIONAL FTES

Question. Please specify exactly how the additional 13 positions and 6.5 FTEs that are requested would be allocated among the purposes specified on pages 60–61. Why is each of those new positions judged by FRA to be of critical importance at this time? Please prioritize the requested new positions.

Answer. The railroad industry is undergoing an unprecedented period of dramatic growth. The significant changes require increased coordination and scrutiny by FRA to ensure safety and service are not deteriorating. In the past, FRA has concentrated on increasing its field staffing to meet the expanding needs of the inspection and safety enforcement process. It must now strengthen its headquarters staffing and expertise to meet its growing workload demands and to ensure policy and program implementation are properly coordinated, monitored, and re-evaluated.

New and/or additional staffing and expertise are needed to support on-going Safety Assurance and Compliance Program and related audit and rulemaking work; to support bridge safety—FRA currently has one bridge engineer to oversee 100,000 railroad bridges in the United States; and to manage signal and train control and motive, power and equipment work, especially as positive train control and new equipment are introduced into the railroad system. Staffing also will be used to enhance training and other enforcement guidance, to allow greater participation in agency or Department-wide initiatives related to safety, R&D outreach, grade crossing, transportation security, and intermodal projects. Finally, increases will provide the necessary support needed to evaluate applications, drafting, negotiating and implementing regulatory and legal documents, and other work needed to actually implement FRA's new and expanding programs.

Given the need to address new issues and programs related to railroad technology and safety, it is imperative that FRA have the flexibility to hire new and different technical experts, and to distribute its workload in a more manageable and effective manner.

Of the positions requested, eight support regulatory and enforcement work and five support industry and technology work. Many of the positions support all three purposes described in FRA's budget justification. All positions are critical as evidenced by FRA's growing workload and constant overtime worked by most headquarters' employees. FRA needs some relief in its headquarters staffing and the fis-

cal year 2000 request provides the minimum number that FRA deems appropriate at this time.

NEW POSITIONS—FIELD OR HEADQUARTERS

Question. Will any of the requested new employees be utilized in the field to conduct site-specific inspections?

Answer. None of the requested positions will be used to hire additional field employees. All positions will be located in headquarters. However, the new positions will have a direct impact on safety as they support regulatory and enforcement work and safety-related technology. The resulting policy and program changes from this on-going work will enhance the safety of all railroads.

RAILROAD BRIDGE SAFETY

Question. In FRA's justification for the additional requested employees, you cite the need to support efforts to oversee railroad bridge safety. Specifically, additional staff would train track inspectors to recognize bridge structural defects and to participate in Safety Assurance and Compliance Program audits involving railroad bridges. Is it realistic to expect FRA inspectors to be able to recognize rail bridge structural defects, given the degree of engineering skill required to accurately evaluate bridge structural integrity?

Answer. Identifying obvious bridge defects and accurately evaluating bridge structural integrity require different technical training demands. However, FRA's bridge inspection training program for track inspectors is effective in identifying clear signs of structural distress on typical railroad bridges. Where indicated, FRA will request additional evaluations by a registered bridge structural engineer. FRA is requesting one additional position in fiscal year 2000 to support FRA's bridge safety program. Currently, FRA has only one bridge engineer to oversee 100,000 railroad bridges in the United States.

OA UNOBLIGATED BALANCES

Question. Please identify any unobligated balances in the account of the Office of the Administrator.

Answer. The Office of the Administrator account has approximately $2 million held in reserve for commitments related to the Alaska Railroad Liabilities program and Washington Union Station.

CHIEF COUNSEL SAFETY DIVISION PERSONNEL

Question. Please prepare a table for each of the last three years indicating the number of personnel in the Safety Division of the Office of the Chief Counsel.

Answer. See table below.

FY 1997	27
FY 1998	26
FY 1999	27

GARRETT A. MORGAN INITIATIVE

Question. What was the scope and nature of FRA's participation in the Garrett A. Morgan program during fiscal year 1998? What is planned for fiscal year 1999 and fiscal year 2000? Have any funds been used to support that initiative? If so, please specify by year the amount expended or budgeted.

Answer. In support of the Garrett A. Morgan program, FRA established an education web site to reach K–12 students, educators and teachers. FRA reached over forty thousand students and adults in fiscal year 1998. The Garrett A. Morgan Program and Operation Lifesaver presentations were incorporated into one and presented by Grade-Crossing managers and other FRA personnel.

In fiscal year 1999, FRA plans to continue its support of the Garrett A. Morgan program by exceeding last year's goal and reaching an additional fifty thousand students. Additionally, FRA plans to add railroad curriculum for pre-school through 12th grade to the Garrett A. Morgan web site. This curriculum will be informative as well as educational. In fiscal year 2000, FRA plans to update existing mathematic and science information on the web site, continue to donate surplus computer equipment to schools in need, and participate in those activities that educate the public about the field of transportation and related career opportunities.

FRA'S POLICY STUDIES AND ACCOMPLISHMENTS

Question. What are the most important policy studies and accomplishments resulting from the work of the Associate Administrator for Policy and Program Development in fiscal year 1998, thus far in fiscal year 1999, and what is planned for fiscal year 2000?

Answer. The Office of Policy and Program Development (OPPD) leads the Federal Railroad Administration in several areas: rail structural analysis (mergers), rail network geographic information systems (GIS), rail needs for national defense, and railroad data development. In addition, the Office of Policy and Program Development has taken a lead role in developing tools to evaluate the cost/benefit of rail projects utilizing innovative financing techniques.

The Office of Policy and Program Development has had the lead responsibility for Department of Transportation (DOT) for analyzing rail merger proposals for over 10 years. OPPD analyzed and developed the Department's written position on the acquisition of Conrail by Norfolk Southern (NS) and CSX railroads. DOT's final official position on the acquisition was filed with the Surface Transportation Board (STB) in February, 1998. During fiscal year 1998 and thus far in fiscal year 1999, FRA has been working with all major railroads to assure a safe integration of the Conrail's operations into NS and CSX, and to minimize disruptions to railroad service, similar to the ones following the merger of the Union Pacific with the Southern Pacific. FRA's oversight activities of post Conrail operations will continue in fiscal year 2000.

In 1998, the Office of Policy and Program Development led DOT's evaluation of the merger between the Canadian National and the Illinois Central Railroad. The Office of Policy prepared the Department's official position on the CN/IC merger which was filed with the Surface Transportation Board (STB). Furthermore, the Office has begun an assessment of the issues pertaining to competitive rail access throughout the national railroad system.

Much of the data (traffic, financial, and general economic) that will support this as well as other policy analyses is acquired, compiled, and funded as explained below.

The Office of Policy and Program Development created a rail network GIS, representing all 150,000 route miles of track in the United States railroad system. The GIS is extremely detailed, containing ownership, trackage rights, and traffic statistics for each line segment in the country. It is updated annually and has been widely distributed to other federal agencies, states, MPO's, local jurisdictions, and railroads. It has been coupled with a highway GIS from DOT's Federal Highway Administration and a waterway GIS from the United States Coast Guard to create the initial stages of an intermodal network GIS. During fiscal year 1999 and fiscal year 2000, the FRA Rail Network GIS will be updated, enhanced, and distributed to the public. Also, hazardous materials movements (extracted from the Waybill Sample) will be simulated over the Rail Network GIS to be used as an aid by the Office of Safety in deploying its inspection fleet.

The Office of Policy and Program Development, in cooperation with the Military Traffic Management Command (MTMC) of the Defense Department, reevaluates, on an annual basis, the rail requirements for the defense of the United States based on changing rail traffic density and defense traffic pattern shifts.

The Office of Policy and Program Development jointly with the Surface Transportation Board (STB) funds the creation of the Rail Carload Waybill Sample data base on an annual basis. The Waybill Sample data base is the only comprehensive source of rail traffic data that includes details for both commodity and routing. As such it functions as the official traffic data source for proceedings before the STB, including mergers, acquisitions, and abandonments.

The Office of Policy and Program Development purchases and collects rail economic and financial data to support policy analysis of the rail industry. Economic data is purchased from Data Resources, Inc. (DRI) to track economic trends in the rail industry. Rail financial data is compiled into a financial data base to evaluate individual rail companies and the industry as a whole. These data are used extensively in rail structure analysis such as mergers.

The Office of Policy and Program Development has funded the development of a computerized model (RailDec) to assess the cost/benefit of innovatively financed rail projects. It has been made available to and is widely used by states, Metropolitan Planning Organizations (MPOs), and regional jurisdictions to analyze the worth of such projects in their own areas. During fiscal year 1998, the model was modified to enhance data on projects directly related to rail/highway crossings.

REPROGRAMMINGS

Question. Please show any reprogramming or allowable funding transfers associated with the Office of Safety, Office of R&D, and the Office of the Administrator from the appropriated amounts for fiscal year 1997 and fiscal year 1998.

Answer. FRA did not reprogram or transfer any funds between these accounts in fiscal year 1997 or fiscal year 1998.

USER FEES

Question. Please delineate exactly which entities and expenses would be covered by the user fees, and how the amount to be collected was determined.

Answer. The railroad user fee proposal, included in the fiscal year 2000 budget request, covers FRA's cost of carrying out FRA's rail safety program under 49 U.S.C. Chapter 51 (hazardous materials transportation laws), Subtitle V, Part A (which covers other rail safety laws), and the safety-related functions of the Research and Development program. Not all of these costs were covered in the original railroad user fee program but all of them were included in the Administration's budget request for fiscal year 1999, since they are all directly safety-related. In addition, the proposal eliminates the annual reporting requirements of the original railroad user fee program.

To implement these fees, FRA would build upon the existing railroad user fee regulations (49 C.F.R. Part 245) that were adopted in 1991 to govern the railroad user fee program authorized by the Omnibus Budget Reconciliation Act of 1990. Generally, the existing regulations provide for allocating the user fee across the railroad industry on the basis of train miles and road miles, with an adjustment made for light density railroads. Under the previous program, FRA received an annual report from each railroad listing its train miles and road miles which FRA used to determine each railroad's fee. FRA billed each railroad and collections were made by FRA's accounting department. Appropriate changes/revisions to these regulations would be made to cover any expansion of coverage or newly enacted program.

TOTAL COST AND COMPLETION DATE OF IT SYSTEM

Question. Your request includes $1.46 million hardware/software costs and $82,000 in personnel-related costs (2 new positions, 1 FTE) for new information technology systems. What will be the outyear costs of this multi-year project? How many years will this project take to fully implement? Will the 2 new positions still be required after the new information technology system is in place? Will the new information technology initiative give FRA the ability to manage its grants program electronically?

Answer. FRA's IT vision is based on a review of FRA's current systems and problems, and business practices and needs. This review began in 1997 and will continue throughout the life of the project. The recommended solutions are based on internal reviews, as well as reviews conducted by contractors. The overall direction of FRA's IT project is consistent with the Clinger-Cohen Act and is supported by the Department's Chief Information Officer.

The projected timetable is as follows:

Fiscal year 2000

Stabilize the network infrastructure.
Upgrade bandwidth to accommodate increased traffic.
Upgrade WAN port speed and Committed Information Rate.
Enhance e-mail system.
Implement monitoring devices.
Fix failed servers and upgrade other hardware/software.
Set up web server, with firewall protection.
Migrate towards an intelligent network infrastructure which will broadcast status back to a central monitoring system.
Develop security systems.
Develop a disaster recovery program.
Pilot intranet development.
Pilot data mart development.
Initial ATM backbone transition planning.
Upgrade mobile computer modems.

Fiscal year 2001

Intranet deployment.
Data warehouse implementation.
ATM backbone detailed transition planning.

Continue security upgrades.
Introduce wireless remote access services.

Fiscal year 2002

Full deployment of data warehouse.
Complete ATM backbone implementation.
Voice, data, video and multimedia integration implementation.

Fiscal year 2003

Complete voice, video, multimedia integration and tuning across the ATM backbone.

Funding for outyears is to be determined. The two requested positions will be needed even after the IT project is completed to continue data base management and to support FRA's Intranet WEB applications. The IT system will allow all offices the capability to manage their work electronically.

FISCAL YEAR 1999—2000 STAFFING

Question. Under FRA's proposed new account structure, 20 additional FTES are requested for fiscal year 2000, from 733.5 to 753.5. Please break out the entire FTE request using the current office structure, showing (and distinguishing between) the current onboard and the additional FTE distribution.

Answer.

Office	Fiscal year	
	1999 Enacted FTEs	2000 Requested FTEs
Office of the Administrator	152	156
Office of Safety	558	[1] 573
Office of Research and Development	18.5	[2] 19
Admin for High-Speed Rail	5	5.5
Total, FRA	733.5	753.5

[1] Includes 12 annualized FTEs for the 24 inspectors authorized in fiscal year 1999.
[2] Includes .5 annualized FTE for one position authorized in fiscal year 1999.

OPERATION RESPOND

Question. What are the costs, benefits, and current status of FRA's involvement in the Operation Respond project? Please specify fiscal year 1997, fiscal year 1998, and fiscal year 1999 funding amounts, and the fiscal year 2000 request. What is the total amount of the fiscal year 2000 DOT request for Operation Respond, including requests from other agencies?

Answer. In summary, the benefits of Operation Respond (OR) is the potential to save life resulting from incidents/accidents involving hazardous material or rail passenger operations. OR is designed to improve information available to First Responders at the site of these incidents/accidents through the use of its software system, Operation Respond Emergency Information System (OREIS).

Funding will be used to continue and enhance the research and development of the OREIS. Efforts will concentrate on adding Non-Class I railroads into OREIS. Non-Class I carriers, with a significant amount of hazardous materials traffic, will be identified and contacted first. Operation Respond and the FRA will work cooperatively with these carriers and their employees to introduce and install OREIS or their respective systems. While Non-Class I carriers typically handle a wide variety of hazardous materials, they often do not possess the kinds of centralized computer capabilities, or direct interface with shipper location message systems, that would enable the timely and/or accurate notification of emergencies.

In addition to the further expansion of Operation Respond to Non-Class I carriers, Operation Respond has a vital role in the dissemination of emergency information regarding commuter railroads. As part of its safety mandate, FRA will continue to develop and/or revise rules and guidance regarding rail passenger equipment and standards. One component element of the OREIS system comprises documentation concerning passenger train schematics, including the identification of emergency windows, on-board safety equipment, and electrical systems. Operation Respond provides a mechanism to convey this critical and time sensitive information to first responders, i.e., fire, police, and medical personnel. The availability of this information

to emergency personnel can dramatically impact life-saving operations not only for passengers but, also, for the citizens of nearby communities and for environmental considerations.

Funding:

Fiscal Year 1997.—FRA $153,000. FHWA $1 million earmarked by Congress.

Fiscal Year 1998.—FRA $103,000. FHWA $1 million earmarked by Congress.

Fiscal Year 1999.—FRA $103,000.

Fiscal year 2000.—FRA $104,000.

SAFETY-RELATED TRAVEL

Question. On page 62 of the budget justification, you state that an increase of $500,000 is requested for safety-related travel. How much of the total $7,147,000 for travel is safety-related?

Answer. In fiscal year 1999, FRA's total travel is $6.528 million. FRA is requesting a total of $7.147 million in fiscal year 2000, an increase of $619 thousand.

The increase of $619 thousand includes $500 thousand for safety-related travel, specifically travel supporting the Safety and Assurance & Compliance Program and Railroad Safety Advisory Committee's work; $54 thousand related to the new 15 positions; and $65 thousand to cover inflation costs. Of the total amount requested for travel, $6.673 million is directly related to the Office of Safety. Some of the funds remaining are also in support of safety-related initiatives and include travel by R&D and NGHSR staffs, Chief Counsel's safety division staff, policy staff, and the Administrator, and Deputy Administrator.

INCREASES IN ADMINISTRATIVE ACTIVITIES

Question. Please justify the requested increases in each of the following administrative activities: Rent; Communications; Advisory and Assistance services; TASC; and Equipment (additionally, how much of the request for equipment is related to the information technology initiative?)

Answer. For presentation purposes, the fiscal year 1999 costs reflected under the Safety and Operations account included only the former Office of the Administrator account and the Office of Safety. Administrative costs related to Research and Development and Next Generation High-Speed Rail were not included. The following table reflects the true comparable crosswalk between FRA's fiscal year 1999 and fiscal year 2000 costs for the items listed:

Item	Fiscal year		Difference
	1999 Total funding	2000 Total funding	
Rent	$3,084	$3,302	[1] $218
Communications	725	848	[2] 123
Advisory & Assistance Services	235	516	[3] 281
TASC	2,357	2,613	[4] 256
Equipment	1,227	2,686	[5] 1,459

[1] Reflects an increase of $173 thousand due to inflation and colocation/lease expirations and $45 thousand related to the housing of the new 15 positions.

[2] Reflects non-discretionary increases related to inflation and vendor increases for information technology support ($121K) and to the new FRA-wide IT initiative ($2K).

[3] Increase includes inflation costs ($1K) and the new FRA-wide IT initiative ($280K).

[4] Reflects FRA's portion of the Department's total TASC costs. Most of the increase is for telecommunications support (computer lines, phones, FTS, internet, voice mail, etc.). This is a non-discretionary increase as FRA has very little control over these costs.

[5] Reflects an increase of $1.096 million for the new FRA-wide IT initiative; $83 thousand in support of the 15 new positions; and $280 thousand for non-discretionary increases related to inflation, vendor increases, and increased usage of computer technology.

GRANT FUNDING

Question. Please detail the activities for which the funding for grants, subsidies and contributions will be spent.

Answer. In fiscal year 2000, FRA is requesting $600,000 for a grant to Operation Lifesaver.

FRA'S VIDEO CONFERENCING AND IMAGING SYSTEM

Question. What is the status of FRA's video conferencing and imaging system? Do these technologies affect the amount requested for travel? How much is built into the base budget to operate those communications systems?

Answer. The FRA has a fully implemented video-conferencing system. The analysis for an agency-wide imaging system has been completed and FRA is in the process of testing and validating its pilot program. Once this is completed, the system will be implemented agency-wide. Currently, there is $150,000 in FRA's IT base for these two systems.

FRA's imaging system has no impact on travel but rather on paper images and storage. Without the video conferencing system, FRA's travel needs would increase.

FUNDING FOR THE AMTRAK REFORM COUNCIL

Question. Please provide the Committee a detailed justification for the $750,000 request for the Amtrak Reform Council. What documentation supports this request? Is this the requested funding level that FRA forwarded to OST and OMB?

Answer. Funds will support the salaries and expenses of staff, travel, supplies and contract support. The Department submitted, as a place holder, a request of $500,000 to OMB for the Amtrak Reform Council (ARC) because ARC was not yet organized to submit a budget.

The Department is aware of a subsequent request from ARC for funding. Questions related to this request should be forwarded to the ARC directly.

OFFICE OF SAFETY FUNDING

Question. Please prepare a funding table for the Office of Safety for fiscal years 1998 through 2000, broken out in the following manner.

Program Activity	Program Costs ($)	Personnel compensation benefits ($)	Number of staff (FTEs)
Federal Enforcement Program	.....	.....	Headquarters v. regional/field offices.
Automatic Track Inspection Program.	.....	.....	
Safety Regulation and Program Administration.	.....	.....	

Answer.

[Dollars in Thousands]

Activities	Program cost			PC&B			FTEs		
	Fiscal year			Fiscal year			Fiscal year		
	1999	1998	2000	1999	1998	2000	1999	1998	2000
Federal Enforcement Program	$8,476	$10,000	([1])	$32,503	$35,755	([1])	$456	$468	([1])
ATIP	4,220	2,500	([1])	.....	.....	([1])	.....	.....	([1])
Safety Regulation and Program Administration	4,434	5,180	([1])	7,417	7,953	([1])	90	90	([1])
Total, Safety	17,130	17,780	[2] 16,910	39,920	43,708	46,940	546	558	[3] 573

[1] Costs will be tracked by function (safety) versus office or geographical location in fiscal year 2000.
[2] Includes $3.1 million for the ATIP.
[3] Includes approximately 480 FTEs for federal enforcement program and 93 FTEs for safety regulation and program administration.

STATUS OF HIRING 24 SAFETY INSPECTORS

Question. In fiscal year 1999 the conferees approved the hiring of 24 additional inspectors. How will those positions be allocated? How many have been hired thus far? Where have the new staff been deployed?

Answer. In fiscal year 1999, FRA received half year funding for 12 FTEs for 24 safety inspector positions. FRA plans to hire 8 principal regional inspectors, 8 regional assistant crossing and trespasser managers, and 8 additional inspectors. Recruit actions for all positions have been processed. To date 5 applicants have been selected, 8 positions are at the interview stage, and 11 positions are still under review and in panel (applicants are being reviewed and ranked to determine HQ list for interviews.

The 5 positions will be assigned to Kansas City, Missouri, Atlanta, Georgia (2), Hurst , Texas, and Seattle, Washington.

ENFORCEMENT ACTIONS OVER LAST THREE YEARS

Question. For each of the last three years, please prepare a table describing the number of enforcement actions, the amount of civil penalty assessments and those collected or settled, and the number and types of violation reports submitted. What percentage of these actions have come from federal inspectors and what percentage from state inspectors?

Answer. The tables follow.

Fiscal year	Cases closed	Amount collected	Cases transmitted	Amount assessed
1996	974	$3,589,815	827	$5,157,500
1997	972	3,792,380	1,014	7,537,250
1998	1,483	5,213,595	1,017	9,945,750

VIOLATION REPORTS SUBMITTED BY TYPE

Type [1]	Federal	State	Total
Fiscal year 1996:			
AD	29	.....	29
BW	40	1	41
EP	3	2	5
EQ	18	18	
FCS	187	17	204
GC	3	.....	3
GS	1	.....	1
HMT	219	54	273
HS	146	2	148
HSR	76	.....	76
LI	173	21	194
REM	9	.....	9
ROP	30	2	32
RSP	9	.....	9
SA	212	29	241
SI	69	4	73
TS	33	22	55
Total	1,259	154	1,413
Percentage	89	11	.....
Fiscal year 1997:			
AD	93	1	94
AR	126	2	128
BW	2	.....	2
EP	5	.....	5
EQ	27	2	29
FCS	183	41	224

VIOLATION REPORTS SUBMITTED BY TYPE—Continued

Type [1]	Federal	State	Total
GC	20	4	24
HMT	275	83	358
HS	191	22	213
HSR	356	14	370
LI	329	34	363
REM	15	1	16
ROP	22	3	25
ROR	3	1	4
RSP	13	.....	13
RW	3	1	4
SA	293	65	358
SI	66	6	72
TS	50	16	66
Total	2,072	296	2,368
Total percent	87.5	12.5	.....
Fiscal year 1998:			
AD	88	4	92
AR	143	2	145
BW	1	.....	1
EQ	37	.....	37
FCS	163	15	178
GC	44	.....	44
HMT	345	61	406
HS	139	8	147
HSR	388	66	454
LI	327	84	411
REM	2	.....	2
ROP	34	4	38
ROR	5	.....	5
RSP	1	2	3
RW	35	2	37
SA	792	43	835
SI	45	.....	46
TS	61	21	82
Total	2,650	313	2,963
Total percent	89	11	.....

[1] RAILROAD SAFETY VIOLATION TYPES.

Violation type code	Violation type text
AD	ALCOHOL AND DRUG USE.
AR	ACCIDENT REPORTS REGULATIONS.
BW	BRIDGE WORKER SAFETY STANDARDS.
EO	FRA EMERGENCY ORDER.
EP	RAILROAD SAFETY ENFORCEMENT.
EQ	ENGINEER QUALIFICATIONS.
FCS	FREIGHT CAR SAFETY STANDARDS.
GC	GRADE CROSSING SIGNAL SAFETY.
GS	SAFETY GLAZING STANDARDS.
HMT	HAZARDOUS MATERIALS REGULATIONS.
HS	HOURS OF SERVICE LAWS.
HSR	HOURS OF SERVICE RECORD KEEPING.
LI	LOCOMOTIVE SAFETY STANDARDS.

Violation type code	Violation type text
NE	RAILROAD NOISE EMISSION COMPLIANCE.
REM	REAR END MARKING DEVICES.
ROP	RAILROAD OPERATING PRACTICES.
ROR	RAILROAD OPERATING RULES.
RSP	RADIO STANDARDS AND PROCEDURES.
RW	ROADWAY WORKER PROTECTION.
SA	SAFETY APPLIANCE STATUTES.
SI	SIGNAL INSPECTION REGULATIONS.
TS	TRACK SAFETY STANDARDS.

ENFORCEMENT CASE BACKLOG

Question. What is the current status of FRA's enforcement case backlog? What steps are you taking to more efficiently process that backlog? How does the backlog compare with the backlog for each of the last three years?

Answer. At any given time, FRA always has a number of open cases awaiting settlement. The figures below show the number of such cases pending now and the total initial penalty demand on those cases, with similar figures as of March during each of the last three years.

Time period	Number of open cases	Penalty amount
March 1996	2,552	$19,420,800
March 1997	1,796	12,543,950
March 1998	1,506	11,304,050
March 1999	1,256	11,894,000

The number of open cases and amount of the outstanding penalty demand have declined substantially since March 1996. FRA does not consider these total amounts to be "backlogs" because only a portion of them involves cases older than a year.

FRA looks at two basic measures in determining the timeliness of its enforcement process, i.e., how quickly it is transmitting cases after receipt of violation reports from field inspectors, and how quickly it is closing cases after transmitting them to the railroad or hazardous materials shipper. In 1998, FRA's Office of Chief Counsel initiated enforcement cases, on average, within 70 days of having received the violation report from the region. The promptness of the current process ensures that the industry is effectively informed of pending violations on a timely basis. With regard to major railroads, the process has also become very efficient in bringing these cases to resolution. FRA holds a settlement conference to close all pending cases on at least an annual basis with the largest railroads. As a result, FRA generally settles major railroad cases within a year of their transmittal. These cases make up 70 to 80 percent of the caseload.

However, with all of its other duties on the increase, the Office of Chief Counsel is finding it very difficult to find time to settle cases against small railroads and shippers. These settlements, which are often handled through mail and phone calls rather than meetings, lack the economies of scale present in the large railroad settlements. FRA attorneys can pursue these settlements only as the press of other priorities (e.g., large railroad settlements, regulatory projects, engineer certification cases) permits. Therefore, even though the number of open cases is declining, the proportion that are older cases against small railroads and shippers is increasing.

ALLOCATION OF SAFETY RESOURCES

Question. Please discuss whether FRA's rail safety personnel resources are allocated internally in accordance with the potential for risk and casualty reduction.

Answer. Allocation of FRA's rail safety personnel resources result primarily from information developed out of the Safety Assurance and Compliance Program (SACP) which identifies systemic problems that may pose the greatest risk potential. FRA continually monitors the results of the SACP audits as well as other enforcement actions to ensure all safety resources are allocated to high risk and therefore, high priority activities.

NUMBER OF PERSONNEL AT EACH FIELD OFFICE

Question. Please list, by region, the current safety inspection field offices and number of personnel at each field office.

Answer. The information follows:

Region	Office	No. of personnel
Northeastern	Cambridge	19
	Bangor [1]	1
	Buffalo [1]	3
	Clifton Park	8
	Newark	14
Total		45
Eastern	Lester	28
	Hanover	7
	Columbus [1]	4
	Cleveland	5
	Cincinnati [1]	4
	Charleston [1]	5
	Harrisburg [1]	2
	Norfolk	4
	Pittsburgh	9
	Roanoke [1]	4
	Toledo [1]	1
Total		73
Southern	Atlanta	28
	Birmingham	5
	Charlotte	8
	Jacksonville	9
	Knoxville [1]	2
	Louisville [1]	7
	Memphis [1]	4
	Mobile	4
	Nashville	4
	Tampa [1]	.....
Total		71
Central	Chicago	36
	Detroit	6
	Ft. Snelling	8
	Indianapolis	9
	Peoria [1]	2
Total		61
Southwestern	Hurst	31
	Houston	11
	El Paso	4
	Little Rock	5
	New Orleans	6
	Oklahoma City	4
	San Antonio [1]	4
	Shreveport [1]	3

Region	Office	No. of personnel
Total		68
Midwestern	Kansas City	29
	Lakewood	9
	Omaha	8
	St. Louis	7
	Wichita [1]	2
	Des Moines	3
Total		58
Western	Sacramento	27
	Salt Lake City	6
	Riverside	10
Total		43
Northwestern	Vancouver	24
	Seattle [1]	4
	Pocatello	5
	Billings	8
	Bismark	4
	Spokane [1]	4
Total		49
Total, FRA		468

[1] Office closed; all employees telecommute.

FRA OFFICE CLOSURE AND REDUCTION IN SPACE

Question. Has FRA reduced the number of field offices during the last year? Are any cost savings reflected in the budget? How many field offices have been closed during the last three years. Please identify the locations of any closed sites. Have any new offices been established during this period? If so, where?

Answer. In fiscal year 1996, FRA closed seven field offices and reduced space in two other offices, resulting in an annual savings of $79,558 in DOT's rent budget. Closed: Bangor, ME; Memphis, TN; Knoxville, TN; Tampa, FL; Shreveport, LA; San Antonio, TX; Spokane, WA. Reduced Space: Oklahoma City, OK; Salt Lake City, UT.

In fiscal year 1997, FRA closed five field offices and reduced space in three other offices, resulting in an annual savings of $84,644 in DOT's rent budget. Closed: Peoria, IL; Wichita, KS; Roanoke, VA; Seattle, WA; Louisville, KY. Reduced Space: Birmingham, AL; Nashville, TN; Mobile, AL.

In fiscal year 1998, FRA closed six field offices and reduced space in four other offices, resulting in an annual savings of $87,285 in DOT's rent budget. Closed: Columbus, OH; Harrisburg, PA; Charleston, WV; Buffalo, NY; Toledo, OH; Cincinnati, OH. Reduced Space: Houston, TX; Jacksonville, FL; Charlotte, NC; Newark, NJ. There are no plans to close offices or reduce space during FY–1999. No new offices have been established.

FISCAL YEAR 1998 INSPECTIONS

Question. How many miles of track, freight cars, locomotives, and track miles with signals and train control systems were inspected last year? Please compare this level of inspection activity with that achieved during the two preceding years. How were these activities focused on high-risk railroads and shippers?

Answer. The table below reflects a comparison of preliminary 1998 inspection data with that of the previous two years. FRA collects the number of signal and train control devices inspected each year, but not the number of track miles with signal and train control systems.

	1998 [1]	Percent change from 1997	Percent change from 1996
Track Miles Inspected	253,230	+1.8	−02.8
Freight Cars Inspected	566,458	+2.8	−09.2
Locomotives Inspected	22,517	+1.6	−07.5
Signal Units Inspected	43,910	−4.3	−15.2

[1] Preliminary data.

FRA will continue to leverage its inspector resources by coordinating Safety Assurance and Compliance Program (SACP) and site-specific inspection duties in the most effective way. FRA's safety programs require a balanced approach of inspections coupled with partnerships, which enlist the cooperation of rail labor and management to identify and correct safety concerns in the railroad industry before they lead to defect violations or accidents. FRA believes that it has achieved the proper balance between SACP and site-specific inspections.

NUMBER OF SACP AUDITS

Question. Under the SACP, how many Class I and Class II railroads have been analyzed by FRA so far? How many railroads have had two SACP reviews? How many additional railroads need to be reviewed for the first time under SACP?

Answer. FRA has examined more than 55 railroads under SACP including all ten Class I railroads, more than half of the approximate 27 Class II railroads, seven of the nine commuter rail authorities, and many of the largest switching and terminal railroads (according to Surface Transportation Board railroad revenue classifications, all switching and terminal railroads are Class III, regardless of revenue levels). Most SACP audits are now open-ended—once a SACP audit begins at a railroad, it will be continuously monitored by FRA inspectors through employee listening post sessions and formal FRA/Management/Labor meetings. FRA cannot extend SACP audits to the more than 700 U.S. railroads. However, the agency intends to include, in SACP reviews, the largest freight, all passenger, and all other freight railroads having significant amounts of hazardous material shipments, or interface with passenger service.

EFFECTIVENESS OF THE SACP PROCESS

Question. Please provide several new examples of how the SACP has been effective, and outline how the compliance levels have improved with this approach versus FRA's more traditional enforcement approach. In addition, please provide several new examples of how this cooperative approach did not work and the subsequent actions that FRA took to achieve an acceptable level of regulatory compliance.

Answer. Under SACP, examination of railroad compliance with Agency rules is more comprehensive than with site-specific inspections. SACP is a multi-discipline safety audit, whereas site-specific inspections usually involve only a single inspection discipline. In addition, compliance agreements under SACP safety audits usually apply across the entire railroad property. Compliance with a site-specific inspection may only apply to a particular point on the railroad property.

Examples of systemic problems which have been corrected by SACP include:

Amtrak.—A SACP safety audit gained compliance with (1) Blue Signal protection regulations, (2) Short Looping procedures (rules for applying jumper cables to 480 volt power distribution circuits on passenger cars in a train), and (3) maintenance requirements for wood crossties at interlockings in the Northeast Corridor (NEC).

Norfolk Southern Corporation (NS).—The Manpower, Staffing and Crew Utilization SACP Team gained incentives for participants in Accelerated Conductor Training (ACT); developed a mentoring program and training program for employees that participate in ACT; and took measures affecting deadhead transportation that will significantly improve crew utilization and reduce employee fatigue. The Train and Engine Safety Analysis SACP Team developed rules and a training and compliance program to reduce the number of employee accidents. FRA is monitoring compliance with this SACP effort. The team is also looking at other safety issues concerning crossing issues at a Ford Motor Company facility. The Harassment and Intimidation SACP Team began resolving a variety of issues that may lead to more accurate reporting of railroad incidents.

Union Pacific Railroad Company (UP).—FRA initiated enhanced SACP inspection activities on the UP as a result of several incidents and fatalities which resulted in injury and loss of life. After commencement on August 23, 1997, the UP's SACP

activities have been continuous. SACP teams have concentrated on fatigue management; crew utilization/crew management systems; dispatcher workload; inspection and testing requirements for signals, maintenance of way, locomotives and cars; electronic record keeping; and alternatives to employee discipline. Fiscal year 1998, SACP accomplishments include: developing a family support program; implementing a Lodging Policy for employees; implementing an Interim Crew Rest Policy; negotiating a "minimum rest" agreement; implementing a pilot napping program; established pilot program for the timely relief of crews in all of UP's regions; implementing daily information television broadcast of train line-up performance; establishing a Terminal Matrix for identifying those responsible for making train line-up updates; proposing the placement of Corridor Managers, Crew Balancing, and locomotive managers in close proximity to each other to improve communication and effectiveness; developing an analytical method to review dispatcher workload consisting of data from the radio communications system, and Computer Aided Dispatching System; adjusting and reassigning the workloads of 11 dispatching positions; adopting a qualification process for machine operators; developing a simplified computer menu that guides employees through the exercise and download of various models of event recorders to insure proper testing and functioning of these components; developing policies for inspections of locomotives; developing standardized inspection procedures specific to roller bearings; developing programs which offer alternatives to employee discipline such as conferencing or training.

CSX Transportation Company (CSXT).—The CSXT SACP encouraged the first major railroad to develop fatigue countermeasure training films and to train all employees in fatigue countermeasures. SACP activities also: developed procedures for correcting errors in electronic record-keeping; identified and corrected system-wide deficiencies with locomotive event recorder software; identified and corrected a system-wide track vegetation overgrowth problem; identified and corrected a system-wide signal system maintenance problem; implemented a new discipline policy; implemented a grade crossing awareness program for motor vehicle drivers; developed a new train riding policy and procedure, allowing signal employees to evaluate and maintain the alignment and preview of wayside signals; developed new procedures for the 92-day locomotive inspection and maintenance requirement; developed new tamper-resistant Blue Flag electric lock assemblies that provide greater security and safety; developed new hazardous material policy, which does not allow the entry of a hazardous materials container or trailer into a terminal with our proper documentation; and developed procedures to improve blocking and bracing techniques and securement of all Trailer on Flat Car/Container on Flat Car loading. Burlington Northern Santa Fe Pacific Railroad Company (BNSF): In partnership with the National Highway Traffic Safety Administration, the BNSF SACP developed and implemented an on-going campaign to increase work vehicle seat belt usage systemwide. BNSF has recently qualified for NHTSA's silver award for employee usage of seatbelts. The BNSF SACP implemented an on-going process of independent and joint TOFC/COFC Securement Audits and a structured contractor training and audit program. A BNSF–SACP Task Force approved a pilot project of using new technology (Quantum Signal Comparitor) for ensuring signal awareness by train crews.

To date, FRA has not encountered any instances in which railroads have failed to comply with safety action plans. FRA recognizes the importance of aggressive enforcement action in cases where SACP commitments go unfulfilled or are not properly implemented.

IMPACT OF SACP—FISCAL YEARS 1996–1998

Question. Please prepare quantitative measures to indicate trends in railroad safety, using a variety of measures of safety performance for each of the last three years. What do you suggest is the role of the SACP in the improvement process?

Answer.

CASUALTIES IN ACCIDENTS/INCIDENTS

Year	Fatalities	Injuries	Total casualties
1996	1,039	12,558	13,597
1997	1,063	11,767	12,830
1998 [1]	989	11,179	12,168

[1] Preliminary data.

ACCIDENTS/INCIDENTS

Year	Train accidents	Other incidents	Hwy-rail xing impacts	Total accidents/ incidents
1996	2,443	10,991	4,257	17,691
1997	2,397	10,437	3,865	16,699
1998 [1]	2,516	10,151	3,493	16,160

[1] Preliminary data.

ACCIDENTS/PROPERTY DAMAGE

Year	Train accidents	Total TRA accident damage ($000)	Accidents/ million train-miles	Deaths	Injuries	Total casualties	Total Casualties	Casualties/ 200,000 empl. work-hours rate
1996	2,443	212,314	3.64	488	1,610	2,098	9,232	3.66
1997	2,397	210,729	3.54	461	1,540	2,001	8,332	3.31
1998 [1]	2,516	229,394	3.69	426	1,279	1,705	8,234	3.21

[1] Preliminary data.

HIGHWAY-RAIL ACCIDENTS/INCIDENTS

Year	Accidents/ incidents	Accidents/ million train miles
1996	4,257	6.34
1997	3,865	5.71
1998 [1]	3,493	5.12

[1] Preliminary data.

TOTAL TRESPASSER CASUALTIES

[EXCLUDING HIGHWAY-RAIL CROSSINGS]

Year	Deaths	Injuries	Total casualties
1996	471	474	945
1997	533	516	1,049
1998 [1]	520	508	1,028

[1] Preliminary data.

Safety statistics and a recent Office of Inspector General review support the Agency's belief that the SACP process can identify and correct safety problems and enhance partnerships between FRA and its customers.

The SACP process has permitted inspector resources to be used more effectively by identifying and addressing systematic problems that have railroad-wide or railroad-industry-wide implications. For example, during a routine inspection, an FRA inspector discovered an intermittent problem at a wayside signal. Through outreach, conducted under the auspicious of SACP, FRA traced the root cause of the problem to a software error in the affected 400 additional signals on the railroad. It would have taken years of site-specific inspections by dozens of inspectors to identify problems on 400 signals using site-specific inspections alone.

However, despite the success of FRA's safety enforcement programs, additional resources are needed to maintain and increase work in SACP and site-specific inspections, especially in critical areas such as grade crossing, bridge integrity, passenger equipment safety, and positive train control.

RESPONSE TO IG'S RECOMMENDATION ON SACP

Question. Please describe in detail your response to each of the IG's recommendations or comments on the SACP. Please specify the exact steps that have been taken

to respond to each recommendation, and then, separately outline each of the proposed steps that remain to be taken. Will any IG recommendations not be implemented? If so, please explain why.

Answer. Concurrent with the OIG review, FRA initiated its own internal review of the SACP, which was conducted by the SACP Quality Improvement Team (SACP Team). FRA recognizes that all of FRA's SACP efforts be conducted and documented in generally the same manner so that the Agency can maintain effective management oversight of the program and can ensure consistency and quality in individual SACP projects. In adopting the SACP Team's recommendations, SACP will be strengthened as follows:

(1) For consistent methodology and documentation, FRA is in the process of amending its SACP General Instruction Manual to provide guidance to all Agency personnel on the methodology and documentation requirements for SACP projects. In its guidance, FRA will detail the process to be used for conducting SACP projects, the ways in which proper communication (both inside and outside the Agency) will be ensured, and the proper methods of tracking SACP issues and documenting results. FRA's new guidance will address the major issues in conducting a SACP project including: project length (on-going partnerships for the largest Class I railroads/audits of finite duration for other railroads), issue identification and selection, planning requirements (by SACP Project Manager), structure and responsibilities (of SACP Project Manager and Team Leaders), internal coordination, resolution of issues and monitoring remedial actions, tracking and documentation, and measuring program effectiveness.

(2) FRA's SACP policies currently require SACP Project Managers to develop a comprehensive railroad safety profile at the outset of a SACP project and, with regard to ongoing projects, to analyze relevant sources of information periodically to determine how that profile is changing. These procedures also require that SACP Project Managers provide for appropriate corrective actions on all issues, whether the issue is resolved through a formal safety action plan, compliance agreement, informal agreement, or enforcement action. The amended SACP Instruction Manual will establish more uniform procedures to accomplish these program elements. For example, having determined which issues are to be addressed in the project, the SACP Project Manager will ensure that each is tracked using the Partnership Issue Tracking and Status Report, a tracking mechanism developed especially for the SACP process. This tracking device will help the SACP Project Manager, in consultation with FRA senior managers and Team Leaders, make sure that corrective action occurs on each issue selected. In determining how to resolve each issue, the SACP Project Manager chooses the method that best fits: formal safety action plan, informal agreement, compliance agreement, or enforcement action.

(3) FRA instructed SACP Project Managers for the 44 railroads cited in the OIG Report (10 Class I and 34 smaller railroads) to prepare a composite listing of systemic safety issues identified during these railroad safety audits. FRA's regional administrators will look closely at the 34 smaller railroads, after consulting with the SACP Project Managers for those railroads. FRA's Headquarter's Project Coordinator will track the closeouts/open status for the systemic issues identified for the 10 largest railroad systems, after consulting with the SACP Project Managers for those railroads. FRA plans to report the status of all identified systemic safety issues from these early SACP safety audits to the OIG.

(4) During its internal review of SACP, FRA recognized the need to create more formalized communication procedures for SACP projects. Experience with past projects demonstrated that if field personnel were not fully informed on significant SACP issues, the overall effectiveness of the project was adversely impacted. Specifically, good communication is essential for the identification of systemic problems, consistent enforcement by the Office of Safety and Office of Chief Counsel, and the timely completion of a SACP project. FRA is attempting to provide, all FRA and State inspectors, ready access to SACP information via the Internet. FRA is taking steps that will: (1) improve two-way communication capabilities; (2) establish a link between FRA's web site and an accident/incident/inspection report web page; (3) give high priority to expeditious incorporation of SACP information, such as narrative reports, Monthly Issues Reports (MIR), and Partnership Issue Tracking and Status (PITS) Reports, into FRA's Internet web site; and (4) give high priority to the development and implementation of a common Internet complaint data base to ensure access to accurate and timely SACP complaint information. Development of such a comprehensive computer linkage will take some time. In the interim, however, FRA will take several steps to improve communication within the Agency on SACP issues.

FRA's SACP Project Managers will produce a Monthly Issues Report for Class I railroad safety audits or multi-regional projects. All senior FRA officials and staff

that are in need of such information will receive this monthly report. Class I railroad SACP Project Managers will attend regional administrators' meetings to facilitate discussion of their respective SACP projects. Regional administrators will communicate and share Monthly Issues Reports with regional staff and appropriate state directors. Regions will provide systemic complaint information to SACP Team Leaders and/or SACP Project Managers. SACP Team Leaders on Class I railroad safety audits will attend discipline-specific specialists meetings and participate in discipline-specific conference calls to discuss SACP initiatives, problems, and progress. They will also communicate through the timely sharing of pertinent information with appropriate staff directors and regional specialists. Regional specialists will keep appropriate FRA and state inspectors fully apprized of SACP activities and provide notice to the SACP Project Manager of significant enforcement actions. As necessary, the SACP Project Manager or Team Leader will coordinate with regional personnel on conducting follow-up inspections, and the resulting information will be used to determine the need for further action on the issue.

To date, FRA has not encountered any instances in which railroads have failed to comply with safety action plans. FRA recognizes the importance of aggressive enforcement action in cases where SACP commitments are unfulfilled or are not properly implemented. That is why the Agency developed its Focused Enforcement Policy in 1997 (the policy is described in FRA's The Safety Assurance and Compliance Program: Guidance on Inspection and Enforcement). The Focused Enforcement Policy was discussed with field, headquarters and State personnel during FRA's Multi-Regional Conferences in 1997.

However, in response to the IG's concerns, FRA is amending its enforcement policy to ensure that aggressive enforcement action is taken for failure to correct SACP-related safety violations, when appropriate, at any stage of the SACP process. FRA will amend its SACP General Instruction Manual to include up-dated guidelines on Focused Enforcement. Included in these guidelines is the provision that enforcement action will not be taken automatically for minor or inconsequential violations in connection with implementation of a safety action plan.

The IG recommends that FRA advise inspectors of the Agency's intent to take aggressive enforcement action when problems identified in the SACP process have not been corrected. FRA is requiring the SACP Project Manager, regional administrators, and appropriate Headquarters staff to determine to what extent enforcement action will be taken, based on violations detected as a part of SACP team inspections. The SACP Project Manager will inform the Office of Chief Counsel of violations that surface during SACP team inspections or follow-up monitoring, which deserve especially aggressive handling. At the same time, the SACP Project Manager will offer a recommendation of how the violation should be handled. Regional specialists will ensure that all violations arising from a SACP review are marked "SACP Violations" on the transmittal sheet to the Office of Chief Counsel. Information involving compliance activities will be shared among SACP Project Managers, regional personnel, and the Office of Chief Counsel. The Office of Chief Counsel will include SACP Project Managers in the scheduling of settlement conferences with major railroads. Once a year, the SACP Project Manager and an Office of Chief Counsel attorney will analyze how well the previous year's enforcement activity focused on truly important safety issues with respect to the major railroad to which they are assigned, and recommend how that focus might be improved.

NUMBER OF SITE-SPECIFIC INSPECTIONS BY REGION 1995–98

Question. The SACP has shifted some of FRA's resources away from site-specific inspections. Please prepare a table showing the number of inspections for the various safety disciplines conducted in 1995, 1996, 1997 and 1998, by region and in aggregate.

Answer. The number of inspection reports filed by Federal and state inspectors by region during 1995–1998 follows:

SUMMARY OF INSPECTION REPORTS FILED

Region	1995	1996	1997	1998
1	5,739	5,989	5,467	5,509
2	12,231	10,028	9,657	9,330
3	9,774	9,552	9,296	9,730
4	8,628	8,205	7,771	7,029
5	7,443	6,943	6,405	8,433

SUMMARY OF INSPECTION REPORTS FILED—Continued

Region	1995	1996	1997	1998
6	4,015	3,882	3,774	4,097
7	5,508	6,174	6,064	6,866
8	4,263	4,406	4,370	5,169
Total	57,601	55,179	52,804	56,163

LEVEL AND EFFECT OF SITE-SPECIFIC INSPECTIONS

Question. Does FRA expect that its inspectors will continue to conduct fewer site-specific inspections every year as a result of its new approach? If so, what do you believe will be the long-term effect on rail safety?

Answer. Site-specific inspections increased 5.6 percent in 1998, compared to 1997. FRA will continue to leverage its inspector resources by coordinating SACP and site-specific inspection duties in the most effective way. FRA's safety programs require a balanced approach of inspections coupled with partnerships, which enlist the cooperation of rail labor and management to identify and correct safety concerns in the railroad industry before they lead to defect violations or accidents. FRA believes that it has achieved the proper balance between SACP and site-specific inspections.

Site-specific inspections alone are not always beneficial in identifying systemic problems nor ensuring railroad cooperation and participation in correcting safety violations. Safety Statistics and a recent Office of Inspector General review support the Agency's belief that the SACP process can identify and correct safety problems and enhance partnerships between FRA and its customers.

However, despite the success of FRA's safety enforcement programs, additional resources are needed to maintain and increase work in SACP and site-specific inspections, especially in critical areas such as grade crossing, bridge integrity, passenger equipment safety and positive train control.

NUMBER AND TYPE OF RAILROADS INSPECTED

Question. How often does FRA seek to inspect each railroad? Please provide a table showing the number and types of railroads that underwent no FRA inspections for calendar years 1993–1998.

Answer. FRA's goal is to visit annually each active railroad. As to each new railroad, FRA's stated objective is to visit at initial start-up.

ACTIVE RAILROADS NOT INSPECTED

Year	Active railroads	Active railroads not inspected
1993	668	88
1994	688	92
1995	679	115
1996	704	124
1997	679	144
1998	670	97

FRA inspected all Class I railroads and all Group II railroads. Class I railroads, as defined by the Surface Transportation Board, are those with average annual operating revenues of $253.7 million or more. Group II railroads, exclude Class I railroads, and have an annual accumulation of over 400,000 employee hours worked. The active railroads which have not been inspected include smaller railroads with an annual accumulation of 400,000 and under employee hours.

SACP PROCEDURE GUIDELINES

Question. Since last year, what was done to update the written guidelines regarding the procedures for the SACP?

Answer. In response to a recent Inspector General review and FRA's own internal review of the SACP, by the SACP Quality Improvement Team, FRA is amending its SACP General Instruction Manual. The revised Manual will be completed by the

end of the fiscal year and will incorporate most of the recommendations from the Team's September, 1998 draft report. The SACP is a dynamic process. Given the evolving nature of SACP, FRA will closely monitor the program and periodically reexamine policies, procedures, and practices to maintain a high degree of accountability, consistency and effectiveness.

SACP AND SMALLER RAILROADS

Question. What is FRA's experience with the SACP as applied to smaller railroads?

Answer. SACP uses a rail labor/management/FRA partnership approach to identifying and solving safety concerns within the railroad industry. The difference between a SACP safety audit of a Class I carrier versus that of a smaller carrier is one of magnitude—the size of each entity's operations determines the amount of time and resources to be used in the process. The procedures followed are identical—safety profile/action plan/follow-up audit. FRA does not have the resources to extend SACP audits to the more than 700 U.S. railroads, most of which are considered small rail operations. The benefits expected from SACP are greater for the larger railroad operations primarily due to the many more levels of supervision required for the larger railroad systems. The agency intends to place under SACP review, the largest freight, all passenger, and all other freight railroads having significant amounts of hazardous material shipments, or interface with passenger service.

CANADIAN NATIONAL ACQUISITION OF ILLINOIS CENTRAL

Question. What are FRA's concerns with regard to Canadian National's acquisition of Illinois Central Railroad? Has FRA identified any systemic safety problems during SACP reviews of IC or CN that could become more pronounced should the STB approve the railroads' merger?

Answer. In early 1996, FRA conducted a SACP safety audit of the Illinois Central Railroad Company (IC). The SACP assessment revealed problems in IC's Internal Control Plan primarily affecting how accidents, incidents, injuries or occupational illnesses are reported. There were also issues relating to the carrier's employee harassment and intimidation policy. As a result of FRA's recommendations, IC's Internal Control Plan was revised in October 1997 to address FRA's concerns. A subsequent SACP safety audit of the IC disclosed serious deficiencies in record keeping requirements associated with IC's periodic Efficiency Tests and monitoring inspections. As a result of FRA's recommendations, IC's Guidelines for Conducting Efficiency Tests and Inspections was revised, effective January 1, 1998. FRA also conducted a comprehensive SACP review of IC's Drug and Alcohol Program. FRA determined that IC's overall program for drug and alcohol testing was very good by industry standards. Other areas of concern which have been satisfactorily addressed by IC include: changes to record keeping requirements for certification of locomotive engineers; crew management system/dispatching; compliance with terminal air brake tests; compliance with Freight Car Safety Standards; daily inspection of locomotives; hazardous materials handling/training; compliance with Roadway Worker Protection rules; and the high frequency of highway-rail grade crossing collisions. IC has been very responsive to FRA's SACP safety audits. The carrier has worked closely with FRA to correct all areas of safety concerns.

The Grand Trunk Western Railroad (GTW), a subsidiary of the Canadian National Rail System (CN) which operates in the United States, is presently undergoing a SACP safety audit. Though in its early stages, the following are examples of issues that are being addressed by GTW: corporate culture issues; applicability of Canadian versus U.S. regulations; compliance with Hours of Service Act requirements; problems with the carrier's Internal Control Plan; compliance with Roadway Worker Protection requirements; and compliance with locomotive daily inspection requirements.

RAILROAD SAFETY ADVISORY COMMITTEE

Question. Please break down all associated expenses, justifying the requested increase to support the RSAC, including facilities, mailings, equipment, contract support, and the "other" support costs. Please further specify exactly how fiscal year 1997, fiscal year 1998 and fiscal year 1999 monies were or will be used for RSAC.

Answer. FRA is requesting $200,000 for RSAC, the same level as in fiscal year 1999. The fiscal year 2000 funding will be allocated as follows:

Travel funds are required ($5,000) for invitational travel for state organizational employees who serve as Committee, Working Group, and Task Force members. Their participation in the RSAC process is essential to ensuring representation of

interests other than railroad management and labor which are directly affected by FRA's safety regulatory program.

Facilitation service funding ($10,000) is essential to the success of the negotiated rulemaking process. The demands placed on the limited number of in-house facilitators necessitates the use of professional facilitators. Professional facilitators are crucial to avert delay in the negotiated rulemaking process.

Support for contractual services for maintenance of the RSAC Database, designed to track RSAC participants and tasks. Development and maintenance of a website for RSAC to provide interactive information for use by RSAC members and easy access by the public to up-to-date information on RSAC activities. Specialized data collection and analyses requirements in support of Committee, Working Group and Task Force activities ($70,000). These services are a critical requirement to supplement existing staff and address an escalating workload through the use of technological assistance without increasing staffing levels. Meetings of working groups and task forces must accommodate the needs of members in order to elicit continued rail labor and management support and participation in the process. Specialized data collection and analyses will be required to support the work of the task forces. Absent these services, the burden that will be imposed upon existing safety resources will further strain limited resources and continue to divert and dilute efforts being directed to other critical functions.

Funding for training ($5,000) provides requisite interest-based negotiation training for Committee, Working Group and Task Force members to ensure effective participation in this consensual rulemaking process.

Funding for meeting space and accompanying audio/visual requirements for the full Committee, Working Groups and Task Forces ($65,000) to accommodate meeting space requirements based on the number of participants required to be seated at the table, attendance by members of the general public and additional space necessary for essential caucus and task force activities. Federal agency space available to accommodate these requirements is extremely limited and in great demand in the Washington D.C. area. Further constraints for RSAC meetings are restrictions on entrances to many federal buildings. The majority of RSAC members and other attendees are not federal government employees and the meetings are open to the general public. Meetings are conducted at locations outside of the Washington area to facilitate member participation and availability and to equitably distribute the burden of travel time and costs for members. This funding will also provide necessary audio-visual support for these meetings.

Funding for supplies, printing and mailing services ($44,000) are essential to support the meetings and work of the full Committee, the Working Groups and Task Forces. Adequate funding to support processing and dissemination of information and data crucial to the ongoing regulatory tasks and the extensive coordination involved, will ensure the effectiveness of this extremely significant undertaking is not compromised.

Funding for interpreter services ($1,000) is requested to address the requirements of the Federal Advisory Committee Act and the Americans with Disabilities Act.

The $50,000 Congress authorized for RSAC in fiscal year 1997 funded supplies, printing, mailing costs, meeting space, and accompanying audio/visual requirements for three full Committee meetings and an estimated 36 working group and task force meetings.

The $100,000 funding level for fiscal year 1998 continued to support costs for supplies, printing, mailing and space for the meetings of the full Committee, working groups, and task forces, and covered the initial development of the RSAC database.

The $200,000 funding level for fiscal year 1999 also covers supplies, printing, mailings, meeting space. In addition, funds support interest-based negotiation training, contractual services for data entry for the RSAC database, and development and maintenance of an RSAC informational website.

The RSAC structure consists of voting representatives from 27 organizations representing large and small railroads, rail labor organizations, state associations, rail passenger representatives, suppliers, other interested parties, and four non-voting associate representatives from agencies with rail responsibilities in Canada and Mexico, the National Transportation Safety Board, and the Federal Transit Administration. Initial funding levels did not anticipate the overwhelming industry embracement of this process. Railroad labor and management, as well as suppliers and other parties, are dedicating significant resources to the success of this collaborative rulemaking process. Since RSAC was chartered on March 25, 1996, an estimated 800 full Committee, Working Group and Task Force members, and alternates have participated in more than 150 meetings to address 15 tasks on issues such as track safety standards and positive train control. The magnitude of the resources dedicated is reflective of the participants' commitment to the success of this process.

RSAC AND RULEMAKINGS

Question. How many rulemaking tasks have been referred to the RSAC? How long had FRA been working on each rulemaking prior to referring it to the RSAC? For the tasks referred to the RSAC, how many have missed the Congressional mandate to issue final rules? Has the Administrator withdrawn any of the tasks referred to the RSAC? If so, what were the reasons for withdrawing tasks referred to the RSAC?

Answer. Since RSAC was chartered on March 25, 1996, 15 tasks have been referred to, and accepted by, the RSAC. See attached listings detailing the tasks accepted by the RSAC and how long FRA had been working on each of these rulemakings prior to referring them to RSAC.

FRA is making good progress in reducing a regulatory backlog that arose against a background of successive statutory mandates and limited resources. FRA did not meet statutory mandates on two tasks (track standards and freight power brake revisions) that were referred to RSAC, although the track rule has been issued in final. Of the tasks given to RSAC, only one (freight power brakes) has been withdrawn, for reasons discussed below.

The extended statutory deadline for revision of the track safety standards was September 1, 1995. FRA published an ANPRM on November 6, 1992. The RSAC accepted the task of preparing an NPRM on April 2, 1996. FRA published an NPRM on July 3, 1997, and the final rule was published on June 22, 1998. The effective date of the rule was September 21, 1998.

The statutory deadline for revision of the power brake rules was December 31, 1993. An NPRM was published on September 16, 1994. Based on differences between passenger and freight operations, passenger equipment power brake standards were separated from freight and included in the Passenger Equipment Standards NPRM published September 23, 1997. FRA has prepared a final rule, which is pending publication. Two-way end-of-train rules were separated from the balance of freight issues and a final rule was published January 2, 1997. Railroads agreed to an expedited schedule and trains were equipped ahead of the statutory deadline.

The general revision of the freight power brake rules was tasked to the RSAC on April 1, 1996. After over a year of intense efforts, a consensus between railroad labor and management could not be reached on several contentious issues and FRA formally withdrew the task on June 24, 1997. FRA published an NPRM on September 9, 1998, reflective of what FRA learned through the collaborative process. Public hearings were conducted on October 26, 1998, in Kansas City, Missouri, and on November 13, 1998, in Washington, DC. A technical conference was held in Walnut Creek, California, on November 23–24, 1998. The final date for submission of written comments was extended to March 1, 1999. FRA is preparing the final rule.

TASKS ACCEPTED BY THE RSAC AS OF APRIL 1999

Task 96–1 Revision of Freight Power Brake Regulations.—Formally withdrawn 6/97. FRA issued an NPRM reflective of what FRA learned through the collaborative process.

Task 96–2 Revision of Track Safety Standards.—To promote the safe movement of trains.

Task 96–3 Railroad Communications.—To recommend revisions to the Radio Standards and Procedures and consider communications capability required to support emergency preparedness functions, including emergency preparedness plans for rail passenger service.

Task 96–4 Tourist, Excursion, Scenic and Historic Service.—To ensure appropriate applicability of FRA regulations to tourist, excursion and historic railroads on and off the general rail system.

Task 96–5 Revision of Steam-Powered Locomotive Inspection Standards.—To promote the safe operation of tourist and historic rail operations.

Task 96–6 Revision of Qualification and Certification of Locomotive Engineer Regulations.—To promote railroad safety by improving the regulations based on additional knowledge and experience gained since the original effective date.

Task 96–7 Safety Standards for Track Motor Vehicles and Self Propelled Roadway Equipment.—To promote the safe operation of track motor vehicles and self -propelled roadway equipment.

Task 96–8 Locomotive Crashworthiness and Working Conditions Planning Task.—To evaluate the need for action responsive to recommendations contained in the Report to Congress entitled *Locomotive Crashworthiness & Working Conditions.*

Task 97–1 Locomotive Crashworthiness.—To promote the safe operation of trains and the survivability of locomotive crews where train incidents do occur.

Task 97–2 Locomotive Cab Working Conditions.—To safeguard the health of locomotive crews and promote the safe operation of trains.

Task 97–3 Revision of Event Recorder Requirements.—To enhance rail safety through appropriate revision and/or addition to existing event recorder requirements to improve accident investigation, reconstruction, and analysis methodologies. To consider, and as appropriate act upon, National Transportation Safety Board recommendation for locomotive cab voice recorders.

Task 97–4 Positive Train Control Systems.—To facilitate understanding of current Positive Train Control (PTC) technologies, definitions, and capabilities.

Task 97–5.—To address issues regarding the feasibility of implementing fully integrated PTC systems.

Task 97–6.—To facilitate implementation of software based signal and operating systems through consideration of revisions to the Rules, Standards and Instructions to address processor-based technology and communication-based operating architectures.

Task 97–7 Definition of Reportable "Train Accident".—To evaluate the current concept of a reportable "train accident" to determine whether clarification of the means used by railroads to estimate railroad property damage could improve the consistency of reporting.

HISTORY OF RULEMAKINGS REFERRED TO RSAC

Revision of Freight Power Brake Regulations.—The 1992 Rail Safety Enforcement and Review Act of 1992 required FRA to revise the power brake regulations. FRA did complete the portion of the rule involving two-way end-of train devices (EOTs) and it became effective on July 1, 1997. FRA published a Notice of Proposed Rulemaking (NPRM) on September 16, 1994, and conducted six days of public hearings. Additional options were requested from passenger interests and freight interests. Passenger power brake provisions were included in the Passenger Equipment Standards NPRM published September 23, 1997, and a final rule is in preparation. Revision of the freight power brake regulations was tasked to RSAC on April 1, 1996. After a period of over a year of intense efforts, a consensus between railroad labor and management could not be reached on several contentious issues. FRA formally withdrew the freight power brake task at the June 24, 1997, RSAC meeting. FRA published an NPRM on September 9, 1998, reflective of what FRA has learned through the collaborative process. Public hearings were conducted on October 26, 1998, in Kansas City, Missouri, and on November 13, 1998, in Washington, DC. A technical conference was held in Walnut Creek, California, November 23–24, 1998. The final date for the submission of written comments was extended to March 1, 1999. FRA is preparing the final rule.

Revision of Track Safety Standards.—The 1992 safety authorization act required FRA to issue revised track rules. FRA published an Advanced Notice of Proposed Rulemaking (ANPRM) on November 6, 1992, and conducted workshops during the period January-March 1993. The RSAC accepted the task of preparing an NPRM on April 2, 1996. In November 1996, the RSAC voted to recommend issuance of the NPRM and FRA published an NPRM on July 3, 1997. A public hearing was held on September 4, 1997, with comments due by December 22, 1997. The final rule was published on June 22, 1998. The effective date of the rule is September 21, 1998.

Although the subject of much discussion, the Track Working Group could not reach consensus about how the revised Track Safety Standards should address GRMS technology. The RSAC therefore recommended that a small task group continue evaluating the possibility of developing GRMS standards for broader application within the industry. The task group drafted a GRMS standard providing for the use of this technology within the industry which has been approved by the Track Working Group. FRA is preparing an amendment to the final rule which will address the use of GRMS technology.

Railroad Communications.—FRA, in submitting a report to Congress on Railroad Communications and Train Control on July 13, 1994, noted the need to revise existing Federal standards for radio communications in concert with railroads and employee representatives. The RSAC accepted the task of preparing an NPRM, including consideration of communication capabilities required in railroad operations, on April 1, 1996. The RSAC voted to recommend issuance of an NPRM. The NPRM was published on June 11, 1997. A final rule was published on September 4, 1998, and became effective on January 2, 1999.

Tourist, Excursion, Scenic and Historic Service.—The Swift Railroad Development Act of 1994 required FRA to submit a report to Congress regarding FRA's actions to recognize the unique factors associated with these generally small passenger operations that often utilize historic equipment. The report was submitted to the Con-

gress on June 10, 1996. The RSAC authorized formation of a working group on Tourist and Historic Railroads on April 1, 1996, to promote the safe operation of tourist and historic rail operations. The working group has been monitoring completion of the steam locomotive regulations task.

Revision of Steam-Powered Locomotive Inspection Standards.—A committee of steam locomotive experts from tourist and historic railroads have sought a partnership with FRA to revise the steam locomotive regulations. Revision of the regulations was tasked to the RSAC on July 24, 1996. The working group on Tourist and Historic Railroads created a task force to address this task. The task force's proposed recommendations were accepted by the working group and forwarded to the RSAC. The RSAC voted to recommend issuance of an NPRM. The NPRM was published in the Federal Register on September 25, 1998. A public hearing was held in Corpus Christi, Texas, on February 4, 1999. Written and oral comments have been reviewed and FRA is preparing the final rule.

Revision of Qualification and Certification of Locomotive Engineer Regulations.—The final rule for locomotive engineer certification became effective in 1991, but certain issues were left unresolved. Experience under the rule has also raised additional issues. An interim final rule amendment was published on October 12, 1995. The RSAC accepted a task to revise the regulations on October 31, 1996. The full Committee voted at the May 14, 1998, meeting to recommend issuance of the NPRM forwarded by the Working Group. An NPRM was published in the Federal Register on September 22, 1998. The Working Group has met to resolve issues presented in the public comments. At the January 28, 1999, meeting, the RSAC recommended issuance of a final rule with the Working Group modifications. FRA is preparing the final rule.

Safety Standards for Track Motor Vehicles and Self Propelled Roadway Equipment.—During deliberations of the working group on Track Safety Standards, the issue of proposing standards relating to the safety of persons riding or operating maintenance-of-way equipment was raised. On October 31, 1996, the RSAC accepted a task of drafting proposed rules for safety of this equipment. A task force was formed to address the issue and the task force reached a consensus agreement in principle on what should be included in the proposed rule. At their last meeting, the task force identified several remaining issues to be resolved. In addition, the working group recognized the need to coordinate with the Locomotive Cab Conditions Working Group to ensure that standards for noise and air temperature (for enclosed cabs only) for new category 1 and 2 equipment employ a rationale that is reasonably consistent with the technical approach being employed for locomotive cabs. (Note: actual standards are expected to differ in important respects, recognizing the differences in the working conditions and functions involved.) The task force has reached agreement on the rule text for the proposed rule. FRA is researching several OSHA related issues in order to avoid preemption difficulties. A complete draft proposed rule package is being prepared for presentation to the full Committee.

Locomotive Crashworthiness and Working Conditions Planning Task.—The Rail Safety Enforcement and Review Act of 1992 required FRA to conduct a proceeding regarding locomotive crashworthiness and working conditions and issue regulations or submit a report. FRA conducted research, outreach, and a survey of locomotive conditions and finalized a report to the Congress entitled *Locomotive Crashworthiness & Working Conditions,* transmitted by letter of September 18, 1996. The report conveyed data and information developed by FRA to date, closed out those areas of investigation for which further action is not warranted, and defined issues that should be pursued further in concert with industry parties, either for voluntary or regulatory action. The RSAC accepted a planning task on October 31, 1996, to evaluate the need for action responsive to recommendations contained in the report. A planning group reviewed the report and grouped issues into categories. FRA presented a task statement addressing locomotive crashworthiness and a task statement addressing cab working conditions to the RSAC on June 24, 1997.

Locomotive Crashworthiness.—On June 24, 1997, the RSAC voted to accept a task addressing locomotive crashworthiness issues. The working group on Locomotive Crashworthiness established a task force on engineering issues that reviewed collision history and design options. The working group reviewed the results of research that was commissioned and is finalizing recommended draft standards for future locomotives to present to the full Committee.

Locomotive Cab Working Conditions.—On June 24, 1997, the RSAC voted to accept a task addressing cab working conditions issues. The working group on Locomotive Cab Working Conditions established task forces on noise and temperature. The full working group met several times to draft a standard for locomotive sanitary conditions and is preparing a package for presentation to the RSAC. The Noise Task

Force is finalizing draft recommendations for hearing conservation program requirements to be presented to the RSAC.

Revision of Event Recorder Requirements.—In issuing final rules for event recorders which became effective May 5, 1995, FRA noted the need to provide more refined technical standards. The National Transportation Safety Board (NTSB) noted the loss of data from event recorders in several accidents due to fire, water and mechanical damage. NTSB proposed performance standards and agreed to serve as co-chair for an industry/government working group that would define technical standards for next-generation railroad event recorders. FRA conducted a meeting of an informal working group comprised of railroad labor and management and co-chaired by NTSB on December 7, 1995, to consider development of technical standards. At the July 24–25, 1996, RSAC meeting, the Association of American Railroads (AAR) agreed to continue the inquiry and on November 1, 1996, reported the status of work on proposed industry standards to the RSAC. On March 5, 1997, the NTSB issued recommendations regarding testing and maintenance of event recorders as a result of finding in the investigation of an accident on February 1, 1996, at Cajon Pass, California. On March 24, 1997, the RSAC indicated its desire to receive a task to consider the NTSB recommendations with respect to crash survivability, testing and maintenance. A task was presented to, and accepted by, the RSAC on June 24, 1997. An Event Recorder working group was formed and a task force established. The working group and task force have conducted meetings and a draft proposed rule is being reviewed.

Positive Train Control (PTC) Systems.—The Swift Rail Development Act of 1994 required FRA to submit a status report on the implementation of positive train control as a follow-up to the July 1994 report entitled *Railroad Communications and Train Control.* FRA has provided testimony to the committees of jurisdiction reporting the status of efforts to promote implementation of positive train control. FRA plans to utilize the results of the efforts described below to provide an appropriate status report.

On September 30, 1997, the RSAC accepted two tasks involving defining PTC functionalities, describing available technologies, evaluating costs and benefit of potential systems, and considering implementation opportunities and challenges, including demonstration and deployment. A third task accepted by the RSAC requires revising various regulations to address the safety implications of processor-based signal and train control technologies, including communications-based operating systems. A working group was convened to address the tasks and two task forces were established, a Standards Task Force and a Data and Implementation Task Force.

The Data and Implementation Task Force is working to finalize a report on the future of PTC systems, which will be incorporated into the required progress report to the Congress. The task force will attempt to complete a draft at their April 1999 meeting. After completion of this report, we anticipate that the Data and Implementation Task Force will be involved in monitoring implementation of PTC on the joint Illinois/AAR/UP/FRA project.

The PTC Working Group has also established two teams: an Operating Rules Team, which will be working to ensure that appropriate railroad operating rules are part of any PTC implementation process; and a Human Factors Team which will evaluate human factor aspects of PTC systems. Members of these teams serve on both the PTC Standards Task Force and the Data and Implementation Task Force, and we anticipate that additional team members will be drawn from the railroad community.

Definition of Reportable "Train Accident".—FRA identified the need to comprehensively revise the regulations governing accident/incident reporting, which had not been revised since 1974. FRA issued an NPRM on August 19, 1994, and a final rule on May 30, 1996. Technical amendments were published on November 22, 1996, and the FRA Administrator signed final rule amendments on December 16, 1996. The final rule became effective on January 1, 1997. On June 24, 1997, the RSAC reviewed a request by an RSAC member to clarify the means used by railroads to estimate railroad property damage and improve the consistency of reporting. The RSAC accepted the task on September 30, 1997, limited to determination of damages qualifying an event as a reportable train accident. A working group was formed, held its initial meeting in February 1999, and has been conducting meetings to address this task.

IMPACT OF RSAC ON REGULATORY PROCESS

Question. The RSAC was intended to help FRA complete rulemaking on important safety issues. What rules has FRA issued that are directly attributable to the in-

volvement of the RSAC? To what extent has the RSAC process expedited agency rulemaking?

Answer. The principal benefits that flow from use of collaborative rulemaking processes are (i) the improved quality of the resulting rule (better safety results and fewer burdens on the regulated entity) and (ii) the extent to which the industry parties—having helped prepare the rule—"buy in" and therefore comply more readily and completely with the rule's requirements. These are largely qualitative benefits that do not lend themselves to data collection in the traditional sense.

FRA began its emphasis on collaborative processes with a formal negotiated rulemaking that led to the final rule on Roadway Worker Safety (12/16/96). FRA also requested, and the Congress granted, discretion to consult with affected parties in preparing rules for passenger safety. This led to a consensus-based final rule on Passenger Train Emergency Preparedness (5/4/98) and to productive discussions that helped to form the Passenger Equipment Safety Standards; final rule was published May 12, 1999.

With establishment of the Railroad Safety Advisory Committee (RSAC) in March of 1996, FRA endeavored to institutionalize this collaborative approach to rulemaking. Results to date include final rules for revision of the Track Safety Standards and rules on Railroad Communications. In addition, RSAC consensus proposals for Steam Locomotive Inspection and Locomotive Engineer Certification promise to provide the basic structure needed for final rules on those topics.

RSAC working groups are heavily engaged in other important topics, including improvements to requirements for Locomotive Event Recorders, standards for Locomotive Crashworthiness, improvement of Cab Working Conditions, safety enhancements to on-track Roadway Equipment, Performance Standards for Processor-Based Signal and Train Control Systems, the future of Positive Train Control systems, and other issues. The energy and dedication being brought to the table by representatives of labor, freight and passenger railroads, suppliers, States, and others is perhaps the best testimony supporting the use of this partnership approach to enhancement of railroad safety.

RSAC'S REVIEW OF TRAINING REQUIREMENTS FOR CONDUCTORS

Question. Has FRA considered using the RSAC process to evaluate a rulemaking requiring the same minimum training requirements for conductors as are currently required for engineers? Has FRA been approached by rail labor or Congressional offices on this issue? By whom? Who would oppose such a requirement?

Answer. Over 25 members of Congress have written to FRA recommending that the subject of certification of safety-critical railroad employees be placed on the RSAC agenda. The issue has been discussed with several rail labor organizations, but no labor organization chief executive has written to FRA requesting that it issue a rule on the subject of conductor certification. Recently, however, representatives of the United Transportation Union have indicated that conductor certification is one of their priorities and that RSAC is the appropriate forum in which to address the issue. At the April 15, 1999 RSAC meeting, FRA placed the issue of certification of safety-critical employees on the agenda. FRA urged all RSAC participants to study the relevant facts and provide FRA their views on the need for regulatory action concerning safety-critical employees, including conductors. Based on the facts and recommendations it receives, FRA will determine whether to offer RSAC a rulemaking task on certification at the next RSAC meeting in early September. It is not clear who would oppose certification because the need for and costs of certification are not clear. FRA, of course, would have to weigh the impact of one or more additional certification programs on its resources. The engineer certification program, which is supported by specific statutory requirements enacted in 1988, requires the devotion of many work years by FRA's program and legal staffs. This "certification" program entails private rights regarding freedom from arbitrary adverse certificate actions and requires FRA oversight of due process procedures, including administrative hearings and appeals in certain contested cases. Similar programs requiring certification of other types of employees would no doubt require similar resources, which FRA presently does not have.

Other safety-critical employees that could request certification status include dispatchers, employees responsible for inspection, testing and maintenance of signal systems and highway rail grade crossing warning devices, track inspectors, and motive power and equipment inspection and maintenance personnel responsible for both passenger and freight equipment. It should be noted that existing FRA regulations require training in operating rules and practices for conductors and other train and engine crews. FRA has sponsored curriculum development efforts for train dis-

patcher training programs. Current Track Safety Standards (recently revised through the RSAC) provide basic qualification requirements for track inspectors.

FRA has worked with representatives of railroad signal employees to develop technical training in the fundamentals of microprocessor-based systems. Pending rulemaking proposals would set forth specific training and qualification procedures for mechanical personnel responsible for passenger cars and locomotives and for the safety of freight power brake systems. Whatever decision is made regarding "certification" of safety-sensitive railroad employees, FRA and the RSAC will continue to be involved in promoting training and qualification programs to advance railroad safety.

COMPLETED RULEMAKINGS IN 1998

Question. Please list all final regulations, ANPRM's, NPRM's and any new regulatory projects issued or pursued since last year.

Answer. The information follows.

Final Rules issued in 1998:

—Passenger Train Emergency Preparedness (5/4/98)
—Track Safety Standards—revision (6/22/98)
—Railroad Communications (9/4/98)
—Northeast Corridor Signal System Order (7/22/98)

Proposed rules issued in 1998:

—Steam Locomotive Inspection—revision (9/25/98)
—Locomotive Engineer Certification—revision (9/22/98)
—Freight Power Brakes—revision (2d) (9/9/98)
—Safety Integration Plans—proposed jointly with STB (12/31/98)

FRA did not pursue any new major regulatory projects in 1998. In addition to work related to the final and proposed rules listed above, FRA continued to work on a number of other important rulemakings, including:

—Passenger Equipment Safety Standards (final)
—Train Horns (Whistle Bans)
—PTC performance standards
—Cab working conditions (sanitation, noise, temperature)
—Event recorders—data survivability and other issues
—Locomotive crashworthiness

REGULATORY BACKLOG

Question. What is the current regulatory backlog? What are the nature and status of each of those projects? Please identify which of those are statutorily mandated, and when those are due for final issuance.

Answer. Enclosed is March 1999 summary of FRA's pending regulatory workload, showing the nature and status of each of those projects. The projects that are statutorily mandated are:

Passenger Equipment Standards.—FRA issued a final rule on passenger equipment on May 12, 1999. The Federal Railroad Safety Authorization Act of 1994 required FRA to issue initial standards in three years and final standards in five years. FRA issued final rule on one aspect of the mandate, emergency preparedness, in September 1997. The final rule to be issued in May is the first phase of the equipment standards. FRA will continue to work on additional passenger safety issues in the rulemaking's second phase.

Freight Power Brake Rules.—The statutory deadline for revision of the power brake rules was December 31, 1993. FRA will issue rules on passenger train brakes as part of its passenger equipment standards, to be issued in May 1999. One of the major mandates in the statute concerned equipping trains with two-way end-of-train devices. FRA issued a rule requiring those devices in January 1997, and railroads actually equipped trains with them prior to the deadline for compliance stated in the statute. Remaining freight power brake issues were dealt with in a proposed rule issued in 1994. FRA withdrew that proposed rule and tasked RSAC with developing rules in 1996. In June 1997, with RSAC deadlocked on the rule, FRA withdrew the task from RSAC. FRA issued a proposed rule on September 23, 1997, and, after public hearings and comment, is preparing a final rule. FRA will hold an additional public meeting on issues related to the agency's data on equipment inspections in May or June 1999, and complete the final rule thereafter.

Grade Crossing Whistle Bans.—The Swift Rail Development Act of 1994 required FRA to issue regulations providing for the use of train horns at highway-rail crossings. The final rule on the most hazardous crossings was due on November 2, 1996, and a final rule on other crossings was due on November 2, 1998. This rule would require the sounding of the locomotive horn at a crossing unless alternative safety

measures are in place to compensate for its value as a warning to motorists. FRA released a report on the national impacts of local whistle bans on June 1, 1995, and has conducted an extensive program of public outreach to make communities aware of the forthcoming rulemaking and to seek information on supplementary safety measures that would support allowance of quiet zones in communities sensitive to train horn noise. Numerous congressional offices encouraged FRA to continue outreach and data collection. FRA advised the Congress that the deadline for an initial final rule would not be met as a result. Immediately prior to adjournment, the 104th Congress enacted the FAA reauthorization bill (Public Law 104–264; 10/9/96), which included amendments to the original whistle ban legislation. In general, the legislation affirms the latitude available to the Secretary to provide for phase-in of regulations and focus on safety results. FRA is completing the NPRM for review and clearance within the Executive Branch. FRA is presently completing a Draft Environmental Impact Statement (EIS) for the proposed regulation. FRA's proposed rule will strive to achieve the law's important safety objective in a way that will provide communities maximum flexibility and ample opportunity to maintain quiet.

In addition to the statutorily mandated rules, among the most important pending rulemakings are:

—Positive train control.
—Locomotive cab working conditions.
—Locomotive crashworthiness.
—Event recorder revisions.
—Engineer certification revisions.
—Safety integration plans.

FRA expects to issue proposed or final rules on each of these subjects in 1999. The enclosed overview contains specifics on each of these projects.

OVERVIEW OF THE RAILROAD SAFETY REGULATORY PROGRAM AND STANDARDS-RELATED PARTNERSHIP EFFORTS

SUMMARY OF CONSENSUS RULEMAKING EFFORTS

Roadway Worker Safety.—Consensus achieved in formal negotiated rulemaking; final rule published 12/16/96; effective 1/15/97. Denial of AAR and APTA petitions for reconsideration published 4/21/97.

Passenger Equipment Safety Standards.—NPRM based on working group recommendations was published 9/23/97. Public hearing held 11/21/97. Written comments were due 11/24/97. Working group met 12/15–12/16/97 (general issues) and 1/6/98 (intercity and high speed issues). Final rule in clearance within Executive Branch.

Passenger Train Emergency Preparedness.—NPRM based on working group recommendations was published 2/24/97 with significant additions, and a notice of public hearings was published 3/6/97. Public hearings were held in Chicago on 4/4/97 and in New York City on 4/7/97. Written comments were due by 4/25/97. Working group met 8/28/97 and reached agreement in principle on changes for incorporation into the final rule. Final rule published 5/4/98 (63 FR 24630).

Railroad Safety Advisory Committee.—Last full Committee meeting 1/28/99; Last RSAC Working Group Activity Update published in Federal Register 12/29/98 (63 FR 71667).

Task. No.	Subject	Status
96–1	Power Brake Regulations, freight, general revision.	Working group charter extended to 1/15/97 to produce NPRM; impasse reached at 12/4/96 meeting, and subsequent efforts to renew talks were not successful. FRA withdrew task at 6/24/97 meeting. FRA published second NPRM 9/9/98 (63 FR 48294) reflective of what FRA has learned through the collaborative process. Public hearings 10/26/98 and 11/13/98; technical conference 11/23–24/98. Submission of written comments date due extended to 3/1/99.

Task. No.	Subject	Status
96–2	Track Safety Standards, general revision	Consensus achieved; in balloting that concluded 11/21/96, RSAC voted to accept working group report and recommend NPRM. NPRM published 7/3/97; public hearing held 9/4/97; comment period closed 9/15/97. Final rule published 6/22/98; effective 9/21/98. FRA preparing final rule amendment on Gage Restraint Measurement System (GRMS) standards.
96–3	Railroad Communications (including revision of Radio Standards and Procedures).	Final meeting of working group was held 1/23/97. Working group provided consensus NPRM to RSAC at 3/24/97 meeting. RSAC voted to accept the NPRM and forward to the Administrator in voting concluded 4/14/97. NPRM published 6/26/97; comment period closed 8/25/97. Final rule published 9/4/98 (63 FR 47182).
96–4	Tourist Railroads	Open task to address needs of tourist and historic railroads; working group is monitoring steam task.
96–5	Steam-Powered Locomotives, revision of inspection standards.	Tourist & Historic Working Group met with task force representatives 9/3/97. NPRM was approved by full committee in voting that concluded 2/17/98. NPRM published 9/25/98 (63 FR 51404). Public hearing held 2/4/99.
96–6	Locomotive Engineer Qualification and Certification, general revision.	Task accepted 10/31/96; first working group meeting held 1/7–9/97. NPRM approved by full committee 5/14/98. NPRM published 9/22/98 (63 FR 50625). FRA preparing final rule based in part on RSAC recommendations for resolution of issues raised in public comments.
96–7	Track Motor Vehicle and Roadway Worker Equipment.	Task accepted 10/31/96. Task force of Track Safety Standards Working Group is finalizing a proposed rule.
96–8	Locomotive Crashworthiness and Working Conditions (planning task).	Planning task accepted 10/31/96; planning group met 1/23/97; two task statements were accepted by the full Committee at 6/24/97 meeting [see 97–1, 97–2]. Planning task is COMPLETED.
97–1	Locomotive Crashworthiness	Task accepted 6/24/97; working group held initial meeting 9/8–9/9/97. Established task force to review collision history and design options. Working group reviewed results of research and is drafting standards for freight, passenger and switching locomotives.
97–2	Locomotive Cab Working Conditions	Task accepted 6/24/97; working group held initial meeting 9/10–11/97. Noise and Temperature task forces are active. Working group is drafting NPRM on sanitary facilities. Working group and task force to meet 4/99 to finalize recommendation for revised FRA noise standard.
97–3	Event Recorders (data survivability, inspection, etc.).	Task accepted 6/24/97; working group met 9/12/97. Task force established. Working group and task force actively meeting; draft proposed rule under review.

Task. No.	Subject	Status
97–4, 97–5, 97–6	Positive Train Control	Tasks accepted 9/30/97 and assigned to single working group. Group for the first time 11/17–11/18/97. Standards Task Force is working on proposed NPRM for positive train control performance standards. Data and Implementation Task Force is addressing issues such as assessment of costs and benefits, technical readiness; began review of draft report; remaining segments of report to be ready 3/99.
97–7	Calculation of Damages for Reportable Train Accidents.	Task accepted with modification 9/30/97. Working group has been formed. Initial meeting, held 2/8/99.

SAFETY RULES AND REPORTS—GENERAL

Accident/Incident Reporting

Summary.—The Rail Safety Enforcement and Review Act of 1992 barred FRA from adjusting the monetary threshold for reporting of train accident until the methodology was revised. In addition, FRA identified the need to comprehensively revise these regulations, which had not be revised since 1974.

Deadline.—The report of the Committee of Conference on the Department of Transportation and Related Agencies Appropriation Act, 1996, directed FRA to issue a final rule in this proceeding by 611196.

History.—An NPRM was issued 8/19/94, followed by public hearings and written comment. A public regulatory conference was convened 1/30–2/3/95 in an effort to resolve outstanding issues. A notice of decision to issue a supplemental NPRM was published 7/3/95, but was withdrawn in a notice published on 1/24/96.

Status.—Final rule was issued 5/30/96 and published 6/18/96 (61 FR 30940). Stay requests were denied, and technical amendments were published 11/22/96 (61 FR 59368). A notice of availability of custom software was also published 11/22/96 (61 FR 59485). On 12/16/96, the Administrator signed final rule amendments, which were published 12/23/96 (61 FR 67477). Final rule became effective 1/1/97. Industry training partnerships have been executed.

Next steps.—FRA offered RSAC a task on 9/30/97 to review the definition of events required to be reported as train accidents, as requested by the Committee on 6/24/97. By request of the Committee, the task was limited to determination of damages qualifying an event as a reportable train accident. A working group has been formed and held its initial meeting 2/8/99.

Blue Signal Protection

Summary.—On 8/16/93, FRA published a final rule permitting one or more utility employees to associate themselves with a train crew for the purpose of performing normal operating functions that require employees to go on, under or between rolling stock, without use of blue signal protection (which is ordinarily appropriate for mechanical duties). During the proceeding it was noted that rules for locomotive engineers working alone were not clearly defined. FRA published a final rule amendment governing single engineers working alone on 3/1/95, but granted a requested suspension of the amendment on 6/9/95 pending development of additional facts. Since that time, additional blue signal issues have continued to emerge, including application of the requirements to contractors performing the subject functions on railroad property.

Status.—Awaits consultation with objecting parties to develop additional facts. On 10/31/96, the RSAC advised FRA that this project should not be proposed for early tasking, given conflicting demands on the resources of member organizations.

Bridge Displacement Detection Systems (Report)

Summary.—The Swift Rail Development Act of 1994 required FRA to submit a report on systems to detect bridge displacement of the type that caused the derailment of the Sunset Limited at Mobile, Alabama, 9/23/94.

Statutory deadline.—6/2/96

Status.—A technical evaluation report was published 6/23/94 and made available to the respective committees. The formal report to Congress is in preparation.

Event Recorder Next-Generation Performance Standards

Summary.—The National Transportation Safety Board has noted the loss of data from event recorders in several accidents due to fire, water and mechanical damage. In issuing final rules for event recorders which became effective 5/5/95, FRA noted the need to provide more refined technical standards. NTSB proposed performance standard for data survivability.

Background.—Conducted an initial meeting of an informal working group comprised of AAR, RPI, and labor, and co-chaired by NTSB and FRA experts, on 12/7/95 to consider development of technical standards. At the RSAC meeting on 7/24–7/25/96, the AAR agreed to continue this inquiry, and on 11/1/6, AAR reported to the RSAC the status of work on proposed industry standards. On March 5, 1997, NTSB issued recommendations regarding testing and maintenance of event recorders as a result of finding in the investigation of the BNSF accident of 2/1/96 at Cajon Pass, California. On 3/24/97, the RSAC indicated its desire to receive a task to consider NTSB recommendations with respect to crash survivability, testing and maintenance.

Status.—RSAC accepted task 6/24/97. Event Recorder working group first met 9/12/97. A task force was established. Draft proposed rule under review. (Task No. 97–3).

Florida Overland Express

Summary.—FRA has received a petition for a rule of particular applicability for operations over a new high-speed railroad between Miami and Tampa via Orlando. The State of Florida had established a dedicated funding stream of $70 million per year towards creation of this new private/public partnership.

Status.—Received petition for rule of particular applicability 2/18/97. FRA issued NPRM 12/12/97 (62 FR 65478). Comment period closed. FRA reviewed comments received and held a public hearing on 11/23/98 to discuss a variety of issues. The State of Florida withdrew its support and funding for this project 1/99, suspending all activity on development. FRA is not currently working on the final rule.

Freight Car Safety Standards; Maintenance-of-Way Cars

Summary.—Cars not in compliance with the Freight Car Safety Standards may be operated at track speed in revenue trains if they are company-owned, stenciled cars. FRA published an NPRM 3/10/94 to close this loophole. FRA requested the Association of American Railroads to amplify its comments by letter of 12/20/94.

Status.—AAR response received 8/4/95 is under review. FRA offered a task to the RSAC to resolve final rule issues on 9/30/97, but objection from the AAR prevented the matter from coming to a vote. FRA will prepare final rule.

Hours of Service Pilot Projects; Report to Congress

Summary.—The Federal Railroad Safety Reauthorization Act of 1994 (enacted with the Swift Rail Development Act) authorized FRA to approve one or more pilot projects to address fatigue and alertness issues among employees subject to the Hours of Service laws. Projects were required to have the support of the railroad and affected labor organizations.

Statutory due date.—1/1/97

Status.—FRA has encouraged submission of pilot projects and has worked with several railroads regarding innovative work and rest practices; however, only one formal applications for pilot projects has been submitted, and that petition did not involve fundamental reform of work and rest requirements. FRA's report on the status of work and rest issues in the industry, including the Fatigue Countermeasures Initiative, is in clearance within the Executive Branch.

Locomotive Crashworthiness and Working Conditions

Summary.—The Rail Safety Enforcement and Review Act of 1992 required FRA to conduct a proceeding regarding locomotive crashworthiness and working conditions and to issue regulations or submit a report. Areas for consideration included structural means of preventing harm to crew members in collisions (collision posts, anticlimbers, etc.) and matters related to safety, health and productivity (e.g., noise, sanitation).

Statutory deadline.—3/2/95

Background.—FRA conducted research, outreach, and a survey of locomotive conditions and finalized a report to the Congress transmitted by letter of September 18, 1996. The report conveyed data and information developed by FRA to date, closed out those areas of investigation for which further action is not warranted, and defined issues that should be pursued further in concert with the industry parties, either for voluntary or regulatory action. On 10/31/96, the RSAC accepted a

preliminary planning task. The Locomotive Crew Safety Planning Group met 1/23/97, and subsequent consultations led to preparation of task statements.

Status.—RSAC accepted two tasks 6124197. (RSAC Task 97–1, locomotive crashworthiness; and Task 97–2, locomotive cab working conditions).

Locomotive Crashworthiness Working Group met 9/8–9/97 and established a task force on engineering issues that has been active in reviewing collision history and design options. The Working Group has reviewed results of research and is drafting standards for freight, passenger and switching locomotives.

Locomotive Cab Working Conditions Working Group met for the first time 9/10–11/97 and established task forces on noise and temperature, which have been working actively. The group has agreed to basic principles for a proposed rule on sanitary facilities and an NPRM is under development. The Working Group will meet with the Noise Task Force in April to finalize a revised noise standard to include a hearing conservation program for locomotive cab occupants.

Locomotive Engineer Certification; Miscellaneous Revisions

Summary.—The final rule for locomotive engineer certification became effective in 1991, but certain issues were left unresolved. Experience under the rule has raised additional issues. Examples of issues under review include the status of operators of specialized maintenance of way equipment and types of conduct for which Recertification is appropriate.

Status.—An interim final rule amendment dealing with agency practice and procedure concerning engineer certification appeals was published 10/12/95. Issues related to procedures on the properties, offenses warranting Recertification, periods of Recertification, operation of specialized equipment, etc., are pending. The RSAC accepted this task on 10/31/96. The Working Group's initial meeting was held 1/7–1/9/97. Final meeting to review proposed rule language was held 10/7–10/9/97, and task force on hearing and vision met 10/21/97 to finalize language. The full committee voted 5/14/98 to recommend issuance of the NPRM forwarded by the Working Group. The NPRM was published 9/22/98 (63 FR 50625) (RSAC Task 96–6.) The Working Group met to resolve issues presented in public comments, and on 1/28/99 the RSAC voted to transmit recommendations regarding issues for which the Working Group had received comments. FRA is preparing final rule.

Northeast Corridor (NEC) Signal & Train Control

Summary.—Amtrak is planning operations to 150 mph on portions of the NEC and is implementing improvements to the automatic train control system that will provide positive stop and continuous speed control capabilities. FRA's Northeast Corridor Safety Committee (NCSC) met 9/20/94 and approved a set of performance criteria for the new system.

Status.—On 1/30/97, Amtrak provided to FRA a draft system concept for the Advanced Civil Speed Enforcement System (ACSES), including conditions for operation on designated territories on the south and north ends of the NEC. Final details were received by FRA on 7/9/97. A notice of Proposed Order for the new signal and train control system authorizing speeds to 150 miles per hour (135 mph on the South End with only high-speed trains equipped under "flanking protection") was published 11/20/97 (62 FR 62097), and written comments were due by 12/22/97. As a result of requests from commenters, a public hearing was set for 2/17/98 (63 FR 3389), and the comment closing date was extended to 2/24/98. Final Order of Particular Applicability published 7/22/98 (63 FR 39343); effective 8/21/98.

NEC System Safety

Summary.—Mixed passenger and freight operations at speeds to 150 mph have not previously been attempted in this country. Through the Northeast Corridor Safety Committee (or successor), FRA intends to develop system safety criteria for this service territory, integrating existing safety measures and identifying any areas of material risk not previously addressed.

Status.—Timing of project initiation to be determined. Will focus on enhancement and integration of individual railroad system safety plans to address complex NEC operations.

Passenger Equipment Safety Standards

Summary.—The Federal Railroad Safety Authorization Act of 1994 (enacted 11/2/94) required FRA to issue initial passenger safety standards within 3 years and complete standards within 5 years. The agency was authorized to consult with industry parties outside the Federal Advisory Committee Act, making it possible to conduct an informal negotiated rulemaking.

Statutory deadline.—11/2/97 (initial); 11/2/99 (final).

Status.—An initial meeting of the Passenger Equipment Safety Working Group (passenger railroads, operating employee organizations, mechanical employee organizations, and representatives of rail passengers) was held on 6/7/95, and the group met regularly to develop an NPRM. Manufacturer/supplier representatives served as associate members. FRA prepared an ANPRM indicating the issues under review by the working group, which was published 6/17/96 (61 FR 30672). The working group held its final meeting on the NPRM 9/30–10/2/96, having reached consensus on a portion of the issues presented. An NPRM was published 9/23/97 (62 FR 49728). The public hearing was held 11/21/97 (see 62 FR 55204; 10/23/97). Comments were due 11/24/97. Final working group meeting on the initial standards was held 12/15–12/16/97, and an additional meeting on intercity and high speed issues was held 1/6/98. The final rule is in clearance in the Executive Branch. Following issuance of the "initial" final rule, work will begin on additional passenger equipment safety standards.

Passenger Train Emergency Preparedness

Summary.—The Federal Railroad Safety Authorization Act of 1994 required FRA to issue emergency preparedness standards for passenger service. Initial standards were required within 3 years and complete standards within 5 years. The agency was authorized to consult with industry parties outside the Federal Advisory Committee Act, making it possible to conduct an informal negotiated rulemaking.

Statutory deadline.—11/2/97 (initial); 11/2/99 (final)

Background.—An initial meeting of the working group for passenger train emergency, preparedness standards was held on 8/8/95. The group met 2/6–7/96 to develop elements of an NPRM and met jointly with the Passenger Equipment Safety Standards Working Group on 3/26/96 to consider related issues, including the implications of Emergency Order No. 20 and recommendations of the National Transportation Safety Board. The working group included representatives of passenger railroads, operating employee and dispatcher organizations, and rail passenger organizations, and an advisor from the National Transportation Safety Board. The working group approved draft rule text, which was incorporated in an NPRM forwarded for review and clearance. Changes requested during review and clearance were provided to the working group during the week of 12/16/96.

Status.—The NPRM was published 2/24/97 (62 FR 8330), and a notice of public hearings was published 3/6/97 (62 FR 10248). Public hearings were held in Chicago on 4/4/97 and in New York City on 4/7/97. Written comments were due by 4/25/97. The working group met 8/28/97 and agreed in principle to revisions for inclusion in the final rule. The final rule was published 5/4/98 (63 FR 24630), and a correction notice was published 7/6/98 (63 FR 36376).

NOTE: The following order is closely associated with the two prior entries:

Emergency Order No. 20

Summary.—This order deals with the safety of push/pull and electric multiple unit service. The order was issued 2/20/96 (61 FR 6876; 2/22/96), and amended 2/29/96 (61 FR 8703; 3/5/96). Intercity and commuter passenger railroads were required to adopt operating rules providing for observance of reduced speed where delays are incurred in blocks between distant signals and signals at interlocking or controlled points. Marking of emergency exits and testing of emergency windows was required. Interim system safety plans were required to be filed.

Status.—The order has been fully implemented. On 3/26/96, the Passenger Equipment Safety Working Group and the Emergency Preparedness Working Group met jointly to consider implementation issues and crossover issues with the two rulemaking proceedings and recent recommendations of the National Transportation Safety Board. The American Public Transit Association and it members have undertaken a number of actions in response to the emergency order, including development of comprehensive system safety plans. Codification, revision or termination of provisions will be considered during the second phase of passenger safety standards rulemaking.

Positive Train Control

Evaluation of needs and feasibility (implementation):

Summary.—These tasks involve defining PTC functionalities, describing available technologies, evaluating costs and benefit of potential systems, and considering implementation opportunities and challenges, including demonstration and deployment. (RSAC Tasks 97–4 and 97–5).

Status.—Accepted by RSAC 9/30/97. Please see entry on RSAC summary.

Performance standards for PTC systems:

Summary.—Existing signal and train control regulations are built around relay-based controllers and traditional track circuits, but technology is rapidly advancing.

This task requires revising various regulations, including 49 CFR Part 236, to address the safety implications of processor-based signal and train control technologies, including communication-based operating systems. The purpose of the effort is to encourage deployment of innovative technology by providing a predictable environment; (RSAC Task 97–6).

Status.—Accepted by RSAC 9/30/97. Please see entry on RSAC summary.

Progress Report to the Congress:

Summary.—The Swift Rail Development Act of 1994 required FRA to submit a status report on the implementation of positive train control as a follow-up to the 7/94 Report entitled Railroad Communications and Train Control.

Statutory deadline.—12/31/95

Status.—FRA has provided testimony to the committees of jurisdiction reporting the status of efforts to promote implementation of positive train control. FRA plans to utilize the results of the RSAC PTC working group and task forces efforts to provide an appropriate status report.

Power Brakes

Summary.—The Rail Safety Enforcement and Review Act of 1992 required FRA to revise the power brake regulations. The statute required adoption of requirements for 2-way end-of-train telemetry devices (EOTs) and "standards for dynamic brakes."

Statutory deadlines.—Final rule by 12/31/93; 2-way EOTs to be used on trains operating greater than 30 miles per hour or in mountain grade territory to be equipped by 12/31/97.

Status.—FRA published an NPRM 9/16/94 and conducted six days of public hearings ending 12/94. Due to strong objections to the NPRM, additional options were requested from passenger interests by 2/27/95 and from freight interests by 4/3/95. Further action is as follows:

(1) *Passenger standards revision*.—FRA requested the Passenger Equipment Safety Standards Working Group to incorporate new proposals for revisions of the power brake regulations in the NPRM for passenger equipment safety. Working group proceedings on the elements of the NPRM concluded 10/2/96 without full agreement on power brake elements. See Passenger Equipment Safety Standards for current status.

(2) *Freight standards revision*.—On 4/1/96, the RSAC accepted the task of preparing a second NPRM. The working group initiated its efforts in May, and on 10/31/96 the RSAC extended the deadline for a final report until 1/15/97. At the working group meeting 12/4/96, an impasse was declared, and subsequent efforts to revive discussions were not successful. On May 29, FRA notified the working group by letter that the task will be formally terminated. FRA withdrew task at 6/24/97 full Committee meeting. FRA prepared second NPRM reflective of what was learned through the collaborative process. NPRM published 9/9/98 (63 FR 48294). (RSAC Task 96–1—terminated). Public hearings were conducted on 10/26/98 and 11/13/98 and a technical conference was held on 11/23–24/98. Final date for submission of comments extended until 3/1/99.

(3) *Two-way end-of-train devices*.—FRA published notice on 2/21/96 that this issue would be separated from the balance of the freight issues and expedited for completion of a final rule. A public regulatory conference was convened 3/5/96 to explore remaining issues, and written comments were due 4/15/96. (Railroads also agreed to an expedited schedule that will ensure application of this technology by 12/15/96 on 2 percent or greater grades and by 7/1/97 for other trains.) The final rule was published 1/2/97 (62 FR 278), and it became effective 7/1/97.

FRA received two petitions for reconsideration ("local train" definition and implementation date for smaller railroads). A notice denying the request to delete the tonnage restriction for local trains and granting extension of the compliance date for railroads with fewer than two million work hours was published 6/4/97 (62 FR 30461). On 11/4/97, held technical conference on petition of American Short Line Railroad Association regarding operation of very light trains over grade territory (see 62 FR 52370, 10/7/97); subsequently granted limited relief and received petition for reconsideration of conditions, which is now under review.

On 1/16/98, FRA published NPRM to clarify application of two-way EOT requirements to intercity passenger trains with express equipment at the rear (63 FR 195). Final rule was issued 5/1/98 (63 FR 24130).

NOTE: On 2/6/96, the Administrator issued Emergency Order No. 18, requiring use by the BNSF of 2-way EOTs or equivalent protection for heavy grade operations over the Cajon Pass (61 FR 505; 219196).

Railroad Communications (including Radio Standards and Procedures)

Summary.—In submitting the required report to the Congress on Railroad Communications and Train Control on 7/13/94, FRA noted the need to revise existing Federal standards for radio communications in concert with railroads and employee representatives.

Status.—On 4/1/96, the RSAC accepted the task of preparing an NPRM, including consideration of communication capabilities required in railroad operations. The working group presented a consensus NPRM to the full Committee on 3/24/97, and the Committee voted to recommend issuance of the NPRM to the Administrator in balloting that ended 4/14/97. NPRM issued 6/11/97 and published 6/26/97 (62 FR 34544). Comment period closed 8/25/97. Final rule published 9/4/98 (63 FR 47182). (RSAC Task 96–3).

Regulatory Reinvention

Summary.—In response to the President's call for regulatory review, elimination and reinvention, FRA took several actions to repeal obsolete regulations and simplify agency processes that affect external customers. Major elements of this effort are included in regulatory revision efforts described under other headings.

Status.—Interim final rule amendments reducing frequency of reporting regarding signal and train control systems (49 CFR Part 233), simplifying review requirements for certain modifications of signal systems (49 CFR Part 235), and making conforming changes regarding inspection of ATC/ATS/ACS (49 CFR Part 236) published 7/1/96 (61 FR 33871). These changes should be finalized early in 1999. FRA is considering inclusion of a legislative proposal to permit flexibility for railroads to make accident/incident reports less frequently than monthly and to eliminate outdated requirements for notarization of reports in the Administration's proposed 1999 rail safety reauthorization legislation.

Roadway Worker Safety

Summary.—In requiring the review of the Track Safety Standards, the Rail Safety Enforcement and Review Act of 1992 required FRA to evaluate the safety of maintenance of way employees. In addition, the Brotherhood of Maintenance of Way Employees and the Brotherhood of Railroad Signalmen petitioned FRA to issue "on-track safety" rules.

Background.—FRA published a notice 8/17/94 initiating a formal negotiated rulemaking. The negotiated rulemaking committee reported a statement of principles 5/17/95 and completed an NPRM draft 8/95. NPRM published 3/14/96 (61 FR 10528); initial written comments were due 5/13/96. Public hearing held 7/11/96.

Status.—The final rule was published 12/16/96 (61 FR 65959); effective 1/15/97. Petitions for reconsideration were denied in a notice published 4/21/97. A consolidated hearing on waiver petitions was held 5/22/97, and written comments were due by 619197. FRA is issuing decisions on individual petitions as investigations and analysis were completed.

Safety Integration Plans

Summary.—In response to the proposed acquisition of Conrail by Norfolk Southern and CSX Transportation, FRA has suggested, and the Surface Transportation Board has required, that the petitioners file with the Board of Safety Integration Plans (SIPs). In coordination with the Board, FRA proposed regulations requiring preparation and FRA review of SIPs in connection with future railroad mergers.

Status.—FRA and the STB jointly issued an NPRM 12/31/98 (63 FR 72225) to institutionalize the SIP process to ensure that proper safety planning and safety investments are undertaken during a merger. The proposed rule spells out the types of transactions that will require SIPs and outlines the roles of FRA and the STB in overseeing the SIP process.

Track Motor Vehicle and Roadway Equipment Safety

Summary.—A 1990 petition to FRA from the Brotherhood of Maintenance of Way Employees asked FRA, among other requests, to propose standards for MOW equipment related to the safety of persons riding or operating that equipment. FRA elected not to pursue that issue at that time given other pending workload. However, this issue was renewed during the deliberations of the RSAC Track Safety Standards Working Group.

Status.—On 10/31/96, the RSAC accepted a task of drafting proposed rules for the safety of this equipment. A task force of the Track Safety Standards Working Group was formed to address this issue. The task force has met several times. At the meeting on 10/28–10/29/97, the task force reached a consensus agreement in principle on what should be included in a proposed rule. The task force has identified several remaining issues to be resolved. (RSAC Task 96–7).

Tourist Railroad Report /Review of Regulatory Applicability

Summary.—The Swift Rail Development Act of 1994 required FRA to submit a report to the Congress regarding FRA's actions to recognize the unique factors associated with these generally small passenger operations that often utilize historic equipment.

Statutory deadline.—9/30/95

Status.—Report submitted to the Congress 6/10/96. The RSAC authorized formation of a Tourist and Historic Railroads Working Group 4/1/96. The working group held its initial meeting 6/17–6/18/96 and has been monitoring completion of the steam task. (RSAC Task 96–4).

Track Safes Standards

Summary.—The Rail Safety Enforcement and Review Act of 1992 required FRA to revise the Track Safety Standards, taking into consideration, among other things, the "excepted track" provision. Other prominent issues include updating the standards to take advantage of research findings for internal rail flaw detection and gage restraint measurement. FRA also proposes to adopt track standards for high-speed service.

Statutory deadline.—Final rule by 9/1/95.

Background.—FRA published an ANPRM 11/6/92 and conducted workshops in the period 1/93–3/93. The Railroad Safety Advisory Committee accepted task of preparing an (NPRM) on 4/2/96. The Track Safety Standards Working Group reported a draft NPRM to the full committee on 10/31/96. In balloting that concluded 11/21/96, RSAC voted to accept the working group report and recommend issuance of the NPRM.

Status.—NPRM signed 6/19/97 and published 7/3/97 (62 FR 36138). Hearing held 9/4/97; comment period closed 9/15/97. Additional comment was invited regarding certain high-speed track geometry issues by notice of 12/12/97 (62 FR 65401) not later than 12/22/97. Final rule published 6/22/98 (63 FR 33991); effective 9/21/98. Task group continues to consider issues related to the Gage Restraint Measurement System. (RSAC Task 96–2).

Steam Locomotives

Summary.—A committee of steam locomotive experts from tourist and historic railroads has sought a partnership with FRA to revise the steam locomotive regulations. Proposed revisions would relieve regulatory burdens while updating and strengthening the technical requirements.

Status.—Revision of the Steam Locomotive Inspection regulations was tasked to the RSAC on 7/24/96. A task force of the Tourist & Historic Railroads Working Group is actively working toward finalization of a final rule. NPRM rule text agreed upon within the task force was approved by the Tourist and Historic Working Group on 9/3/97 and provided to the RSAC on 9/30/97. The full RSAC approved the consensus NPRM by mail ballot 2/17/98. NPRM published 9/25/98 (63 FR 51404). (RSAC Task 96–5). Public hearing held 2/4/99. The Task Force will review comments received and may make recommendations for the final rule.

Small Railroads; Interim Policy Statement

Summary.—The Small Business Regulatory Enforcement Fairness Act of 1996 amended the Regulatory Flexibility Act and required, among other things, that each agency establish small business communication and enforcement programs.

Statutory deadline.—3/29/97

Status.—Interim policy statement published 8/11/97 (62 FR 43024). FRA is reviewing comments received and developing a final policy statement.

HIGHWAY-RAIL CROSSING SAFETY

Audible Warnings (Whistle Bans)

Summary.—The Swift Rail Development Act of 1994 required FRA to issue regulations providing for the use of train horns at highway-rail crossings.

Statutory deadline,—Final rule 11/2/96 (most hazardous crossings), 11/2/98 (other crossings).

Background.—This legislative mandate anticipated FRA follow up to Emergency Order No. 15, which addressed local whistle bans on the Florida East Coast Railroad between Jacksonville and Miami. FRA released a report on the national impacts of local whistle bans on 6/1/95 and has conducted an extensive program of public outreach to make communities aware of the forthcoming rulemaking and to seek information on supplementary safety measures that would support allowance of quiet zones in communities sensitive to train horn noise. Contacts have been made with 160+ jurisdictions known to have whistle bans in place. FRA representa-

tives have met with or addressed forums of state and local officials and community groups. Met with AAR/BRS/AAHSTO/FHWA 12/13/95 to address technical specifications for 4-quadrant gates.

Numerous congressional offices encouraged FRA to continue outreach and data collection. FRA advised the Congress that the deadline for an initial final rule would not be met as a result. Immediately prior to adjournment, the 104th Congress enacted the FAA reauthorization bill (Public Law 104–264; 10/9/96), which included amendments to the original whistle ban legislation. In general, the legislation affirms the latitude available to the Secretary to provide for phase-in of regulations and focus on safety results.

Status.—Missing data on Chicago-area commuter lines has been added to the national study. FRA completing NPRM for review and clearance within the Executive Branch. FRA preparing Draft Environmental Impact Statement (EIS) for the proposed regulation.

Grade Crossing Signals (Inspection, Testing and Maintenance)

Summary.—FRA issued a final rule for inspection, testing and maintenance of automated warning devices 9/30/94, and the rule went into effect 1/1/95 (49 CFR Part 234). During the initial year, FRA worked with railroads and signal employees to disseminate information, conduct training, and identify any areas of ambiguity or weakness in the standards. At a technical resolution committee (TRC) meeting during the week of 3/13/95 that included participation by railroads, the Brotherhood of Railroad Signalmen, and States, several issues were identified that require clarification or refinement. An interim manual dated 4/14/95 incorporated the findings of the TRC.

Status.—Interim final rule amendments published 6/20/96 (61 FR 31802). FRA is preparing a notice to make the changes final.

Locomotive Visibility /Auxiliary Alerting Lights

Summary.—In 1991, FRA initiated a new phase of research on locomotive conspicuity in relation to safety at highway-rail crossings. The Amtrak Authorization and development Act of 1992 mandated that the research be completed and that a regulation be issued to apply alerting lights to locomotives.

Statutory deadline.—Final rule by 6/30/95.

Background.—FRA published a "grandfathering rule" on 2/3/93 and amendments on 5/13/94. After the research was substantially completed in early summer of 1995, FRA briefed the industry parties on the results, discussed options for regulatory action, and elicited additional information concerning railroads' progress in equipping their fleets. A Notice of Proposed Rulemaking was published on 8/25/95. The AAR and the ASLRA requested a technical conference to perfect the rule for final issuance, and that conference was held 11/28/95. Written comments were due by 12/12/95.

Status.—Final rule was published 3/6/96 (61 FR 31802). Equipping of locomotives used as lead units at speeds exceeding 20 mph was required to be completed by 12/31/97, as provided by law.

Private Highway-Rail Grade Crossings

Summary.—The Secretary's Action Plan for Grade Crossing Safety (6/94) commits FRA to conducting a special safety inquiry on private crossings.

Status.—Conducted workshop on possible guidelines 7/93; timing of further action to be determined.

Selection of Grade Crossing Automated Warning Devices

Summary.—FRA published a Notice of Proposed Rulemaking 3/2/95 (60 FR 11649) and received over 3,000 written comments through 6/14/95.

Status.—Termination notice published 8/8/97 (62 FR 42733).

HAZARDOUS MATERIALS

New Directions for Rail Hazardous Materials Safety

Summary.—FRA and RSPA have recently completed the two major pending rulemakings addressing hazardous materials tank car safety (crashworthiness and tank retests). With completion of these tasks, it is now possible to turn attention to recommendations of the Transportation Research Board regarding the tank car design and construction process. In order to further this work, FRA is joining with its public and private sector partners to define and prioritize short and long-range research programs, identify needs for rulemaking, and assist in development of improved industry standards.

Status.—A public workshop was conducted 2/13/96–2/14/96 in Houston, with participation by labor, railroads, tank car owners, and shippers. FRA is seeking means of advancing public/private partnerships for North American tank car safety.

Tank Car Crashworthiness and Retest

Summary.—Research and Special Program Administration Dockets HM–175A and HM–201 addressed further improvements in tank car crashworthiness, and adoption of advanced non-destructive testing to improve tank retest procedures, respectively.

Status.—Final rules published 9/21/95 (60 FR 49048).

Train Placement

Summary.—FRA is evaluating whether to recommend that the Research and Special Programs Administration publish proposed amendments to the in-train placement requirements for handling rail cars transporting hazardous materials. FRA is reviewing accident/incident data to determine whether the current non-hazardous materials buffer car requirements are still necessary and whether (as recommended by the National Transportation Safety Board) a buffer car should be required at the rear of each train.

Status.—FRA is studying the feasibility of a proposed amendment.

OTHER SAFETY PROJECTS AND PARTNERSHIP EFFORTS

Bridge Structural Safety

Summary.—Following a survey of bridge conditions and railroad inspection practices, FRA determined that regulatory action is not necessary, but that FRA should continue to exercise an oversight role regarding bridge structural safety programs. FRA issued an interim statement of policy 4/27/95, with comments due 6/26/95.

Status.—Comments support continued FRA partnership role. Final statement of policy is in review and clearance within the Executive Branch.

Note: On 2/12/96, the Administrator issued Emergency Order No. 19, which removed from service a bridge on the Tonawanda Island Railroad in New York State pending necessary structural repairs (61 FR 628; 2/16/96).

Discolored Wheels

FRA has granted a master waiver of the Freight Car Safety Standards permitting continued use of discolored heat-treated, curved plate wheels, which have superior resistance to thermal abuse. Data gathered under the waiver, together with results of analysis already provided, may support a permanent change in the regulation.

Hours of Service Electronic Recordkeeping

Current hours of service record keeping uses paper and ink, but a major railroad has been given relief to keep electronic records. Other railroads have expressed interest, and similar waivers will involve similar issues. At FRA's invitation, the AAR submitted a petition seeking a master waiver for use of electronic record keeping. However, individual railroads have elected to proceed separately, and FRA is processing each on its merits. Permanent amendments to the recordkeeping and reporting requirements may be proposed. FRA is assisting railroads in developing electronic systems by providing guidance materials.

Remote Control Locomotives

Current regulations contemplate operation of a locomotive exclusively from within the cab, and provision for the safety of the operation is made within that context. FRA has previously proposed a test program to gather more data on various types of operations. FRA has also held an informal safety inquiry regarding use of one-person crews and remote control locomotives on the Wisconsin Central (see 61 FR 58736; 11/18/96). Further action expected.

TOFC/COFC Securement

Summary.—Following a serious accident at Smithfield, N.C., on 5/16/94, FRA formed a partnership with major railroads and labor organizations to evaluate and improve securement of intermodal loads. A report to the Secretary dated 9/15/94 documented the initial results of that effort.

Status.—FRA held a meeting on 2/22/95 that focused on an item-by-item discussion of the status and progress made within the industry with respect to the seven recommendations identified in the report to the Secretary. The AAR has established an Intermodal Equipment Handling Task Force that has developed a number of training aids. A follow-up TOFC/COFC loading and securement safety survey was conducted during 1996. FRA conducted additional loading and securement field evaluations during July-August 1997. Joint training activity brought together railroads, TTX and FRA to maintain strong emphasis on compliance with AAR loading

requirements. FRA continues to monitor securement of trailers and trucks in transportation and to work on this issue through SACP's on individual railroads.

Train Dispatcher Training

FRA submitted a report to the Congress on 1/5/95 regarding the functions of contemporary train dispatching offices. The report noted that traditional pools of candidates for recruitment of train dispatchers are no longer adequate to the need. In partnership with the American Train Dispatchers Department/BLE (ATDD), FRA identified the need for a model train dispatcher training program.

Experts from Amtrak, the ATDD, the Burlington Northern/Santa Fe Railroad and FRA developed a list of elements for dispatcher training programs. Required competencies and training program elements have been abstracted front this effort for a model program. The RSAC was be briefed on this effort on 3/24/97, with participants in the training task force indicating reluctance to attempt a "one size fits all" regulatory approach. Development of curricula continues with FRA support. Initial products of this effort were presented by an FRA contractor.

Wisconsin Central R.R.; Informal Safety Inquiry

Summary.—FRA sought to gather information regarding plans by the railroad to expand use of one-person crews and remote control operations.

Status.—A notice of special safety inquiry was published 11/18/96 (61 FR 58736). A public hearing was held 12/4–12/5/96 in Appleton, Wisconsin. Written submissions were requested by 12/2/96. FRA entered into an agreement with the railroad providing for a moratorium on new single person crew and remote control operations, together with other undertakings related to compliance with FRA regulations. The railroad has completed its responsibilities under the agreement.

HAZMAT ACCIDENTS/INCIDENTS IN 1998

Question. Please chronicle all major hazmat-related accidents/incidents during calendar year 1998, noting date, location, railroad, type of hazmat, any fatalities, injuries, evacuations or other complications, and the estimated cost of damage and loss for each. Please also summarize the probable cause of each accident.

Answer. The following major hazmat-related accidents/incidents occurred during calendar year 1998 (January 1-December 31, 1998):

Date: March 31, 1998
Location: Lynchburg, VA
Railroad: Norfolk Southern
Type of hazmat: Acetone
Fatalities/injuries: None
Evacuations: 100 residents
Other complications: None
Estimated cost: $1,560,319
Probable cause: Failure of the yard crew members to properly secure the cars being left in the North No. 2 yard with a sufficient number of hand brakes being applied. A contributing factor was failure of the brakeman to properly position the angle cock on the 18th car in a train of 83 cars that would have allowed the air brakes to apply in emergency when the train line was separated.

Date: April 19, 1998
Location: Barnhart OR
Railroad: Burlington Northern Santa Fe
Type of hazmat: Toluene
Fatalities/injuries: None
Evacuations: None
Other complications: None
Estimated cost: $876,716
Probable cause: Wheel lift due to a load shift in an improperly secured box car (no blocking and bracing).

Date: June 20, 1998
Location: Guyandotte, WV
Railroad: CSX Transportation
Type of hazmat: Formaldehyde
Fatalities/injuries: Two local residents treated and released
Evacuations: 100 families
Other complications: Derailment ruptured a natural gas line, resulting in a leak
Estimated cost: $640,492
Probable cause: Undetermined

Date: June 26, 1998
Location: Niota, IL
Railroad: Burlington Northern Santa Fe
Type of hazmat: Various cartons of sodium hydroxide solution, paint, nitric acid and toluene
Fatalities/injuries: None
Evacuations: 250 residents
Other complications: None
Estimated cost: $1,555,080
Probable cause: Mishandling of the West dual control power switch on number three crossover at East Fort Madison. Contributing factor, loss of signal control at CP East Fort Madison.

Date: August 16, 1998
Location: Panhandle, TX
Railroad: Burlington Northern Santa Fe
Type of hazmat: Sodium Hydroxide
Fatalities/injuries: Five railroad employees—four were treated and released, the fifth employee was hospitalized for serious burns on his head and back.
Evacuations: None
Other complications: None
Estimated cost: $158,400
Probable cause: Failure to control movement, could not stop short of obstruction in restricted speed operations.

Date: September 2, 1998
Location: Crisfield, KS
Railroad: Burlington Northern Santa Fe
Type of hazmat: Mixed containers of nitric acid, flammable liquids NOS, and Resorcinol
Fatalities/injuries: None
Evacuations: 50 residents
Other complications: None
Estimated cost: $1,268,500
Probable cause: Car No. DTTX 72318, a five unit articulated car (intermodal) buckled.

Date: October 5, 1998
Location: Ridgeway, PA
Railroad: Buffalo and Pittsburgh
Type of hazmat: Sodium hydroxide and sulfuric acid
Fatalities/injuries: None
Evacuations: 100–150 residents
Other complications: None
Estimated cost: $530,000
Probable cause: Undetermined—rail carrier reported as irregular cross level at joints.

Date: November 5, 1998
Location: Henderson, WV
Railroad: CSX Transportation
Type of hazmat: Hydrochloric acid, anhydrous ammonia, residue propylene oxide
Fatalities/injuries: None
Evacuations: 6–10 employees of KRT Barge Company. Local authorities put a "shelter-in-place" order for a 2-mile radius, which means residents had to remain in their homes until the order was lifted.
Other complications: None
Estimated cost: $284,000
Probable cause: Broken rail

IMPROVEMENTS TO THE HAZMAT COMPLIANCE PROGRAM

Question. What improvements have been made to the hazmat compliance program since last year?

Answer. FRA has implemented many new policy and procedures to enhance its hazmat compliance program. FRA implemented the Safety Compliance Oversight Plan for Rail Transportation of High-Level Radioactive Waste and Spent Fuel (SCOP). SCOP updates and enhances FRA's pre-existing policy and effectively adds an additional safety compliance oversight tier that compliments FRA's routine inspections. A high degree of planning and coordination is undertaken by the ship-

pers, carriers, and Federal, State and local agencies on rail shipments of spent nuclear fuel and high-level radioactive waste to ensure that the movements are conducted safely and securely and the SCOP contributes to that planning and coordination process.

FRA trained all Federal and State (certified) hazardous materials inspectors on the new Federal requirements for tank car facilities, requiring each facility to have its quality assurance plan in place by July 1, 1998.

FRA completed a SACP program, with Pollynet, on systemic safety issues. The SACP was initiated by FRA, and joined by the Federal Highway Administration and U.S. Coast Guard. This is the first ONE DOT project that addresses systemic problems involving a shipper of intermodal (highway, rail and water) hazardous materials.

FRA formed an inter-industry task force to draft and recommend an alternate inspection program to facilitate the implementation of HM–201, Tank Car Qualification procedures. This lead to the issuance of two exemptions (DOT-E 11941 and 12095).

FRA initiated a multi-modal hazardous materials SACP on the Burlington Northern Railroad, with major joint inspections in the Chicago area (Willow Springs; Corwith and Cicero). The inspections involved other DOT modal administrations (Research and Special Programs Administration, Federal Highway Administration, U.S. Coast Guard, and Office of the Inspector General) and State officials.

FRA issued an updated Hazardous Materials Enforcement Manual, along with revised Technical Bulletins to Federal and State hazardous materials inspectors. The manual along with technical bulletins will also be added to FRA's web page.

FRA initiated a North American task force with Canada, Mexico, the United States and industry to consolidate and codify government and industry regulations pertaining to the design, construction, maintenance, and use of tank cars for hazardous materials. All three countries agreed to develop standard-related measures, based on the United Nations Model Regulations on the Transportation of Dangerous Goods.

INSPECTOR TRAINEE PROGRAM

Question. Please provide information that would be useful in assessing the accomplishments and costs of the inspector trainee program. Please indicate the retention rate for all individuals who have entered this program since its inception. How many individuals who entered the inspector trainee program now serve as FRA inspectors in the field. How much is requested to support the program in the fiscal year 2000 budget? Please compare that amount with previous comparable expenses during each of the preceding three years.

Answer. Employees completing the trainee program have added much needed diversity to the organization, both in minority status and in specialized knowledge and skills. These skills include expertise in engineering, psychology and education psychology, and computer software. The trainees are often called upon to lead or assist in special projects such as inspector task analysis, evaluation of specialized software, collaboration with Canadian Government authorities, and assessments of railroad safety issues. Several of the trainees, who have completed the program, assisted FRA in changing the training process for trainees, resulting in a more structured and balanced program with higher levels of satisfaction for both trainees and supervisors.

Fifty-six employees have entered the trainee program since its inception. Twenty employees have left the agency, resulting in a 65 percent retention rate. Of the 36 trainees still on board, 24 are GS–12 inspectors, seven are below grade GS–12, and five have been promoted to the GS–13 level.

The FRA requested $588,000 in fiscal year 2000 to support eight (8) trainees anticipated to be in the program. Previous budget requests included $1,206,000 for fiscal year 1999, $1,191,000 for fiscal year 1998, and $1,845,000 for fiscal year 1997.

INSPECTOR TRAINING FUNDING

Question. Please prepare a chart of your training budget for each of the last four fiscal years (including the fiscal year 2000 request), specifying separately the amounts spent on Federal and State inspectors.

Answer.

INSPECTOR TRAINING FUNDING

[In thousands of dollars]

	Fiscal year			
	1997 Actual	1998 Actual	1999 Estimate	2000 Estimate
State Inspectors	240	247	260	267
Federal Inspectors	1,484	1,372	1,520	1,575
Total Budget	1,724	1,619	1,780	1,842

FUNDING OF ATIP

Question. Please provide a detailed break out of the amount requested for the ATIP for fiscal year 2000. Is FRA's effort to replace the T–10 track geometry inspection vehicle now complete? If not, please provide a detailed cost schedule for the completion of this project.

Answer. FRA has included $3.1 million in its fiscal year 2000 budget for ATIP. Funding supports operations ($2.8 million) and other related expenses such as railroad support charge for transporting the T–10 over the road, and maintenance ($300 thousand). The new ATIP vehicle is in production and will be available by summer 2000. Production was delayed due to the refinement of the design specifications.

REDUCTIONS IN GRADE CROSSING ACCIDENT/FATALITIES

Question. In 1994, DOT issued the *Rail-Highway Crossing Safety Action Plan*, with an established 10-year goal to reduce the number of rail-highway grade crossing accidents and fatalities by 50 percent. Since the implementation of this multimodal, coordinated plan, what have been the actual and the percentage decreases of crossing accidents and fatalities nationally? Please display these data in a state-by-state breakout table.

Answer. Preliminary data for 1998 indicates that there were 1,399 fewer collisions and 200 fewer deaths at highway-rail crossings as compared to 1993. These reflect a reduction of 29 and 32 percent respectively.

State	Collisions			Deaths		
	1993	1998	Percent change	1993	1998	Percent change
AL	182	146	−20	25	11	−56
AK	11	4	−64	.....	.....	.....
AZ	31	35	13	2	4	100
AR	152	116	−24	22	24	9
CA	191	187	−2	40	32	−20
CO	64	32	−50	9	4	−56
CT	12	10	−17	1	1	.....
DE	11	5	−55	.....	.....	.....
DC	.....	1	.....	.....	.....	.....
FL	113	74	−35	21	5	−76
GA	156	140	−10	19	13	−32
ID	48	27	−44	6	4	−33
IL	303	198	−35	55	30	−45
IN	299	195	−35	36	25	−31
IA	137	104	−24	15	3	−80
KS	106	70	−34	5	9	80
KY	82	73	−11	7	5	−29
LA	224	214	−4	26	25	−4
ME	9	8	−11	.....	.....	.....
MD	14	15	7	.....	.....	.....
MA	12	4	−67	.....	1	.....
MI	171	104	−39	16	11	−31
MN	133	114	−14	17	13	−24

State	Collisions			Deaths		
	1993	1998	Percent change	1993	1998	Percent change
MS	13	133	2	14	24	71
MO	115	86	−25	13	13	.....
MT	36	27	−25	9	4	−56
NE	91	59	−35	11	11	.....
NV	4	4	.....	2	1	−50
NH	3	2	−33	.....	.....	.....
NJ	51	16	−69	4	5	25
NM	25	17	−32	4	5	25
NY	48	29	−40	10	2	−80
NC	168	109	−35	16	15	−6
ND	36	23	−36	7	6	−14
OH	277	154	−44	45	15	−67
OK	127	66	−48	13	12	−8
OR	52	44	−15	7	5	−29
PA	113	63	−44	11	1	−91
RI	.....	1	.....	.....	.....	.....
SC	86	78	−9	23	5	−78
SD	32	15	−53	.....	.....	.....
TN	108	103	−5	9	14	56
TX	506	320	−37	75	45	−40
UT	31	23	−26	7	5	−29
VT	7	4	−43	1	.....	−100
VA	94	51	−46	6	2	−67
WA	75	59	−21	5	6	20
WV	41	22	−46	2	2	.....
WI	164	104	−37	9	7	−22
WY	11	5	−55	1	1	.....
Total	4,892	3,493	−29	626	426	−32

STATUS OF 50 PERCENT REDUCTION IN GRADE CROSSING

Question. Will the Department's efforts in implementing the action plan be adequate to meet the goal of reducing grade crossing accidents and fatalities by 50 percent by 2004? If not, what new strategies might be implemented and how could the fiscal year 2000 budget assist in those efforts?

Answer. The Department is on target, possibly somewhat ahead of the curve, for meeting the goal of a 50 percent reduction by 2004. However, the Department and FRA must continue and enhance its efforts in order to ensure that the target is met. The fiscal year 2000 budget supports this goal and includes a request for an additional position to support FRA's grade crossing program, $15 million to address grade crossing in the high-speed rail corridors, and continued funding grade crossing projects in FRA's safety, R&D and Next Generation Programs. A total of $23.1 million is included in FRA's fiscal year 2000 budget for grade crossing. This does not include the $5.25 million in Section 104(d)(2) funds allocated by FHWA or other grade crossing related funds in DOT's budget.

STATUS OF GRADE CROSSING ACTION PLAN

Question. Have any of the 52 crossing safety proposals in the *Rail-Highway Crossing Safety Action Plan not yet been implemented? If so, please discuss the progress made and the remaining challenges.*

Answer. Nineteen of the 55 original initiatives are still in progress. Available staff time is a primary limitation/challenge in implementing the Safety Action Plan. However, the additional position requested in the fiscal year 2000 budget would significantly help the grade crossing initiative. Projects still on-going include:

Increased Enforcement of Traffic Laws at Crossings:

Commercial Driver's License.—FHWA and American Association of Motor Vehicle Administrators (AAMVA) sought to elevate crossing violations to "serious" for com-

mercial drivers license (CDL) holders as required by 1995 legislation. An NPRM was issued by FHWA in March 1998. The comment period for the proposed rule closed in May 1998. Status: In progress.

Compilation of State Laws and Regulations on Highway-Rail Crossing.—The FRA updated the 1983 edition in August 1995. (A 1999 edition is being developed and once published, will be available on the Internet.) Status: In progress.

Safety Inquiry.—The FRA will hold an informal safety inquiry about standing rail equipment near grade crossings. Inspection, testing and maintenance (ITM) regulations prescribed best practices where signals exist. Status: In progress.

Rail Corridor Crossing Safety Improvement Reviews:

Responsibilities for Selection and Installation.—FRA and FHWA have sought to clarify project responsibilities between highway and railroad authorities. Regulatory action was terminated in August 1997. DOT Committee is considering standardized national guidelines. Status: In progress.

Crossing Consolidation and Closure Case Studies.—FRA set forth guidelines and strategies based upon case studies in July 1994 publication, "Highway-Rail Grade Crossing. A Guide to Consolidation and Closure." American Association of State Highway Transportation Officials (AASHTO) published a report in March 1995. Status: In progress.

Highway-Rail Crossing Handbook.—FHWA is updating the 1986 version. Preliminary draft material is under review. Target completion date by December 1999. Status: In progress.

Vegetation Clearance.—FHWA encourages states to clear vegetation. A joint FHWA–FRA Working Group is addressing the issue. Status: In progress.

Safety at Private Crossings:

Define Categories.—FRA is defining categories and minimum standards for private crossings. Statistics and comments from previous safety inquiries are being reviewed. Status: In progress.

Safety Inquiry.—FRA will hold an informal safety inquiry about standards for certain private crossings. Status: In progress.

Locked gate at Private Crossings.—FRA and FHWA will demonstrate gates with controlled locks at private crossings. Demonstrations are planned in New York and Oregon. NY has received a $275K grant. OR has selected a demonstration site. Status: In progress.

Data and Research:

Signs, Signals, Lights and Markings—Signs and Signals.—FHWA is researching new traffic control and warning devices. Draft report due. Status: In progress.

Signs, Signals, Lights and Markings—Train Horns.—FRA published a report in April 1995 on the impact of whistle bans nationwide. Analysis of Wayside Horns published in June 1998. NPRM on whistle bans is forthcoming. Status: In progress.

Signs, Signals, Lights and Markings—Light Rail Crossing Gates for Left Turn Lanes.—FTA is investigating alternatives for left turn lanes with parallel tracks. Los Angeles County Metropolitan Transportation Authority (LACMTA) demonstration of 4-quadrant gates is progressing. Status: In progress.

Signs, Signals, Lights and Markings—Manual on Uniform Traffic Control Devices.—FRA and FTA sought to amend the MUTCD to address such issues as high-speed rail, temporary closure, multi-track signs, and work zones. Notice was published in the Federal Register in June 1995. FHWA decision published in January 1997. Inclusion deferred. Status: In progress.

Innovative Technology—Automated Video Image Analysis.—FRA is investigating the potential for live video monitoring of crossings. Tests will be conducted in NY and CA. Proposals are being solicited through the Ideas Deserving Exploratory Analysis (IDEA) program. Status: In progress.

1–800 Computer Answering System.—FRA is working with railroads to develop notification systems. Software is being developed for small and medium-sized railroads to enable 1–800 notification. 1–800 signs are now posted at most crossings with active warning systems. Status: In progress.

Resource Allocation Procedure.—FRA proposed to recalculate the accident prediction formulas and rebuild the accident prediction model. During peer review of proposed new procedure, it was decided to retain the original. The current formulas are being updated. Status: In progress.

The Highway-Rail Crossing Inventory.—FRA and FHWA have promoted voluntary updating by states. FHWA issued a memo on the subject. The Update Manual was published in December 1996. 1999 FHWA Strategic Plan will emphasize importance of the Inventory. The FRA introduced new data and Y2K format in 1998. Status:

In progress. Safety inquiry about display of crossing number will be held in the future.

Trespass Prevention:

Demographic Study.—FRA is reviewing its trespass fatality statistics to focus on remedial efforts. Zip code maps are available. 1997 and 1998 bulletins include new data. Data workshop was held in April 1998. Status: In progress.

IMPACT OF THE GRADE CROSSING ACTION PLAN

Question. Of the 52 crossing safety proposals in the action plan, which have been the most effective in reducing accidents at railroad crossings? To what extent is DOT closer to the action plan goal of eliminating all grade crossings that intersect the National Highway System?

Answer. Successes to-date can not be attributed to any one initiative or organization, but rather to the synergistic impact of a myriad of different approaches sponsored and promoted by a multitude of individuals and organizations. The Congress has continued to fund highway-rail crossing safety improvement programs and states and railroads have taken advantage of the available funding to improve crossing locations. More than 2,500 volunteers have been trained and certified as Operation Lifesaver presenters and are carrying the "Look, Listen and Live" and the "Always Expect A Train" messages to schools and drivers and to other locations where they can reach an audience. The law enforcement community is beginning to develop an awareness of their potential impact on this issue, and where such an awareness has evolved, effective safety programs have resulted.

Over 33,000 crossings have been eliminated since FRA began placing an emphasis on crossing consolidations. New regulations now require two additional alerting lights on the front of trains and regular inspection, testing, and maintenance of train-activated highway-rail crossing warning devices. The emergence of innovative signing and lights, the proliferation of 1–800 emergency call-in signs at crossings, realization of the efficacy of STOP signs, improvements in four-quadrant gate technology, the identification of high-profile (hump) crossings, and advances made with photo-enforcement will have significant impacts in the near future. Finally, FRA's eight Regional Highway-Rail Crossing Safety and Trespass Prevention Program Managers, assigned in 1994, have continued to foster and promote programs and initiatives to railroads, states and communities. Their presence has insured that crossing issues are not overlooked in the development of state safety improvement programs, corporate strategic planning, Metropolitan Planning Organization transportation planning and Safe Community initiatives. The addition of the eight assistants in fiscal year 1999 and one additional specialist in headquarters in fiscal year 2000, will ensure that FRA reaches its goal of 50 percent reduction in grade crossing fatalities by 2004.

In the Action Plan, the "goal of eliminating all grade crossings that intersect the National Highway System" (NHS) is actually stated as, "encourage that Statewide Transportation Improvement Programs and Safety Management Systems fully address the upgrading or elimination of at-grade crossings on the NHS, and give priority to the long-term goal of eliminating NHS intersections with the PRLs" (Principal Railroad Lines). Both FRA and FHWA have continued to encourage State, local and industry officials to consider crossing consolidation or elimination as the preferable choice among crossing treatment options. Since 1993, the National Inventory of Crossings reflects a reduction of 931, or 10.8 percent, in the number of crossings on the National Highway System.

STATUS OF GRADE CROSSING TASK FORCE RECOMMENDATIONS

Question. Please update the Committee on the implementation of each of the recommendations of the interdepartmental grade crossing task force study that was conducted after the Fox River Grove, Illinois crash. Which of these action items have not yet been implemented? Please discuss the progress made and the challenges associated with the remaining action items.

Answer. The 1996 Grade Crossing Task Force report contained 24 short and long term recommendations in four topical areas: interconnected signals and storage space, high-profile crossings, light-rail crossing issues, and special vehicle operations and information. All 24 recommendations have been addressed. A description of each recommendation, and current status is included in the following document.

STATUS OF THE GRADE CROSSING SAFETY TASK FORCE RECOMMENDATIONS

The *Report of the Grade Crossing Safety Task Force* was issued by the Department of Transportation on March 1, 1996 as a result of the Fox River Grove, IL

incident. The *Task Force Report* recommends 24 specific follow-up actions addressing both physical and procedural deficiencies identified in the *Highway-Rail Crossing Safety Action Plan.* The following is an update on each of the 24 specific items detailed in the *Task Force Report.*

Interconnected Signals and Storage:

State Focal Points.—All states have designated a focal point for communities and railroads to coordinate crossing issues. A list of designated points of contact is available. FHWA and FRA will outline roles and responsibilities. Status: Complete.

Engineering Studies.—States sought to determine the adequacy of storage space and the need for signal interconnections. States conducted investigations and established data bases. FRA letter to Governors stressed the importance of undertaking engineering studies. Status: Complete.

Planning and Design.—State newsletters and memoranda have stressed that storage space needs must be considered early in design or redesign phase when planning projects. Design manuals have been revised. Status: Ongoing.

Regional Conferences.—FHWA and FRA initiated regional conferences for railroads and states to discuss crossing safety issues. All FHWA regions (except Region 1) held conferences. Several states have hosted state meetings with railroads. Status: Ongoing.

Technical Working Group (TWG).—FHWA and FRA have reviewed existing safety standards and guidelines. The TWG issued a report in June 1997 which included terminology, findings, bibliography, letters and recommendations. Status: Complete.

High-Profile Crossings:

Standard Warning Sign.—FHWA amended the Manual on Uniform Traffic Control Devices (MUTCD) on January 9, 1997 to include an advance warning sign. Status: Complete.

Define Information Sign.—FRA and FHWA developed language to inform drivers of proper action when stalled on a crossing. Alternative word message signs were proposed in the *Implementation Report* and will be included in the new Highway-Rail Crossing Handbook. Status: Complete.

Identify Problem Crossings.—State highway agencies were requested to identify problem crossings with accident histories, install signs, alert users and update the Highway-Rail Crossing Inventory. FRA and FHWA are encouraging road authorities to identify and sign crossings. Inventory changes are being made. Status: In progress.

Technical Working Group on High-Profile Crossings.—FRA and FHWA, working with states and industry confirmed the feasibility of vehicle and crossing classifications. Data collection and study of problem crossings and vehicle interaction continues. Status: In progress.

Track and Highway Maintenance.—A Task Force comprised of FRA, FHWA, ASLRRA, AREMA and AASHTO are developing post-maintenance guidelines for vertical alignment. Status: In progress.

Light-Rail Crossing Issues:

MUTCD Chapter.—FHWA revised the MUTCD to include a chapter entitled, "Traffic Controls for Light-Rail Highway Grade Crossings."

Planning Design and Operation.—FTA and FHWA issued a Planning Emphasis Area (PEA) directive to planning agencies. Regional FTA staff are monitoring progress and results and will coordinate on crossing matters. Status: Ongoing.

Full Funding Grant Agreements (FFGA).—Consideration and evaluation of signal interconnection is now required in all FFGAs during preliminary engineering. Status: Complete.

Data Collection and Dissemination.—FTA and TCRP have developed a process to collect, analyze and disseminate detailed light-rail collision data. Starting in 1995, the FTA has published crossing data from the Safety Management Information System (SAMIS). Future TCRP project will consider additional need. Status: Ongoing.

MUTCD and Handbook.—FTA is reviewing the MUTCD to ensure that standards and guidelines are consistent with light-rail crossing issues. MUTCD is being revised by FHWA and FRA. Status: In progress.

Priority of Light-Rail Vehicles.—TCRP issued Report (#17) in January 1997 containing guidelines for priority of light-rail vehicles operating on city streets.

Model Legislation.—FTA, NGA and NCSL have sought to enact and enforce penalties for violations associated with light-rail crossings. FTA is exploring options to promote enactment of model legislation. Status: In progress.

Special Vehicle Operations and Information:

School Buses.—In order to increase awareness among school bus operators, Operation Lifesaver has distributed an awareness and training video and NHTSA is including crossing safety issues in one-day in-service seminar. Status: In progress.

Operating Permits.—Several states are issuing permits for special vehicles which includes emergency phone numbers for railroads. Status: Ongoing.

"Super-Load" Vehicles.—States are providing railroad telephone numbers necessary to arrange flag protection for special vehicles. NTSB is promoting protection through State special permit offices. Status: Ongoing.

Commercial Driver License (CDL) Manual and Test.—FHWA Office of Motor Carriers (OMC) is amplifying the safety message of both the driving manual and tests. Status: Ongoing.

Escort Vehicles.—States are developing certification programs which include crossing safety in training exercises. NTSB is working with State special permit offices. Status: Ongoing.

"Real Time" Communications.—States are working to ensure that escort and special permit vehicles can maintain "real time" contact with railroad dispatchers. NTSB is working with State special permit offices. Status: Ongoing.

Classification Process.—States will work to implement classification processes as developed through the TWG. Status: Ongoing.

Status Key

Ongoing: An initiative which has become a routine or continuing effort.

In progress: An initiative which is still being developed and implemented.

Complete: An initiative for which a specific action has been taken or a product has been disseminated.

Not Considered/No Further Action: Insufficient authority or funding to pursue an initiative.

USE OF EARMARKED GRADE CROSSING FUNDS

Question. In fiscal year 1998 transportation appropriations act, the conferees provided $275,000 to support new additional highway/rail grade crossing safety initiatives. Please explain how the FRA utilized that funding to: (a) evaluate interstate rail corridor and crossing safety, (b) identify the most dangerous crossings, (c) mitigate crossing hazards, (d) assess the effectiveness of the crossing signal technologies, (e) develop safer commercial driving practices at highway/rail crossings, and (f) work with communities seeking reduction of train whistles. How does the fiscal year 2000 budget seek to address each of those challenges?

Answer. FRA utilized the earmarked and other safety funds in addressing each of these initiatives as follows:

(a) Evaluate interstate rail corridor and crossing safety: FRA's Regional Managers have continued to work with state DOTs, railroads, and Amtrak to promote crossing reviews along rail corridors and/or community-wide reviews. This has been successful and has often resulted in multiple crossing safety improvements as well as the closing of some crossings. Two examples include the Amtrak line across northern Indiana and all crossings on both railroads in Laredo, Texas. Several of the Amtrak lines in the southeast have also been reviewed.

(b) Identify the most dangerous crossings: Updating processes for the National Inventory were refined and augmented (made more user friendly) and the collision prediction software was modernized. Both of these are used for analyzing individual crossings and groups of crossings. The PCAPS (Personal Computer Accident Prediction System) is used by a wide variety of subscribers, including FRA's Regional Managers, in evaluating crossing safety in rail corridors, in identifying dangerous crossings, and while working with communities seeking reductions in train whistles.

(c) Mitigate crossing hazards: An effort has been initiated to develop best-practices guidelines for community project planners regarding rails-with-trails projects. This is a new initiative within the Office of Safety which targets both crossings (where trails cross tracks) and trespass prevention initiatives. FRA also continued its analysis of the problem, and the development of options, regarding high-profile crossings vis-a-vis low clearance vehicles.

(d) Assess the effectiveness of the crossing signal technologies: FRA continues to encourage and monitor projects that are assessing or demonstrating the effectiveness of new technologies, both signalized and passive. Such projects currently include a variety of four-quadrant gate installations ranging from a complex Intelligent Transportation Systems (ITS) related installation which includes vehicle presence detection with automatic train stop in Connecticut to simple gates in south Florida. Other projects include barrier nets in Illinois, articulated gates in North

Carolina, true barrier gates (versus conventional warning gates) in Wisconsin, median barriers in Washington, way-side horns in Nebraska and Iowa, etc. FRA is open to these types of projects and seeks to confirm additional "supplementary safety measures" with the potential to fully compensate for the absence of a train horn.

(e) Develop safer commercial driving practices at highway-rail crossings: FRA has made numerous approaches and presentations to trucking and bus firms and to shippers and school districts regarding the hazards of highway-rail crossings. FRA has been exploring, with the American Trucking Association (ATA) and the Independent Truckers Association, ways and means of reaching vehicle operators with the crossing safety message. Working with Operation Lifesaver, Inc. (OLI) and the National Highway Traffic Safety Administration (NHTSA), FRA has assisted in the development of a school bus driver training module ("the responsibility is ours") which includes a lesson plan and video tape. This package has been widely distributed. FRA is considering a similar project for truckers, especially owner/operators. FRA also is working with the ATA, OLI and the other modal administrations to develop and distribute a trucker-alert flyer. This is near completion.

(f) Work with communities seeking reduction of train whistles: An environmental impact statement is being drafted to accompany the Administration's Notice of Proposed Rulemaking (NPRM) regarding train whistles. A regulatory analysis has also been completed. FRA has reviewed, analyzed, and commented on numerous proposals from communities seeking to establish (or retain) bans on the use of train horns.

The fiscal year 2000 budget includes $23.1 million for grade crossing activities. Funding addresses research, safety, enhanced corridor focus, increased staffing, and other critical initiatives as noted above that progress FRA's work in grade crossing.

FISCAL YEAR 1998–2000 GRADE CROSSING FUNDING

Question. Please display the requested expenditures related to grade crossing safety throughout the various subaccounts of FRA and compare those amounts to expenditures for each of the last two years.

Answer. See table below.

[In thousands of dollars]

Activity	Fiscal year		
	1998 Funding	1999 Funding	2000 Request
Research & Development	1,997	835	1,035
Next Generation High-Speed Rail	2,500	4,600	4,000
Safety & Operations	2,243	2,719	3,069
High-Speed Rail Initiatives (TF)	.....	.....	15,000
Total	6,740	8,154	23,104

FISCAL YEAR 1998–1999 GRADE CROSSING FUNDING BY PROJECT

Question. Please show on a project by project basis how the fiscal year 1998 and fiscal year 1999 monies on grade crossings were spent, who the recipients of the funds were, and the expected results.

Answer. See table below.

Appropriation/project	Fiscal year 1998 Funding	Fiscal year 1999 Funding	Recipient	Expected results
TOTAL, FRA	$6,740,100	$8,154,000		
RESEARCH & DEVELOPMENT	1,997,000	835,000		
Freight Car Reflectorization	10,000		Volpe Ctr	Freight cars will be more visible to drivers, helping them aavoid striking the train. Report published.
Eval Wayside Horns and Optml Acoustic Warning.	75,000		Volpe Ctr	Locomotive horns will be optimized for sound quality and effectiveness while reducing noise pollution in surrounding communities.
Driver Behavior Accident Causation Driver Education.	320,000	80,000	Volpe Ctr	To gain a better understanding of how drivers react to grade crossings and why accidents happen in order to educate drivers.
Operation Lifesaver	600,000	([1])	Operation Lifesaver, Inc	Public education about the laws regarding grade crossings, the dangers at grade crossings and the importance to obey traffic laws.
Train Detection	250,000	50,000	Assoc. of American Railroads	Examine causes for loss of contact between rail and wheels, resulting in intermittent operation of grade crossing warning device (gate bobble).
Illumination Guidelines	35,000	15,000	Volpe Ctr	The use of street lights to illuminate trains at night so drivers can see and avoid running into the train.
Photo Enforcement	25,000		Volpe Ctr	Assess the Ohio crossbuck and traffic signals at crossings to improve warning to drivers.
HSR Crossing Tech		40,000	Volpe Ctr/Battelle Labs	To examine signaling and train control, obstruction detection and warning devices and barrier system technologies available for use in high-speed corridors. Develop methodology to evaluate improved safety provided by additional devices.
Assess 1010 & 1036 Demos and NGHSR BAA.	70,000	175,000	Volpe Ctr	Evaluate the technology demonstration projects funded under the Section 1010 & 1036 program in ISTEA (4-quad gate with obstruction detection in CT and Vehicle Arrestor Barrier in IL), and assess BAA submittals.
Criteria & overall evaluation methodology.		50,000	Volpe Ctr	Determine criteria for developing an evaluation methodology usable for all grade crossing R&D projects.
Standardized before/after evaluations.		50,000	Volpe Ctr	Develop standardized before/after evaluation techniques to measure safety effectiveness of research projects.

Obstacle/Intrusion Detection		150,000	Volpe Ctr	Building on the HSR Crossing Technology project, examine the obstruction detection systems suitable for use at grade crossings and expand for use along the right-of-way.
Compendium of Volpe Research Findings.	200,000	40,000	Volpe Ctr	A project to assemble the research on grade crossings done to date.
Overview & synthesis of existing grade crossing statistics.	160,000		Volpe Ctr	A new examination of available grade crossing statistics to develop a better understanding why grade crossing accidents occur.
GIS support to HSR Corridors		30,000	Volpe Ctr	Develop GIS system to support communication between grade crossing signals and Positive Train Control systems.
Volpe Center Support	177,000	80,000	Volpe Ctr	Support for assessing hazard elimination projects.
	75,000	75,000	Volpe Ctr	Expand Corridor Risk Analysis for high-speed corridors to additional corridors.
NEXT GENERATION HIGH-SPEED RAIL.	2,500,000	4,600,000		
NC Sealed Corridor	2,000,000	1,000,000	NCDOT	The North Carolina Sealed Corridor Initiative will treat every crossing in the 174-mile Charlotte to Raleigh segment of the high-speed rail corridor with innovative crossing devices like median barriers, long gate arms, and 4-quad gates. Redundant crossings will be closed.
Mitigating Grade Crossing Hazards.		1,370,000	MIDOT	Upgrade 57 public grade crossings and upgrade or eliminate 21 private grade crossings as part of the Michigan Incremental Train Control System (ITCS) demonstration.
Low Cost HSR Crossing		1,100,000	BAA Awardees	Awards under the BAA program have not been announced.
NY Locked Gate		25,000	NYSDOT	To design, fabricate, test and evaluate a low-cost grade crossing gate system suitable for low volume traffic crossings on high-speed corridors.
TRB HSR IDEA Program	500,000	500,000	TRB	The TRB IDEA Program, supported by FRA, FHWA, NHTSA, and FTA, competitively solicits concepts, conducts peer review, and awards innovative technology projects nationwide to support development of High-Speed Rail and Intelligent Transportation Systems. Examples of completed projects include a very-wide field of view camera suitable for automated monitoring of grade crossings and a scanning radar antenna for surveillance systems.
TRB ITS IDEA Program		500,000	TRB	

Appropriation/project	Fiscal year 1998 Funding	Fiscal year 1999 Funding	Recipient	Expected results
ITS Architecture & Support to ITS PO.	.....	20,000	ITS JPO	The ITS Architecture is gaining a new User Service—User Service #30—which describes how grade crossing will be incorporated into the overall Intelligent Transportation System and which will link train control systems with advanced highway traffic control systems.
Volpe Center Support	.....	85,000	Volpe Ctr	Support of assessing hazard elimination projects. Corridor Risk Analysis for Empire Corridor.
SAFETY & Operations	2,243,100	2,719,000		
Operation Lifesaver	([2])	600,000	Operation Lifesaver, Inc	Public education about the laws regarding grade crossings and trespassing, the dangers at grade crossings and on rail rights-of-way and the importance to obey traffic and trespass laws.
Public Awareness and Outreach.	159,700	33,700	Various printing contractors, packing and shipping firms, equipment rental firms, conference organizers, OL suppliers, etc.	Promotional and audio-visual materials, conference registrations and display booth space and supplies. Materials are used or distributed when making presentations to schools, community groups, workshops, conventions, etc.
Police Officer Detail	63,000	110,000	FY 1999 selections have not yet been made.	The police officer detail is an outreach program with the law enforcement community to raise awareness of crossing safety and trespass prevention. One officer is detailed full time to Washington, and one each will be detailed part-time to four FRA regions.
Outreach to Law Enforcement and Trespass Prevention.	70,600	51,700	IACP, NSA, NFOP, etc. for conference display booth space, registration fees, and GPO printing for pamphlets, brochures, and for other promotional items.	Outreach to judges and prosecutors to enhance their knowledge of crossing safety and trespass prevention issues, and materials to support FRA's regional manager promotions of highway-rail crossing safety and trespass prevention programs.
Analysis of High-Profile Crossings.	15,300	14,600	Univ of West Virginia and local survey firms.	Research and analysis of problems associated with and alternatives for, high-profile crossings and low-clearance vehicles.
Airborne survey of crossing elevations.	.....	109,000	US Army Corp of Engineers	For demonstration of airborne measurement of ground elevation and collection of data covering 174 miles of rail right-of-way and crossings. Data to be used in analysis of high-profile crossings.

Highway-Rail Crossing Inventory & Data Bases.	171,000	50,000	AMB	Simplify and refine the Highway-Rail Crossing Inventory and collision data bases reporting and report production and accident prediction procedures.
Information Processing	285,000	285,000	AMB	Supports Highway-Rail Crossing Inventory and crossing module of the Accident/Incident Report Processing.
Regulatory Support		25,000	Auburn University	Conduct literature search of warrants, guidelines and best-practices for determining appropriate warning device(s) or grade separation for highway-rail crossings.
Regulatory Support	288,200	38,000	DeLeuw Cather	Assistance in preparation of EIS for train horn NPRM.
Rail-with-Trails	90,300	50,000	Reimbursable agreement with FHWA to fund development of best-practices for rails-with-trails, contractor not yet selected.	Best-practices for design and operation of rails-with-trails projects.
PC&B (Approximate)	1,100,000	1,352,000		Supports staff dedicated to the crossing and trespasser program.

[1] Funded under Safety in fiscal year 1999.
[2] Funded under R&D in fiscal year 1998.

TOP 10 STATES WITH MOST GRADE CROSSING ACCIDENTS

Question. Please list the "top ten" states that have the highest number of highway/rail grade crossing accidents and fatalities, and cite the number of accidents and fatalities in calendar years 1997, 1998 and thus far in 1999.

Answer. See the table below.

State [1]	Colisions			Deaths		
	1997	1998	1999	1997	1998	1999
Texas	421	315	28	54	45	2
Louisiana	203	210	20	30	25	1
Illinois	213	197	28	27	30	5
Indiana	227	196	26	23	25	.....
California	159	178	16	22	32	4
Ohio	178	150	11	26	14	1
Alabama	135	145	9	19	11	.....
Georgia	138	140	13	12	13	.....
Mississippi	148	1 32	9	19	23	1
Arkansas	118	115	4	10	24	.....

[1] Ranking is based on fiscal year 1998 data.

TRESPASS PREVENTION

Question. What is your strategic plan for reducing the number of fatalities involving trespassing? Please break out all funds requested to deal with this challenge.

Answer. As a result of the 1997 figures, FRA was a primary force in promoting Operation Lifesaver's (OL) increased focus on trespass issues. FRA played an essential role in the development of the OL Trespass Prevention Guide and the OL Trespass Presentation package. Currently, there are three pilot projects, being monitored by FRA, which use the new OL Trespass Presentation, in Salem, Oregon; Oshawa, Ontario; and Whistler, British Columbia. In addition, FRA prepared and disseminated Model Legislation for Railroad Trespass and Railroad Vandalism for use by States. This Model Legislation has been incorporated into Iowa's new law. Other States working on railroad trespass legislation are Georgia, Illinois, Indiana, Maine, Maryland, Minnesota, Montana, North Carolina, Tennessee, Washington, and West Virginia.

Future FRA plans include continued expansion of casualty data available to the public on the FRA web page to assist in targeting trespass prevention efforts. This casualty data is available by county. In addition, the new occurrence and location codes provided to the railroads for their reports will further define where these incidents are occurring. Regarding the need for demographic information in order to focus educational efforts for trespass prevention, a one-time demographic information gathering is underway, using railroad special agents' contact/ejection/arrest reports and demographic software.

The growing issue of Rails-with-Trails (RWTs) is actively being pursued by FRA. At present, there is a Request for Proposals, for a 30-month contract, to produce a "best practices" report on RWTs. This is a result of a wide-ranging partnership effort by FRA involving the railroads' management and labor, Federal and State government agencies, bicycle and pedestrian groups, and trail proponents and planners.

In Texas, FRA and OL, with the support of Houston's mayor, have joined the Houston Independent School District (HISD), parent-teacher groups, school police, local law enforcement, neighborhood organizations, community health clinics, and civic organizations to get the message out that trespassing on rail property is dangerous and can be deadly. HISD teachers and police will be trained as OL presenters and the OL curriculum will be incorporated into the HISD curriculum. In 1997, Texas had 38 fatalities and 78 injuries due to railroad trespassing. This project is one of the largest single OL States Assistance Grant projects funded by FRA ($28,800 in FRA money plus $9,600 from Texas railroads and Texas OL will support the $38,400 project).

Efforts continue to include rail safety issues in USDOT safety initiatives such as Safe Communities and Moving Kids Safely. FRA will continue to facilitate research to use new technology to deter trespassing such as the video monitoring and video imaging project in Pittsford, New York.

Also, FRA is increasing its work in outreach to law enforcement agencies via the International Association of Chiefs of Police, the National Sheriffs' Association, and

the Department of Justice's COPS grants. FRA is in the process of initiating a Regional Police Liaison Officer program. FRA regions will have an officer detailed by a community police agency, in the region one week per month, to act as a contact and intermediary for the regional law enforcement community and FRA.

With the addition of eight Assistant Crossing and Trespasser Regional Managers in fiscal year 1999 (one for each FRA region), the very successful work of FRA's Regional Crossing Managers will continue to expand. They will provide support and assistance in such areas particularly important to trespass abatement as law enforcement, outreach, and promotion of trespass prevention programs.

Funding for trespass prevention is included in the grade crossing budget of $23.1 million in fiscal year 2000 and is reflected in many line items such as Police Office Details, Outreach to Law Enforcement, Rails-With-Trails, and Operation Lifesaver.

GRADE CROSSINGS IN LAST THREE YEARS

Question. How many crossings were closed in the last three years, on a state-by-state basis?

Answer. Based on data reported by States and railroads to the National Inventory of Crossings, using 1996 as the base year, a total of 9,089 public and private highway-rail crossings have been consolidated or eliminated. See the attached table for a state-by-state breakdown.

State	1996	1999	Change
Alabama	5,592	5,410	−182
Alaska	329	329	.....
Arizona	1,626	1,623	−3
Arkansas	4,787	4,687	−100
California	12,827	12,695	−132
Colorado	3,517	3,234	−283
Connecticut	631	633	2
Delaware	403	430	27
District of Columbia	31	31	.....
Florida	5,546	5,214	−332
Georgia	8,938	8,503	−435
Hawaii	6	6	.....
Idaho	2,900	2,798	−102
Illinois	15,903	15,576	−327
Indiana	9,433	9,105	−328
Iowa	9,462	9,442	−20
Kansas	12,097	11,081	−1,016
Kentucky	5,387	4,956	−431
Louisiana	6,87 8	6,677	−201
Maine	1,816	1,672	−144
Maryland	1,399	1,355	−44
Massachusetts	1,729	1,730	1
Michigan	8,478	8,295	−183
Minnesota	8,307	8,193	−114
Mississippi	5,070	4,862	−208
Missouri	8,155	8,042	−113
Montana	3,591	3,506	−85
Nebraska	6,870	6,753	−117
Nevada	554	567	13
New Hampshire	847	616	−231
New Jersey	2,459	2,459	.....
New Mexico	1,399	1,399	.....
New York	6,452	6,430	−22
North Carolina	8,439	7,910	−529
North Dakota	6,804	6,792	−12
Ohio	10,255	9,392	−863
Oklahoma	6,296	6,032	−264
Oregon	5,118	5,126	8
Pennsylvania	9,001	8,929	−72
Rhode Island	199	199	.....

State	1996	1999	Change
South Carolina	4,457	4,317	−140
South Dakota	3,498	3,498	.....
Tennessee	5,286	4,990	−296
Texas	18,853	18,380	−473
Utah	1,798	1,799	1
Vermont	1,146	1,146	.....
Virginia	5,061	4,830	−231
Washington	5,868	5,873	5
West Virginia	4,113	3,461	−652
Wisconsin	7,580	7,152	−428
Wyoming	1,459	1,426	−33
Puerto Rico	26	26	.....
Total	268,676	259,587	−9,089

FISCAL YEARS 1998–2000 FUNDING FOR OPERATION LIFESAVER

Question. Please prepare a table displaying the amount of FRA support for Operation Lifesaver for fiscal years 1998, 1999, and the fiscal year 2000 request.

Answer. See the table below.

FRA SUPPORT FOR OPERATION LIFESAVER

Fiscal year	Request	Appropriated
1998	$400,000	$600,000
1999	300,000	600,000
2000	600,000	.....

USE OF ADDITIONAL FUNDING FOR GRADE CROSSING

Question. What would FRA do with an additional $500,000 of contract funds to support grade crossing activities?

Answer. FRA has included approximately $23.1 million in its fiscal year 2000 budget for grade crossing initiatives. This does not include the $5.25 million available in Section 104(d)(2) funds allocated by FHWA or other grade crossing related funds in DOT's budget.

While the grade crossing program is an important element in the Department's overall safety program, it represents only one of many critical components in railroad safety. Increasing funds in this area, at the cost of other safety initiatives, may actually impede FRA's ability to meet its fiscal year 2000 safety performance goals.

FRA's fiscal year 2000 budget is based on a Departmental strategic plan that addresses safety and technology priorities and reflects a balanced approach in addressing all funding requirements within FRA.

STATUS OF STOP SIGNS AT GRADE CROSSING

Question. In 1993, a joint FHWA/FRA memorandum regarding the installation of "STOP" signs which was sent to the regional offices of each agency. What actions have been taken to promulgate and implement the guidance in this memorandum? How effective have the regional offices been in reaching state and local highway authorities to provide technical assistance regarding, and to encourage installation of "STOP" signs? How many "STOP" signs have been installed at highway-rail crossings since 1993? Is the Department planning any additional steps to encourage states to install more "STOP" signs in accordance with NTSB's recommendation to the states?

Answer. Upon receipt of the July 8, 1993 joint memorandum, the FHWA regional offices forwarded it to FHWA Division offices in each State for compliance. Staff at the Division offices followed up with contacts and assistance to the traffic engineers in the State highway agencies. Local highway authorities normally work through the State authority, and FHWA technical assistance was provided as requested. Feedback from State and local agencies have indicated that FHWA has been effective in providing technical assistance and in encouraging appropriate use of "STOP" signs. FRA's Regional Managers for crossing programs continue to use the memo-

randum as a tool to encourage both State and local highway authorities to at least consider STOP signs as a viable option for needed traffic control at crossings. According to the National Inventory of Crossings, in 1993, 10,567 public highway-rail crossings were equipped with STOP signs. Most recent count from the Inventory indicates that 10,962 are now equipped with STOP signs.

Following receipt of the NTSB recommendation to States relative to "STOP" signs, the Secretary of Transportation directed that a Technical Work Group (TWG) be convened to develop guidance to assist State and local engineers in determining the appropriate traffic control, options to include "STOP" signs and grade separation. This TWG will be comprised of representatives of various agencies within DOT, State and local highway agencies, NTSB, national organizations and the rail industry. Work is already underway with a literature review of existing guidance and/or warrants. A report will be completed by the fall of 2000 for distribution to the State and local agencies.

1–800 EMERGENCY NOTIFICATION SYSTEM

Question. Section 301 of the 1994 Railroad Safety Act requires the Secretary to conduct a pilot program to demonstrate an emergency notification system using a toll-free telephone number for the public to report any malfunctions or other safety problems at highway-rail grade crossings. Please provide a definite schedule for the emergency notification project, from the project's inception to completion. Include the following information:

—What has FRA done to implement this requirement, and what are the results to date?

—How much money is currently available to continue the efforts in this area?

—What are the plans to allocate these monies?

—What funds are requested for this effort in fiscal year 1999?

Answer. The 1994 *Swift Rail Development Act* directs the Secretary to demonstrate a toll-free emergency notification system to report emergencies, malfunctions, and other safety problems, and to conduct a pilot program in two states. However, the Congress did not appropriate funds for this program. In 1995, a preliminary design concept and implementation plan was completed and preliminary discussions were held with the States of Illinois and Minnesota for a two-State pilot test project. FRA's goal was to involve two States representative of both urban and rural areas.

In 1996, $625,000 was appropriated by Congress for the development of system hardware and software. No funds were appropriated for the installation of signs at crossings, the public education and awareness program, nor the final Report to Congress. FRA has reached an agreement with FHWA to use Surface Transportation Program Funds from the safety set-aside (Section 130) for the required signage part of this project. Meanwhile in 1996, several major railroads, at their own expense, started to install their own 1–800 Emergency Telephone Number signs at crossings to report malfunctions and/or emergencies. Some railroads are installing these at all of their public and private crossings, while others are installing them at only the public crossings, and yet others at only the active crossings (those with gates and/or flashing lights). Preliminary discussions were held with Union Pacific (UPRR) and Norfolk-Southern (NS) Railroads to evaluate methods for incorporating the railroads' 1–800 Number Systems into the overall system planned for the two pilot states.

In 1997, the FRA Administrator sent a letter to all States inviting them to participate in the two-State pilot test program. FRA received expressions of interest from only four states, California, Illinois, New Mexico, and Minnesota.

In 1998, FRA awarded a 3-year contract to design, develop, and test a 1–800 Toll-Free Emergency Notification System (ENS), capable of reporting problems at highway-rail intersections to a centralized state police emergency response communication center or railroad train dispatch center. This 1–800 ENS will be designed for, and first tested in, the State of Texas where emergency response communication center personnel are familiar and knowledgeable with how such a system should properly operate. This will also upgrade that State's currently installed system. Subsequently, the 1–800 ENS Software Package will be made available to two or more pilot States. The software package will then be modified to operate from a railroad's perspective and offered to and installed on a medium size (or larger) railroad. (Current discussions are being held with the UPRR and Illinois Central (IC) Railroads). The design and installation in Texas is expected to be completed in December, 1999, with additional state and/or railroad installations taking place within an additional 12 months, by December, 2000.

FRA has conducted a poll of the major railroads and found that, after completion of the Conrail merger, more than 55 percent of all public at-grade crossings will contain a posted 1–800 ENS Number, and an additional 10 percent are on railroads where an emergency telephone number has been provided to local emergency service organizations (police, fire, medical, etc.). Of the 158,784 public at-grade crossings nationwide, it appears that by the end of 1999 a 1–800 ENS Sign will be installed at approximately 84,357 (53 percent) of the public at-grade crossings on the Burlington Northern Santa Fe (BNSF), UPRR, NS, CSX Transportation and IC Railroads. This represents 78 percent of all the active crossings (those with flashing lights and/or gates) in the nation.

Since Texas and Connecticut have state-wide systems which include some of the above crossings, FRA estimates about 56 percent of all public at-grade crossings in the nation will soon be equipped. Some railroads, for example, UPRR, NS and BNSF, are voluntarily considering an expansion of their programs to include additional crossings (1) not currently equipped with automatic warning devices and (2) private crossings.

An effective emergency notification system will have a centralized manned center to receive calls. This requires a telephone system for receiving calls and a computerized system (software and hardware) for fast, efficient, and accurate identification of the crossing location on a highway-railroad grid. The 1–800 ENS Software Package will have the ability for logging calls and accessing Inventory Files based on the U.S. DOT/AAR National Highway-Rail Grade Crossing Number and Inventory. It will also have supplemental files, incorporate a display on a map, and the capability to forward the incoming call and information to the appropriate railroad or highway authorities.

FRA is evaluating the possibility of having the railroads assume responsibility for incoming 1–800 ENS calls since they are already moving in that direction. Using this approach, FRA believes that it may be possible to implement a 1–800 ENS on a national scale rather than in just two pilot states, thereby achieving more coverage with the appropriated funds.

FRA has obligated $618,000 of the $625,000 funds appropriated in fiscal year 1996. The balance of $7,000 will be used to develop the 1–800 ENS software package.

STATE INVESTMENT IN 1–800 EMERGENCY NOTIFICATION SYSTEM

Question. How will FRA promote State investment in this approach to improving grade crossing safety?

Answer. FRA is evaluating different approaches to the 1–800 Emergency Notification System (ENS), specifically, a redirection of the program from a state-based effort for only public crossings equipped with automatic warning devices to a railroad-based approach which will address emergencies at all crossings including private and passive (those not equipped with automatic warning devices) crossings. Soon, nearly half of all public crossings will be equipped with 1–800 Emergency Notification signs (containing a toll-free telephone number and crossing identification number) for the public to use to report problems.

Railroads are voluntarily establishing ENS numbers and procedures and are installing signs. Some railroads are even extending this coverage to all crossings, both public and private, with and without automated systems. (The two existing State-based systems target only public highway-rail crossings with automated warning systems.) Using the redirected approach, FRA believes that it will be possible to implement a ENS in more than just a few states, thereby achieving more coverage with the appropriated funds.

To promote continued investment in these systems, FRA plans to: (1) Encourage all railroads with 24-hour operations to post their own 1–800 signs and to handle such calls through their 24-hour operations center; (2) Develop and make available 1–800 ENS software for operating a railroad or state 1–800 ENS which will include crossing inventory data geographically located and an automated logging technique to identify the location of a crossing with a reported problem; (3) Encourage updating of the National Crossing Inventory (a necessity for identifying the exact location of a crossing with a posted crossing number); and, (4) Evaluate the possibility of providing seed funding for regional contract arrangements whereby smaller railroads would use the services of a regional emergency notification and command center for responding to calls and/or encouraging American Short Line and Regional Railroad Association participation in establishing such regional emergency notification contract services.

When the 1–800 ENS system software is developed (in about one year), it will be made available to States (tested by the State of Texas first) and railroads at no cost.

Additionally, the Federal Highway Administration has approved State use of Surface Transportation Program Funds from the safety set-aside portion of the Intermodal Surface Transportation Act (Section 130) for the required signage. Full implementation will take approximately two years.

RISK ASSESSMENT APPROACH TO R&D

Question. The Transportation Research Board Committee for Review of the FRA R&D Program has recommended that FRA use a risk assessment approach to identifying the most serious hazards in the railroad system in order to establish priorities for R&D. What is the FRA response to that recommendation? Are any funds allocated for that purpose in the fiscal year 2000 budget? How much would such research cost?

Answer. FRA agrees with the Transportation Research Board (TRB) Committee's recommendations. In fact, FRA's R&D has, for many years, been informally using such an approach, with the involvement of the Office of Safety, in establishing R&D priorities. The TRB recommends that FRA perform an explicit risk assessment. No funds were allocated for that purpose in the fiscal year 2000 budget because the TRB Committee made its recommendation after the fiscal year 2000 budget had been finalized. The level of funding needed would be determined by the number and type of projects deemed appropriate.

FISCAL YEAR 2000 R&D PROGRAM—IMPACT ON HIGH RISK AREAS

Question. How is the R&D program now related to risk? How is the fiscal year 2000 budget request for R&D related to risk?

Answer. At the request of the TRB committee, FRA conducted an analysis of all the projects in its R&D program. The analysis examined how each project would address the following: employee injuries and fatalities, passenger injuries and fatalities, injuries and fatalities to the general public, derailments and collisions, and hazardous material releases. The analysis also examined how each project would assist in the development of the following: traditional FRA rulemakings as well as rulemakings through the RSAC process, industry standards, and industry best practices. Finally, each project was evaluated regarding its likelihood of technical success, likelihood of being completed on schedule, and likelihood of implementation. This analysis reflected a documented process that has always been performed informally by the FRA's R&D Office.

By having carried out this analysis, by participating actively in the RSAC process, and by working closely with the Office of Safety, FRA believes that its current R&D program and related fiscal year 2000 budget request clearly address high-risk issues in the nine technical areas that comprise the program: human factors, rolling stock and components, track and structures, track-train interaction, train control, grade crossings, hazardous materials, train occupant protection, and system safety.

R&D—PERFORMANCE BASED REGULATORY PROCESS

Question. The Committee for Review of the FRA R&D Program has recommended that FRA support research on how to manage an evolution of the regulatory process from a standards-based system to a performance-based system. What is the FRA response to that recommendation? Are any funds allocated for that purpose in the fiscal year 2000 budget? How much would such research cost?

Answer. FRA agrees with the Transportation Research Board (TRB) Committee's recommendation. No funds are explicitly allocated for such work in the fiscal year 2000 budget request because the TRB Committee made its recommendation after the fiscal year 2000 budget had been finalized. The level of funding needed would be determined by the number and type of projects deemed appropriate.

R&D STAFFING

Question. Last year, FRA requested the authority to hire a communications specialist. That position was not approved. Is that position still needed? Is the communications specialist position included within the new positions requested for fiscal year 2000? Have you hired the additional track specialist that was approved? If not, why?

Answer. The track specialist was hired and came on board April 12. The communications specialist position is not included in the fiscal year 2000 budget request. The position is not needed at this time.

NEW RESEARCH PROJECTS AND RULEMAKING

Question. Please address how each of the new proposed research projects is tied into future rulemakings that FRA is likely to undertake.

Answer. FRA is requesting a total of $2.082 million in new research funding in fiscal year 2000. Of this amount, $1.582 million is for equipment, operations and hazmat research. Funding supports five new projects; Wayside Inspection; ECP Brake Systems; Ergonomics; Teaming of Operating Personnel; and High-Speed Rail Simulator.

The ECP Brake Systems project may lead to performance-based specifications for new electronic air brake systems. While the remaining projects do not support any rulemakings directly, they do support critical safety issues that may lead to future rulemakings in worker safety and high-speed rail operations.

The remaining $500 thousand, which is requested under Track Research will support the evaluation of new sensor technologies, for the detection of train and vehicle presence in crossings, and the development of a prototype system for the non-destructive ultrasonic inspection of catenary wire. While both of these activities do not directly relate to any immediate rulemaking activity, they provide a potential for significant safety improvements.

TRB PARTICIPATION IN FRA'S R&D PROGRAM

Question. What is the funding status and outlook for continued support of the TRB review of the R&D program? Will you continue that activity after designated funds are expended? Please address those same issues with respect to the TRB review of the next generation program. Are funds budgeted for continued support of the TRB review within the fiscal year 2000 budget request?

Answer. FRA agrees that it is desirable to use performance-based regulations wherever possible. It is often the case that the state of the art does not permit anyone to devise effective performance standards for particular issues. For the foreseeable future, it will be possible to devise performance standards for some, but not all, matters covered in any particular rulemaking. Almost all FRA safety rulemakings are now conducted through the Railroad Safety Advisory Committee (RSAC), through which any participant can propose a performance standard. Railroads, for example, are eager to use performance standards wherever possible and may be counted upon to recommend a performance standard every time they perceive one to be possible, but often no one knows how to frame a performance standard to address a particular issue.

R&D can be most useful in trying to develop performance standards on issues anticipated in rulemakings FRA plans to pursue within the next few years. That is the fastest and most workable way to expand the use of performance standards in railroad safety rules.

No additional funds are explicitly identified for such work in the fiscal year 2000 budget request because the recommendation from the Transportation Research Board committee was made after the fiscal year 2000 budget request was in final form. The level of funding needed would be determined by the number and type of projects deemed appropriate.

FRA'S FIVE-YEAR R&D PLAN

Question. Has the five-year research and development plan requested by the [Senate Appropriations] Committee been released? If not, please explain why. Does the plan need to be updated now? Has the plan been of benefit to FRA?

Answer. FRA's five-year R&D plan has not been released. The first draft, which was distributed informally for comment, was retracted due to the time lapse in the review process. FRA's current five-year R&D plan should be completed by late summer. Once the plan is released, it will be updated every two years.

R&D CONTRACTS WITH VOLPE

Question. Please list all FRA research and development program contracts with the Volpe National Transportation Systems Center that were signed in fiscal years 1998 and 1999, including a short summary of each specific contracted project, and the associated amount.

Answer. The information follows for each Project Plan Agreement.

RR—19 TRACK SYSTEMS RESEARCH

The Track Systems Research Program focuses on the risk of derailment induced by track defects. Research results enable track engineers to base inspection and maintenance resources on actual track performance. Specific tasks are based on ac-

cident statistics, track maintenance costs, and engineering expectations of potential problems.

The results of this research have been incorporated in the risk management strategies of railroads throughout the United States, and are being applied by the FRA in the development of revisions to current track safety standards. Analysis tools and studies, conducted under this program, have provided the FRA with data for use in evaluation of waiver requests and monitoring performance under waivers issued.

Research activities under this program include:

—Rail Integrity
—Track Structural Mechanics
—Track Inspection Tools
—Vehicle Track Interaction
—Train Control Device Safety
—Risk Assessment and Management Strategies
—Special Projects related to Track Systems Safety

FUNDING: Fiscal year 1998—$1,917,000; Fiscal year 1999—$1,300,000.

RR—28 RAIL EQUIPMENT SAFETY

The Rail Equipment Safety Program supports FRA's research in railroad equipment, operating practices (including human factors), and hazardous material transport. The research and engineering studies provide the technology needed to reduce the likelihood of accidents related to the design, operation, and maintenance practices of railroad freight and passenger equipment. These results will be applied to assess the risk of derailment induced by equipment and component defects and operating practices, including human performance, to minimize these risks.

Research activities under this program include:

—Structural Integrity of Tank Cars/Components
—Human Factors Influencing Operator and Crew Performance (Fiscal Year 1998)
—Advanced Operation and Information Displays (Fiscal Year 1998)
—Train Make-Up, Handling, and Controls
—Rail Passenger Evacuation Safety
—Rail Equipment Collision Safety
—Rail Vehicle Dynamics
—Dedicated Train Study
—Advanced Risk Analysis
—Trailer/Container Securement
—Steam Locomotive Study
—Locomotive Fuel Tanks

FUNDING: Fiscal year 1998—$2,590,000; Fiscal year 1999—$2,990,000.

RR—93 HIGH-SPEED GROUND TRANSPORTATION SAFETY

This project provides FRA with technical assessments of the safety implications of implementing advanced high-speed ground transportation systems proposed for construction in the United States.

Research activities under this HSGT program include:

—Advanced Train Control and Automation Safety
—Risk Assessments and System Safety Analyses
—Human Factors and Automation (Fiscal Year 1998)
—Right-of-Way Structures (Guideway Integrity; Platform Safety)
—Equipment Safety (Crashworthiness; Interior Safety; Glazing)
—Vehicle/Track Interaction (Track Safety Standards)
—Emergency Preparedness (Fiscal Year 1998)
—Fire Safety
—Noise Identification and Mitigation
—EMI/EMC and Electrical Safety
—Electromagnetic Fields and Maglev Environmental and Health Safety Issues

FUNDING: Fiscal Year 1998—$2,650,000; Fiscal Year 1999—$2,560,000.

RR—97 HIGHWAY-RAIL GRADE CROSSING SAFETY

The Volpe Center is supporting FRA's highway-rail grade crossing safety research program. This research includes innovative warning signs, more reliable active signal systems, techniques to increase the conspicuity of trains, improved acoustic warning systems, and technologies applicable to the needs of high-speed rail passenger service. Other initiatives include enforcement and education activities as well as a greater emphasis on the human response to grade crossing warning device applications. Accident statistics, analysis, and research reviews are also included. Ongoing demonstration projects are being evaluated. Corridor risk assessments are in-

cluded. Funding comes from both the R&D program and the Next Generation High-Speed Rail program.

Research activities under this program being conducted at the Volpe Center include:

—Grade Crossing Statistics Analysis
—Causal Analysis of Crossing Accidents (Fiscal Year 1998)
—Evaluation of High-Speed Rail Grade Crossing Demonstration Projects
—High-Speed Corridor Risk Assessment
—Illumination Guidelines
—Locomotive Conspicuity
—Freight Car Reflectorization
—Optimal Acoustic Warning Systems (Fiscal Year 1998)
—Wayside Horn Systems
—Driver Behavior (Fiscal Year 1998)
—Driver Education Programs
—Photo Enforcement
—Obstacle and Intrusion Detection
—Vehicle Proximity Alerting System

FUNDING: Fiscal year 1998—$1,475,000; Fiscal Year 1999—$770,000.

RR—03 NEXT GENERATION HIGH-SPEED RAIL SUPPORT

This work is funded under the Next Generation High-Speed Rail budget rather than the Research and Development budget and provides support to the FRA's Next Generation High-Speed Rail Program. The purpose of this effort is to enhance the deployment of high-speed passenger rail, particularly on existing infrastructure, by improving, adapting and demonstrating innovative and cost-effective technologies which have wide application in U.S. corridors.

The Volpe Center provides technical support to the FRA in assessing candidate technologies and procedures to determine the likely impact on rail operations, including safety, performance, reliability and economic viability.

Research activities conducted under this program include:

—High-Speed Positive Train Control
—High Performance Non-Electric Locomotive Development
—Innovative Technologies for Track and Structural Improvements
—Railroad Test Track Upgrade

FUNDING: Fiscal year 1998—$502,000; Fiscal Year 1999—$400,000.

RR–04 HUMAN FACTORS SUPPORT TO THE FRA

This effort includes investigating how human performance contributes to operator health and safety in railroad operations, identifying methods for reducing accidents, and improving working conditions.

This is a new activity in fiscal year 1999 and includes activities previously included under RR–28, RR–93, and RR–97.

Research activities under this program include:

—Automation, Information Management and Control
—Locomotive Cab Ergonomics
—Train Crew Fatigue and Napping
—Operating Rules
—Design and Evaluation of Acoustic Warning Devices
—Causal Analysis of Accidents
—Evaluation of Driver Behavior

FUNDING: Fiscal year 1999—$1,403,000.

R&D PROGRAM & SAFETY SUPPORT

Question. The United Transportation Union has suggested a goal of spending 20 percent of FRA's total R&D program funding for comprehensive safety training, peer group education, and better uniformity and understanding of railroad operating and safety rules and federal regulations. Does your fiscal year 2000 budget request reach this goal? What percentage is directed toward these activities?

Answer. FRA's fiscal year 2000 request for R&D supports all of these goals. In fact, 98 percent of the R&D budget is safety-related. Activities include studies, analyses, evaluations, simulations, tests, and demonstrations which are directly related to high risk safety issues. The R&D program already considers funds for safety training, peer group education, and better uniformity and understanding of railroad operating and safety rules and federal regulations to the extent that such efforts would reduce safety risks within the railroad industry.

RAIL PASSENGER EQUIPMENT TESTING

Question. In fiscal year 1999, the appropriations conferees provided $2,000,000 for full-scale crash testing of rail passenger equipment. Has a contract for this research project been negotiated? What is the anticipated schedule for implementing this project? What funding, if any, is requested in fiscal year 2000 for this project? What follow-on costs will be required to complete the project?

Answer. A contract is being negotiated with the Transportation Technology Center, Inc. of Pueblo, Colorado to conduct the full-scale crash test. It should be awarded within a month. A separate contract is being negotiated with Simula Inc. of Phoenix, Arizona to provide the instrumented crash dummies for testing passenger seats. A single-car test and a two-car impact test are currently scheduled to be conducted between July and September of this year. Of the $1,800,000 requested in fiscal year 2000 for continued research in occupant protection, most will be used to conduct a follow-on train-to-train in-line impact test of multiple passenger cars. Evaluation of oblique collisions of conventional equipment will be followed in fiscal years 2001 and 2002.

R&D HUMAN FACTORS PROGRAM

Question. Please provide an update of the progress that has been made in the human factors program since last year. How much of the fiscal year 1997, 1998, and 1999 allocated funds have been spent, and for which purposes?

Answer. Following is a summary of the progress on projects during fiscal year 1998, project objectives, and funding for FYs 1997 and 1998 and 1999. New phases or extensions of on-going research are identified where applicable.

Train Operations

1. A study design for *Engineer Napping Strategies* is expected to be finalized in June 1999. In fiscal year 1998, a system safety check of the Research And Locomotive Evaluator Simulator identified several safety issues which delayed the pilot test. The pilot test will result in refinements to the test and analysis approaches and the results will be incorporated in the next test phase. The primary purpose of this research is to determine to what extent and what types of on-duty napping can improve locomotive engineer performance and safety. Realistic guidelines can then be developed for the implementation of strategic napping policies in the industry.

Fiscal year 1997	$370,000
Fiscal year 1998	400,000
Fiscal year 1999	150,000

2. A preliminary catalogue of *Vigilance Monitoring* devices, suitable to non-obtrusively measure alertness in on-duty locomotive engineers, was completed in January 1999. Suitable devices will be used in simulated and revenue operations to gather data and test their usefulness in the railroad operating environment. The purpose of these tests is to provide information on the validity and reliability of such devices, for the use of railroads which may wish to use this technology to manage employee fatigue.

Fiscal year 1997	.....
Fiscal year 1998	$300,000
Fiscal year 1999	300,000

3. Pilot tests of data collection and analysis methodologies for *Dispatcher Workload, Stress and Fatigue* were completed during 1998, and full-scale tests in freight and passenger operations were begun in early 1999. Methods of measuring workload, stress and fatigue (alertness) in a uniform manner and thresholds for safe performance are to be established.

Fiscal year 1997	$225,000
Fiscal year 1998	225,000
Fiscal year 1999	200,000

4. New technology in the form of communications and computerization is changing the way that railroads operate. Previously, the effects of new technology, such as automation and information-mediated fatigue on locomotive engineer vigilance *(High-Speed Operator Stress and Fatigue),* was only considered in high-speed operations. Several studies specific to high-speed operations have recently been completed at the Volpe Center and final reports are in review. These studies evaluated situational awareness and the monitoring of equipment failures under three operational conditions: manual control, cruise control, and full automation, and exam-

ined the role of preview displays in operator workload and performance. The project focus has now been expanded to include all railroad operations because of the rapid introduction of technology throughout the industry, and the project has been renamed *Information Management and Control in Railroad Operations.* The project will determine the safety implications of increased information flow and new technology for information management in normal and high-speed operations for locomotive engineers and dispatchers.

Fiscal year 1997	$100,000
Fiscal year 1998	200,000
Fiscal year 1999	200,000

5. The final report on *Dispatcher Training Evaluation* was published in 1998, and a workshop on the findings of the report was held in Chicago in October, 1998. Workshop participants expressed a need for information concerning the selection of personnel for dispatcher training, and this issue will be addressed in subsequent work under this project.

Fiscal year 1997	$100,000
Fiscal year 1998	57,000
Fiscal year 1999	200,000

6. The *Advanced Display Interface* project develops innovative information displays to improve information management by locomotive engineers, dispatchers and traffic managers. Virtual reality displays and associated software were developed and completed in January 1998. A video demonstration of the displays was completed in September 1998. Future work will document the software and explore a test site in which to demonstrate the applicability of the display to revenue service.

Fiscal year 1997	$200,000
Fiscal year 1998	200,000
Fiscal year 1999	78,000

7. A new initiative, *Evaluation of Human Factors Safety Issues in Digital Communications,* was begun in fiscal year 1999. This multi-year project will examine the human factors implications of using digital communications between locomotive engineers and dispatchers. Currently, such communications are by voice which has proven to be less efficient and precise than digital communications. Transition from voice to digital communications will change the task of the locomotive engineer, therefore the human factors effects of this transition need to be evaluated.

Fiscal year 1997	.....
Fiscal year 1998	.....
Fiscal year 1999	$100,000

8. A new initiative, *Post-Accident Stress in Locomotive Engineers,* began in fiscal year 1999. In its first phase, this project will determine the descriptive epidemiology (incidence and prevalence) of Post-Traumatic Stress Disorder (PTSD) in locomotive engineers resulting from on-duty crashes. PTSD is debilitating and may compromise safety, so the magnitude of the problem is important to determine future resource allocation. The second phase will develop a model treatment intervention for locomotive engineers immediately following crashes that result in traumatic injuries or loss of life.

Fiscal year 1997	.....
Fiscal year 1998	.....
Fiscal year 1999	$100,000

9. Operating rules form the basis of safe operations in the railroad industry. Previous work on the *Operating Rules Evaluation* project has focused on the influence of railroad corporate culture on compliance with operating rules. A final report on this study is currently being prepared for publication. All safety procedures, including operating rules continuously expand and increase in numbers to avoid past accidents and incidents. These additions to the rule books become increasingly restrictive over time and reduce the range of permitted actions to far less then what is necessary to complete a job under normal conditions. As a result, compliance with rules decreases, and the rules no longer function to promote safety. A major railroad has requested assistance to consolidate all their safety rule books currently in use (8) into a single book. The consolidation should enhance safety and provide a model for other railroads. This work was begun in fiscal year 1999 and is expected to continue into fiscal year 2000.

Fiscal year 1997	.....

Fiscal year 1998	$50,000
Fiscal year 1999	50,000

10. The *Non-Accident Hazmat Releases: Training Issues* project was recently completed, and a final report on the project is under review. The project examined training materials for employees who load (and unload) hazardous materials onto rail cars to determine if the reading level of the training materials was appropriate for the educational and reading level of the employees.

Fiscal year 1997	(1)
Fiscal year 1998	
Fiscal year 1999	

[1] Funded in fiscal year 1996.

Yard and Terminal

A report on Phase 1 of the multi-phase *Yard and Terminal Safety* study entitled "Railroad Worker Safety in Yards and Terminals: An Evaluation of Existing Data Resources and Proposed Methods for Further Study" was finished in the Spring of 1997. Based on that report, Phase 2 has been using the information sources and evaluation techniques identified in Phase 1 to characterize the practices and conditions that contribute to yard and terminal injuries. Phase 2 is expected to be completed in fiscal year 2000.

Fiscal year 1997	$150,000
Fiscal year 1998	150,000
Fiscal year 1999	150,000

Grade Crossings

Several projects have been completed, and reports have been published, under the overall heading of *Grade Crossing Safety;* in the review or revision stage are—*Recognition of Rail Car Marking Patterns;* recently published are—*Evaluation of Wayside Horns* and *Railroad Horn Systems Research;* ongoing or recently initiated are—*Optimal Acoustic Warning Systems, Driver Behavior, Accident Causation Analysis,* and a review of *Driver Education Programs.*

Fiscal year 1997	$385,000
Fiscal year 1998	435,000
Fiscal year 1999	435,000

FISCAL YEAR 2000 FUNDING FOR HUMAN FACTORS RESEARCH

Question. What human factors initiatives are supported in the fiscal year 2000 budget request? What new initiatives are supported by the $1,200,000 requested increase? Which of these initiatives are fatigue-related?

Answer. The Human Factors program includes continued work in stress & fatigue (on-duty napping, dispatcher fatigue, yard and terminal operator fatigue, high-speed operations), yard and terminal safety, and digital communications.

There are several new Human Factors initiatives in the fiscal year 2000 budget request, including: evaluation of ergonomic injuries in yards and terminals, evaluation of advanced displays (ergonomics), evaluation of Maintenance of Way (MOW) safety issues (fatigue and ergonomics), teaming of operating personnel, and evaluation of Amtrak's high-speed rail simulator for possible use as a research simulator. These initiatives were highlighted on pages 88 and 89 of FRA's budget justification.

The only new fatigue-related initiative in the fiscal year 2000 budget is research on Maintenance of Way safety issues, which includes fatigue as a focus. Evaluation of a high-speed simulator for research use may lead to future use of the simulator for evaluating fatigue issues related to high-speed operations.

R&D FATIGUE COUNTERMEASURES PROGRAMS

Question. What is FRA doing either to monitor or evaluate working schedule pilot programs or other fatigue countermeasures now being implemented by various railroads? Is any work planned in this area for fiscal year 2000? Are any fiscal year 2000 funds requested for such evaluation? How is FRA's fatigue research coordinated with these private sector activities?

Answer. As a member of the North American Rail Alertness Partnership (NARAP), FRA's Office of Research and Development actively monitors and evaluates the pilot programs and fatigue countermeasures currently being implemented by various railroads. For example, each of the member railroads presented a summary of their fatigue management plans during the February 1999 NARAP meeting.

Various aspects of the pilot projects are then discussed during the Research and Development Committee meetings. The Office of Safety and other industry contacts keep the Office of Research and Development informed about on-going fatigue initiatives in the industry. The Office of Research and Development evaluates the details of these proposals and then provides an opinion regarding the safety of their implementation. The FRA is sponsoring a NARAP workshop on Program Evaluation during the next NARAP meeting in May 1999. This workshop will provide basic evaluation skills to those industry representatives responsible for their railroad's Fatigue Management Program as well as reference materials for future use. The goal is to help the industry develop more effective evaluation programs for pilot fatigue programs currently being implemented.

The FRA will continue its study on the Effects of On-Duty Napping on Locomotive Engineer Performance in fiscal year 2000. Results of this study will help the FRA evaluate the variety of napping strategies currently being implemented in the railroad industry. It will also help the FRA develop better napping policy guidelines. Discussions are also underway to assist a major carrier with the evaluation of their Fatigue Management program during fiscal year 2000. Through the Non-Operating Subcommittee of NARAP, the FRA will help the industry identify potential fatigue and work schedule issues of non-operating employees, and then help them develop an implementation and evaluation program aimed at non-operating employees. In fiscal year 2000, a new initiative in ergonomics includes a project on MOW safety and will include fatigue-related evaluation projects. A total of $650 thousand is included in the fiscal year 2000 budget for these projects.

FRA's fatigue research is coordinated with the private sector activities mainly through NARAP. The FRA R&D Office distributed its draft protocol on the locomotive engineer napping study to all NARAP member railroads for comment and feedback. The FRA has also offered to hold a one-day facilitated workshop on fatigue research needs in the railroad industry. Once specific fatigue and work schedule issues have been clearly identified through the Non-operating Subcommittee of NARAP, the FRA plans to conduct a demonstration project on a particular aspect of the findings from those efforts. Other collaborative efforts for evaluating fatigue programs in the railroad industry will also be explored.

STATUS OF ADVANCED BRAKING SYSTEMS EVALUATION

Question. Please summarize the progress made to date regarding the "Advanced Braking Systems Evaluation." What is your five-year plan with regard to testing and evaluating that technology? How much has been spent on this effort for each of the last three years and how much is proposed for fiscal year 2000?

Answer. FRA worked co-operatively with industry in the development of industry performance and interchange requirements for an advanced electronically-controlled pneumatic braking system (ECP). Those requirements include performance specifications, communications specifications, connector specifications, and locomotive specifications for the cable-based ECP system. ECP braking systems provide improved braking response and performance, faster brake application and release, graduated release, and continuous monitoring of brake system status. FRA supported the safety-related work inherent in the development of those specifications including safety-oriented laboratory tests and in-train tests at the Transportation Technology Center (TTC), testing advanced braking systems in a number of unit train applications, and revenue service tests. Those trainsets use the hard-wired power source (as opposed to local battery/generator on each freight car) and a hard wire for signal transmission. The safety of those trainsets is being closely monitored, with failures of individual components being recorded. In fiscal year 1999, the final Failure Modes and Effects Criticality Analysis (FMECA) of the cable-based ECP freight train braking system will be completed. The FMECA is a systematic method used to anticipate failure modes, design and development problems, as well as provide a pro-active problem-solving approach to identify design process pitfalls. The specifications for cable-based ECP brakes have been adopted and the remaining related specifications are under development through AAR and railroad leadership and are scheduled to be completed in 1999. To extend the use of Advanced Braking Systems to non-unit train cars, that is, the general service car, FRA is sponsoring the development of automatic couplers with built-in air and electric lines and added mechanical safety features. This will facilitate coupling of cars and enhance crew safety. This project is in its early stage and will continue over several years.

FRA's five year plan includes interoperability testing as ECP systems from final stages of development to final specifications, implementation, and monitoring of ECP technology into the car fleet. Beyond fiscal year 1999, the safety record will be monitored and additional control and surveillance functions will be proposed for

addition to the total ECP system. As with all new technologies, new variants appear on the scene. Radio-based signal transmission means have been proposed by new entrants. A safety assessment of those new technologies will be required as with the hard-wired systems. In fiscal year 2000, additional funding is requested to initiate a review of the hardware and software reliability. Regardless of the communications medium, hard-wired or radio-based, ECP brakes require extremely reliable hardware and software since they will control safety critical braking system and potentially interface with future Positive Train Control and on-board sensor systems. New research initiatives will focus on additional on-board condition monitoring systems to be incorporated with ECP brake technology. The on-board condition monitoring will continuously monitor the condition of equipment and components and provide early detection of possible failures. An advanced user-friendly handbrake will also be developed to operate in conjunction with ECP brakes. The advanced handbrake will promote safe and easy braking operations.

Funding for the last three years and the fiscal year 2000 request is as follows:

Fiscal year 1997	$150,000
Fiscal year 1998	250,000
Fiscal year 1999	275,000
Fiscal year 2000 (request)	425,000

STATUS OF WAYSIDE EQUIPMENT INSPECTION DETECTION PROGRAM

Question. Please summarize the progress made to date regarding the Wayside Equipment Inspection Detection Program. What is your strategic plan for the next five years in this area? How much has been spent on these efforts for each of the last three years and how much is proposed for fiscal year 2000? Why is a proposed increase in the level of support for this program necessary in fiscal year 2000?

Answer. FRA has supported and developed a number of measurement system methodologies to establish car and train stability, equipment performance or lack thereof, and the means to record and transmit data for appropriate use. These include wheelset angle-of attack, lateral/vertical loads, bearing temperatures, and wheel temperatures. Recently, FRA has funded research to measure wheel residual stress, an all-important determinant of wheel structural integrity, using an electromagnetic acoustic transducer (EMAT) system. Another project is to develop an acoustic detector for identifying potentially unsafe bearings. Phase I laboratory investigations and Phase II field investigations of acoustic bearing defect detection system have been successfully completed. Those tests determined that proposed acoustic systems may be utilized in a simulated revenue service operation to identify typical bearing defects. A Phase III test is proposed to evaluate the performance of prototype bearing defect inspection/detection systems and identify potential improvements in preliminary wayside acoustic detection systems to enhance system performance with regards to reliability and repeatability. Inspection strategies for freight cars based solely on visual inspections have limitations. Periodic required inspection and maintenance is expensive. Condition-based inspection and subsequent maintenance and repair may improve the use of resources. Plans have been made to establish a full-scale wayside inspection station demonstration in cooperation with a railroad to demonstrate various types of wayside detectors. The wayside inspection station will detect defective and malfunctioning equipment and dispatch the vital information to train operators and/or databases for use in mitigating accidents and optimizing maintenance procedures. In time, it should be possible to establish a network of stations geographically positioned for full coverage thereby giving the railroad the ability to monitor its fleet for condition.

Funding is as follows:

Fiscal year 1997	$300,000
Fiscal year 1998	300,000
Fiscal year 1999	300,000
Fiscal year 2000 (request)	532,000

The requested increase, in fiscal year 2000, is needed to conduct critical safety evaluations of the components and entire wayside inspection system, especially for the automation of data collection and retrieval and high-speed thermal imaging systems.

VOLPE'S SUPPORT IN GRADE CROSSING ACTIVITIES

Question. It has come to the Committee's attention that FRA has contracted with the Volpe National Transportation Systems Center to prepare a research plan on the safety of highway-railroad grade crossings. When was this contract awarded? What funding source was used, and how much is the contract? Is any funding re-

quested for this contract in fiscal year 2000? This research plan appears to be duplicative of Operation Lifesaver efforts. In the research plan, it is stated that, "The Volpe Center will take the lead, working along with participants in the workshops, to develop materials and programs for use to improve the safety of the public through education and training." Operation Lifesaver has a 6-year contract, through TEA–21, to develop these materials and programs. Does it make sense that the Volpe Center would take the lead on crossing safety education and training nationally?

Answer. FRA and the Volpe Center have had Project Plan Agreements (PPA) for Highway-Railroad Grade Crossing Safety Research for a number of years. The program areas covered under the PPA include core knowledge; project evaluation; whole corridor; ITS/PTC; passive crossings; improved components; and driver factors.

For fiscal year 1999, a total of $545,000 includes $215,000 from the Equipment, Operations and Hazardous Materials activity and $330,000 from the Safety of High-Speed Ground Transportation activity. Equivalent funding is requested in fiscal year 2000.

FRA does not believe that the PPA research plan is duplicative of Operation Lifesaver efforts. One of the initiatives identified in the Department of Transportation's 1994 Action Plan for Rail-Highway Grade Crossing Safety was the need for an intermodal Research Needs Workshop. In April, 1995 the Volpe Center, as part of its support program to the FRA, hosted and conducted the Highway-Railroad Grade Crossing Safety Research Needs Workshop and any of the research projects under this PPA are a direct result of this Workshop. Key members of the Operation Lifesaver team participated in the Research Needs Conference in 1995, including Cliff Shoemaker of the UP Railroad and Secretary/Treasurer of the Operation Lifesaver Board of Directors, Tom Simpson, Vice-President of RPI and a Board Member of Operation Lifesaver, and Ms. Ernie Oliphant, currently Arizona's Operation Lifesaver State Coordinator.

One of the top five research priorities identified at the Research Needs Workshop was Driver Education. Specific research topics which were identified included:

—Determining Target Audiences;
—Survey of Current and Completed Research (regarding public education);
—Survey of Existing Programs;
—Funding Sources;
—Operation Lifesaver Program Evaluation;
—Driver Education Evaluation;
—Crossing Safety Media Evaluation;
—Trespassing Media Evaluation;
—Sensitivity of Education to Age and Approach; and
—High Speed Rail.

The Volpe Center convened another workshop in San Antonio in March, 1999 to follow-up on these identified needs, to determine if they were still current, and to structure a coordinated research program with as many stakeholders as could be identified. Operation Lifesaver was well represented and will be involved as decisions are made for specific research projects. In the Volpe proposed research plan for the Driver Education research area, prepared for discussion at the Panel of Experts Workshop, Volpe proposed that "The Volpe Center will take the lead, working along with the participants in the workshops, to develop materials and programs for use to improve the safety of the public through education and training." The proposed research plan included this statement to elicit comments from stakeholders on whether there were material and program development areas requiring Volpe Center leadership.

It is not FRA's intent for the Volpe Center to take the lead on crossing safety education and training nationally unless the various stakeholders in the project, including Operation Lifesaver, American Automobile Association, Driving School Association of the Americas, American Bus Association, National Association of State Directors of Pupil Transportation Services, National Association for Pupil Transportation, and the Transportation Safety Institute indicate that there is a need for the Volpe Center to do so in particular areas. The primary focus of FRA's Driver Education project's being carried out at the Volpe Center is on surveying the various existing driver education programs and research, determining target audiences and sources of funding for driver education programs, and determining the effectiveness of driver education programs for grade crossing safety. The results will be available to all stakeholders for their use.

FHWA SECTION 130 SAFETY FUNDS

Question. Please confer with the Federal Highway Administration, and report on available section 130 surface transportation program safety funds, on a state-by-state basis, for fiscal years 1997, 1998, 1999, 2000 and 2001. Please indicate unobligated balances for each state's total available section 130 funds.

Answer. Data in the following table has been taken from FHWA Appropriation Tables for fiscal years 1997 through 1999 and a listing provided by FHWA's Fiscal Division on unobligated balances. FHWA advises that similar data for fiscal years 2000 and 2001 are not yet available, however, since ISTEA, the law requires that States will continue to fund the Section 130 program at levels identical to 1991. It is not expected that the appropriation amounts will change materially during the course of TEA–21. Notes: Figures are dollars stated in millions. Columns may not total properly due to rounding. Unobligated figures are Section 130 balances as of year-end for fiscal years 1997 and 1998 and as of March 31 for fiscal year 1999.

State	Fiscal year 1997		Fiscal year 1998		Fiscal year 1999	
	Appropriated	Unobligated	Appropriated	Unobligated	Appropriated	Unobligated
Alabama	3.22	.86	3.22	2.47	3.22	5.428
Alaska	2.439	4.795	2.439	6.878	2.439	8.462
Arizona	1.576	3.908	1.576	5.096	1.576	5.466
Arkansas	2.457	1.339	2.457	3.482	2.457	4.185
California	10.183	.....	10.183	3.45	10.183	5.678
Colorado	2.203	1.468	2.203	1.253	2.203	3.482
Connecticut	1.048	.678	1.048	.822	1.048	.979
Delaware	.505	.314	.505	.86	.505	1.223
District of Columbia	.211	.421	.211	.632	.211	.843
Florida	4.687	4.2	4.687	5.574	4.687	8.33
Georgia	4.696	6.803	4.696	8.19	4.696	11.037
Hawaii	.392	.392	.392	.784	.392	.784
Idaho	1.429	.....	1.429	.943	1.429	1.968
Illinois	7.926	3.124	7.926	8.093	7.926	12.82
Indiana	4.962	6.408	4.962	6.81	4.962	7.805
Iowa	3.796	1.906	3.796	4.176	3.796	3.688
Kansas	3.287	.101	4.871	1.754	4.871	.953
Kentucky	2.535	5.806	2.535	4.031	2.535	5.462
Louisiana	3.176	2.662	3.176	1.845	3.176	2.293
Maine	.938	2.156	.938	2.381	.938	3.339
Maryland	1.427	2.384	1.427	2.539	1.427	4.369
Massachusetts	2.011	.215	2.011	2.784	2.011	4.795
Michigan	5.352	2.851	5.352	3.894	5.352	8.168
Minnesota	4.042	4.275	4.042	5.482	4.042	7.962
Mississippi	2.24	.502	2.24	1.352	2.24	3.237
Missouri	3.998	.242	3.998	1.248	3.998	.168
Montana	1.613	2.27	1.613	3.233	1.613	4.572
Nebraska	2.661	3.624	2.661	5.101	2.661	7.731
Nevada	.784	.818	.784	.211	.784	.85
New Hampshire	.613	.351	.613	.242	.613	.839
New Jersey	2.691	.437	2.691	2.453	2.691	4.829
New Mexico	1.206	.998	1.206	1.199	1.206	1.437
New York	6.02	1.524	6.02	3.623	6.02	3.656
North Carolina	3.981	1.085	3.981	5.277	3.981	9.86
North Dakota	2.809	1.125	2.243	.507	2.647	2.437
Ohio	6.302	2.305	6.302	1.098	6.302	3.952
Oklahoma	3.301	.317	3.301	.241	3.301	1.837
Oregon	2.194	5.508	2.194	6.127	2.194	7.465
Pennsylvania	5.118	.076	5.804	1.701	5.804	5.936
Rhode Island	.445	.5	.445	.945	.445	1.39
South Carolina	2.585	.418	2.585	2.097	2.585	4.41
South Dakota	1.655	2.694	1.655	3.292	1.655	3.706

State	Fiscal year 1997		Fiscal year 1998		Fiscal year 1999	
	Appropriated	Unobligated	Appropriated	Unobligated	Appropriated	Unobligated
Tennessee	3.267	.992	3.267	2.954	3.267	2.305
Texas	10.906	2.29	10.906	11.225	10.906	11.235
Utah	1.153	2.167	1.153	2.194	1.153	1.353
Vermont	.619	2.753	.619	2.841	.619	3.274
Virginia	2.731	4.605	2.731	3.344	2.771	8.513
Washington	2.717	4.838	2.717	6.267	2.717	8.823
West Virginia	1.708	1.098	1.708	1.327	1.708	1.239
Wisconsin	3.929	8.685	3.929	9.018	3.929	5.448
Wyoming	.912	.075	.912	.471	.912	.841
Puerto Rico	.74	.....	.....	.043	.....	.....
Total	153.40	109.36	154.36	163.85	154.77	230.86

USE OF SECTION 402 FUNDS FOR GRADE CROSSING INITIATIVES

Question. To what extent can Section 402 funds be used to encourage enforcement of traffic safety laws at highway-rail crossings, especially those equipped with automatic warning devices and those provided with "STOP" signs? Will innovative pilot programs designed to increase enforcement be established in accordance with the NTSB recommendations? If not, please explain why. Is the Department doing anything to encourage the use of the Section 402 funds for those activities?

Answer. Section 402 funds can be used, at the discretion of the state, for a number of highway safety programs including enforcement of traffic safety laws at highway-rail crossings. Following the transmittal of NTSB's Safety Recommendations to the Department on August 11, 1998, a ONE DOT working group was formed to focus anew on issues of traffic safety at highway-rail crossings. Based on recommendations from the ONE DOT group, the Department responded affirmatively to NTSB and outlined its outreach to state and local law enforcement agencies regarding their plans for programs that increase enforcement of traffic laws at highway-rail crossings. Innovative pilot programs could be developed from the ideas suggested by states. While these ideas are being collected, FRA and NHTSA are actively working together to encourage states to develop and support Safe Communities programs that address highway-rail crossing enforcement and education with their Section 402 funds.

FISCAL YEARS 1996–1999 USE OF 402 FUNDS FOR GRADE CROSSING

Question. In the Department's 1994 *Highway-Rail Crossing Safety Action Plan,* NHTSA and FHWA committed to advising states of the potential use of Section 402 funds to promote targeted public education, engineering and law enforcement strategies at highway-rail crossings. Has there been an increase in the use of Section 402 funds for such purposes? Please provide a table, by state and by year, tracking the use of Section 402 funds for crossing safety improvements since 1994.

Answer. As part of the Department's 1994 Rail-Highway Crossing Safety Action Plan, NHTSA and FHWA issued joint guidance advising the states that Section 402 funds may be used to address significant highway-rail crossing problems. Examples of activities that could be funded included crash analysis, public information and education campaigns, law enforcement, crash investigation training, and traffic engineering studies. This guidance was issued on November 4, 1994 (after the start of fiscal year 1995), for use in preparing Section 402 highway safety plans beginning with fiscal year 1996. The table below shows the amount of Section 402 funding used for highway-rail crossing safety activities, by state, for fiscal year 1996 through fiscal year 1999. The table shows an increase from fiscal year 1996 to fiscal year 1997, then a decline in fiscal year 1998, and an increase expected in fiscal year 1999.

The Department is currently examining proposals to suggest to the States using specific initiatives that have already shown safety results based on Section 402 funding. The Department plans to emphasize to states the safety potential for expanded use of Section 402 funds for grade crossing safety-related initiatives.

STATE HIGHWAY-RAIL CROSSING SAFETY ACTIVITIES

State	Section 402			
	Fiscal year			
	1996	1997	1998	1999 [1]
Alabama	$6,790	$7,500	.....	.....
Arkansas	5,000	5,000	.....	$6,000
California	.....	.....	$10,000	40,000
Delaware	3,580	.....	.....	.....
Georgia	17,800	19,300	17,500	17,500
Indiana	105,207	138,000	67,000	5,000
Kansas	17,200	10,000	10,000	10,000
Louisiana	25,000	1,263	21,000	21,000
Missouri	5,000	5,000	5,000	5,000
Nebraska	1,707	2,000	2,072	2,000
North Carolina	28,000	33,000	33,000	33,000
Ohio	15,000	35,000	.....	300,000
Oklahoma	11,000	.....	.....	.....
Pennsylvania	20,000	15,000	.....	.....
South Carolina	.....	7,598	.....	.....
Utah	.....	5,000	20,000	.....
Virginia	.....	60,000	40,000	50,000
West Virginia	6,472	.....	.....	4,000
Wisconsin	.....	.....	.....	30,000
Wyoming	.....	3,000	.....	.....
TOTAL	267,756	346,661	225,572	523,500

[1] Fiscal year 1999 are planned amounts.

NHTSA AND FRA EFFORTS IN GRADE CROSSING SAFETY

Question. NHTSA's Safe Communities initiative could be used as a means to promote both highway-rail crossing safety and rail right-of-way trespass prevention in community-level programs. Please discuss how NHTSA and FRA are collaborating to promote such activities.

Answer. FRA is collaborating closely with NHTSA on the Safe Communities initiative, as are all other Modal Administrations. In communities with railroads, both crossing safety and trespass prevention are among the topics for potential emphasis as Safe Community programs are planned. Where FRA's Regional Managers have had the resources to fully participate, productive efforts with some focus on railroad related issues have evolved. Recent examples include intermodal Safe Communities programs in Seattle, Washington and El Paso, Texas. In both cities, highway-rail crossing safety and right-of-way trespass prevention are high priority elements of the program. Similarly, a project in Jonesboro, Arkansas has a full time director funded by NHTSA through the State. FRA is a part of the Jonesboro coalition which has achieved some success addressing crossing safety. (There were no crossing deaths in Jonesboro during 1998.) Among other Operation Lifesaver-type activities, the coalition arranged for the initial installation of THINK signs at four crossings in Jonesboro. Another Safe Community-related effort which the FRA promoted is on-going in Houston, Texas and involves a coalition of Houston's many railroads, the Houston Independent School District, Police Department, Parent-Teacher's Association and the Texas DOT. This effort is targeting trespass prevention and has the attention and participation of the Mayor and other city officials. In addition, FRA recently collaborated with NHTSA and FHWA to develop an Executive Intermodal Seminar to Promote Safe Communities. FRA is assigning key personnel to serve as seminar facilitators, to help foster sponsorship of Safe Communities through the network of rail customers and partners.

GRADE CROSSING & OTHER EQUIPMENT & OPERATIONS PROJECTS

Question. What is the status and findings of the following projects:

—A crosscutting review or assessment of different high-speed rail demonstration projects and the technologies being advanced in these projects;

—Reasons drivers violate grade crossing devices and signs; and

—A crosscutting review of grade crossing technology?

Answer. The crosscutting review or assessment of different high-speed rail demonstration projects and the technologies being advanced in these projects is entitled "Problem Definition: At-Grade Crossings for High-Speed Rail Applications". The draft final report was published in June, 1994. The report outlines the existing situation of the grade crossing problem in each of the designated corridors: the number of public and private crossings; condition of the National Inventory; a discussion of the crossing hazards; jurisdictional issues in each state; operational considerations and Federal programs available to fund improvements. The report also examined and described the technologies then under development in high-speed corridors, specifically the Connecticut 4-quadrant gate with obstruction detection, the Illinois Vehicle Arrester Barrier (VAB), the Friendly Mobile Barrier, In-Vehicle warning systems, passive systems, median barriers and other barrier gate systems. Because the research projects were underway, there were no conclusions of the effectiveness of these devices available for inclusion in the study.

There are two projects in the Human Factors research program on grade crossing safety which will determine the reasons why drivers violate grade crossing devices and signs. The *Accident Causation* project will be a comprehensive analysis of grade crossing accident causation, based on statistical studies and observations of driver behavior. FRA currently knows what happened in grade crossing accidents, but does not know why the accidents occur. In addition to the overall characteristics of the grade crossing as a system, driver motivation and expectation may be critical factors, but accident statistics do not reveal this information. The *Evaluation of Driver Behavior* project will be conducted in coordination with the Accident Causation project. The focus of the Driver Behavior project is to determine how grade crossing safety systems can be made more effective by addressing critical aspects of driver behavior, particularly critical aspects identified in the Accident Causation project. Both of these projects were started in fiscal year 1999, and research plans for each project are under development at this time.

FRA assumes that the crosscutting review of grade crossing technology refers to the compendium of the grade crossing research conducted to date. Abstracts being prepared for each project will discuss the goals and results of each project. The compendium will present the spectrum of research conducted, its results, and synthesize the results of our past research to help guide future research. It is being assembled by the Volpe Center and is scheduled to be completed by December, 1999.

FISCAL YEAR 1999 AND 2000 TRACK RESEARCH FUNDING

Question. How will the funds allocated for track research in fiscal year 1999 be spent? Please explain the purpose of each project and the amount funded. What are the comparable planned expenses in this area for fiscal year 2000, and how is this reflected in the request?

Answer. In fiscal year 1999, a total of $6.950 million was appropriated for track research. The total funding requested, for track research, in fiscal year 2000 is $7.450 million. The following table shows how these funds are allocated by year and R&D program area.

[In thousands of dollars]

Program activity/project	Fiscal year 1999 Enacted	Fiscal year 2000 Request
Track & Components Safety—This program activity assesses the structural integrity of the existing track structure and its components in light of the changing environment of higher axle loads, traffic densities, and speeds and the recent trends of introducing newer unconventional vehicle types and newer track materials. It includes research on more complex track components, such as turnouts, in addition to more commonly considered track components, such as rail, crossties, and ballast. Emphasis is given to failure modes and degradation processes which most impact the safety of track. A second major emphasis is directed at improving track defect detection techniques and other technologies related to inspection equipment, with the goal of reducing train accidents resulting from failures in the track structure. Potential research products include new techniques and equipment that could provide accurate and reliable assessment of track safety, or aid in the effective planning of track maintenance as a preventive measure against hazardous structural failure of track or bridges. The new techniques could serve as the basis for performance-based track safety standards which do not inhibit innovation:		
Material & Rail Inspection—Prevent and improve the detection of material and structural defects in track and its components. Develop new methods for reducing occurrence of fatigue cracks and other failure modes in rail and for improving inspection and monitoring protocols. Assess the safety of new track materials and components. Develop technologies for detecting track hazards such as broken, misaligned, obstructed, or weakened rails ahead of a moving train	1,450	1,600
Track Strength—Deploy FRA track-testing vehicle to assess performance-based method of inspecting track gage strength along mainline and shortline railroads. Develop risk-assessment methods to prevent lateral buckling of track due to thermal and vehicle-induced stresses. Develop and demonstrate methods for the detection and prevention of weak vertical track support	1,850	2,000
Bridge Safety—Develop non-destructive evaluation techniques for safety inspection of steel and timber railroad bridges. Investigate the use of composite materials in railroad bridge repair	500	200
Signal Systems Safety—Develop methods to mitigate potential safety failures in commonly used signal systems. Investigate alternate technologies for train presence detection	100	100
Track—Train Interaction Safety—This research area develops analytical tools, instrumentation, and test data that can accurately describe the interaction between the rolling stock and the supporting track structure. This interaction is not limited to the instantaneous transfer of dynamic forces from vehicle to track but extends to cover cumulative effects on track degradation such as wear and surface fatigue of railheads and deterioration of track geometry. Some of the safety-related issues which will greatly benefit from progress in this research area include the development of wheel and rail profile standards for passenger and fright operations, improved understanding and prediction of the impact of higher-speed passenger service on existing track, the development of performance-based track geometry and vehicle/track interaction standards, and the development of guidelines for optimum inspection and maintenance practices to enhance track safety and durability:		
Track Geometry—Assess vehicle performance safety due to anomalies in track geometry and overall track geometry degradation. Assess vehicle/track interaction safety due to commutative track panel shift	700	700
Wheel/Rail Interaction—Assess vehicle/track interaction safety due to variations in wheel to rail forces, wheel/rail profile and contact conditions, as well as wheel climb and other related derailment modes	900	950

[In thousands of dollars]

Program activity/project	Fiscal year 1999 Enacted	Fiscal year 2000 Request
Special Trackwork—Assess vehicle/track interaction safety in turnouts and other special trackwork. Examine safety performance of flange bearing frogs. Foster the development of field retrofits to reduce high forces generated in turnouts	500	500
Electrification Safety—Foster the development of a prototype non-destructive inspection systems for catenary wire and third rail installations	150	100
Heavy Axle Load Safety—Safety assessment of vehicle/track interaction under heavy axle loads	300	300
Vehicle/Track Interaction Safety Standards—Provide research and other technical services for the development and implementation of performance-based vehicle/track interaction, track geometry, and track strength safety standards	500	500
Grade Crossings & Train Control—The goal of this research area is to evaluate critical and interrelated areas of railroad signaling, train control, and electrification technology that are out pacing the content of existing Federal standards and to develop inspection technologies and safety practices to greatly reduce the risk of train collisions and to maintain the safety of electrified railroads:		
Train Control—Foster the development and implementation of advanced but cost-effective train control technologies to reduce the risk of train collisions	.....	500
Total: Track and Vehicle Track Interaction	6,950	7,450

IMPACT OF TRACK RESEARCH ON RAIL INDUSTRY

Question. How have the results of the research conducted during fiscal year 1998 and 1999 help FRA and the rail industry?

Answer. Much has been gained from the track research and test activities that were completed in fiscal year 1998. The most notable accomplishments and their benefit to FRA and to the railroad industry can be summarized as follows:

Track Safety Standards.—In 1998, work within a government-industry-labor effort under the auspices of the Rail Safety Advisory Committee, resulted in the issuance of revised track safety standards for all present classes of track, as well as new standards for high-speed tracks. This process was greatly influenced and guided by results from research conducted in fiscal year 1998. One example was the inclusion of performance-based standards for track gage strength based on results from the R&D gage widening research and test program using the Gage Restraint Measurement System (GRMS). As part of this research, FRA examined track geometry inspection methods and standards used in European countries, compared methods with those proposed for the U.S. and reported comparisons to FRA's safety personnel.

Top-of-Rail Lubrication.—Completed in fiscal year 1998, a cooperative revenue track test program with CSX to examine the safety performance of a new top-of-rail lubrication system. Several measurements of lateral forces on curves and mechanical and electrical energy consumption were made, under dry and lubricated conditions, for a unit coal train over a 200 mile round trip. The revenue tests were an important follow up to earlier testing conducted at the Transportation Technology Center (TTC) in Pueblo to examine the safety and energy reduction benefits under more controlled conditions. The system applies a specially engineered water-based consumable lubricant behind the last locomotive to reduce wheel/rail friction under the remainder of the train. Both the railroad industry and the Department of Energy participated with FRA in funding these tests. Results to date indicate significant reductions in lateral forces and in energy consumption with no impact on braking distances. Additional testing is planned to examine other safety aspects of this lubrication technology such as influence on vehicle hunting and operations on steep grades.

Track Buckling.—Developed a risk analysis module to be incorporated into existing FRA's analytical tools for predicting risk of track buckling due to thermal and mechanical forces. A technical paper based on this work entitled, *Assessment of Buckling Risk in Continuous Welded Rail Tracks*, was presented at an International conference on "Probabilistic Safety Assessment and Management," that was held in New York City, New York, in September 1998. Continued work utilizing the results of R&D efforts to develop standards for the installation and maintenance of Continuously Welded Rail as proposed in the new track safety standards. Completed longitudinal rail restraint tests on high curvature wood tie track, including winter rail break and summer destress tests. The tests were performed to assess requirements established by current continuously welded rail destressing policies and procedures of major railroads.

Track Panel Shift.—Published a joint report with the AAR covering TLV demonstration and fundamental tests of track panel shift. This work showed the ability to perform controlled stationary, in-motion, and repeated passing panel shifts. The effects of ballast and tie type, consolidation, curvature, maintenance, and forces applied were examined. A survey of North American Class I railroad slow orders was also conducted.

Gage Restraint.—Provided technical support to the RSAC Working Group in formulating regulations which made use of the Gage Restraint Measurement System (GRMS). This new technology, has been developed under FRA R&D for track inspection against wide gage derailments, has been successfully demonstrated, and has gained wide industry acceptance. Similar systems based on this FRA developed prototype have been acquired by at least two major railroads and continue to be used for locating areas of track with weak or unsafe gage restraint. FRA's longer range GRMS testing continued on a range of railroad operations including short lines and regional railroads to ensure that crosstie replacements are being installed in areas of maximum risk for wide-gage derailments from weak ties.

Heavy Axle Loads.—Completed a third phase of a cooperative program with the industry to address the safety of heavy axle loads in which FAST train operations have generated 100 MGT. Various research publications were completed in the following areas: rail grinding, rail fatigue, remedial methods to correct track substructure instability, tie and fastener performance, vehicle/track interaction performance, and thermite weld performance.

Rail Steel Integrity.—Work continued at the Volpe National Transportation Systems Center on analytical and test methods to support delayed remedial action for non-critical defects as an alternative testing strategy. Results from this work continue to provide valuable input to a second waiver application to the Office of Safety from a Class I railroad requesting modifications to existing FRA rules on rail defect inspection. Began installation of rail specimens containing known internal defects in the FAST heavy axle load track at TTC to characterize crack growth rates for various defect shapes and sizes as a function of accumulated tonnage and longitudinal mechanical and thermal forces for input to analytical models. The knowledge gained from this multi-year research project that have recently come to fruition will now be employed in devising rail flaw inspection revisit protocols and in generating test procedures for assessing rail lubrication and grinding strategies and their influence on the growth of fatigue-induced cracks in the rail head. Collaborated with the railroad industry on completing the construction of a new rail defect test facility at the TTC in which various rail samples, with known internal defects, were installed for testing purposes. The facility has been used to evaluate current inspection equipment and is currently being used to comparatively test at least two new rail inspection technologies.

Vehicle/Track Interaction.—Examined vehicle/track interaction and track-geometry induced wheel/rail forces leading to derailments at both low and high speeds; monitored field tests of commuter rail equipment traversing switches and high curvature track and analyzed results to provide baseline wheel/rail interaction data for the high-speed safety investigation. This included Ridemeter tests over a three-day period to gather data on Metro North Railroad passenger equipment operating at cant deficiencies up to 6 inches on New York State's Empire corridor between New York City and Poughkeepsie, NY.

Wheel Climb Derailments.—Published a joint report with the AAR covering TLV tests and NUCARS simulations of wheel climbs. This work showed the ability to perform controlled steady-state wheel climbs, and to predict similar results using NUCARS. The effects of friction, axle angle of attack, and wheel/rail contact angle were presented.

Wheel & Rail Profile Standards.—Initiated a cooperative research and test program with APTA and with participation from the Canadian National Research Council (CNRC) and the AAR to develop standards for wheel and rail profiles in

commuter and passenger rail operations to reduce derailment risk and assure vehicle/track interaction safety.

Railroad Bridges.—Completed testing, analysis, and reporting for many aspects of a cooperative bridge research program with the AAR. Final reports on timber bridge research include: results of ultimate strength testing of bridge stringers removed from revenue service, results of heavy axle load traffic testing on two timber bridges prior to strengthening, literature review on fatigue aspects of railroad bridge timbers, results of tests on timber bridges strengthened using helper stringers. Also completed is a preliminary report on post-strengthening tests of three laminated timber bridges. Final reports on steel bridge research include: results of HAL traffic testing and fatigue evaluation of a steel truss bridge, and results of longitudinal force tests on a bridge with AC locomotives. The longitudinal force testing has resulted in a revision of the industry design guidelines. It has also prompted further investigations into the effects of high-adhesion locomotives on bridges. Field testing using acoustic emission NDE techniques to determine crack growth rates in steel bridges has been completed.

High-Speed Track at TTC.—Completed destressing of the RTT high-speed test track in Pueblo, Colorado. The track was destressed again in July due to concerns over neutral temperature of the rail measured during installation of insulated joints for the rail break detection system. The track has been consolidated with additional vehicle traffic and will receive final surfacing/lining in September. Final adjustments to catenary height and stagger have been performed. Work has also begun on the development of maintenance, repair, and inspection procedures for the RTT. A broken rail and switch indication system installation for the RTT was also completed by Main Electric, and the system put into operation by Harmon Industries.

Signals & Train Control.—Completed a cooperative screening test program with industry to examine seven new systems for improving loss of shunt for better detection of trains near grade crossings. When operational, each system was able to properly interpret train arrival and departure times. However, all systems experienced a high failure rate of components and sub-systems. Conducted research to develop procedures for testing and evaluating the safety of train control devices and systems.

STATUS OF EARMARK FOR TRAFFIC CONTROL SYSTEM

Question. What is the status of development of the automatic traffic control management and monitoring system for which the conference committee allocated $500,000 in fiscal year 1999?

Answer. FRA has had conversations with the principals of the organization to whom these funds are allocated, and have provided them with a grant application package. Upon receipt of their grant application, FRA will process the grant and obligate the funds for the development of the automatic traffic control management and monitoring system.

STATUS OF EARMARK FOR CARBON COMPOSITES EVALUATION

Question. What is the status of the evaluation of carbon composites for strengthening aging steel railroad bridges for which the conference committee allocated $500,000 in fiscal year 1999?

Answer. FRA met with representatives from the Constructed Facilities Center of the West Virginia University, Morgantown, to discuss the evaluation of the use of composite materials for railroad bridges. Based on the meeting and follow-up discussions, the University is currently preparing a draft grant proposal for submittal to the FRA. In addition, a conference entitled "A CONFERENCE ON POLYMER COMPOSITES: INFRASTRUCTURE RENEWAL AND ECONOMIC DEVELOPMENT" was held during April 19–21, 1999, at Parkersburg, WV, under the auspices of WVU. FRA was represented at this conference. FRA intends to work with the University to encourage partnership with railroads, the supplier industry, and the WVDOT. Experience has shown that partnership will not only leverage additional resources for project completion, but also ensure timely deployment of beneficial research products.

FISCAL YEAR 2000 FUNDING FOR PTC

Question. Is the $500,000 request for the Norfolk Southern/CSX on-board locomotive communications bus the only positive train control initiative requested in the fiscal year 2000 budget? If not, what other funds are requested for PTC, and in what accounts?

Answer. This project is the only PTC initiative requested and funded in FRA's fiscal year 2000 R&D budget. However, FRA is also requesting $10 million for PTC,

in fiscal year 2000, under the High-Speed Rail Initiatives-TF. Specifically, $7 million is requested for the Illinois PTC project and $3 million for the Michigan ITCS project.

FISCAL YEAR 2000 FUNDING FOR SAFETY OF HSGT

Question. Please break down in extensive detail how the $4,400,000 requested on page 97 of the budget justification would be used. Will any of those funds be used to advance the safety of maglev?

Answer. The following table highlights the requested funding by project:

Accident Avoidance	$1,800,000
Infrastructure	300,000
Accident Survivability	1,400,000
HS Test Support	500,000
HSR Safety Support	200,000
HSR Environmental Issues	200,000
Total	4,400,000

None of the funds requested in fiscal year 2000 will be used to advance the safety of maglev.

FUNDING FOR FULL-SCALE RAIL PASSENGER CAR CRASH TESTS

Question. If further funds are provided by the Appropriations Committees for full-scale crash testing of rail passenger equipment, would this subaccount be the logical place to fund the project, or is it more logically funded through the equipment, operations, and hazmat subaccount?

Answer. It is more logical to fund the full-scale rail passenger equipment crash test project through the equipment, operations, and hazmat subaccount since that is where the funding for the full-scale crash test was appropriated in fiscal year 1999.

STATUS OF SALE OF RAIL ALUMINUM

Question. What is the status of your proposed sale of old reaction rail aluminum for scrap? What is the estimated worth of this material? How will the sale proceeds be credited?

Answer. The Aluminum Reaction Rail and related components on the PTACV Guideway were reported to the GSA Denver office as property available for sale on February 5, 1999. On February 16, 1999 GSA acknowledged receipt of the report for property sale at TTC and are now in the process of handling the sale. Based on the local scrap Aluminum prices, the net value to FRA could be approximately $200,000 which would be credited to the FRA Task Order 107, TTC Repair and Restoration.

FUNDING FOR T–6 CAR

Question. Does your "list of key inspection technologies targeted for integration on the track research instrumentation platform" on pages 99–100 of the budget justification constitute your response to the Committee's direction to include in the fiscal year 2000 budget justification a "description of FRA's track research vehicle needs, and an analysis of whether FRA could utilize the AAR track research vehicle"? If so, this is an incomplete presentation. Please provide a more responsive reply for the record.

Answer. FRA provided a description/justification for its track research vehicle in its fiscal year 1999 budget request. FRA also confirmed, in the fiscal year 1999 Conference Appeals, that AAR did not plan to buy a research vehicle. As a result, $500,000 was provided in fiscal year 1999, for the T–6 car, and, therefore, these funds are included in FRA's fiscal year 2000 R&D base. Funds will be used to continue the upgrade of the T–6 car. FRA assumed this was a closed issue and therefore, did not resubmit this information in the fiscal year 2000 request.

FRA's research vehicle, the T–6 car, is over fifty years old. It is rapidly deteriorating and thus requiring more frequent repairs and maintenance. It is not suitable for any significant future investments.

Funding is requested for a new research platform to replace the existing and rapidly deteriorating T–6 car. The T–6 car is involved in advancing the technology of track strength inspection and should be differentiated from the T–10 car used by the Office of Safety for routine track geometry only inspection within the ATIP program. If the new research platform is not funded, the FRA will continue with its

inspection technology development efforts but will lack the means of integrating and further testing a number of promising new inspection technologies currently at various stages of development within the overall R&D program.

These technologies include the at-speed and non-contact measurement and inspection of internal rail defects, vertical rail head deflection, wheel/rail profile interface, and subgrade conditions in addition to gage restraint. The new technologies represent advancement in sensor design, signal processing, and computing power which allow for a single vehicle to combine all of these functions. The envisioned track safety inspection platform will significantly accelerate the development of additional performance-based track safety standards. It will also serve as the FRA's yardstick for the approval of waivers or alternate standards that employ some of the new automated track inspection technologies. The goal is to provide FRA and its safety assurance staff with more efficient, reliable, accurate, and capable tools for intelligent and performance-based track safety inspection. Increased line capacity requires that necessary inspections be carried out simultaneously by one vehicle, that they are done at track speeds to avoid impacting scheduled trains, and that they quickly and accurately identify areas that are critical to safety for which remedial action may be required.

The Senate references a research vehicle recently purchased by the Association of American Railroads [AAR]. FRA staff has confirmed in consultation with their AAR counterparts, that there has been no recent acquisition by the AAR, nor are any planned in the near future, of any research vehicle similar to the T–6 or any that can be utilized for the purposes for which the T–6 or its planned replacement is intended. It should be also noted that, in their written commentary to the House Committee on Appropriations, the AAR pointed out the uniqueness of the T–6 as a tool "to assess and develop new technologies for automated track inspection" and has indicated that they "agree that T–6 should be improved".

The AAR has recently purchased a high-rail type vehicle to be mainly dedicated for routine ultrasonic rail flaw inspection of the test tracks at Pueblo. The AAR has also developed over the past 10 years a Track Loading Vehicle (TLV) for the purpose of conducting specialized tests of track strength. FRA has jointly funded numerous test activities with the TLV during that period. Neither of these two vehicles is a substitute for the T–6 for the following reasons:

—Pursuant to its statutory mandate, FRA needs an independent capability to evaluate track conditions, and the equipment used therefor, relative to the established safety standards. This is particularly relevant in the case of gage widening where newly introduced performance-based safety standards would require the FRA to retain a viable T–6 car as a yardstick to guide early implementation and to respond to potential requests for waivers and for further development of alternate performance standards. None of the AAR test vehicles can accomplish this function.

—The T–6 will provide a valuable safety inspection service on a cooperative basis to a wide range of railroads, including regional railroads, shortlines, Amtrak, and other public and government owned operators and commuter rail authorities, which otherwise would have no access to improved inspection technology. This inspection is generally carried out at little or no cost to FRA while providing valuable data to FRA's research and safety programs, in addition to the value gained in preventing potential accidents through identifying hazardous track conditions. The AAR test vehicles are generally dedicated to testing at Pueblo with infrequent revenue track testing primarily on class–1 railroad lines. The majority of rail operators will have no access to any of the AAR's test vehicles either due to their unavailability or cost.

FUNDING FOR HIGH-SPEED RAIL CORRIDOR PLANNING

Question. TEA–21 authorizes $10,000,000 in non-firewall general funds for fiscal year 2000 for high-speed rail corridor planning. Has FRA requested any funds for corridor planning purposes in fiscal year 2000? Have any funds been spent in fiscal year 1998 or 1999 for these purposes? If so, how much was spent, and from which subaccount of the NGHSR program were these funds derived?

Answer. FRA has not requested any funds for corridor planning in fiscal year 2000, nor were any funds included in fiscal years 1998 and 1999.

REQUEST FOR NGHSR

Question. Please present the Next Generation High-Speed Rail Program budget request as it was submitted by FRA to OST and OMB.

Answer. FRA's fiscal year 2000 budget request for the Next Generation High-Speed Rail Program included $26.2 million in the OST and OMB Submissions.

DESIGNATED HSR CORRIDORS—ESTIMATED COSTS

Question. What level of funding does the Federal Railroad Administration estimate will be needed to develop high-speed rail systems in each of the 12 FRA designated corridors in the U.S.? What is FRA's role in developing, promoting or funding these corridors?

Answer. TEA–21 authorizes 11 designated high-speed rail corridors in the U.S. At present, eight corridors have been designated—five under ISTEA and three under TEA–21, as follows:

Corridors Designated under ISTEA

—California Corridor (San Francisco Bay Area—Los Angeles—San Diego);
—Pacific Northwest Corridor (Eugene, OR—Portland, OR—Seattle, WA—Vancouver, BC);
—Chicago Hub Corridor, extending from Chicago, IL to St. Louis, MO; to Detroit, MI; and to Milwaukee, WI. TEA–21 extended this corridor from Milwaukee to Minneapolis; and the Secretary recently announced a new spoke, from Chicago to Indianapolis and Cincinnati.
—Florida Corridor (Miami—Orlando—Tampa); and
—Southeast Corridor (linking the metropolitan areas of Washington, DC, Richmond, VA, Raleigh, NC, and Charlotte, NC). The Secretary has subsequently extended the Southeast Corridor from Richmond to Hampton Roads; from Raleigh to Columbia, Savannah, and Jacksonville; and from Charlotte to Greenville, Atlanta, and Macon.

Corridors Designated under TEA–21

—The Empire Corridor (New York City—Albany—Buffalo, NY);
—Gulf Coast Corridor (Houston—New Orleans—Mobile—Jacksonville, as well as New Orleans—Birmingham); and
—Keystone Corridor (Philadelphia—Harrisburg, PA).

As part of the commercial feasibility study of high-speed ground transportation, the FRA prepared preliminary estimates of the capital investment required to develop the corridors designated under ISTEA (without extensions) and the Empire Corridor to various levels of service. These estimates, including vehicles and fixed plant, were as follows:

CAPITAL COSTS FOR HIGH-SPEED GROUND TRANSPORTATION IN ILLUSTRATIVE CORRIDORS

[FRA Preliminary Estimate—Millions of Dollars [1]]

Corridor	Incremental upgrades (top speeds) (all are non-electrified)				New HSR 200	Maglev 300
	90	110	125	150		
California North/South	1,315	2,915	7,933	8,026	15,795	23,433
Pacific Northwest	598	859	1,233	.....	7,819	13,980
Chicago Hub Network	1,063	1,488	2,439	3,709	12,286	17,788
Florida	547	645	883	.....	4,318	7,055
Southeast Corridor	.....	1,047	.....	.....	6,894	10,311
Empire Corridor	.....	.....	1,932	.....	10,612	11,232

[1] Blanks Indicate No Estimate Was Prepared.

Source: FRA, ''High-Speed Ground Transportation in America,'' Statistical Supplement.

While FRA does not have analogous estimates for two of the three new TEA–21 corridors, the following cost ranges—also taken from the commercial feasibility report—may be of some use:

INITIAL CAPITAL COST RANGES FOR ILLUSTRATIVE CORRIDORS

[In millions of dollars]

Technology/Top Speed	Typical Range of Total Initial Investment per Route-Mile
Incremental 90	$1 to $3.5
Incremental 110	$2 to $5

INITIAL CAPITAL COST RANGES FOR ILLUSTRATIVE CORRIDORS—Continued

[In millions of dollars]

Technology/Top Speed	Typical Range of Total Initial Investment per Route-Mile
Incremental 125	$3 to $5.5
Incremental 150	$4.5 to $7
New HSR	$10 to $45
Maglev	$20 to $50

The 90 and 110 mph incremental upgrading options assume some upgrading of highway-rail grade crossing protective devices, but do not assume the installation of any positive barriers against improper intrusion by motor vehicles onto the railroad right-of-way. By contrast, the estimates for incremental upgrades at 125 mph or above do assume that all grade crossings would be closed, separated, or provided with positive barriers (cf. *High-Speed Ground Transportation for America,* page 5–4).

FRA's report found that many corridors, at many speed levels, would generate positive cash flows from operations that could conceivably be used to finance a portion of the initial capital costs. For details, see Chapter 7 of *High-Speed Ground Transportation for America,* pages 7–21 and 7–22.

The FRA works closely with the States to assist them in planning for improved rail passenger service and to develop high-speed rail service where appropriate. Regular meetings are held with the States under the auspices of the American Association of State Highway and Transportation Officials. FRA continues to attend various meetings with organizations, consortia, Amtrak, and groups interested in high-speed passenger rail service. In fiscal years (FY) 19961997, planning grants were awarded to states for assistance in technical and economic feasibility studies. Planning funds were not appropriated in fiscal year 1998–1999.

Under the Next Generation High Speed Rail Technology Program, the FRA has formed partnerships with the rail industry and States and is providing funding to develop and demonstrate Positive Train Control, a High-Speed Non-electric Locomotive, improved safety devices at grade crossings, and improved track technology.

Under the Grade Crossing Hazard Elimination program, begun under section 1010 of ISTEA and continued under section 1103(c) of TEA–21, FRA has provided funding to States with high-speed corridors to close redundant crossings and make improvements to those that remain.

BENEFITS AND COSTS OF HIGH-SPEED RAIL PROJECTS

Question. Which high-speed rail corridors offer the highest benefit-to-cost ratios? What factors would FRA use to judge the benefits and costs of high-speed rail projects? Will FRA develop a list of funding priorities for high-speed rail projects, and how will this list be tied to the projects' benefits and costs? If not, how can FRA target limited funding to the corridors that offer the most benefits?

Answer. In general, FRA's commercial feasibility study of high-speed rail showed that the 90 and 110 mph upgrading options generate higher ratios of public benefits to cost than more intensive investment levels. Within the 90–110 mph speed range, the Chicago Hub Network, California, and the Pacific Northwest showed particularly high public benefit-to-public cost ratios. See Chapter 7 of *High-Speed Ground Transportation for America.*

FRA's commercial feasibility study used the following factors to produce the public benefit/public cost ratios explained in *High-Speed Ground Transportation for America.*

—Benefit and Cost Categories Used in *High-Speed Ground Transportation for America*
—Benefits to the Public at Large:
  —Airport Congestion Delay Savings
  —Highway Congestion Delay Savings
  —Emissions Savings
—Public Costs:
  —Initial Investment
  —Net Operating and Maintenance Expense
  —Continuing Investments

FRA's study recognized, however, that individual States may perceive various benefits of high-speed rail that might not be considered from a national perspective, e.g., benefits from high-speed rail users, the multiplier effects of job creation from high-speed rail construction and operation—and that it would be perfectly legitimate for the States to incorporate such localized benefits in their own evaluations of transport alternatives.

The only high-speed rail projects for which FRA develops priorities are those that compete for funding under Section 1103(c) of TEA–21, specifically grade crossing hazard elimination. In fiscal year 2000, a total of approximately $20 million ($15 million in FRA's Rail Initiatives Account and $5.25 million in FHWA) is requested for this program.

AMTRAK'S ROLE IN DEVELOPING HIGH-SPEED RAIL CORRIDORS

Question. Describe Amtrak's role in the development of high-speed rail corridors. Outside of Amtrak capital funding, what other potential federal capital funds are available for the necessary infrastructure improvements to designated high-speed corridors? How much does Amtrak plan to spend in fiscal years 1999 and 2000 for capital improvements to designated high-speed rail corridors not within the Northeast Corridor?

Answer. Outside the Northeast, the States are the prime movers in promoting the development of high-speed rail service. Amtrak must become the partner of these States, providing them with the benefit of the Corporation's planning and operational expertise, and sharing in capital investments where such investments are consistent with the goal of eliminating Amtrak's dependence on Federal operating subsidies.

The federal government, in general, does not provide capital funds to develop those projects. The Administration requested $20.5 million in fiscal year 2000 for this purpose. States also have the discretion to use certain Federal-aid highway funds apportioned to them for grade crossing improvements or eliminations on any rail line, including those designated as high-speed corridors. And to the extent that a project can be shown to contribute air quality benefits, conjestion mitigation Air Quality Improvement funds may be eligible. The new loan programs authorized in TEA–21, TIFIA, and RRIF also could provide a source of capital as part of an overall project funding plan.

Amtrak's fiscal year 1999 capital program includes approximately $144 million of investments that would support high-speed service in corridors outside the Northeast. Amtrak is still developing its fiscal year 2000 capital program; therefore, FRA does not yet know the amount management will propose to spend on corridor development next year.

IMPACT OF FOX PROJECT ON OTHER HSR PROJECTS

Question. What lessons has DOT/FRA learned from its experience with the FOX project? Will the demise of the FOX project make it more easy or difficult to develop other high-speed rail corridors? Will FRA analyze the FOX experience to determine whether, in general, the federal government should target its funds to projects pursuing the incremental approach? Will the demise of the FOX project help other projects receive funding that would have gone to FOX?

Answer. The FOX project, with its particular design and funding framework, was unique to Florida. FRA does not believe that its demise will adversely affect the many incremental high-speed rail projects envisioned by other States, or other new high-speed rail projects that may arise in other locales with different market and financing conditions.

Current funds support highway-rail grade crossing safety enhancements in emerging corridors, and, therefore, already target limited components of incremental projects. With regard to more comprehensive investments, FRA believes that each State is in the best position to know which variety of high-speed ground transportation would provide the optimal mix of locally-perceived benefits and costs. For this reason, FRA has no present plans to conduct further, theoretical commercial feasibility comparisons that would substitute the federal government's judgement for that of the States as they evaluate transportation alternatives.

The lesson learned from the FOX project is that strong support from both public and private sources is necessary for capital-intensive projects to be built. The Department had no plans to fund the FOX project so funds are available for the other projects.

MANAGEMENT OF THE NGHSR PROGRAM

Question. The TRB has recommended that FRA strengthen its program management capabilities to speed up and better control the individual projects. How have the management capabilities been strengthened?

Answer. The Next Generation High-speed Rail Program has been shifted organizationally and is now part of FRA's passenger programs organization. This organizational structure provides a more direct link between FRA's efforts at promoting the development and demonstration of advanced technologies and the likely customers for these advanced technologies—specifically, the States and Amtrak.

FUNDING FOR PTC PROJECTS

Question. Assuming that the RABA funds will not be used for PTS and PTC projects, what was the basis of the decision to not request any appropriated funds to advance those technologies? Are there any projects or new approaches that merit federal support?

Answer. The President's budget assumed that RABA funds would be used for such projects and the decision regarding appropriated funds was based on the availability of RABA to fund these high priority projects. We strongly urge the Congress to support the Administration's request for these projects.

IMPACT OF ZERO FUNDS ON ILLINOIS PTC PROJECT

Question. If the requested RABA funding for the positive train control/separation does not materialize, how will that affect FRA's participation in the Illinois positive train control project? How will the project's progress be affected? Could the project continue on a cooperative basis with no additional funding? Are there sufficient unspent funds to cost-share with industry to advance the Illinois project? Please specify the amount of federal funds that are still available to support this project and the sources of these balances.

Answer. Completion of the joint project is planned over a four year schedule, with over 50 percent participation committed from the combined contributions of the Association of American Railroads and the Illinois Department of Transportation. Any delays in FRA funding will be mirrored in contributions of project partners AAR and Illinois DOT, who also require time to request and program matching funding, and will threaten continuation of the joint program.

With $3 million in anticipated Illinois funds in fiscal year 1999, there will have been $23.1 million available to the project: $11.3 million FRA, $5.2 million IDOT, $6.6 million AAR. About $3.4 million will have been expended, for a balance of $19.5 million. Fiscal year 2000 project expenditures are now estimated at over $19 million, including expenditure for the System Design and Integration contractor in three quarters of fiscal year 2000. The plan anticipates major staffing and rapid expenditure rates in the early stages of the contract, to achieve the overall four year project timetable. Suppliers are intensely interested in the SDI award and are being kept informed through project workshops and will receive a Request for Information in late 1999, enabling a rapid start when the contract is awarded.

If the requested FRA fiscal year 2000 funding from RABA is not provided, a one year delay would occur in project completion and much longer delays are likely, threatening program continuity and potentially destroying the cooperative cost-sharing basis on which the project depends.

STATUS OF ILLINOIS PTC PROJECT

Question. For the Illinois positive train control project, please provide an estimate of project costs for fiscal year 2000, and the out-years. Please delineate anticipated cost sharing arrangements among the various partners, being certain to specify federal funds, industry share, and monies provided by the State of Illinois.

Answer. The information follows.

	Prior Year	Fiscal year		Future	Total
		1999	2000		
Federal (47 percent)	10.0	1.3	[1] 7.0	[2] 9.7	28.0
Illinois (20 percent)	2.2	[1] 3.0	[2] 3.0	[2] 3.8	12.0
AAR [1] (33 percent)	1.6	5.0	[3] 5.0	[3] 8.4	20.0

	Prior Year	Fiscal year		Future	Total
		1999	2000		
Total (100 percent)	13.8	9.3	15.0	21.9	60.0

[1] Requested in Federal and State budget requests; contingent on appropriations.
[2] Contingent on future requests and appropriations.
[3] Contingent on matching public sector funding.
[4] AAR is the Association of American Railroads, representing the major freight railroads and Amtrak.

MICHIGAN PTC PROJECT

Question. How does technical progress at the Michigan project relate to and help advance the Illinois project? What are the funding needs of the Michigan incremental train control system (ITCS) high-speed passenger rail demonstration project during fiscal year 2000 and subsequent years? How would those funds be used? If no additional funds are provided for that project, what are the implications?

Answer. The Michigan Incremental Train Control System (ITCS) demonstration project has developed and is proof-testing methods to integrate grade crossing warning systems with the positive train control communications systems. This technique is already being shared with the Illinois joint project team. Use of the PTC communications networks for this purpose, on a proven safety-vital basis, provides marked reductions in the costs otherwise needed to alter the existing grade crossing circuitry to accommodate increased train speeds. A total of $3 million is proposed for the Michigan project in fiscal year 2000. The funding requested in fiscal year 2000 is to complete the safety validation of the 80-mile demonstration territory and to place it in revenue service at speeds above 79 mph, and to begin to conform the Michigan system to the industry interoperability standards developed in the Illinois project. If no additional Federal funding is provided, Michigan and its partners will have to decide if the project merits a higher degree of their participation.

STATUS OF ALASKA RAILROAD PTC PROJECT

Question. What is the status of the Alaska Railroad positive train control demonstration project? Please provide a schedule of project benchmarks and funding history, breaking out funding by federal, Alaska Railroad, and other funding sources.

Answer. The Alaska Railroad Corporation (ARR) has contracted with GE-Harris Railroad Electronics for the first phase of a Positive Train Control (PTC) system which consists of a computer-aided dispatching system. ARR has also upgraded its backbone microwave system and added digital radios to handle the communications requirements for PTC. ARR plans to contract with GE-Harris this year for the development of locomotive on-board hardware and software. Full system testing should take place in 2001. FRA has provided $4 million in fiscal year 1997 and is providing $3 million in fiscal year 1999 for the project. The Alaska Railroad has provided $100,000 in in-kind services so far, and intends to provide $1,500,000 in funding from internal sources this year for the next phase of the project.

FUNDING FOR THE ALASKA RAILROAD PTC PROJECT

Question. What amount of funding for the Alaska Railroad positive train control project was requested of OST and OMB for fiscal year 2000?

Answer. No funding was included in FRA's fiscal year 2000 OST or OMB Budget submissions for the Alaska Railroad PTC project.

STATUS OF VIRGINIA—PENNSYLVANIA PTS PROJECT

Question. What is the status of the second phase of the Manassas, Virginia to Harrisburg, Pennsylvania pilot project that was intended to develop Positive Train Separation (PTS) and what contracts have been signed? Please discuss how this project is advancing the goal of interoperable PTCS. How much federal money has been invested in that project? Is this NGHSR funding, or FRA R&D funding?

Answer. The Norfolk Southern/CSX project team has signed contracts with two suppliers to develop prototype on-board locomotive communications units according to the specifications developed in the first phase of the project. Prototype hardware is expected to be available from the contractors later this year. The NS/CSX project team has also signed a contract with Safetran to develop the first of the software "objects" that will be used to test the prototype on-board busses. The project sponsors believe that this project will advance the goal of interoperable Positive Train Control systems by providing a standard harness that railroads could use to retrofit locomotives to permit them to operate with the wide variety of train control systems

that railroads have in place and are currently developing. This project is developing and proving concepts and capabilities which will be needed in the Illinois joint PTC project. FRA is working with the railroads to integrate the two efforts within the Illinois project. Federal funding in the amount of $1.5 million (from the FRA R&D account) has been invested in this project; the railroads have indicated that they have invested approximately the same amount in this project with in-kind services.

STATUS OF PTC RULEMAKING

Question. Does FRA still plan to conduct a rulemaking to require the use of PTC by Class I railroads? If so, what is the status of that rulemaking? When do you expect to issue such a rule? If not, what type of rulemaking is contemplated?

Answer. FRA is promoting the implementation of PTC through a broad range of actions that include deployment of the Nationwide Differential GPS network, funding of technology demonstration and deployment, and development of safety standards for processor-based signal and train control technology ("PTC performance standards"). In addition, FRA is supporting the railroad industry before the FCC to insure that radio frequencies are available for PTC. FRA has asked the Railroad Safety Advisory Committee (RSAC) to review the steps needed to deploy PTC, and a report from the RSAC working group is expected within the next few weeks. This report will be forwarded to the Congress, and the working group will continue its efforts by addressing issues such as compatible railroad operating rules for PTC, human factor issues related to various PTC architectures, liaison with ongoing PTC development projects, and other issues.

The RSAC is studying the costs and benefits of PTC and the manner in which risk is distributed over the national rail network, as a basis for considering the implications of a potential mandate of PTC systems. In addition, the RSAC is preparing proposed PTC performance standards that will create a predictable environment in which investments in PTC technology can be made with confidence. FRA is urging the RSAC working group to conclude its efforts regarding proposed PTC performance standards this year.

PROGRESS ON INSTALLING PTC SYSTEMS

Question. Please provide an update on what progress has been made by the railroads in installing positive train control systems. What has been done since last year, and how many of the major railroads have installed these systems? What new projects are planned for fiscal year 2000?

Answer. FRA is aware of three railroads in the process of installing positive train control systems at this time. This work will continue into 2000. Amtrak is installing both the vehicle and track-mounted portions of the Advanced Civil Speed Enforcement System (ACSES) on the Northeast Corridor between New Haven and Boston and will be extending the installation to the remainder of the Northeast Corridor. New Jersey Transit is equipping all trackage it owns (338 route miles), first with automatic train control and subsequently with a more advanced system which will be interoperable with the Amtrak ACSES system. The Alaska Railroad is upgrading the dispatch system and communications for its entire main line (over 400 miles) preparatory to installing a communications-based Positive Train Control system.

FRA is not aware of any new starts of complete positive train control systems planned for fiscal year 2000. However, the major freight railroads and equipment suppliers are moving forward with key investments which will underpin the eventual widespread deployment of positive train control systems. The major freight railroads are planning to invest more than $100 million to upgrade the computer-aided dispatch systems in their central control centers with new-generation equipment designed for compatibility with positive train control. Both major freight locomotive manufacturers are focusing their new generation locomotive control systems to be fully compatible with PTC installation, subject to satisfactory completion of the necessary safety verification process. Over the past decade, railroads have worked with wayside signal suppliers to apply digital radio to replace aging wirelines on poles along the track. In many cases, the new systems make use of the standards developed in the industry's earlier Advanced Train Control System (ATCS) project, and this investment too will facilitate the deployment of new train control systems. Overall, in addition to the demonstration programs, the industry continues to commit major resources to lay the groundwork for ultimate deployment of positive train control systems.

STATUS OF PTC REPORT

Question. What are the status and preliminary findings, if any, to date of the study requested by the Committee on the interoperability of PTC systems?

Answer. The conferees did not fund a separate study of interoperability because the joint Illinois PTC project will include, within its scope, the development of interoperability standards (H. Rept. 105–825 at 1428). Working with Illinois project team, the Association of American Railroads (AAR) is currently developing information necessary to produce industry standards. FRA is closely monitoring this effort, which is scheduled to reach completion by the end of calendar 1999.

In addition, FRA had tasked the Railroad Safety Advisory Committee (RSAC) with development of a status report on progress toward development and deployment of PTC systems. An important part of that effort has been consideration of the role of interoperability among PTC systems. At the April meeting of the Data and Implementation Task Force of the PTC Working Group, the task force finalized instructions for the report on a consensus basis. FRA will provide copies of this report to the Committee and will keep the Committee apprised of the status of the AAR standards development process.

STATUS AND FUNDING FOR PROTOTYPE LOCOMOTIVES

Question. The fiscal year 1998 Act provided $4,800,000 for work on prototype locomotives, including: (a) research on flywheel turbine technology; (b) development of non-electric locomotive concepts; and (c) evaluation of the potential of the recently developed locomotive car bodies at speeds of 150 miles per hour. Please describe the progress in each of these three areas of research. In fiscal year 1999, this effort received an appropriation of $7,000,000. How are you using the fiscal year 1999 funds in each of those areas? How will the fiscal year 2000 request of $3,000,000 be used? What specific contracts have you signed in each of these three areas since last year? Please state the purpose of each relevant contract along with the fiscal year 1998 and fiscal year 1999 funding amount for each contract.

Answer. The flywheel effort, being pursued by the University of Texas Center for Electromechanics, will construct the first "Megagenerator" and the first full-scale flywheel rotor. The non-electric locomotive concept efforts, as well as the 150-mph qualified car bodies, are incorporated in the construction of a prototype turbine-powered locomotive by Bombardier Transit Systems, Inc, in a 50–50 cost sharing partnership with FRA. The first prototype locomotive is now under construction at Bombardier's Plattsburgh, NY plant, and is scheduled to operate in the year 2000.

The $7 million (Federal funds) modification to the existing Cooperative Agreement between Bombardier and FRA was signed on April 28th, bringing the total investment in the project (Federal and Bombardier) to $20 million. The existing project cooperative agreement was initiated in fiscal year 1998 with $3 million of Federal funds and $3 million of cost sharing by Bombardier. The fiscal year 2000 request for $3 million fully funds the Federal share of the original project estimate of $26 million.

Fiscal year 1998 Federal funding for the Advanced Locomotive Propulsion Systems (ALPS) project which includes the flywheel and Megagenerator being conducted by a consortium led by The University of Texas at Austin was $3.7 million, funded though an Interagency Agreement with the Defense Advanced Research Projects Agency (DARPA) and a DARPA contract with the Southern Coalition for Advanced Transportation of which the university is a member. Additionally, $90K in fiscal year 1998 funds were provided to the Naval Surface Warfare Center to support test planning activities for the Megagenerator. Fiscal year 1999 funds, in support of the ALPS project, will amount to $3.8 million. The award of a $3.4 million cooperative agreement to the University of Texas at Austin is in the final stages. The remaining $400K will be provided to the Naval Surface Warfare Center to perform testing of the Megagenerator.

DESIGN FOR HIGH-SPEED NON-ELECTRIC LOCOMOTIVES

Question. Is the non-electric locomotive program developing a consensus about a common design that could serve several markets and generate sufficient demand? If so, please explain how progress towards that technological accomplishment is evolving. How do the states influence this development?

Answer. Yes. One primary element of synergy is that the new prototype turbine locomotive will be compatible with operations on the Northeast Corridor, since it is adapted from the electric power car used in Amtrak's new Acela trainsets. In addition, Amtrak has begun a high-speed initiative for corridors outside the Northeast Corridor. In the last year, FRA has conducted well-attended outreach meetings in New Orleans, Charlotte, Los Angeles, Chicago, and Washington, DC, in addition to attendance at relevant technical gatherings for state transportation officials such as the Standing Committee on Rail Transportation of AASHTO. Input from state officials is sought at all such meetings. The prototype locomotive development has been

prominently featured, and well received, at all such meetings. The pace of the prototype development and construction has been very rapid. FRA and Bombardier are now planning further outreach efforts to implement an effective demonstration program. States are already expressing interest in hosting demonstration runs of the prototype locomotive, and interest in acquiring production units is growing.

STATUS OF FLYWHEEL (ALPS) PROJECT

Question. What is the status of the flywheel project, and what are the planned activities for fiscal year 2000? How many additional years will be required to complete work on the flywheel project, and how much will this cost? Please provide costs for both development and large-scale testing. What are the cost-sharing arrangements for this project? What is the likelihood that this technology will be commercialized during the next five years?

Answer. The ALPS Project has been re-planned to support the FRA-Bombardier Non-Electric High-Speed Passenger Demonstration Locomotive effort with advanced and enabling technologies. ALPS developed prototype subsystems are planned for introduction into the demonstration locomotive as they become available and as the locomotive test schedule permits. The high-speed generator (Megagenerator) will be the first component delivered. The prototype Megagenerator is currently in the assembly stage, with initial testing scheduled to begin in August 1999. Requested fiscal year 2000 funding will complete the testing and prepare the machine for installation into the locomotive. Schedules for full load testing and final integration preparations show completion in June 2000, so the introduction into the new locomotive can occur at any time after that.

All flywheel component fabrication will be completed, and assembly operations will be approximately 75 percent completed within fiscal year 1999. Fiscal year 2000 activities will include completion of the flywheel assembly, spin testing of the flywheel in the laboratory, revision of the Megagenerator design for use with the flywheel, design of the flywheel power converters which provide the locomotive power system interface, and the identification of a suitable tender car for demonstrating the flywheel. The current schedule envisions completion of the flywheel development and testing in 2001.

Activities through 1998 were cost shared on a 50/50 basis and the project was administered through the National Electric Vehicle Consortium at the Defense Advanced Research Projects Agency. Beginning this year, a cooperative agreement between the University of Texas and FRA is being finalized to complete the project. The project participants (AlliedSignal, the U.S. Navy, and the Association of American Railroads) are providing cost sharing of roughly 25 percent during fiscal year 1999.

Studies conducted indicate that ALPS technologies will provide substantial benefits (improved fuel economy, reduced trip times, reduced maintenance costs) to future non-electric locomotives. After the initial introduction of turbine locomotives, and demonstration of the ALPS technologies; it is believed that its integration into commercial systems will be straightforward and justifiable on economic and performance bases. It is expected that after demonstrations are completed in fiscal year 2001, the products of the ALPS program will be ready for commercial applications.

STATUS OF NDGPS PROJECT

Question. Please bring us up to date on the status of the nationwide differential global positioning system and the FRA's role in that initiative. Provide a funding history, as well as a 5-year schedule of benchmarks, anticipated costs, and anticipated funding sources (please specify which DOT or other federal agencies will be providing funds).

Answer. On March 15, 1999, the Secretary of Transportation and the Commandant of the U.S. Coast Guard announced Full Operational Capability of the Maritime DGPS Service, which provides differential coverage along the coasts, the Great Lakes, and the Mississippi River. At the same time, the Secretary and the Commandant announced the expansion of that Service into a Nationwide DGPS (NDGPS) with the addition of eight operational inland GWEN sites. FRA's role in this initiative is to support the addition of the inland sites and to coordinate their implementation with railroad positive train control projects. FRA was given this responsibility because railroads especially need a continuous, uniform, accurate, high-quality radionavigation signal for new Positive Train Control systems. The Coast Guard will be responsible for the actual construction, operation, and maintenance of the NDGPS. FRA will reimburse Coast Guard from the fiscal year 2000 RABA funds for these services.

The NDGPS project will take 5 years to complete (1998–2002) at an estimated cost of $37 million in capital funding. Once fully implemented, the system is estimated to cost approximately $6.9 million per year to operate and maintain. An allocation of Capital and Operating costs by fiscal year is detailed in the table below:

[In millions of dollars]

Fiscal year	Capital costs	Operating costs
1998	[1] 2.4	
1999	[1] 5.5	
2000	[2] 7.2	[2] 3.2
2001 and beyond	([3])	([3])

[1] Appropriated.
[2] Requested.
[3] TBD.

Based on the funding made available in the fiscal year 1999 Appropriations Act, 12 GWEN sites, including one that was converted at Clark, South Dakota in February of 1999, will be integrated into the NDGPS by the end of fiscal year 1999. The fiscal year 2000 phase of this five-year project will expand the NDGPS by an additional 17 transmitting sites and complete the NDGPS Master Control Station installations at Alexandria, Virginia, and Petaluma, California. The current plan is for the establishment of 16 sites through fiscal year 1999, 17 sites in fiscal year 2000, 22 sites in fiscal year 2001, and 12 sites in fiscal year 2002 for a total of 67 NDGPS stations. As required by Public Law105–66, Section 346, the new sites will all be integrated into the Continuously Operating Reference Station (CORS) and Precipitable Water Vapor System (PWVS) networks operated by the US Department of Commerce.

No decision has been made regarding which Federal agency, if any, will request federal funding to achieve these benchmarks. In addition, many other federal and state organizations see the benefit of the NDGPS service and have offered their support. Examples of this support include: GWEN assets from USAF; TVA staging and storage sites (including environmental analysis); US Army Corps of Engineers real property; and Minnesota DOT real property and environmental analysis. Discussions are continuing with other organizations concerning potential broadcast sites, environmental analysis, and long-term facility maintenance. It is anticipated that as the value of the NDGPS is increasingly understood across the nation, offers to contribute to its establishment will similarly increase.

INTEGRATION OF NDGPS WITH PTC

Question. How is the NDGPS program being integrated with positive train control efforts already underway?

Answer. All modes of transportation need precise positioning information. This information must be in real time and must be accurate to permit safe control of vehicles—trains, ships, aircraft, trucks, automobiles, transit, and emergency response. Intelligent Transportation Systems are being designed to incorporate precise positioning information. Coverage and integrity are important attributes of a positioning system.

Over a 7-year period, railroads experienced at least 876 collisions and other accidents, which fully-implemented communications-based positive train control (PTC) systems would likely have prevented. In fact, the National Transportation Safety Board has listed PTC as one of its "ten most-wanted" initiatives for national transportation safety. FRA proposes to facilitate the deployment of PTC within the railroad industry by completing the installation of a Nationwide Differential Global Positioning System (NDGPS) network, which FRA and several railroads have determined to be a prerequisite for PTC.

In July, 1994, FRA published a report to Congress, entitled *Railroad Communications and Train Control,* as required by the Rail Safety Enforcement and Review Act. In that report, FRA outlined an action plan and time line to advance PTC deployment by the end of the century. FRA indicated that in fiscal year 1997 it would commence rulemaking regarding the installation PTC on identified railroad corridors. That rulemaking has begun and is taking place under the auspices of the Railroad Safety Advisory Committee.

In June, 1995, FRA published another report to Congress, entitled *Differential GPS: An Aid to Positive Train Control,* in response to a request from the Senate and House Appropriations Committees. It concluded that if the Coast Guard's DGPS

service were expanded nationwide, it could satisfy the location determination system requirements for PTC systems. Full nationwide deployment of the Coast Guard DGPS network would significantly aid the development and deployment of PTC systems by providing an affordable, uniform, continuous, accurate, reliable, secure, real-time location determination system throughout the United States.

PTC systems that will use positioning information from the NDGPS are being installed in Alaska, Illinois, Michigan, South Carolina, and Georgia, and are being considered in other areas of the country because of the need to handle growing railroad freight, intermodal, intercity passenger, and commuter rail traffic at higher levels of safety.

STATUS OF NDGPS REPORT

Question. What is the status and major findings of the report on the nationwide differential global positioning system that the Committee directed the Department to submit with the fiscal year 2000 budget justification (page 112, Senate Report 105–249)?

Answer. The draft report has been completed and is in the clearance process. FRA expects to forward the final report to the Committees in June 1999.

FISCAL YEARS 1998—2000 FUNDING OF GRADE CROSSING HAZARD MITIGATION TECHNOLOGIES

Question. Regarding the development of grade crossing hazard mitigation technologies, please prepare a table indicating separately the status, problems, and challenges, along with the fiscal year 1998, fiscal year 1999 and planned fiscal year 2000 FRA investments for each major project in this program.

Answer. The information is contained in the following tables.

	Fiscal year		
	1998 Enacted	1999 Enacted	2000 Request
Sealed Corridor	$2,000,000	[1] $2,000,000	$400,000
Mitigating Hazards	2,500,000	2,500,000	2,500,000
Low Cost HSR Crossing	1,100,000	1,100,000	1,100,000
Total	5,600,000	5,600,000	4,000,000

[1] Includes $1M from TEA–21 and $1M from NGHSR Program.

GRADE CROSSING HAZARD MITIGATION TECHNOLOGIES

	Status	Problems and challenges
Sealed Corridor.	Tests of long gate arms and articulated gate arms are complete and produced reductions of violations of 67 percent and 78 percent, respectively. Significant construction has been completed since the Master Agreement between the Norfolk Southern Railroad and NCDOT was signed April 6, 1998: 4 crossings with four-quadrant gates; 15 crossings with median barriers (with 3 more getting concrete barriers in 1999); 1 crossing with long gate arms with 10 more in design (51 are planned); and 12 crossings closed (4 private), with plans to close an additional 7 crossings.	North Carolina DOT is examining alternate routes between Durham and Raleigh.
Locked Gate at Private Crossing.	Project awarded to NYSDOT under BAA in 1997. Work has involved finding an appropriate site, negotiating with the private land owner and CSX railroad, and other details needed before the demonstration can begin.	No significant issues at this time.

GRADE CROSSING HAZARD MITIGATION TECHNOLOGIES—Continued

	Status	Problems and challenges
Broad Agency Announcement (BAA).	Additional projects are planned for award in fiscal year 1999. Two selected, but not yet awarded, include examining electronic sensors for detecting grade crossing hazards and using advanced video content extraction for detecting obstacles at grade crossings. Awards for these concepts are forthcoming. The BAA is still open and applications are reviewed as they are received.	No significant issues at this time.

STATUS OF TEA–21 FUNDED HSR GRADE CROSSING PROJECTS

Question. What is the status of each of the high speed rail corridor crossing hazard elimination projects under TEA–21 Section 1103(c)? How much contract authority is requested in fiscal year 2000 under current law? How much contract authority is requested under the Administration's budget request? What would be the source of those additional funds?

Answer. Under current law, $5.25 million in contract authority is available in fiscal year 2000. The Administration has requested all of this plus $15 million from the Highway Trust Fund's Revenue Aligned Budget Authority (RABA). The accomplishments of the grade crossing hazard mitigation program, begun under section 1010 of ISTEA and extended under section 1103(c) of TEA–21, are presented in the following table.

ACCOMPLISHMENTS—FISCAL YEARS 1992–1998

[In thousands of dolalrs]

State	Funds rec'd	Accomplishments
California	5,700	To date, 45 crossings have been upgraded, 13 crossings (11 private and 2 public) closed, and 18 proposed for closure. Fresno County has agreed to close two public crossings in exchange for upgrades to 18 additional grade crossings. Five have been upgraded and the remaining 13 will be upgraded over a two year period. The design for a simplified grade separation for farm vehicles (an underpass) in San Joaquin County is complete. Construction is scheduled for Summer, 1999.
Florida	3,700	Nine crossings have been upgraded with median gates, 22 equipped with medians, four with 4-quadrant gates with video monitoring, 3 with gate extensions, and event recorders are planned for all 72 crossings and 26 track control points with radio link to Jacksonville, FL dispatcher. Two event recorders have been installed and the balance are programed for installation in 1999 and 2000.
Illinois	4,725	Demonstration of the Vehicle Arrester Barrier (VAB) has begun at two of three crossings and the third should be operational shortly. Testing and evaluation will last 18–24 months. Preliminary engineering for a grade separation at Chatham with closure of two crossings is underway. In addition, three crossings on the high-speed route have been closed.
Indiana	1,200	One crossing was upgraded with flashing lights and gates, one 4-quadrant gate and eight closures are planned, and funding has been provided for the preliminary engineering for a bridge at Wilson Road, Burns Harbor.

ACCOMPLISHMENTS—FISCAL YEARS 1992–1998—Continued

[In thousands of dolalrs]

State	Funds rec'd	Accomplishments
Michigan	5,175	Three public and 12 private crossings have been closed and an alternate access road constructed, and 36 grade crossings have been upgraded. Installation of median barriers and upgrading additional crossings are in the planning and design stage. This summer, MIDOT and Amtrak will begin closing 16 to 20 private crossings on the Amtrak-owned track segment between Kalamazoo and the Michigan/Indiana state line.
North Carolina	2,830	Four crossings have been equipped with four-quadrant gates, 15 crossings with median barriers (3 more will get concrete barriers this summer), 1 crossing with long gate arms with 10 more in design (51 are planned), and 12 crossings have been closed (4 private). There are plans to close an additional 7 crossings by the end of 1999. Traffic Separation studies have identified up to 13 additional crossings as candidates for closure. A connector road to a new grade separation in Greensboro will begin construction in late 1999, with construction of the grade separation to follow at a later date. When complete, three crossings will be closed.
Oregon	625	Eight crossings in Salem have been upgraded, one median barrier installed, and two crossings have been closed. A work plan to demonstrate a locked gate at a private crossing with control by the railroad dispatcher is being developed.
Virginia	4,245	To date, 36 crossings have been upgraded, 4-quadrant gates planned for one crossing, 4 crossings closed, preliminary engineering for 2 grade separations is complete, and design for one pedestrian bridge is complete.
Washington	3,900	Two date, 18 crossings have been upgraded, 3 closed, and preliminary engineering for one new grade separation is underway. The design for rebuilding one bridge in Kelso, which will eliminate one crossing, is complete and construction will begin later this year. The access road needed to support the closure of two crossings in Cowlitz County is in the design phase.
Wisconsin	100	A study examining a grade crossing in Sturtevant is complete. Five alternative treatments for this site were developed by a consultant's study, including three locations for a grade separation. These alternatives are now being evaluated by the State.
Total	32,200	

STATUS OF GULF COAST CORRIDOR GRADE CROSSING PROJECT

Question. What is the status of the Gulf Coast corridor hazard mitigation project, and is additional funding required for that effort?

Answer. At a news conference on November 18, 1998 in New Orleans, Secretary Slater announced the designation of the Gulf Coast High-Speed Rail Corridor. Present at that meeting were Senator Trent Lott, Governor Kirk Fordice, Meridian Mayor John Robert Smith and New Orleans Mayor Marc Morial as well as other notable guests that heartily endorsed this action and pledged to implement the high-speed rail corridor.

FRA held a kick-off meeting with corridor and state representatives from Louisiana, Mississippi, Alabama and Texas on February 11, 1999 in New Orleans to discuss next steps, funding available and the establishment of an action plan.

The fiscal year 1999 Enacted earmarked $1 million of the fiscal year 1999 TEA21 funds for the Gulf Coast Corridor. The four states of the Gulf Coast Corridor, Texas, Louisiana, Mississippi and Alabama, applied for more than $6.7 million under this program. Section 1601 of the TEA21, "High Priority Projects Program", also contains a 1999 earmark for $1 million of funding for the portion of the high-speed rail corridor in Louisiana. Finally, Amtrak has promised $1 million for the Gulf Coast Cor-

ridor in its 1999–2000 budget and is negotiating uses of those funds now with the Southern Rapid Rail Transit Commission and other corridor representatives. The corridor, however, is almost 1,000 miles in length and has over 1,100 grade crossings. A regular long term funding program to eliminate or upgrade grade crossings, to insure safety, will be required in order to allow for higher speeds on the corridor.

STATUS OF KALAMAZOO TO GRAND BEACH GRADE CROSSING PROJECTS

Question. What is the status of the Kalamazoo to Grand Beach, Michigan corridor, which received an earmark of $250,000 in fiscal year 1999?

Answer. This segment of the Detroit-Chicago high-speed corridor is owned by Amtrak and has an alignment which will allow operating speeds of 110 mph or higher. To date, Michigan has received $5.175 million in grade crossing hazard mitigation funds. Using approximately half of these funds, 36 grade crossings have been upgraded, 3 public and 12 private crossings have been closed with one alternate access road constructed. Using the remaining funds, the state is planning to install median barriers and upgrade additional crossings. MIDOT is in the process of contracting with Amtrak to close 16 to 20 private crossings on the Amtrak-owned track segment between Kalamazoo and the Michigan/Indiana state line. Preliminary work is well underway, and closures will begin this summer. This work is estimated at $966,000.

For fiscal year 1999, the State has applied for $5.5 million to begin design for a grade separation and to close five crossings and upgrade nine crossings, including construction of walls along the railroad right-of-way to prevent trespassing.

Other notable progress in the corridor has resulted from the "Model Community Initiative" program. In Dowagiac, an fiscal year 1994 grant of $600,000 enabled the city to close two crossings of six within the town, and upgrade the warning systems at the remaining four crossings. These funds were also instrumental in leveraging an additional $1,052,340 in federal, state and local funds for the realignment of Depot Road, commercial improvements and renovations to the Dowagiac depot and the adjacent area.

In fiscal year 1995, the Model Community Initiative program used $1 million to close 12 private crossings in Comstock. This funding, along with $800,000 in state funds, was used to complete the closure of these 12 private crossings, one additional public crossing and construct an alternate access road.

STATUS OF MILWAUKEE TO WISCONSIN-ILLINOIS GRADE CROSSING PROJECTS

Question. What is the status of the Milwaukee to the Wisconsin-Illinois border corridor, which statutorily receives $250,000 of the $5,250,000 in section 1103 of TEA–21?

Answer. TEA–21 set aside not less than $250,000 to be available each fiscal year for eligible improvements to the Minneapolis/St. Paul-Chicago segment of the Midwest High-Speed Rail Corridor. Wisconsin DOT has proposed $500,000 to upgrade four crossings between Milwaukee and Chicago with new lights, gates, and constant warning time (CWT) circuits. Minnesota DOT supports this work. Amtrak, which runs 14 trains per day on the line, has indicated that upgrading the four crossings is its highest priority.

Wisconsin and Minnesota have participated in the nine-state Midwest Regional Rail Initiative of which this line is a major segment. Both states are completing the analysis of the requirements to upgrade this line for 110 mph service.

STATUS OF SEALED CORRIDOR PROJECT

Question. What is the status of the sealed corridor project? Why are you proposing a decrease in funding at this time for that initiative? How much do you expect to allocate to the sealed corridor project during fiscal year 1999?

Answer. The planning and installation of median barriers, four-quadrant gate systems, long gate arms and other warning devices continues, as do the efforts to close redundant crossings. With the funding to be received in fiscal year 1999, the demonstration will be extended from Charlotte to Durham and will cover 168 public crossings.

Additional technologies have been tested at Orr Road in Charlotte: long gate arms produced a decrease in violations by 67 percent and an articulated gate (which has a hinge allowing it to fold over on itself) produced a 78 percent reduction in traffic violations. The Video Ticketing project in Salisbury has proven very successful at reducing violations (by 78 percent) and without requiring the passage of special legislation. To date:

—4 crossings have been equipped with four-quadrant gates;

—15 crossings with median barriers (3 more will get concrete barriers this summer);

—1 crossing with long gate arms with 10 more in design (51 are planned); and
—12 crossings have been closed (4 private).

There are plans to close an additional 7 crossings in the next 6 months. Seven Traffic Separation studies are underway to identify additional crossings eligible for closure (perhaps as many as 13).

A connector road to a new grade separation in Greensboro will begin construction in late 1999, with construction of the grade separation to follow at a later date. When complete, three crossings will be closed.

From 1996 to date, $7.58 million has been provided from FRA's Next Generation High-Speed Rail (NGHSR) and Section 1010 (Intermodal Surface Transportation Efficiency Act (ISTEA)) programs. Overall, the State has matched the Federal allocations by approximately 20 percent.

There is $2 million in fiscal year 1999 funds available for Sealed Corridor Initiative: $1 million from the section 104(d)(2) program, the extension of the section 1010 program; and $1 million from the Next Generation High-Speed Rail program. The State is providing $500,000 in matching funds in fiscal year 1999. These funds will enable crossings between Burlington and Durham to be evaluated and treated.

The State is examining alternative routes between Durham and Raleigh. Estimates for completion of the Sealed Corridor between Durham and Raleigh is very roughly estimated to cost an additional $3–4 million, but much work needs to be done to examine the alternative alignments, identify crossings for consolidation and develop plans for treating those that remain. Because of these alignment questions and the studies needed, an allocation of $400,000 will be adequate for the State in fiscal year 2000.

ARRESTER NET PROJECT—NEXT STEPS

Question. What is the next step in the advancement of the arrester net project? What has this project accomplished? Are other communities likely to deploy the technology? What is FRA doing to accomplish that objective?

Answer. The next step for the arrester net project is to complete the demonstration. The arrester net is being demonstrated at three locations on the Chicago-St. Louis high-speed rail corridor:

1. Trunk Rte 35A, near Chenoa, (UP, mp 105.93) Crossing # 290786R
2. US Route 136, McLean, (UP, mp 141.2) Crossing # 290964A
3. Hawthorne St., Hartford, (Gateway Western Railway and UP, UP MP 264.85), Crossing # FAU 8975.

The two sites at Chenoa and McLean have been operating independently since the last week in March, 1999. The site in Hartford is undergoing the final pretests needed before beginning independent operations. The demonstration will continue for 18 to 24 months, and evaluations of the video images recording driver behavior and any impacts, driver surveys and other human factor and mechanical evaluations will be conducted by the University of Illinois.

Future use of the vehicle arrester barrier (VAB) will be determined by the results of the demonstration. The results will include: practicality in terms of reliability, maintainability, and cost of the hardware; susceptibility to vandalism; public acceptance of the concept (both before and after an impact occurs), and railroad acceptance based on whether disruption and delays are created both before and after an impact occurs. Potential delays and disruption, and possibly secondary accidents, could result from the debris after a first vehicle impacts the net. Other factors to be considered are the highway volumes and speed, percentage of large trucks, sight distance and visibility as determined by local weather conditions (such as the tendency for fog at certain times of day). Should the demonstration prove effective, the FRA will work with State DOT's to develop the installation criteria and estimates of funding necessary for their deployment.

STATUS AND FUNDING OF HSR TRACK AND STRUCTURES TECHNOLOGY

Question. Regarding the development of high-speed rail track and structure technologies, please prepare a table indicating separately the status, problems, and challenges, along with the fiscal year 1998, fiscal year 1999, and planned fiscal year 2000 FRA investments. Please include information on each major FRA project in that program.

Answer. The information is contained in the following tables.

	Fiscal year		
	1998 Enacted	1999 Enacted	2000 Request
Track and structures funding		$1,200,000	$1,200,000

TRACK AND STRUCTURES STATUS AND ISSUES

	Status	Issues
Advanced HS Rail Vehicle and Track Monitoring System (Portable on board device for monitoring ride quality with remote communications capability).	Prototype successfully tested. In-service demonstration underway in Pacific Northwest. CALTRANS using to monitor service quality on San Joaquin line.	System greatly reduces costs of FRA-required ride quality monitoring in Pacific Northwest. Methodology to most effectively use detailed information provided by system will be further refined through operational experience.
Evaluation and Demonstration of Techniques to Assure Subgrade Performance for High-Speed Track.	Initial analyses completed, demonstration site selection underway.	Project proceeding as planned. Expected to greatly reduce life-cycle cost of correcting certain types of subgrade anomalies.
Demonstration of HS Track Maintenance Using Objective Gage Strength Data.	First Stage of project completed early CY 1999 on Richmond-Washington corridor. Second stage pending.	Results indicate substantial opportunities to use gage strength data to reduce cost of upgrading and maintaining wood-tie track for high-speed services.
BAA 98–1 project to demonstrate techniques to treat maintenance-intensive subgrade problems.	Concept selected, contract to be awarded shortly.	Could decrease costs of correcting certain types of maintenance problems by as much as 90 percent over current techniques.
BAA 98–1 project to demonstrate techniques to improve ride quality and increase speeds over bridges and other sections of track with large stiffness variations.	Concept selected, contract to be awarded shortly.	Previous work in this area resulted in the successful demonstration of low-cost tie pads which improve ride quality to permit higher speeds over some bridges at minimum cost.
BAA 98–1 project to develop methodology to apply ultrasonic track inspection techniques to high-speed tracks to minimize maintenance costs while assuring safe operations.	Concept selected, contract to be awarded shortly.	No outstanding issues at this time.
BAA 98–1 project to identify components which can be used to upgrade speeds over special trackwork at minimal cost.	Concept selected, contract to be awarded shortly.	No outstanding issues at this time.
Broad Agency Announcement BAA 98–1 to solicit additional proposals in this technology area.	Concept selected, contract to be awarded shortly.	No significant issues at this time.

R&D VS NGHSR HIGH-SPEED RAIL PROJECTS

Question. There would seem to be a natural synergy and overlap between NGHSR's track and structures technology program, and R&D's safety of high-speed ground transportation program. What are the distinctions between these programs? Could the track and structures technology program be integrated into the R&D safety of high-speed ground transportation program?

Answer. Although both programs deal with track and structures issues, the programs have different objectives, different constituencies, and different implementation mechanisms. The NGHSR track and structures technology program is targeted at meeting the needs of states proposing to upgrade existing lines to higher speeds, and to successfully and economically maintain the higher service levels. While safety is always a consideration, to a significant degree the NGHSR efforts target cost effectiveness issues which are outside the purview of the safety-related programs. The primary constituency for the NGHSR efforts is state transportation officials. The primary mechanism for implementation of the NGHSR program is financial assistance grants and cooperative agreements to demonstrate worthwhile new technologies. Of course, as with all NGHSR program efforts, new technologies will succeed only if they are consistent with the needs of all partners participating in the incremental corridor upgrades, including safety, and including the needs of freight railroads which often own, operate, and maintain the corridors.

Although the corridors are operated by the freight railroads, it is important to note the nationwide trend toward states contributing major capital amounts for corridor maintenance and improvement. A single example: CALTRANS contributed almost $100 million to upgrade the infrastructure of the Union Pacific route between Sacramento and Oakland, in exchange for the right to operate five additional passenger roundtrips per day in the increased line capacity resulting from the improved signal system and eliminating longstanding traffic bottlenecks. The NGHSR technology development effort is targeted at increasing the resulting performance and/or reducing the total required investment of these scarce dollars.

In contrast, the objective of the safety of high-speed ground program is to assure that high-speed operations are safe. In this regard, a primary constituency of this program element is FRA's Office of Safety which requires technical support to assess new technologies and to underpin necessary rulemakings, such as the revised Track Safety Standards which now address operations at speeds over 110 mph. The program implementation mechanism is primarily contracts and work with technical resources such as the Volpe Center. One element of providing technical support capability is to have adequate technical support facilities, including the proposed high-speed test car which will be available to conduct safety research tests and assessments in the higher speed environment. As many new high-speed initiatives are undertaken, often utilizing new equipment designs, track-train dynamics issues will arise with very high visibility and very high priority to resolve. The success of implementing the new high-speed programs will depend on FRA's ability to quickly and effectively deal with such issues. This can be accomplished only if resources are provided targeted for this purpose.

In summary, the two programs are significantly different and will be most effective if the present program structure is retained.

MAGLEV PROGRAM

Question. Does the Administration seek to continue implementing the provisions specified in TEA–21 for the planning, development, and implementation of maglev projects? If not, please explain, and further justify the proposed transfer of funds requested from the maglev program to the advanced vehicle technology program?

Answer. The Administration shares with Congress the ultimate goal of deploying cost effective magnetic levitation systems. However, the Administration does not propose to continue implementing the provisions of Section 1218 of TEA–21, the Maglev Deployment Program beyond fiscal year 1999. The preponderance of research, including FRA's analysis, indicate that Maglev systems are not currently cost-effective, and cost-justified. Therefore, the President's fiscal year 2000 Budget proposes $20 million appropriation of RABA funds to initiate an intensive research program to refine existing technology and develop new American technology to reduce the capital costs of maglev deployment. The two operational high-speed maglev systems that have been developed to date, those of Germany and Japan, can cost from $20 to $50 million dollars per mile. The proposed research would be directed toward significantly reducing the cost of a maglev project, making it more feasible under the Maglev Deployment Program. Meanwhile, the $20 million in contract authority under TEA–21 is proposed to be transferred to advanced vehicle technology program.

MAGLEV ADMINISTRATIVE COSTS

Question. In fiscal year 1999, $500,000 of the total $15,000,000 maglev program was made available for FRA's administrative expenses and technical assistance. Please specify exactly how these funds are being spent in fiscal year 1999. Assuming that the TEA–21 maglev contract authority funds will not be transferred to the ad-

vanced vehicle technology program, what are the maglev program administrative needs in fiscal year 2000?

Answer. Of the $500,000 earmarked for administrative and technical assistance, $225,000 was allocated to the Volpe National Transportation Systems Center (VNTSC) to provide analytical support to FRA for the administration of the Maglev Deployment Program. The VNTSC has considerable experience from previously funded maglev initiatives. The remaining balance will be used for contract support in technical monitoring and reporting on the States and authorities selected to prepare Project Descriptions.

At least $2,000,000 in administrative funding would be needed in fiscal year 2000 to continue an adequate level of contract support from VNTSC and other contractors, and to lay the groundwork for the approval of the technology within safety parameters.

STAFFING FOR THE MAGLEV PROGRAM

Question. Were any new positions associated with the maglev administrative funding? If so are these part of the additional FTE request?

Answer. None of the $500,000 in maglev administrative funds authorized for fiscal year 1999 is being used to fund new positions.

EARMARK FOR BLACKSBURG, VIRGINIA MAGLEV PROJECT

Question. Funding for the Blacksburg, Virginia maglev project was conditioned upon the financial participation of the Commonwealth of Virginia. Has the State committed to providing the required one-third match? Will a reprogramming be necessary to free up these funds for another maglev applicant?

Answer. FRA has not received an application for a project in or near Blacksburg, Virginia. The House and Senate subcommittees staff have advised FRA that the funds may be allocated to other maglev applicants, in accordance with FRA procedures, without further action by Congress.

STATUS OF PHILADELPHIA TO PITTSBURGH MAGLEV PROJECT

Question. Please update the Committee on the status of the Philadelphia to Pittsburgh high-speed intercity magnetic levitation project, which received $5,000,000 in fiscal year 1999. Have these funds been released to the Commonwealth of Pennsylvania or another designated public authority?

Answer. FRA has received an application for a preconstruction planning grant from the Port Authority of Allegheny County. The grant will support a 45 mile maglev line, linking Pittsburgh Airport to Pittsburgh and its eastern suburbs, as the initial segment of a Pittsburgh to Philadelphia system. The Federal Railroad Administration is in the process of negotiating a cooperative agreement with the Port Authority of Allegheny County to conduct the preconstruction planning activities and will release funds once the agreement is signed.

FISCAL YEAR 1999 APPLICATIONS FOR MAGLEV FUNDING

Question. As of February 16, 1999, the Federal Railroad Administration had received eleven applications for preconstruction planning grants from states or authorities designated by states. Of these eleven, has any project subsequently withdrawn its application?

Answer. An application from the University of Alabama at Huntsville has been withdrawn, and an application from the City of Birmingham, Alabama was never completed. The Huntsville application supported a line between Huntsville and Decatur, Alabama, representing the first phase of a 350–400 mile system, connecting Memphis, TN with Atlanta, GA.

RATING, SELECTION AND FUNDING OF MAGLEV PROJECTS

Question. Has the FRA convened a rating committee to recommend the most meritorious projects to the Administrator? When will these be selected and announced? How many projects will receive fiscal year 1999 funds? What will the grant amounts be?

Answer. The FRA Administrator appointed a six person Rating Committee to review, score, and rate the applications that were received by FRA for preconstruction planning grants. The applicants have been selected and the process should be completed by the week of May 17. Details regarding the grant amounts will be available after the Secretary announces his decision and FRA has negotiated with the applicants.

STATUS OF THE RHODE ISLAND RAIL DEVELOPMENT PROJECT

Question. Please provide a funding history of the project, detailing funding sources, amounts, and project benchmarks, by fiscal year, from the project's inception to completion.

Answer. Funding for the Rhode Island Project began in fiscal year 1995 when Congress appropriated $5 million for the Freight Rail Improvement Project (FRIP). An additional $23 million was appropriated between fiscal years 1996 and 1999 in the following annual amounts: fiscal year 1996—$1 million; fiscal year 1997—$7 million; fiscal year 1998—$10 million; and fiscal year 1999—$5 million. Through fiscal year 1999 a total of $28 million has been appropriated. An additional $10 million is requested in fiscal year 2000 for a total of $38 million. The Federal commitment is $55 million.

In the November, 1996 elections, Rhode Island voters approved a bond referendum, the proceeds of which would be used by the state to satisfy the dollar-for-dollar matching requirement of the Rhode Island Project.

Benchmarks or milestones for the Project include:

—March 1995: RIDOT and FRA sign a grant agreement which obligates the first $5 million of Federal funds.

—May 1998: Administrators Wykle of the Federal Highway Administration, and Molitoris of the Federal Railroad Administration sign the environmental record of decision for the Freight Rail Improvement Project.

—November 1998: Amtrak and RIDOT sign the Track 7 construction agreement.

—April 1999: Construction of 5 miles of replacement track scheduled to begin and continue for 15 months.

—April 2000: Construction of the third track scheduled to begin and continue for 18 months.

—Bridge construction packages 1 through 5b scheduled to be awarded during the first eight months of 2000.

—Summer of 2001: All bridge construction packages scheduled to be completed.

—Fall of 2001: High and wide rail operations authorized.

COMPLETION DATE OF THE RHODE ISLAND RAIL PROJECT

Question. When is the estimated date of completion for this rail access project? What is the 2000 and outyear funding and construction schedule?

Answer. RIDOT estimates that the FRIP will be sufficiently completed by the Fall of 2001 to allow high and wide rail operations to begin. Estimates of cash outlays continue through the second quarter of fiscal year 2001, an indication that a limited amount of construction, and final contract payments, will occur beyond the start of rail operations.

Through fiscal year 1999, $28 million of Federal funds have been appropriated leaving a balance of $27 million to complete the Federal commitment of $55 million for the FRIP. If the Administration's fiscal year 2000 budget request of $10 million is appropriated the balance will fall to $17 million. Exactly how much of this remainder is requested for fiscal year 2001 and 2002 is to be determined.

COORDINATION OF RHODE ISLAND RAIL AND NEC PROJECT

Question. Please describe how the ongoing work on the Rhode Island freight corridor is coordinated with the Northeast Corridor electrification and track work between Providence and Quonset Point/Davisville. Is there a possibility that freight track construction that extends beyond the Northeast Corridor completion will interfere with Amtrak operations?

Answer. Acknowledging the need for careful coordination between construction activities associated with the Freight Rail Improvement Project and Northeast Corridor track and electrification work, RIDOT decided to contract directly with Amtrak for all its track work. This arrangement will allow Amtrak to make all decisions with regards to material procurement, construction planning, and train operations to the ultimate benefit of both projects. At present it appears that FRIP construction will not begin until all work that is critical to the start of high-speed service in late 1999 has been completed. For this reason, construction of a third track and other capacity enhancements will extend beyond the start of high-speed passenger service. It is doubtful that this work will interfere with Amtrak operations for three reasons: Amtrak, because it is responsible for both operating its trains and coordinating FRIP construction, will schedule work to avoid interferences; much of the FRIP track work will be adjacent to the Corridor mainline but not directly on it; and, because current plans anticipate a more gradual introduction of high-speed service than earlier plans, there will be greater flexibility in scheduling track construction.

FISCAL YEAR 2000 FUNDING LEVEL FOR RHODE ISLAND RAIL PROJECT

Question. The State of Rhode Island is requesting $15,000,000 in fiscal year 2000 for the freight improvement project (FRIP); the Administration's request is for $10,000,000. Please discuss the relative merits of funding this project at both requested levels. What could be the effect of funding the project at $5,000,000, the fiscal year 1999 enacted level?

Answer. Fiscal year 2000 funding needs for FRIP will, to some extent, be determined by how quickly Amtrak completes the electrification and related high-speed service projects, and is able to reassign its resources to track 7 and third track construction. The $10 million request in the President's budget would be consistent with the current schedule for completion of the FRIP. Rhode Island's request might permit acceleration of the schedule, but FRA has not had an opportunity to review the State's new plan. A drop in the appropriation to $5,000,000 may cause additional delays if it prevents the timely ordering of long lead materials.

AMTRAK'S FUNDING HISTORY

Question. Please provide a funding history, by fiscal year, of Amtrak's federal appropriations and other federal funds from the Corporation's creation to present.

Answer. The information of Amtrak's Federal appropriations including the Northeast Corridor Program follows:

Amtrak Federal Appropriations Including the Northeast Corridor Program

Fiscal year	*(Millions of Current Dollars)*
1971	40.0
1972	170.0
1973	9.1
1974	140.0
1975	276.5
1976	659.1
1977	800.7
1978	1,116.0
1979	1,234.0
1980	1,223.4
1981	1,246.3
1982	905.0
1983	895.0
1984	816.4
1985	711.6
1986	602.7
1987	624.0
1988	607.5
1989	603.6
1990	629.1
1991	815.1
1992	856.0
1993	891.1
1994	908.7
1995	972.0
1996	750.0
1997	843.0
1998	594.0
1999	609.2
Total	20,549.1

AMTRAK'S NET OPERATING LOSSES BY YEAR

Question. Please provide a table displaying Amtrak's net end-of-year operating losses, by year, from the Corporation's creation to present.

Answer. Amtrak's net end-of-year operating losses by fiscal year are as follows:

Net Operating Loss

Fiscal year	*($ Millions)*
1971 (Year end 12/31)	92
1972 (Year end 12/31)	151

Fiscal year	*($ Millions)*
1973 (Year end 12/31)	159
1974 (Year end 12/31)	273
1975 (Year end 12/31)	353
1976 (Year end 9/30)	343
1977 (Year end 9/30)	537
1978 (Year end 9/30)	582
1979 (Year end 9/30)	620
1980 (Year end 9/30)	27
1981 (Year end 9/30)	179
1980–1981 Adjustment	[1] 41
1982 (Year end 9/30)	795
1983 (Year end 9/30)	805
1984 (Year end 9/30)	763
1985 (Year end 9/30)	774
1986 (Year end 9/30)	702
1987 (Year end 9/30)	699
1988 (Year end 9/30)	650
1989 (Year end 9/30)	665
1990 (Year end 9/30)	703
1991 (Year end 9/30)	722
1992 (Year end 9/30)	712
1993 (Year end 9/30)	731
1994 (Year end 9/30)	[2] 1,077
1995 (Year end 9/30)	808
1996 (Year end 9/30)	764
1997 (Year end 9/30)	762
1998 (Year end 9/30)	[3] 353

[1] This adjustment was due to a change in Amtrak's method of accounting for track structure depreciation which had the effect of increasing net losses for fiscal years 1983, 1982, and 1980–81 by $35 million, $24 million, and $41 million, respectively.
[2] Includes $244 million of one-time expenses.
[3] Offset of $577 million of TRA receipts, including interest earned.

AMTRAK'S NET END OF YEAR DEBT

Question. Please provide a table displaying Amtrak's net end-of-year debt load, by fiscal year, from the Corporation's creation to present.

Answer. Amtrak's net end-of-year debt loads by fiscal year are as follows:

[In millions of dollars]

Fiscal year	Not Federally-guaranteed debt	Federally-guaranteed debt [1]	Total debt
1971	0.7		0.7
1972	7.1		7.1
1973	30.9	78.6	109.5
1974	76.6		76.6
1975	107.1	377.8	484.9
1976	132.5	608.9	741.4
1977	169.7	624.8	794.5
1978	146.5	761.6	908.1
1979	113.3	859.3	972.6
1980	92.3	1,175.8	1,268.1
1981	78.9	1,703.2	1,782.1
1982	68.7	2,155.1	2,223.8
1983	6.5	2,531.9	2,538.4
1984	13.2	3,010.6	3,023.8
1985	22.2	3,175.4	3,197.6
1986	23.8	3,248.4	3,272.2
1987	22.7		22.7
1988	35.9		35.9
1989	126.5		126.5
1990	183.8		183.8
1991	288.0		288.0
1992	418.8		418.8

[In millions of dollars]

Fiscal year	Not Federally-guaranteed debt	Federally-guaranteed debt [1]	Total debt
1993	492.3		492.3
1994	770.3		770.3
1995	837.0		837.0
1996	987.0		987.0
1997	1,336.4		1,336.4
1998	1,637.9		1,637.9

[1] This debt was forgiven in fiscal year 1987.

LOANS MADE TO AMTRAK

Question. Please list the loans made to Amtrak in fiscal year 1998 and thus far in fiscal year 1999 (through March 31). Please include information on the lending institution, amount of loan, repayment period, and interest rate.

Answer. The list of loans made by Amtrak during that period is as follows:

[Dollars in millions]

Lender/Lessor	Description	Amount	Term (Years)	Interest rate (Per year)
Fiscal year 1998:				
First Union National Bank	Capital Lease 1(17 P–42 Locomotives)	44.2	17	5.9
Riverfront Development Corporation	Capital Lease (Operations Center)	6.8	20	7.0
Wabash National Finance Corporation	Capital Lease (20 mail vans)	0.6	9	6.0
Wabash National Finance Corporation	Capital Lease (94 inter-bogies)	2.3	9	6.0
Wabash National Finance Corporation	Capital Lease (250 aluminum vans)	5.9	9	6.0
Wabash National Finance Corporation	Capital Lease (16 coupler mates)	0.5	9	6.0
Wabash National Finance Corporation	Capital Lease (8 RoadRailer vans)	0.3	9	6.0
State Street Bank and Trust Co. of Connecticut	Capital Lease (50 Greenbriar cars)	3.8	15	5.6
State Street Bank and Trust Co. of Connecticut	Capital Lease (200 Trenton boxcars)	16.7	18	6.4
State Street Bank and Trust Co. of Connecticut	Capital Lease (50 Viewliner cars)	96.5	20	5.6
First Union National Bank	Capital Lease (8 GE dual mode locomotives)	32.0	17	4.7
First Union National Bank	Capital Lease (2 F–59 locomotives)	4.4	20	5.6
First Union National Bank	112 Superliner cars	250.3	17.5	6.7
Export Development Corp. & MBK Rail Finance Corporation (of Japan)	High-speed trainsets financing	221.6	20	([1])
Export Development Corp. & MBK Rail Finance Corporation (of Japan)	High-speed facilities financing	37.3	20	.....
Fiscal Year 1999 (through March 31):				
Export Development Corp. & MBK Rail Finance Corporation (of Japan)	High-speed trainsets—additional draws	25.8	20	([1])
Export Development Corp. & MBK Rail Finance Corporation (of Japan)	High-speed trainsets—additional draws	29.6	20	([1])
First Union National Bank	Capital Lease (19 F–59 locomotives)	42.8	20	5.6
Wabash National Finance Corporation	Capital Lease (4 inter-bogies)	0.1	9	6.0
New York Air Brake Corporation	Capital Lease (5 simulators)	1.0	5	4.3

[1] LIBOR (6 mos) Plus 75 bp.

REVISED CAPITAL DEFINITION—IMPACT ON QUALIFIED EXPENSES

Question. Is it accurate that, if Amtrak were to have the same qualified expenses as the definition applied to projects funded by the Federal Transit Administration, payment of interest and principal on obligations for acquisition, upgrading, and maintenance would not be an eligible expense?

Answer. If Amtrak's capital grant were to have the same qualified expenses as the definition applied to projects funded by the Federal Transit Administration, the payment of the principal portion on obligations for the acquisition, upgrading and maintenance would continue to be an eligible expense. It is FRA's view that the FTA definition would supplement, but not replace, the generally accepted accounting principals' (GAAP) treatment of capital. GAAP views the principal portion of debt service for obligations associated with capital investment as a capital expense. It should also be noted that the discussion above applies only to Amtrak's capital grant and not to funds made available to Amtrak under Section 977 of the Taxpayer Relief Act of 1997, which are covered by their own statutory definition of qualified expenses.

EXTENSION OF FISCAL YEAR 1999 CAPITAL DEFINITION

Question. The fiscal year 1999 appropriations legislation permits Amtrak to expend its appropriated funds on maintenance of existing equipment as well as for capital improvements, consistent with eligible uses of Taxpayer Relief Act funds. Absent similar report language in the fiscal year 2000 bill or the accompanying House, Senate, or conference reports, will Amtrak be legally authorized to extend that use of appropriated funds for maintenance of way and maintenance of facilities?

Answer. The President's budget request for fiscal year 2000 proposes that Amtrak be given the same flexibility in spending its capital grant as provided to transit grantees, including for maintenance of way and maintenance of facilities. It is the long standing position of the Administration that Amtrak can act in accord with such a proposal contained in the President's grant request absent a statement rejecting the proposal in the Appropriations Act or the accompanying House, Senate or conference reports.

FRA VS AMTRAK'S FISCAL YEAR 2000 FUNDING REQUEST

Question. The Federal Railroad Administration has sent up a request for $570,976,000 for fiscal year 2000 and the Amtrak legislative request is for a total of $571,000,000. What accounts for the $24,000 difference.

Answer. In testimony before the House Transportation Appropriations Subcommittee, Amtrak's President indicated that the Corporation merely rounded the Administration request to the closest $100,000 and that Amtrak could live with $570,976,000.

MAXIMUM AMOUNT FUNDED UNDER PROPOSED CAPITAL DEFINITION

Question. If the Federal Transit Administration's expanded capital definition were applied to Amtrak capital, what is the maximum amount of the $571,000,000 in the fiscal year 2000 request that could be used for: maintenance of equipment, maintenance of facilities, and maintenance of way? (Please break out your response by category.)

Answer. Amtrak has indicated to FRA that the Corporation's total maintenance expense in fiscal year 2000 will total approximately $481 million. Of this amount, $304 million would be for maintenance of equipment, and $177 million for maintenance of way. If the Federal Transit Administration's expanded capital definition were applied to Amtrak capital, any and all of these expenses could be funded from Amtrak's capital grant; however, Amtrak does not intend to fund all of these expenses from its capital grant. Amtrak's current strategic business plan projects that approximately $362 million of the capital grant would be used for maintenance expenses, which have been traditionally funded from sources other than Amtrak's capital grant.

FEDERAL TRANSIT ADMINISTRATION

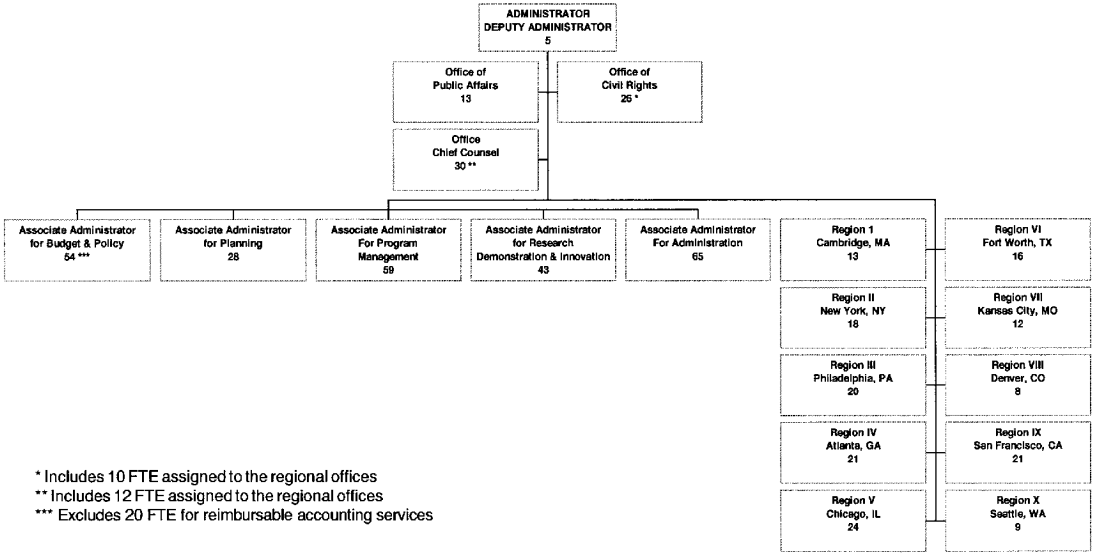
QUESTIONS SUBMITTED BY SENATOR SHELBY

ADMINISTRATIVE EXPENSES

Question. Please prepare an organizational chart for the Federal Transit Administration, showing the office structure and regional office locations, as well as the current number of FTE currently assigned to each office.

Answer. The information follows:

FEDERAL TRANSIT ADMINISTRATION
Full-Time Equivalent Assigned



* Includes 10 FTE assigned to the regional offices
** Includes 12 FTE assigned to the regional offices
*** Excludes 20 FTE for reimbursable accounting services

April 22, 1999

BILL LANGUAGE PROVISIONS

Question. In the fiscal year 1999 appropriations act, $800,000 is transferred from Oversight funds to the DOT Inspector General for costs associated with the audit and review of new fixed guideway systems. In the fiscal year 2000 budget request, FTA proposes to reimburse the Inspector General using funds from within the general administrative expenses account, for audits and investigations of all transit-related issues and systems. Why the proposed change in source of, and use of, these reimbursed funds? Why is the proposed amount increased from $800,000 to $1,700,000?

Answer. The expectation is that OIG's activities will be expanded beyond transit mega-projects to general oversight of grantees, therefore increased funding is needed. The change in funding from Oversight to Administrative Expenses is intended to maximize the funds available for FTA oversight activities.

BUDGET ACTIVITY INCREASES

Question. Please justify the increases proposed in the following areas: communications, utilities and miscellaneous charges ($1,728,000 to $2,154,000); other services ($3,948,000 to $6,909,000); and equipment ($635,000 to $986,000).

Answer. Telecommunications have increased $623,000 from fiscal year 1998 to fiscal year 1999 because of the implementation of our Transportation Electronic Award and Management (TEAM) System. We expect that these charges will increase $426,000 from fiscal year 1999 to fiscal year 2000 as more grantees come on-line and FTA moves to a "paperless" grant making process.

TELECOMMUNICATIONS—OBJECT CLASS 23

(In thousands of dollars)

	Fiscal year 1998	Change—1998 to 1999	Fiscal year 1999	Change—1999 to 2000	Fiscal year 2000
Telecommunication:					
Local & Long Distance	472	214	686	65	751
Local & FTS	455	227	682	57	739
TEAM—Network Infrastructure Upgrades	.....	100	100	.....	100
Network Infrastructure Upgrades (TASC)	.....	50	50	300	350
Mail/Messenger-Postage	58	34	92	1	93
Mail/Messenger-Postage—(TASC)	96	13	109	3	112
Rental—Other Equipment	24	−15	9	.....	9
Total 2300	1,105	623	1,728	426	2,154

The $1,936 million increase from fiscal year 1998 to fiscal year 1999 is due primarily to $1.1 million in Y2K compliance costs and $250 thousand needed for the Contracting-Out Study required by Section 3032 of TEA–21. Since some of the same activities are funded from both the 25.2 line item Other Services and 25.3 line item Purchases of Goods and Services from Government Accounts, it is clearer to view the entire line item 25 as shown in the following table:

OTHER SERVICES—OBJECT CLASS 25

(In thousands of dollars)

	Fiscal year 1998	Change—1998 to 1999	Fiscal year 1999	Change—1999 to 2000	Fiscal year 2000
Audit and Financial Reviews Services	.....	.....	.....	1,700	1,700
Building management:					
Guard service, health services, repairs, etc	513	69	582	6	588
TASC management services (e.g. library)	556	−21	535	8	543
Contracting Out Study	.....	250	250	−250	.....
DOT Drug and Alcohol Office	52	.....	52	3	55
Maintenance and Repair	80	30	110	5	115

OTHER SERVICES—OBJECT CLASS 25—Continued

(In thousands of dollars)

	Fiscal year 1998	Change—1998 to 1999	Fiscal year 1999	Change—1999 to 2000	Fiscal year 2000
Financial Systems:					
Accounting System Conversion	.....	.....	.....	200	200
Operations and Maintenance	508	−31	477	209	686
Credit Checks	20	−10	10	1	11
Grants Systems:					
GMIS/TEAM	1,149	795	1,944	771	2,715
PDD63	.....	.....	.....	300	300
Contractor Support (service, Help Desk, etc.)	1,063	−13	1,050	715	1,765
Human Resources Information System	315	−15	300	2	302
LEXIS/NEXIS	30	.....	30	2	32
Meeting support (e.g. State Programs, TEA–21, etc.)	37	10	47	.....	47
Security Investigations	10	.....	10	2	12
Training:					
Honors Attorney	20	.....	20	2	22
Civilian Training (gov)	242	57	299	260	559
Y2K Compliance:					
Financial systems	.....	100	100	−80	20
Grants systems	.....	1,000	1,000	−900	100
TOTAL	4,595	2,221	6,816	2,956	9,772

Equipment costs increase significantly from fiscal year 1998 to fiscal year 1999 to fiscal year 2000. This is the result of new equipment purchases to meet the needs of Y2K and the implementation of TEAM.

EQUIPMENT—OBJECT CLASS 31

(In thousands of dollars)

	Fiscal year 1998	Change—1998 to 1999	Fiscal year 1999	Change—1999 to 2000	Fiscal year 2000
Equipment:					
Information Technology Equipment [1]	35	365	400	.....	400
Office	20	80	100	.....	100
Office Equipment	15	20	35	51	86
Electronic Commerce	.....	100	100	300	400
Total 3100	70	565	635	351	986

[1] Includes Y2K and TEAM.

STAFFING

Question. The FTA has proposed increasing the FTE level from 485 to 495 in fiscal year 2000. Please break out these staffing increases by title, grade, and projected starting dates, including where each position will be located.

Answer. The information follows:

FEDERAL TRANSIT ADMINISTRATION FISCAL YEAR 2000 HIRING PLAN

OFFICE	TITLE	GRADE	EOD DATE
Office of Planning	Community Planner	GS–9/11/12	1/01/00

FEDERAL TRANSIT ADMINISTRATION FISCAL YEAR 2000 HIRING PLAN—Continued

OFFICE	TITLE	GRADE	EOD DATE
	Community Planner	GS–11/12	1/01/00
	Financial Specialist	GS–9/11/12	7/01/00
Region 1	General Engineer	GS–11/12/13	1/01/00
Region 2	General Engineer	GS–11/12/13	1/01/00
Region 3	Community Planner	GS–9/11/12	7/01/00
Region 4	General Engineer	GS–11/12/13	1/01/00
	General Engineer	GS–11/12/13	7/01/00
Region 5	Community Planner	GS–11/12	1/01/00
Region 6	Community Planner	GS–11/12	1/01/00
Region 8	Trans. Program Specialist	GS–11/12/13	7/01/00
Region 9	General Engineer	GS–11/12/13	1/01/00
Region 10	Trans. Program Specialist	GS–11/12/13	7/01/00
Office of Program Management	Trans. Program Specialist	GS–12/13	1/01/00
	Trans. Program Specialist	GS–12/13	7/01/00
	General Engineer	GS–11/12/13	4/01/00
	General Engineer	GS–11/12/13	4/01/00
Office of Budget and Policy	Program Analyst	GS–12/13	7/01/00
Office of Research Demons. & Innovation	Trans. Program Specialist	GS–12/13	7/01/00
	Trans. Program Specialist	GS–12/13	7/01/00
TOTAL (20 Positions)			10 FTE

Question. Please provide a table similar to the one found on page 1246 of the House fiscal year 1999 hearing record, part 4, detailing FTA's FTEs for fiscal years 1998, 1999 on-board, estimated end-of-year, and 2000 proposal.

Answer. The information follows:

FEDERAL TRANSIT ADMINISTRATION FULL-TIME EQUIVALENT (FTE)

Organization	Fiscal year—				
	1997 Actual FTE	1998 Actual FTE	1999 On-Board FTE	1999 Projected FTE	2000 Proposed FTE
Headquarters Offices:					
Administrator	5	6	5	5	5
Public Affairs	11	11	13	13	13
Chief Counsel	33	32	27	30	30
Budget and Policy	53	48	51	54	54
Civil Rights	24	25	26	26	26
Administration	67	69	65	65	65
Research, Demons and Innovation	44	42	43	43	43
Program Management	56	57	56	59	61
Planning	27	25	28	28	30
Subtotal HQ	320	316	314	323	327
Regional Offices:					
Reg 1, Cambridge, MA	14	13	13	13	14
Reg 2, New York, NY	19	18	18	18	19
Reg 3, Philadelphia, PA	20	20	19	20	20
Reg 4, Atlanta, GA	19	21	21	21	22
Reg 5, Chicago, IL	21	22	24	24	25
Reg 6, Fort Worth, TX	15	16	16	16	17
Reg 7 Kansas City, MO	11	9	12	12	12
Reg 8, Denver, CO	7	7	8	8	8
Reg 9, San Francisco, CA	20	20	21	21	22
Reg 10, Seattle, WA	10	9	9	9	9
Subtotal Regions	156	155	161	162	168

FEDERAL TRANSIT ADMINISTRATION FULL-TIME EQUIVALENT (FTE)—Continued

Organization	Fiscal year—				
	1997 Actual FTE	1998 Actual FTE	1999 On-Board FTE	1999 Projected FTE	2000 Proposed FTE
Total FTA	476	471	475	485	495

Question. How many FTE are fully funded in fiscal year 1999 and 2000? How many are authorized?

Answer. The FTA has 485 FTE authorized and fully funded in fiscal year 1999, and requests funding for 495 authorized FTE in fiscal year 2000.

Question. What positions are vacant at this time (indicate office, title, salary range of each vacancy). What are FTA's plans for filling these vacancies in fiscal year 1999?

Answer. The information follows:

FEDERAL TRANSIT ADMINISTRATION FISCAL YEAR 1999 HIRING PLAN

OFFICE	POSITIONS	SALARY RANGE	EOD DATE
Chief Counsel	Attorney Advisor, GS–15	$80,658–$104,851	5/10/99
	Paralegal Specialist, GS–11	40,714–52,927	5/10/99
	Attorney Advisor, GS–14	68,570–89,142	4/12/99
	Attorney Advisor, GS–14	68,570–89,142	4/12/99
	Paralegal Specialist, GS–11	40,714–52,927	5/10/99
	Attorney Advisor, GS–14	68,570–89,142	4/26/99
Budget & Policy	Clerk (OA), GS–4/5	19,849–28,868	4/12/99
	Budget Analyst, GS–12/13	48,796–75,433	5/10/99
	Systems Accountant, GS–13/14	58,027–89,142	4/26/99
	Program Analyst, GS–12/13	48,796–75,433	6/13/99
Administration	Staff Advisor, GS–9/11/12	33,650–52,927	5/10/99
	Procurement Analyst, GS–11/12/13	40,714–75,433	4/26/99
Research & Innovation	Transportation Systems Manager, GS–14/15	68,570–104,851	6/13/99
	Transportation Program. Mgr., GS–15	80,658–104,851	6/13/99
	Transportation Program Mgr., GS–13/14	58,027–89,142	4/26/99
Program Management	Trans. Safety and Security Spec., GS–7/9/11	27,508–40,714	6/13/99
	General Engineer, GS–11/12/13	40,714–75,433	4/12/99
	Trans. Program Specialist, GS–13/14	58,027–89,142	3/28/99
	Trans. Program. Specialist, GS–7/9/11	27,508–40,714	5/10/99
Planning	Supervisory Community Planner, GS–15	80,658–104,851	5/24/99
	Financial Specialist, GS–9/11/12	33,650–63,436	4/26/99
	Realty Specialist, GS–11/12/13	40,714–75,433	4/12/99
	Community Planner, GS–9/11/12	33,650–63,436	4/26/99
Region 2	Supervisory Transportation Specialist, GS–14	68,570–89,142	4/26/99
	Community Planner, GS–9/11/12	33,650–63,436	4/26/99
	Community Planner, GS–9/11/12	33,650–63,436	4/26/99
Region 3	Community Planner, GS–9/11/12	33,650–63,436	4/26/99
Region 6	Community Planner, GS–12/13	48,796–75,433	5/10/99
Region 8	Community Planner, GS–7 (Student)	27,508–35,760	8/01/99
Region 9	Trans. Program. Specialist, GS–12/13	48,796–75,433	5/24/99
Region 10	Community Planner, GS–11/12/13	40,714–75,433	5/10/99

TOTAL POSITIONS—31.

Question. What was FTA's request for its salaries and expenses account to OST (both in terms of budget authority and FTE)? What was OST's request for FTA's salaries and expenses account to OMB? What was OMB's passback and FTA's appeal?

Answer. The following chart shows the FTA request and appeal figures for the Administrative Expenses account:

SALARY AND BENEFITS

[Dollars in millions]

	FTA Request	OST Request	OMB Passback	FTA Appeal	OMB Final Passback
Budget	$42	$42	$40	$42	$41
Authority FTE	505	505	490	505	495

INFORMATION TECHNOLOGY

Question. What is the status of FTA's efforts to convert the current automated accounting system (DAFIS) to a new automated accounting system that better interfaces with FTA's other information systems?

Answer. The total planned cost of all activities related to accounting system conversion is $300,000 to be phased in over a 2-year period, beginning in fiscal year 2000. This approach allows for the integration of communications software into the hardware environment, training of staff, implementation of the ORACLE Financials application platform, and travel.

Phase	Target Completed	Description/Milestone	Amount
1	Fiscal year 2000	Provides the acquisition of labor resources, hardware, integration of software, and implementation in Budget and Financial Management Office.	$200,000
2	Fiscal year 2001 And beyond	Provides the acquisition of labor resources for feeder system integration with ORACLE platform.	100,000

Question. On pages 31–34 of the budget justification, you describe the components of the requested $2,750,000 increase for information technology. Please present this list of activities in priority order, and justify why each project is necessary in fiscal year 2000.

Answer. The information follows:

ACTIVITY	JUSTIFICATION	AMOUNT
TEAM Application Enhancements	To complete 250 of the 850 service requests needed for the new system.	$750,000
Telecommunications	To expand capacity to handle high volume of electronic processing.	300,000
Presidential Directive Decision 63	To protect critical infrastructure cyber systems essential to FTA operations.	300,000
Accounting System Conversion	FTA is required to transition to the new Departmental Accounting System.	200,000
Contract Support for Financial Systems	To maintain existing technology for financial management activity.	200,000
Electronic Commerce	Required by the National Defense Act of 1998 and become Y2K compliant.	300,000
Contract Support for Office Automation	To maintain FTA's corporate database and other automated systems.	700,000

Question. FTA's Oversight Tracking System will replace the Triennial Review Information System. What is the status of the Oversight Tracking System? Was it completed by the end of fiscal year 1998, as planned? Is the new system operational?

Answer. The Oversight Tracking System has replaced the Triennial Review Information System and became operational in the fall of 1998. The oversight software program has been installed in all ten regional offices and headquarters. All oversight program staff and consultant contractors have been trained. The 1999 oversight review data are being directly recorded in the oversight tracking system as reviews are performed.

Question. Please provide a schedule and cost accounting for each major phase, both completed and planned, for the electronic grant making and management sys-

tem. Please delineate the amount and source of funds necessary to complete this activity.

Answer. On November 2, 1998, the FTA introduced the Transportation Electronic Award and Management (TEAM) system. This Y2K compliant system, which features the client server technology, replaces the EGM&M system with a 3rd generation of business practices and processing. All funding specified below is to be derived from the administrative expenses account.

Costs in the out-years will be higher since additional licensing and training costs will be necessary as grantee users increase. These future costs increases will be accommodated within the guaranteed funding levels in TEA–21.

TEAM FUNDING REQUIREMENTS

[In thousands of dollars]

Activity	Fiscal year 1999	Fiscal year 2000
Transition/Implementation	1,200	.....
Operations/Maintenance	.....	1,500
Application Enhancements	.....	750
Equipment	.....	200
Telecommunications	100	100
Total	1,300	2,550

Question. What burdens could FTA's move toward a "paperless office" and electronic grant filing place on smaller transit grantees, who may not have access to sophisticated computer technology? Has this issue been raised by any of FTA's customers?

Answer. The FTA move towards an electronic grant process places a minimum burden on smaller transit grantees that may not have the technology to process grants electronically. The grantees are only required to have Y2K compliant hardware with dial-up capabilities in order to access FTA's electronic system. To minimize the burden on our grantees, the FTA has absorbed the major portion of the application processing cost. In fiscal year 1991, FTA implemented "paperless" drawdown requests where grantees requested funds electronically and received their disbursements from FTA electronically as well. At that time, many grantees, especially the smaller operators, did not have the necessary office automation equipment for electronic funds transfers. A number of the grantees said later that the electronic disbursements gave them the justification they needed to convince their boards to approve purchase of office automation equipment. For those grantees that chose not to purchase office automation equipment, FTA entered the appropriate data into our ECHO system on behalf of the grantees. Over time, more and more grantees have purchased office automation equipment, so that only about a dozen grantees still use hardcopy forms to request their drawdowns. We expect that the paperless TEAM grant process will parallel our experience with the ECHO system where more and more grantees will purchase appropriate office automation equipment over time. We will of course continue to process hardcopy paper grants for those grantees that are unable to take advantage of the TEAM system, until they are able to do so. Office automation hardware and software continue to be eligible capital expenses under the Federal transit program, and with the increased guaranteed funding available under TEA–21, the burden of purchasing updated computer equipment should be less burdensome for our grantees. For those grantees that do convert to TEAM, we will provide a full range of technical support services.

NEW PROGRAMS

Question. Please provide a general description of each of FTA's four major new programs: (1) Job Access and Reverse Commute Program, (2) transit system fleet replacement of alternative fueled buses, (3) the Joint Partnership Program, and (4) the International Mass Transportation Program. What is the statutory authorization and funding for each of these programs? What is the time frame for establishing the programs, developing regulatory guidelines, program implementation, and distributing grant funds for each program? What staff's support is associated with each program? Are new staff required; have these staff been brought onboard?

Answer. (1) The statutory authority for the Job Access and Reverse Commute Program is Section 3037 of TEA–21. The program was announced in the Federal Reg-

ister on November 6, 1998, and 266 applications were received. An additional headquarters staff person is requested in fiscal year 2000. Evaluation of applications is complete, and formal grant applications are expected during May 1999, with most awards by the end of fiscal year 1999. FTA Headquarters and regional staff have been intimately involved in both program development and implementation activities. All proposals were initially reviewed by the regional offices. Each regional office also has designated one individual as the official regional welfare-to-work contact. Finally, we anticipate that the regional offices will administer and monitor Job Access and Reverse Commute grants. FTA has not positioned specific regional office staff positions to administer the program.

(2) The statutory authority for the Clean Fuels Formula Grant Program is 49 U.S.C. Section 5308, established by Section 3008 of TEA–21. The legislation established a capital formula grant program for purchase or lease of clean fuel buses or related facilities or equipment. In the fiscal year 1999 appropriations, the $50,000,000 of funds designated for this program in TEA–21 was transferred to the Bus and Bus Facility Grants portion of the appropriation for Section 5309 Capital Investments Grants and Loans. All of the bus capital investment projects were earmarked. FTA staff drafted implementation guidelines for a Notice of Proposed Rulemaking for the Clean Fuels program, but the urgency for pursuing the Notice diminished when no funds were made available for the program in fiscal year 1999. FTA is considering whether or not to proceed with the Notice of Proposed Rulemaking or technical guidance in support of clean fuel bus projects that might be included in the fiscal year 2000 appropriations.

(3) The statutory authority for the Joint Partnership Program (JPP) is Section 3015 of TEA–21, which establishes a new 49 U.S.C. Section 5312(d), Joint Partnership Program for Deployment of Innovation. The JPP, following the model established by the Defense Advanced Research Project Agency's "other transaction" authority under 10 U.S.C. Sections 845 and 2731, was established and announced in the Federal Register on October 2, 1998. No separate funding was authorized. FTA funding for JPP projects will come from other eligible funding sources including specific annual appropriations. Thirty initial concept proposals were received. A two-step evaluation of those applications is underway, and formal assistance applications may be requested during the summer 1999, with some awards possible by the end of fiscal year 1999. FTA Headquarters staff have been intimately involved in both program development and implementation activities. A new position has been established to coordinate the JPP, and recruitment to fill the position is underway. An additional staff position needed for the JPP is included in FTA's fiscal year 2000 request.

(4) Section 3015 of TEA–21 creates a new Section 5312(e) in Title 49, United States Code, which authorizes the Secretary of Transportation to inform the United States domestic mass transportation community about technological innovations available in the international marketplace and to undertake activities that may afford domestic businesses the opportunity to become globally competitive in the export of mass transportation products and services. FTA will issue a Federal Register notice in May 1999 describing the objectives of the program and implementation activities. No grant funds are to be distributed under the program. An International Program Manager was hired in March 1999, and FTA has requested one additional program staff for fiscal year 2000.

REGULATORY REQUIREMENTS

Question. According to a white paper prepared by the Community Transportation Association of America, many statutes and regulations first drafted to protect the private sector from potential adverse impacts are now used to artificially protect the public sector, and inhibit the ability of public transportation services to be provided in a responsive, cost-effective, responsible fashion. Please discuss the assertion that the federal transit program is full of many outdated regulatory requirements.

Answer. The Community Transportation Association of America's paper refers to several statutory provisions of the Federal Transit laws and other Federal laws and asserts that these protect the public sector and inhibit innovation. Specifically, they refer to the private sector protection provisions, the New Model bus testing requirements, the charter bus restrictions, the school bus restrictions, and the interstate motor carrier registration requirements. The goals of these provisions vary, however, none would appear to protect the public sector. In fact, the provisions on private sector protection, charter bus, and school bus services all are intended to protect private transportation providers from unfair competition from transit operators using equipment purchased with Federal assistance.

The private sector provisions require localities to consider having transit services provided by private operators to the maximum extent feasible. FTA has made efforts to streamline its enforcement of this provision, and relies on the local planning process to make these decisions. The school and charter bus provisions prohibit FTA funding recipients from providing exclusive school bus services, and from competing with private charter bus operators where they are willing and able to provide the service. FTA has streamlined its rules governing these provisions as well. The New Model Bus Testing provisions require manufacturers to have any new model buses tested at a national facility on the basis of a set of uniform performance tests. This is a consumer-protection program, designed to provide the local transit agency with information on the quality of buses before they are purchased, and was instituted in response to complaints from the transit industry about the unreliability of buses being offered for purchase with Federal assistance. The motor carrier registration requirements are part of the Office of Motor Carrier Safety's program and apply to any provider of interstate transportation, public or private.

FTA is always seeking to ensure that the Federal requirements it administers are addressed in a cost-effective manner. In addition, we are continually reviewing our statutory mandates, and can propose changes during reauthorization of our program.

OVERSIGHT

Question. Does the budget request assume the fully authorized takedown amounts for oversight activities? Please detail the authorized takedown levels for both formula and capital investment grants for fiscal year 2000, and the amounts requested in the budget.

Answer. Yes, the budget request assumes the fully authorized take-down amounts for oversight activities.

Question. Are oversight tasks performed by FTA staff, or are they contracted out the private sector? What legal restrictions are placed on contracting out oversight activities?

Answer. Oversight is performed by FTA with assistance from its contractors. 49 U.S.C. 5327 only allows Oversight funding to be used for making contracts. Oversight includes overseeing major capital projects and providing safety, procurement, management and financial compliance reviews, and audits.

Question. Please provide the names of contractors, their geographic location, annual and total costs of contracts, and a short description of each contract, for each PMO contract let in fiscal year 1998 and thus far in 1999.

Answer. There were 15 new PMO contract awards planned for fiscal years 1998 and 1999 and 14 awards have been completed. This list does not include non-PMO activities such as Financial Management Oversight and Procurement Review. All contracts have the same short description as follows: "Provide Project Management Oversight (PMO) Services on FTA Capital Projects". The total and annual cost of each contract is provided in the chart below:

Contractor/Geographic Location	Total Costs of Contracts	Annual Costs of Contracts	
		Fiscal year 1998	Fiscal year 1999
Centennial Engineering, Inc., Arvada, CO	$10,585,422	$670,248	$441,009
Frederic R. Harris, Washington, DC	12,394,675	753,245	500,000
Carter & Burgess, Inc., Ft. Worth, TX	13,005,826	860,392	1,000,000
DeLeuw, Cather & Co., Washington, DC	11,836,275	368,598	677,084
Stone & Webster Transportation Services, Boston, MA	9,843,869	2,000,000	.....
Gannett Fleming, Inc., Camp Hill, PA	12,183,951	.....	1,000,000
Hill International, Newport Beach, CA	11,533,331	.....	2,107,344
Day & Zimmerman Infrastructure, Inc., Philadelphia, PA	10,810,846	.....	1,934,484
STV Incorporated, New York, NY	13,850,585	.....	1,500,000
Daniel, Mann, Johnson And Mendenhall, Baltimore, MD	9,474,885	.....	1,480,000
Sverdrup Civil, Inc., Maryland Heights, MO	11,576,298	.....	1,000,000
Urban Engineers, Inc., Philadelphia, PA	11,353,154	500,000	439,530
Delon Hampton, Washington, DC	12,507,225	.....	1,000,000
Fluor Daniel, Inc., Irvine, CA	10,391,273	.....	1,000,000

Contractor/Geographic Location	Total Costs of Contracts	Annual Costs of Contracts	
		Fiscal year 1998	Fiscal year 1999
Total Costs of 14 PMO Contracts	161,347,615	5,152,483	14,079,451

Question. Please provide a table similar to that found on page 1233 of the House fiscal year 1999 hearing record, part 4, indicating oversight obligations by activity broken out for fiscal years 1996, 1997, 1998, 1999 estimate, and 2000 planned.

Answer. The information follows:

OVERSIGHT OBLIGATIONS BY ACTIVITY

(In thousands of dollars)

	Fiscal year—				
	1996 Actual	1997 Actual	1998 Actual	1999 Enacted	2000 Planned
Project Management Oversight	17,019	3,984	10,198	25,649	18,067
Financial Management Oversight	2,702	2,060	3,533	4,589	3,560
Fare Collection Oversight	199	.....	.....	.....	.....
Turnkey Demonstration	674	.....	.....	.....	.....
Safety Oversight	2,371	2,825	3,000	2,837	4,010
Drug & Alcohol Compliance	1,000	1,750	1,525	1,511	2,200
SAMIS	.....	75	(1)	(1)	(1)
DAMIS	561	.....	.....	(1)	(1)
State Rail Safety Oversight	.....	200	650	550	900
Security Audits	.....	550	825	776	910
Alternative Fuels	.....	250	.....	.....	.....
Procurement Oversight	1,718	1,130	1,588	1,992	1,347
Management Oversight	3,128	13,417	6,216	6,758	6,915
Civil Rights Reviews	586	586	477	962	.....
DBE, EEO, and Title VI	.....	.....	485	870	810
ADA Civil Rights Reviews	.....	.....	.....	.....	900
National Transit Database	1,159	4,308	(1)	(1)	(1)
Triennial and State Management Reviews	.....	4,010	3,959	3,726	3,490
Electronic Grant Making	996	2,000	.....	.....	.....
Planning Compliance	.....	467	995	900	1,345
Rail Control Technology	.....	.....	.....	300	270
Management Oversight	250	.....	.....	.....	.....
Bus Technology	.....	500	300	.....	100
Turnkey Oversight	137	1,546	(2)	(2)	(2)
Total Oversight	27,811	23,416	24,535	41,825	33,899

[1] Funded under National Research and Technology.
[2] Turnkey Oversight is funded under other oversight activities.

Question. What financial management oversight (FMO) reviews were conducted in fiscal year 1998? What FMO reviews are underway or planned for fiscal year 1999? What FMO reviews are planned for fiscal year 2000?

Answer. The following FMO reviews were conducted in fiscal year 1998:

Grantee	Type of Review
Bay Area Rapid Transit District (ext. to the SFO Airport)	On-going Financial Capacity Review.
Birmingham, Alabama	Follow-up System Review.
Cape Ann Transportation Authority, Gloucester, MA	Full Scope System Review.
Des Moines, IA	Full Scope System Review.
Los Angeles County Metropolitan Transp. Authority	On-going Financial Capacity Review.
Massachusetts Bay Transportation Authority (MBTA)	Follow-up System Review.
Milford Transit District (MTD), Fairfield, CT	Full Scope System Review.
National Transit Institute	Full Scope System Review.
Northwestern Indiana RPC (NIRPC) Portage, IN	Full Scope System Review.
Southeastern Pennsylvania Transportation Authority	Follow-up System Review.
State of California Department of Transportation	Full Scope System Review.

Grantee	Type of Review
Wichita, KS	Full Scope System Review

The following FMO reviews are underway or planned for fiscal year 1999:

Grantee	Type of Review
Borough of Pottstown	Full Scope System Review.
Brazos Valley Community Action Agency	Full Scope System Review.
Cape Cod Regional Transit Authority	Full Scope System Review.
City & County of Honolulu	Full Scope System Review.
City of Washington	Full Scope System Review.
Cooperative Alliance for Seacoast Transportation	Full Scope System Review.
Galveston—Island Transit	Full Scope System Review.
Georgia DOT	Full Scope System Review.
Greater Cleveland Regional Transit Authority	Full Scope System Review.
Greenville Transit Authority	Full Scope System Review.
Indianapolis Public Transportation Corporation	Follow-up System Review.
Lehigh & Northhampton Transportation Authority	Full Scope System Review.
Lincoln Transportation System	Full Scope System Review.
Metro (Seattle)	Full Scope System Review.
Minnesota DOT	Full Scope System Review.
Port Authority of Allegheny County	Full Scope System Review.
Regional Transp. Comm. of Washoe County (Reno)	Full Scope System Review.
Shreveport Transit Management, Inc	Full Scope System Review.
Triangle Transit Authority	Full Scope System Review.
U.S. Virgin Islands	Full Scope System Review.
VA Department of Rail & Public Transportation	Full Scope System Review.
Vermont Agency of Transportation	Full Scope System Review.
Bay Area Rapid Transit District (ext. to SFO Airport)	On-going Financial Capacity Review.
Bi-State Development Agency	Financial Capacity Review.
Dallas Area Rapid Transit (DART)	Financial Capacity Review.
Denver Regional Transportation District	Financial Capacity Review.
Los Angeles County Metropolitan Transp. Authority	On-going Financial Capacity Review.
LYNX—Central Florida Regional Transportation Corp	Financial Capacity Review.
Maryland Mass Transit Administration	Financial Capacity Review.
Massachusetts Bay Transportation Authority	Financial Capacity Review.
Memphis Area Transit Authority	Financial Capacity Review.
Metropolitan Atlanta Rapid Transit Authority	Financial Capacity Review.
MTA of Harris County—Houston Metro	Financial Capacity Review.
New Jersey Transit	Financial Capacity Review.
New York Metropolitan Transportation Authority	Financial Capacity Review.
North County Transit District	Financial Capacity Review.
Puerto Rico Dept. of Transportation and Public Works	Financial Capacity Review.
Regional Transp. Comm. Of Clark County (Las Vegas)	Financial Capacity Review.
Sacramento Regional Transit District	Financial Capacity Review.
San Diego Metropolitan Transit Development Board	Financial Capacity Review.
Santa Clara Valley Transportation Authority (San Jose)	Financial Capacity Review.
Tri-County Commuter Rail Authority	Financial Capacity Review.
Utah Transit Authority	Financial Capacity Review.
Washington Metropolitan Area Transit Authority	Financial Capacity Review.

Planned FMO reviews for fiscal year 2000: At this point, FTA has not selected the planned FMO reviews for fiscal year 2000. FTA's annual Risk Assessment Process will assist us in identifying grantees to be reviewed. The Risk Assessment process will be completed in September 1999.

Question. Has the cost of performing FMO reviews increased with the FTA's closer scrutiny of a grantee's ability to manage its financial resources?

Answer. Yes. The number of reviews has increased substantially and consequently the annual cost of performing reviews has increased. However, the cost per review has remained approximately the same. From fiscal year 1991 to fiscal year 1998 the

annual obligations under the FMO program averaged $1.8 million. In fiscal year 1999 the obligations as of March 31, 1999 total $3.1 million. Under the FMO program FTA conducts primarily two types of reviews: financial management systems reviews and financial capacity reviews of grantees with existing or anticipated full funding grant agreements. An average one-time financial management system review cost ranges from $70,000 for a small grantee to $100,000 for a medium-to-large grantee. An average financial capacity review cost ranges from $80,000 for a small grantee to $120,000 for a medium-to-large grantee over approximately a two-year period. For a large complex grantee, such as the Los Angeles County Metropolitan Transportation Authority, the cost was $260,000 from February 1997 to March 1999.

Question. If you were directed to provide the requested $1,700,000 transfer of FTA funds to the OIG from PMO, what activities would you decrease in order to make the funds available?

Answer. FTA would likely reduce the ongoing Oversight activities proportionately among the various FTA oversight programs.

Question. In your justification of procurement oversight activities ($1,350,000), you state that, "These funds will be used to conduct procurement system reviews to determine if grantees' procurement systems meet the requirements of the Common Rule and to advise FTA on the effectiveness of the grantees' procurement systems." What is "the Common Rule?"

Answer. The "Common Rule" is codified at 49 CFR Part 18 and is officially entitled "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments." It is referred to as the "Common Rule" since it is intended to establish uniform, or common, administrative rules for all Federal grants and cooperative agreements with States and local and Indian tribal governments. It basically consists of four sections as follows:

—*General*.—Provides definitions for such terms as cash contributions, equipment, outlays, third party in-kind contributions, and unliquidated obligations, etc.

—*Pre-award requirements*.—Prescribes forms and instructions to be used when requesting grants.

—*Postaward requirements*.—Addresses financial requirements for accounting for the use of Federal funds such as reporting, internal controls, budget controls, allowable costs, audits, and cash management. This section also establishes requirements concerning non-Federal match such as in-kind contributions, valuation of donated services, and program income. This section also addresses procurement requirements including the maintenance of a contract administration system, written code of standards, conflict of interest, prohibition on the use of local preference requirements, and acceptable methods of procurement.

—*After-the grant requirements*.—Spells out requirements for closeouts such as reporting requirements, cost adjustments, and collection of amounts due to grantee.

Where appropriate, each Federal agency may add other requirements that are unique to its grant programs. For example, FTA has added a requirement that prohibits the use of Federal transit assistance to support procurements that use exclusionary or discriminatory specifications.

Question. What are the trigger factors in FTA's annual procurement system risk assessments? Are all FTA grantees' procurement systems assessed on an annual basis, or is there a rolling schedule?

Answer. The Regional Offices on an annual basis conduct risk assessments on all grantees. The risk assessment includes a review of the grantees' grant administration, profile, property management, financial management, and procurement management. Based upon the risk assessment, the Regional Office then selects the grantee and the type of oversight review they recommend to be conducted. For the past three fiscal years, the Regional Offices have recommended approximately 16 procurement system reviews per year.

Question. Please provide under separate cover the FTA's most recent risk assessment of all section 5309 new start grant recipients.

Answer. We will provide the overall risk rating for each Grantee undertaking a section 5309 New Starts project.

Question. Are the procurement system reviews and the management reviews conducted concurrently in a coordinated manner? Are there separate dedicated staff for each type of review? Please describe the intra-office coordination between these two different oversight activities.

Answer. We coordinate all oversight reviews through the Oversight Council and try not to schedule more than one type of review of an individual grantee in a given year. We do have separate headquarters dedicated staff which manage each type of review. In most cases, a Regional staff member attend the review with a contractor.

We have contractors with specific expertise who conduct the actual reviews, prepare the reports and enter the data into the Oversight Tracking System (OTrak).

Question. The PMO budget request includes $270,000 for rail control technology. The description of this oversight activity on page 45 of the justification discusses the technology aspects of this program, but the "safety, procurement, management, and financial compliance" oversight aspects are not clear. Wouldn't this be more appropriately funded within Transit Planning and Research (which includes a $1,000,000 request for this program)? Did FTA consult with the DOT Inspector General to determine if existing statutory language permits the FTA to fund this activity from the PMO program?

Answer. Oversight would take place after program implementation. FTA has worked closely with the Inspector General to resolve any disagreement over the permissible scope of activities funded from the PMO program in general. This new activity will be carried out in strict adherence to the Inspector General's guidance and related Congressional direction.

JOB ACCESS AND REVERSE COMMUTE GRANTS

Question. Why has the Department proposed to delete fiscal year 1999 appropriations language which, consistent with section 3037(l)(2) of TEA21, limits to $10,000,000 the amount of funds that may be set-aside for reverse commute grants?

Answer. An identical provision was included in both TEA–21 and the Fiscal Year 1999 Appropriations Act, and thus the fiscal year 2000 Budget request is consistent with current law. The deletion was suggested as a technical measure since the authorization language makes specific appropriation limitations unnecessary.

Question. To what extent will DOT obligate all fiscal year 1999 Job Access and Reverse Commute program funds by the end of the fiscal year? For the funds that it will receive in fiscal year 2000, what are the Department's time frames for evaluating and awarding additional grants?

Answer. We plan to obligate all but $4,000,000 by the end of the fiscal year. The remaining funds will be for the category of medium and small urbanized areas with populations ranging between 50,000 and 200,000. In that funding category, we received proposals for approximately $17 million, and we expect to award approximately $11 million of the $15 million available in fiscal year 1999.

We plan to announce the fiscal year 2000 Access to Jobs/Reverse Commute program by July 1, 1999. The grant applications will be due October 1, 1999. Allowing five months for the review and evaluation of applications, we expect to announce the selected grantees by March 1, 1999. With more time available to prepare applications and with increased applicant knowledge and experience with the new program, we expect that applications and demand for funding will expand significantly in fiscal year 2000.

Question. Assuming that the $75,000,000 in Revenue Aligned Budget Authority (RABA) funds proposed in the administration's budget request will not be used for the Access to Jobs program, would the department support transferring other guaranteed funds that cannot be obligated to the Access to Jobs program?

Answer. No. While the Access to Jobs program has high priority, we believe it is not appropriate to transfer other guaranteed funds to this program. The transfer of RABA funds was proposed in the spirit of TEA–21 to maintain the balance between highways and transit enacted in TEA–21. The programs proposed for additional funding were those for which it was felt additional resources were justified based on priorities and needs. If RABA funds are not transferred, then the Access to Jobs increase could be funded from non-guaranteed funds, as authorized by Section 5338(h) of Title 49, U.S.C.

Question. When will the FTA publish in the Federal Register its selection of Job Access and Reverse Commute awards? Please provide a list of the fiscal year 1999 grantees, including state, city, grantee organization, amount of grant, and use of funds. Please provide a profile of the grantees—list each grant award by state, city or county, name of recipient, population of target area (urban/rural), amount of grant, activity to be supported by the grant, and the number of individuals to whom transportation services are to be provided.

Answer. FTA plans to announce selected applicants during May 1999. FTA will publish a list of the grant recipients, the amount of the grant, and the activity to be funded at that time.

Question. How many applications did DOT receive in the fiscal year 1999 grant cycle? How much in requested funds is represented by these applications?

Answer. DOT received 266 applications; some consolidated state-wide applications included a number of distinct funding proposals for discrete localities within the state. Funding requests totaled $108,500,000.

Question. Please describe the criteria used in making these grants. To what extent was the Department's criteria able to allow for clear distinctions among the applications? To what extent did DOT use bonus points to break ties among applicants?

Answer. The grant award criteria are drawn directly from the legislation. They include the following:

Coordinated Human Services/Transportation Planning Process and Regional Job Access and Reverse Commute Transportation Plan (25 points)

Each applicant will be evaluated based on the extent to which the applicant:

—Demonstrates a collaborative planning process, including: (1) coordination with, and the financial commitment of, existing transportation service providers; (2) coordination with the state or local agencies that administer the state program funded under part A of title IV of the Social Security Act (TANF and WtW grant programs); (3) coordination with public housing agencies (including Indian tribes and their tribally designated housing entities as defined by the Secretary of HUD) if any, which intend to apply for Welfare to Work Housing Vouchers from the Department of Housing and Urban Development; (4) consultation with the community to be served; and (5) consultation with other area stakeholders.

—Presents a Regional Job Access and Reverse Commute Transportation Plan addressing the transportation needs of welfare recipients and low-income individuals.

Demonstrated need for additional transportation services (30 points)

Each applicant will also be evaluated based on the extent to which the applicant demonstrates:

—in the case of an applicant seeking assistance to finance a Job Access project, the relative need for additional services in the area to be served to transport welfare recipients and eligible low-income individuals to and from specified jobs, training and other employment support services; and

—in the case of an applicant seeking assistance to finance a Reverse Commute project, the need for additional services to transport individuals to suburban employment opportunities.

Extent to which proposed services will meet the need for services (35 points)

Each applicant will be evaluated based on the extent to which:

—The proposed service will meet the need.

—To which the applicant demonstrates the maximum use of existing transportation service providers and expands transit networks or hours of service, or both.

Financial commitments in terms of match and long term sustainability (10 points)

Each applicant will be evaluated based on the extent to which the applicant:

—Identifies long-term financing strategies to support proposed services.

—Identifies financial commitments by human service providers.

—Identifies financial commitments by existing transportation providers.

In addition to these criteria, applicants may earn up to 10 bonus points for proposals such as the following:

Innovative approaches that are responsive to identified service needs.

Use of employer-based strategies.

Linkages to other employment-related support services.

Other strategies that are effective in meeting program goals.

Bonus points were considered in determining each application's final evaluation rating, but it was not necessary to use bonus points to break ties among applicants.

Question. Please describe how the agency has responded to Congressional direction in the statement of managers accompanying the fiscal year 1999 transportation appropriations bill, which directs FTA to "give high priority to applications that address the transportation access needs of counties that are not served or are under served by public transportation systems" when making grants with the funds set aside for non-urban areas.

Answer. DOT has responded to this direction by establishing two of the four basic criteria used in evaluating proposals to address service needs and service effectiveness. These evaluation criteria represent 65 out of a possible 100 points awarded in scoring proposals. Areas without service and with a large proportion of their population qualifying as being low income or welfare recipients would receive a high rating under the needs criterion. Service that would effectively move to fill these transportation gaps would likewise receive a high rating under the service effectiveness criterion.

Question. What types of transportation projects can grantees fund with what may be a low level of funding per applicant?

Answer. Typically, applicants have proposed funding fixed-route service extensions to new job centers or extended hours of service. Additionally, ridesharing programs, guaranteed ride home, special late-night and weekend van and paratransit services have been proposed. Grant applications also include transportation information systems and brokerage projects to assist case workers and individuals in better utilizing existing services. These services have been proposed within the funding guidelines established for major urban, medium urban and rural and small urban areas.

Question. Will FTA approve multi-year grants? How will it assure that multi-year funding does not overcommit the program?

Answer. Applicants may seek multi-year grants. Multi-year Federal support may be necessary in order to create and help mature new transportation/human service partnerships and to allow time to establish the credibility of new services and develop long term funding arrangements among the partners.

In general, it is anticipated that out-year expenses will be funded in subsequent fiscal years rather than awarded in fiscal year 1999. For projects that merit multi-year funding, a letter of intent may be issued to the applicant expressing FTA's intent to continue funding the project in future fiscal years. However, in order to receive additional years of funding, a project must submit a revised application that demonstrates its progress since the previous year and its future goals.

Question. How have the regional offices responded to the challenges of implementing this new program? Were new staff brought on at the regional level to help implement this program? Did FTA staff visit and meet with each applicant?

Answer. FTA regional staff members have been intimately involved in both program development and implementation activities. All proposals initially were reviewed by the regional offices. Each regional office also has designated one individual as the official regional welfare-to-work contact. Finally, we anticipate that the regional offices will administer and monitor Job Access and Reverse Commute grants. FTA regional offices are increasing staffing; however, specific regional staff to administer the program is not requested. While individual field visits were not undertaken in the application stage, the regional offices met and discussed proposals with several interested applicants. In particular, each regional office held a welfare-to-work conference in association with HHS, HUD and DOL that brought together state and local transportation, human service and employment officials to discuss the development of local job access transportation plans and programs.

Question. According to DOT and DOL officials, DOT's Access to Jobs and DOL's Welfare to Work funds cannot be used to help individuals purchase cars. However, many entry level jobs require shift work in the evenings or on weekends, when public transit services are either unavailable or limited. What is the statutory or policy prohibition against use of Access to Jobs and Welfare to Work funds to help individuals purchase cars? Can Temporary Assistance for Needy Families block grant funds be used to help individuals purchase cars? What action would be required to overturn the prohibition against using the DOT and DOL funds for purchase of vehicles?

Answer. The enabling Job Access statute applies all of the Section 5307 requirements to the Job Access and Reverse Commute program. This means that, statutorily, Job Access funds only can be used for purposes that fall under the definition of mass transportation. We have traditionally defined mass transit services as those services available to the public on a regular and continuing basis and that are shared-ride in nature. Paratransit services that are contained within that definition include ridesharing and shared-ride taxi programs. However, private ownership programs do not fall within the definition of mass transportation. It would take specific statutory action to overcome this prohibition. Temporary Assistance for Needy Families (TANF) funds, on the other hand, can be used for this purpose.

Question. In order to evaluate the success of the Access to Jobs program, has the Department established goals or benchmarks against which output data, such as the number of new/expanded transportation services, the number of jobs made accessible, or the number of people using new transportation services can be compared?

Answer. Yes, initially DOT will measure the number of new employment sites reached as a result of Job Access and Reverse Commute grants. In major urbanized areas with populations of 200,000 or more, we expect to average 40 new job sites per grant; in areas between 50,000–200,000 population, we expect to average 15 new sites per grant; in rural and small urban areas with population below 50,000, we expect to average 5 new job sites per grant. A site is characterized by a stop with employers within one-quarter mile.

Question. In total, how many new transit riders (welfare recipients) will be provided services by the fiscal year 1999 Access to Jobs awards? What is the average cost per new transit rider of this program?

Answer. Since welfare recipients and low-income persons are very likely transit users already, it is difficult to project how many will be new transit riders. However, since the services will be new or extended services providing new access to jobs and employment services, Job Access and Reverse Commute Program services most likely will represent new transit rides. These services will be thousands of trips and may range from ridesharing arrangements to fixed-route transit extensions.

We will have better data to determine the average cost per new transit rider once grants are awarded and service begins to new employment sites. We do know that last year SEPTA made a number of service changes to provide access to jobs for city residents. One of these was on SEPTA's Route 68 that operates from South Philadelphia, Broad and Oregon Subway stop to the United Parcel Service (UPS) Air Hub. SEPTA added 13 new one way trips to and from the Broad and Oregon to UPS to meet the demand of new UPS employees. Based on SEPTA reported costs the added expense on the Route 68 service was $216,366 annually. The ridership to UPS was 834 trips per day generating $195,656 in fares. Therefore, the operating cost to SEPTA was $20,710 annually to transport 417 people to jobs at UPS. This is $49 per person a year.

Question. What is the local match requirement for the Temporary Assistance for Needy Families program? Can Job Access and Reverse Commute program funds be used as a local match?

Answer. There is no local match requirement for the TANF program. States must maintain their welfare spending at 80 percent of historic spending levels (or 75 percent if they meet the work participation rates). Job Access and Reverse Commute program funds, and any state funds expended to meet the local match requirement of the Job Access and Reverse Commute program, do not count toward the state's required spending levels. TANF funds can be used as the local match for the Job Access and Reverse Commute program.

FORMULA GRANTS

Question. Please provide a table displaying the state-by-state distribution of the formula program funds within each of the program categories for fiscal year 2000 (as shown on pages 126–127 of Senate Report 105–249).

Answer. The information is provided in the chart below:

FEDERAL TRANSIT ADMINISTRATION, FISCAL YEAR 2000 GUARANTEED LEVEL APPORTIONMENT FOR FORMULA PROGRAMS (BY STATE)

State	Section 5307 urbanized area	Section 5311 nonurbanized area	Section 5310 elderly and persons with disabilities	Total formula programs
Alabama	$12,345,815	$4,601,674	$1,262,364	$18,209,853
Alaska	[1] 7,159,272	686,209	191,850	8,037,331
American Samoa	.....	97,806	52,632	150,438
Arizona	31,278,488	2,014,492	1,112,036	34,405,016
Arkansas	4,808,246	3,678,847	879,566	9,366,659
California	440,827,753	8,978,871	6,874,937	456,681,561
Colorado	34,346,300	1,916,629	860,712	37,123,641
Connecticut	43,412,116	1,738,563	987,472	46,138,151
Delaware	5,819,571	433,730	293,751	6,547,052
District of Columbia	24,133,985	.....	291,511	24,425,496
Florida	136,124,791	5,772,011	4,636,540	146,533,342
Georgia	51,566,541	6,728,137	1,639,325	59,934,003
Guam	.....	278,431	133,754	412,185
Hawaii	21,805,177	755,131	375,895	22,936,203
Idaho	2,842,008	1,523,454	384,869	4,750,331
Illinois	192,661,811	6,172,689	2,994,303	201,828,803
Indiana	30,583,459	5,962,678	1,567,146	38,113,283
Iowa	9,049,807	3,835,253	946,179	13,831,239
Kansas	7,299,329	3,050,822	791,908	11,142,059
Kentucky	15,834,432	5,036,242	1,209,462	22,080,136
Louisiana	25,230,847	4,165,337	1,213,401	30,609,585

FEDERAL TRANSIT ADMINISTRATION, FISCAL YEAR 2000 GUARANTEED LEVEL APPORTIONMENT FOR FORMULA PROGRAMS (BY STATE)—Continued

State	Section 5307 urbanized area	Section 5311 nonurbanized area	Section 5310 elderly and persons with disabilities	Total formula programs
Maine	2,038,744	2,009,937	483,251	4,531,932
Maryland	69,328,328	2,509,310	1,219,178	73,056,816
Massachusetts	105,990,461	2,689,218	1,759,633	110,439,312
Michigan	56,390,876	7,282,862	2,560,666	66,234,404
Minnesota	27,793,106	4,190,867	1,236,483	33,220,456
Mississippi	4,327,424	4,089,742	854,282	9,271,448
Missouri	31,112,334	4,881,280	1,589,372	37,582,986
Montana	2,150,550	1,234,118	352,436	3,737,104
Nebraska	7,609,130	1,862,127	555,935	10,027,192
Nevada	16,410,558	607,956	411,508	17,430,022
New Hampshire	3,013,098	1,609,709	388,305	5,011,112
New Jersey	161,401,967	2,301,543	2,114,182	165,817,692
New Mexico	6,403,038	1,809,361	487,951	8,700,350
New York	482,151,901	8,101,711	4,909,688	495,163,300
North Carolina	24,160,905	8,606,405	1,865,487	34,632,797
North Dakota	2,096,375	912,685	298,799	3,307,859
Northern Marianas	.....	90,638	52,404	143,042
Ohio	78,650,959	8,761,919	3,125,261	90,538,139
Oklahoma	10,130,348	3,745,630	1,042,604	14,918,582
Oregon	24,189,968	2,974,063	968,730	28,132,761
Pennsylvania	133,583,533	9,774,012	3,748,659	147,106,204
Puerto Rico	43,036,204	2,920,782	918,554	46,875,540
Rhode Island	8,476,199	374,157	429,237	9,279,593
South Carolina	10,419,785	4,307,549	1,007,521	15,734,855
South Dakota	1,512,262	1,112,492	323,318	2,948,072
Tennessee	20,264,508	5,560,553	1,492,017	27,317,078
Texas	147,603,791	11,739,874	3,871,834	163,215,499
Utah	18,747,454	843,330	454,162	20,044,946
Vermont	760,019	994,664	265,866	2,020,549
Virgin Islands	.....	212,891	136,116	349,007
Virginia	52,410,334	4,929,969	1,552,472	58,892,775
Washington	77,136,196	3,454,367	1,391,500	81,982,063
West Virginia	3,664,123	2,937,208	734,024	7,335,355
Wisconsin	32,707,189	5,075,151	1,420,820	39,203,160
Wyoming	1,050,115	709,817	224,933	1,984,865
Unallocated	.....	.....	.....	.....
Subtotal	2,763,851,530	192,644,903	72,946,801	3,029,443,234
Oversight	13,888,701	968,065	.....	14,856,766
Total	2,777,740,231	193,612,968	72,946,801	3,044,300,000
Clean Fuels	.....	.....	.....	50,000,000
Over-the-Road Bus Accessibility	.....	.....	.....	3,700,000
Grand Total	.....	.....	.....	3,098,000,000

[1] Includes $4,849,950 for the Alaska Railroad.

SET-ASIDES WITHIN FORMULA GRANTS PROGRAM

Question. The budget includes two set-asides within the formula grants program: one for $25,000,000 for grants related to costs of the Olympic Games in Salt Lake City, and the other for $20,000,000 for the Long Island Railroad East Side Access

project. Did FTA's request to the Office of Management and Budget include these set-asides? If so, why? If not, why not?

Answer. While we were considering funding for both projects, our FTA formal Budget Submission to OMB in September 1998 did not include either item. The Long Island East Side Access is a New Start project that was being considered along with many other potential New Start projects for funding in fiscal year 2000. It was not until December 1998 that we received sufficient information upon which to base our recommendations to Congress. At that time, we had a series of discussions with OMB where we reached agreement on the funding recommendations that we would make in our fiscal year 2000 Budget Submission to Congress. The overall rating for this project is not recommended at this time, due to the fact that a final capital plan has not yet been developed by the MTA. Therefore, we are not currently recommending the project for funding within the New Starts line item. We believe that it is appropriate to fund additional project development activities to better define the benefits and costs of the project as well as to complete the development of a capital plan. Thus, we have proposed that further funding for this project come from the Formula Grants program. With respect to our request for assistance to the Salt Lake 2002 Winter Olympics, our intent was to propose funding in the fiscal year 2000 budget, similar to that appropriated by Congress for the 1996 Atlanta Olympic Games. While we had oral discussions on the need for such assistance, it was not until after we had submitted our formal budget request to OMB that we settled on the appropriate level of funding to request.

Question. To what extent is FTA setting a precedent by providing specific transit projects with funds provided from the formula grants program?

Answer. We believe that we have been judicious in proposing two very special exceptions. In fiscal year 1995, Congress appropriated funding for the Atlanta 1996 Olympics by way of a takedown from Formula Grants, so we are consistent with this previous action. The Long Island East Side Access received an overall Project Rating of "not recommended," in FTA's fiscal year 2000 Annual Report on New Starts Proposed Allocation of Funds, and therefore should not be funded in the New Starts category. However, we believe that the statutory project justification criteria may not fully reflect the benefits of this type of project and further work is justified. Formula Grants was the most appropriate place to request funding.

Question. Assuming that the $212,270,000 in Revenue Aligned Budget Authority (RABA) funds proposed in the administration's budget request will not be used for transit formula grants, how should the Committee provide the requested additional $25,000,000 for the Salt Lake City Winter Olympics planning, operations, vehicles, and facility construction (otherwise bus and bus facilities and/or new starts projects) and the $20,000,000 for the Long Island Railroad East Side Access project (otherwise a new start project)?

Answer. Funding the Salt Lake City 2002 Olympics at $25,000,000 affords Salt Lake the same opportunity as Atlanta was given for their 1996 Olympic Games. The Long Island East Side Access project is identified by the Administration and TEA–21 as a "high priority" project for which $20,000,000 is requested. It was determined that these projects were best funded from the Formula Grants Program and off-set by revenue aligned budget authority (RABA) from the highway program. We would like to work with the Committee on alternative funding options should the RABA not be allocated as proposed in the President's budget.

Question. The requested bill language waives provisions of TEA–21 for purposes of making grants related to the Olympic Games. Which specific provisions of TEA21 must be waived to make grants as envisioned in the department's request?

Answer. The waiver requested applied only to the Salt Lake City Downtown Connector. 49 U.S.C. 5309(e)(1)(B) and (C) and section 5309(e)(6) and (7) must be waived for FTA to make a grant to support the Salt Lake City Downtown Connector Segment for the West-East LRT project. According to section 5309(e)(1)(B) and (C), the Secretary may approve a grant for a new start project when, among other things, he finds that the project is justified based on a comprehensive review of its mobility improvements, environmental benefits, cost effectiveness, and operating efficiencies and supported by an acceptable degree of local financial commitment, including evidence of stable and dependable financing sources to construct, maintain, and operate the system or extension. According to FTA's "Annual Report on New Starts Proposed Allocations of Funds for Fiscal Year 2000" this project was rated "low-medium" for mobility improvements, "high" for environmental benefits, "medium" for operating efficiency, and "low-medium" for cost-effectiveness, "low" for stability and reliability of capital financing plan and "low" for stability and reliability of operating financing plan." FTA rated this project as "Not recommended" for fiscal year 2000. Therefore, to fund this project, it must be exempt from 5309(e)(1)(B) and

(C). Because FTA approved entry into preliminary engineering, the project does not need to be exempted from Section 5309(e)(1)(A).

Section 5309(e)(6) allows a project to advance from preliminary engineering to final design only if the Secretary finds that the project meets the requirements of Section 5309 and that it will continue to meet the requirements of this section. Section 5309(e)(7) prohibits the Secretary from entering into a FFGA unless the project has been approved for final design. Because this project does not yet meet the criteria of 5309(e)(1)(B) and (C), and because it has not been approved for final design, it must also be exempted from 5309(e)(6) and (7) to receive funding in fiscal year 2000.

For a more detailed discussion of this project, please see FTA's "Annual Report on New Starts Proposed Allocations of Funds for Fiscal Year 2000" at A–303–A–307.

Question. Please provide a detailed listing by activity/project and amount showing how the Department would likely allocate the $25,000,000 set-aside from the formula program for the Olympic Games in Salt Lake City.

Answer. As of this date, we are reviewing the proposed budget prepared by the Salt Lake Organizing Committee (SLOC) and are not yet prepared to provide a detailed listing of projects with corresponding amounts. The SLOC Budget identifies activities such as: spectator loading and unloading facilities; a loaned-bus program providing 1,400 buses, along with drivers and mechanics on loan from U.S. transit systems; and, three service centers for storing, fueling, cleaning and maintaining the bus fleet during the games.

The proposed budget also includes funding for the acquisition of land for park and ride lots at Olympic venues; a general category of transportation activities for the Paralympic Winter Games; and, funding for the development of an overall multimodal plan addressing the transportation needs of athletes, spectators, media and officials while preserving basic regional mobility. The costs are for planning operating and maintaining mass transit services to accommodate the Olympic spectator crowds.

Question. Please provide a list of all transportation projects and activities that are deemed to be "core" activities by the Olympic Committee, necessary for the efficient operation of the Olympic Games in Salt Lake City.

Answer. A letter from the Salt Lake Organizing Committee to the Utah Transit Authority dated, December 22, 1998, summaries as agreement on "Core Projects." These include:

—SLOC transit capital projects, including venue load and unload, transit bus, bus maintenance facilities, Olympic park-and-ride lots, and projects to be defined for the Paralympic Games.

—UTA transit capital projects, including completion of the North-South light rail line as presently scoped, purchase of transit buses, and expansion of park-and-ride lots located at stations along the North-South light rail line.

—Park City purchase of transit buses.

—Operating assistance for the SLOC Olympic bus fleet and additional assistance for UTA and Park City Transit operations associated with the Winter Games.

Question. The Long Island Railroad East Side Access project was exempt from the criteria established in TEA21. Why, if at all, should this project be exempt from the investment criteria? Given this exemption, why did the FTA decide that it needed to rank the project, and what factors were used in determining the project's rating?

Answer. FTA does not believe that the project should be exempt from the New Starts criteria. Congress established the criteria to provide an objective mechanism for measuring the costs and benefits of projects competing for New Starts funding. The New Starts criteria thus serves as an important assessment tool for both FTA and Congress to assist us in deciding which projects merit the annual appropriation of scarce Federal discretionary resources.

TEA–21 Section 3030(c)(3) states that the Long Island Railroad East Side Access project [LIRR ESA] "shall also be exempted from all requirements relating to criteria for grants and loans for fixed guideway systems under section 5309(e). However, 49 U.S.C. 5309(e)(7) directs FTA to "enter into a full funding grant agreement [FFGA] based on the evaluations and ratings" of a project. FTA bases these evaluations and ratings, in turn, on FTA's analysis of the project relative to the New Starts criteria. FTA interprets this provision to mean that for FTA to enter into an FFGA for a given project, FTA must first subject the project to an evaluation and rating of the project on the basis of the New Starts criteria. Therefore, exempt projects that choose to forego FTA's evaluation and rating may not be eligible for an FFGA.

FTA has communicated to sponsors of exempt projects that they should consider waiving their exemption and submit to FTA its New Starts criteria for the purposes

of being evaluated and rated in the annual New Starts Report to Congress. This would ensure that the project would be eligible to seek an FFGA.

On November 12, 1998, the Metropolitan Transportation Authority (MTA) provided New Starts criteria information on the LIRR ESA to FTA for the fiscal year 2000 New Starts Report. MTA stated its understanding that this information would enable FTA to "include project profiles for all potential New Starts projects and make recommendations for fiscal year 2000 Section 5309 New Starts funding in its report to Congress."

FTA used the same criteria that are applied to all proposed New Starts projects to evaluate and rate the LIRR ESA. These criteria are mobility improvements, environmental benefits, operating efficiencies, cost effectiveness, transit-supportive existing land use policies and future patterns, local financial commitment, and other relevant factors.

Question. Should other projects with similar circumstances also be exempt from the investment criteria? What projects share similar considerations as the Long Island Railroad Eastside Access project?

Answer. FTA does not believe that projects pursuing New Starts funding should be exempt from the New Starts criteria. The criteria provides both FTA and Congress with important data with which to evaluate the relative costs and benefits of proposed New Starts projects. The criteria also provide a level playing field for projects competing for Federal discretionary funding. It is unfair to those projects that must meet the requirements of Section 5309(e) to provide New Starts funds to projects that are not subject to these requirements. Under TEA–21, the Long Island Railroad Eastside Access project is the only one designated as a high priority. There are no projects with similar considerations or circumstances.

MAJOR TRANSIT SYSTEMS' SERVICE EFFECTIVENESS TRENDS

Question. The ten major transit systems—New York MTA, Chicago RTA, Los Angeles LACMTA, Washington, D.C. WMATA, Boston MBTA, Philadelphia SEPTA, San Francisco Muni/BART, New Jersey Transit, Atlanta MARTA, and Baltimore MDMTA—showed an overall decline in transit productivity (which can be measured in boardings per service hour) of approximately 10 percent from 1989 to 1993. Smaller systems across the country also experienced a decline in transit productivity over this same time frame, but the largest systems were much harder hit. (Source: *Access*. University of California Transportation Center, Fall 1998 Issue 13. "Lost Riders", Brian D. Taylor and Williams S. McCullough.)

Please provide annual boardings per service hour in calendar years 1995, 1996, 1997, and 1998 (if available) for each of the ten major transit systems listed above.

Answer. The article in *Access* used 1989 National Transit Database (NTD) data on boardings (unlinked passenger trips) per revenue service hour to calculate a productivity baseline. For each of the ten agencies, all boardings/trips, for all modes—subway, commuter rail, motor bus, ADA demand response, streetcar—were lumped together, and then divided by total revenue service hours for all modes. This 1989 baseline was compared to 1993 data, with the 1993 data showing a 10 percent decline. Measuring productivity across transit modes may yield dubious results. For example, no adjustment was made for the significant increase in ADA paratransit service, which was required by statute beginning in 1992. In the industry, ADA paratransit service is considered good if each vehicle can complete three trips per hour.

In the following table, the calculations in the article were updated with NTD data for 1995, 1996 and 1997. At this time, data for 1998 are not available. Comparing the 1997 total for the ten agencies to the 1993 total, transit productivity has increased by almost 5 percent. The 1997 total was only six percent below the 1989 baseline.

FEDERAL TRANSIT ADMINISTRATION TRENDS IN SERVICE EFFECTIVENESS: 1989 TO 1997

(Measured in boardings per revenue service hour)

City/Transit System	In the article—		1995	1996	1997
	1989	1993			
New York—NYCMTA	74.6	65.6	67.2	71.4	78.5
Chicago—RTA–CTA	61.6	53.2	48.9	48.8	48.6
Los Angeles—Metro	60.0	56.6	53.2	54.2	57.1
Washington, DC—WMATA	82.7	73.8	70.5	67.2	69.3

FEDERAL TRANSIT ADMINISTRATION TRENDS IN SERVICE EFFECTIVENESS: 1989 TO 1997—Continued

(Measured in boardings per revenue service hour)

City/Transit System	In the article—		1995	1996	1997
	1989	1993			
Boston—MBTA	80.1	74.2	73.0	65.0	64.8
Philadelphia—SEPTA	63.1	60.7	58.3	54.5	57.9
San Francisco—Muni	76.8	77.3	76.0	74.0	74.7
New Jersey—NJT	34.1	30.3	29.8	30.1	30.2
Atlanta—MARTA	55.6	51.4	50.3	48.9	53.4
Baltimore—MDMTA	49.9	47.6	47.3	42.5	43.1
TOTAL	66.5	59.7	58.6	59.0	62.5

EXPANDED DEFINITION OF CAPITAL

Question. Transit properties which receive Federal funds through FTA are now statutorily authorized to use an expanded definition of capital expenses allowing them to categorize activities such as preventive maintenance as a capital expense. What has FTA's experience been with this expanded definition?

Answer. With respect to grants awarded under the expanded definition of capital projects, in fiscal year 1998 under the Urbanized Area Formula Program FTA awarded grants in the following amounts:

[Dollars in millions]

Category of Capital Project	Funds Awarded Fiscal Year 1998	Number of Grantees
Preventive Maintenance (1)	$244	114
Vehicle Overhauls (2)	49	55
Operating assistance at 80/20 in areas with populations under 200,000 (3)	38	67
Transit Enhancements (4)	14	31
ADA operating expenses at 80/20 (5)	1	5

The following further explains information related to the "Category of Capital Projects" column: (1) Preventive Maintenance as a capital project category was made available with the 1998 DOT Appropriations Act and subsequently was included in TEA21; (2) Vehicle overhaul as a capital project amounting to 20 percent of a guarantee's annual vehicle maintenance costs was made available with the 1996 DOT Appropriations Act; (3) Operating assistance with an 80 percent Federal match ratio was available to urbanized areas under 200,000 for fiscal year 1998 only; (4) Transit enhancements were defined as capital projects by TEA–21, enacted June 9, 1998; and (5) ADA operating expenses up to 10 percent of an urbanized area formula apportionment was defined as a capital project by TEA21.

APPROPRIATIONS CONFEREES' LEGISLATIVE DIRECTIVES

Question. Please update the Committee on the joint efforts between the Secretary of Transportation and the Secretary of Health and Human Services to create state and regional planning guidelines that promote transportation coordination between public transit agencies and human service transportation providers, as directed in the Senate report. The joint planning guidelines task force was urged to work collaboratively with Madison, WI METRO and the Coalition for Paratransit Solutions—has this work begun?

Answer. Work is under way toward drafting joint planning guidelines. At a July, 1998 stakeholders meeting, which included practitioners such as the Coalition for Paratransit Solutions, a conceptual outline was developed for the guidelines. Subsequent work has included the collection of coordination case studies, including Madison, WI METRO; several briefings given to the Coalition; and a presentation before the Coordinating Council on Access and Mobility by Madison, WI METRO. Two reports have been prepared, one presenting 15 case studies and the other reviewing

current practices and implementation strategies. Portions of the guidelines are being drafted and will be presented to the stakeholders group prior to their being issued.

Question. The conferees stated their expectation that of the funds apportioned to Los Angeles, at least $25,000,000 was expected to be expended for the purchase of new clean fuel vehicles, to assist in complying with the bus consent decree. What amount of apportioned formula funds went to Los Angeles County Metropolitan Transportation Authority? What amount of these apportioned funds were expended on clean fuel bus purchases? What additional bus purchases were made with 1999 formula funds? In total, what level of funding has LACMTA already spent on complying with the bus decree? What future funding has LACMTA committed toward complying with the bus consent decree?

Answer. The Los Angeles County Metropolitan Transportation Authority (LACMTA) received $85.9 million in 5307 formula funds in fiscal year 1999. Of that amount, $56.3 million was used for clean fuel vehicles. This includes the $25 million expected by the Congress to be applied to the purchase of clean fuel vehicles. An additional $19.1 million in CMAQ funds was also utilized for the purchase of clean fuel buses in fiscal year 1999.

LACMTA has expended $106 million in operating and capital expenses in complying with the Bus Consent Decree. Accelerated Bus purchases specifically targeted to compliance with the Bus Consent Decree are expected to total approximately $100 million annually over the next two years.

Question. Please update the Committee on the status of public transportation services at the Presidio, San Francisco, California. What arrangements have been agreed upon by the City and the municipal transportation authority to ensure that ample public transportation services are available to the Presidio, its visitors and workers, and the surrounding community?

Answer. The needs of public transportation services at the Presidio in San Francisco, California have been made known to the Metropolitan Transportation Commission (MTC), the metropolitan planning organization and the designated recipient for FTA formula funds in the San Francisco Bay Area, and its nine-county membership through arrangements made by FTA/FHWA for the National Park Service to become involved in the region's transportation planning process. As a result of this effort, the National Park Service has gained membership in the Bay Area Partnership, a forum for transportation representatives of various jurisdictions in the region who make policy decisions on transportation related programs. Specific transportation services needs have been identified for the Presidio which the City is reviewing to determine whether service augmentation is appropriate.

CLEAN FUELS FORMULA PROGRAM

Question. Please outline the guidelines for apportioning funds and the time frame for clean fuels formula program applications as specified in TEA21.

Answer. Designated recipients are required to submit an application for these funds no later than January 1 of each fiscal year. FTA is required to apportion the funds no later than February 1 of each fiscal year. Funds are apportioned according to a formula based on the air quality rating for ozone and carbon monoxide, number of buses, and bus passenger miles. Two-thirds of the total would be apportioned to designated recipients in areas over one million population. One-third would be apportioned to designated recipients in areas under one million population.

Question. Briefly summarize FTA's regulations for implementing this program, including the types of eligible projects.

Answer. FTA has not yet issued regulations implementing the clean fuels formula program, as called for in TEA–21, because of the uncertainty surrounding funding for the program. If there is an indication from the Congress that this program will be funded in fiscal year 2000, we will proceed to publish a notice of proposed rulemaking in order to have implementation procedures in place by the beginning of fiscal year 2000.

As per TEA–21, eligible projects would include the following: purchasing or leasing clean fuel buses, including buses that employ a lightweight composite primary structure; constructing or leasing clean fuel buses or electrical recharging facilities or related equipment; improving existing mass transportation facilities to accommodate clean fuel buses; repowering pre-1993 engines with clean fuel technology that meets the current urban bus emission standards; or retrofitting or rebuilding pre-1993 engines if before half life to rebuild; and, at the discretion of the Secretary, may include projects relating to clean fuel, biodiesel, hybrid electric, or zero emissions technology vehicles that exhibit equivalent or superior emissions reductions to existing clean fuel or hybrid electric technologies.

Question. Of the bus and bus related projects identified in the appropriations act for fiscal year 1999, which specific projects would have been eligible for funding under the clean fuels formula program? (Please arrange this list by state, and note the amount provided for each project in the appropriations bill.)

Answer. The clean fuels formula funds lost their identity when merged with the section 5309 bus program. It is not possible to determine which projects might have been funded under the clean fuels formula program except those for which an alternative fuel source was specifically mentioned. Further, since clean diesel fuel buses are also eligible under the clean fuels formula program, conceivably any projects for the purchase of clean diesel buses could also qualify. However, under the clean fuels formula program formula, only 35 percent of the clean fuel formula funds may be used for clean diesel buses. Therefore, under the clean fuels formula program, each clean diesel project may have received a lower funding level than that earmarked within the bus Capital Investment funds.

OVER-THE-ROAD BUS ACCESSIBILITY PROGRAM

Question. Why does the department believe that this program requires additional funding in fiscal year 2000? Assuming that the $1,300,000 in Revenue Aligned Budget Authority (RABA) funds proposed in the administration's budget request will not be used to augment this program, what adjustments will FTA make to its budget proposal for the over-the-road bus accessibility program?

Answer. The higher level of financial assistance for fiscal year 2000, coupled with the proposed increase in federal share, would help to offset accessibility costs for more providers. In addition, it may also accelerate the purchase of lift-equipment for over-the-road buses, thus improving the time-frame in which the nation's over-the-road bus fleet could be made accessible. Although it is difficult to estimate how many additional grants could be made if supplemental funds were provided because we have not yet made any funded grants under the program, we can estimate the number of lifts that the two levels of funding could cover. The $1.3 million, would fund an additional 54 lifts to new vehicles. This estimate, of course, assumes that all funds are used for the incremental cost of adding lifts to vehicles, rather than for training purposes.

Question. Please define an over-the-road bus, and include in your answer examples of over-the-road bus operators. Differentiate between OTR buses in intercity fixed route service and other OTR bus service. Are any such providers private entities, rather than public agencies?

Answer. Most providers of over-the-road bus services are private, for-profit entities and the funding under FTA's over-the-road bus accessibility program is available only to such private entities.

An "over-the-road bus" is a bus characterized by an elevated passenger deck located over a baggage compartment. Intercity fixed route over-the-road bus service is regularly scheduled bus service for the general public, using over-the-road buses that have the capacity for transporting baggage carried by passengers. This service operates with limited stops over fixed routes connecting two or more urban areas not in close proximity or connecting one or more rural communities with an urban area not in close proximity. The service provides meaningful connections with scheduled intercity bus service to more distant points. Examples of intercity, fixed route over-the-road bus operators include well-known providers such as Greyhound and Trailways. The one characteristic that distinguishes intercity service from other types of services provided by over-the-road buses, is that it provides meaningful connections with scheduled intercity bus service to more distant points. Charter service is provided under a single contract at a fixed charge for exclusive service to a particular group, such as a company traveling together to a special event. Tour bus service is usually regularly scheduled, fixed-route service offering sightseeing excursions to the general public, such as those that stop regularly at hotels to pick up guests to show them local tourist attractions. Local commuter service provides regularly scheduled, fixed-route service for commuters, usually on a week-day basis. A local example of commuter bus service is provided by Eyre, which has regularly scheduled, fixed-route services designed to meet the needs of individuals commuting between Baltimore, Maryland and Washington, DC, with several scheduled stops between the two cities. Many over-the-road bus operators provide several types of service.

Question. Please identify the criteria used in determining grant awards in this program.

Answer. Program guidance and application procedures are provided in a Federal Register Notice dated February 8, 1999, "Over-the-Road Bus Accessibility Program Grants." The grants will be awarded competitively based upon the criteria taken di-

rectly from Section 3038 of TEA–21, listed below. No weight factors have been assigned to these criteria.

—The identified need for over-the-road bus accessibility for persons with disabilities in the areas served by the applicant;

—The extent to which the applicant demonstrates innovative strategies and financial commitment to providing access to over-the-road buses to persons with disabilities;

—The extent to which the over-the-road bus operator acquires equipment required by DOT's over-the-road bus accessibility rule prior to the required timeframe in the rule;

—The extent to which financing the costs of complying with DOT's rule presents a financial hardship for the applicant; and

—The impact of accessibility requirements on the continuation of over-the-road bus service, with particular consideration of the impact of the requirements on service to rural areas and for low-income individuals.

Question. Please provide a list of each award made in fiscal year 1999, the recipient, the amount of the award and the purpose of the award.

Answer. FTA accepted grant applications through April 16, 1999. We expect to notify all applicants who applied for funding in June of 1999, and make grants by September 30, 1999. The number of grants that will be made under the program will depend on the number of applications we receive from eligible applicants able or willing to comply with the terms and conditions imposed on FTA grant recipients. Since this is the first year in which this new program has been implemented, it is difficult to anticipate the number of applications we will receive and grant awards that we will make.

Question. Please describe in detail the rule implementing accessibility of OTR buses required by the Americans with Disabilities Act. Include any time frames required in the regulation. What involvement did the Access Board have in developing these regulations?

Answer. Under the over-the-road bus accessibility rule, all new buses obtained by large (Class I carriers, i.e., those with gross annual operating revenues of $5.3 million or more), fixed-route carriers, starting in October 2000, must be accessible, with wheelchair lifts and tie-downs that allow passengers to ride in their own wheelchairs. The rule requires the fixed-route carriers' fleets to be completely accessible by 2012. The buses acquired by small (gross operating revenues of less than $5.3 million annually) fixed-route providers also are required to be lift-equipped, although they do not have a deadline for total fleet accessibility. Small providers also can provide equivalent service in lieu of obtaining accessible buses. Starting in 2001, charter and tour companies will have to provide service in an accessible bus on 48-hours' advance notice. Fixed-route companies must also provide advance-notice accessible service on an interim basis until their fleets are completely accessible. Small carriers who provide mostly charter or tour service and also provide a small amount of fixed-route service can meet all requirements through 48-hour advance reservation service.

TRANSIT PLANNING AND RESEARCH

Question. The budget proposes to allocate an additional $4 million in RABA funds to the transit planning and research account. What specific activities will these funds support? In your answer provide amounts by activities.

Answer. The $4 million made available from the revenue aligned budget authority (RABA) funds will be used to expand FTA's essential safety and transit operations databases consisting of the National Transit Database (NTD); the Safety Management Information System (SAMIS) and the Drug and Alcohol Testing Management Information System (DAMIS). These databases provide information necessary for FTA to apportion funding, analyze safety data, identify transit needs and conditions, and a host of other fundamental program and project needs. A table which provides amounts by activities follows:

Research and Technology Databases

Safety Management Information System (SAMIS)	$350,000
Drug and Alcohol Testing Management Information System (DAMIS)	850,000
National Transit Database (NTD)	2,800,000
Total	4,000,000

METROPOLITAN AND STATEWIDE PLANNING

Question. Please provide a table displaying the formula apportionments to States and MPOs of the fiscal year 1999 and fiscal year 2000 Metropolitan and State Planning Funds.

Answer. The table below provides the fiscal year 1999 apportionments for the Metropolitan Planning Program and the State Planning Program. For fiscal year 2000, the following table provides both the authorized and the guaranteed funding levels for these two programs. For both programs, funding is shown by state recipient.

FEDERAL TRANSIT ADMINISTRATION METROPOLITAN AND STATE PLANNING

[Program Allocations]

STATE	State Planning and Research		Metropolitan Planning	
	Fiscal year—		Fiscal year—	
	1999 Apportioned	2000 Guaranteed Authorization	1999 Apportioned	2000 Guaranteed Authorization
Alabama	$101,355	$113,516	$384,440	$434,724
Alaska	46,286	51,840	175,605	198,528
Arizona	146,306	163,861	699,026	790,634
Arkansas	46,286	51,840	175,605	198,528
California	1,402,810	1,571,121	7,482,037	8,461,743
Colorado	130,982	146,699	571,100	645,764
Connecticut	135,272	151,503	512,969	580,201
Delaware	46,286	51,840	175,605	198,528
District/Col	46,286	51,840	236,694	267,652
Florida	560,635	627,904	2,392,714	2,706,385
Georgia	179,614	201,166	847,148	958,068
Hawaii	46,286	51,840	175,605	198,528
Idaho	46,286	51,840	175,605	198,528
Illinois	467,049	523,089	2,564,877	2,900,127
Indiana	148,326	166,124	622,689	704,060
Iowa	51,926	58,157	196,974	222,718
Kansas	56,110	62,842	227,672	257,469
Kentucky	70,336	78,775	272,747	308,398
Louisiana	122,731	137,457	471,350	532,929
Maine	46,286	51,840	175,605	198,528
Maryland	197,285	220,957	1,019,100	1,152,276
Massachusetts	260,573	291,839	1,242,933	1,405,418
Michigan	320,181	358,598	1,601,331	1,810,560
Minnesota	130,603	146,274	650,198	735,187
Mississippi	46,286	51,840	175,605	198,528
Missouri	153,287	171,680	718,958	812,845
Montana	46,286	51,840	175,605	198,528
Nebraska	46,286	51,840	175,605	198,528
Nevada	50,188	56,210	190,387	215,262
New Hampshire	46,286	51,840	175,605	198,528
New Jersey	365,189	409,007	2,175,970	2,460,509
New Mexico	46,286	51,840	175,605	198,528
New York	777,583	870,883	4,418,750	4,996,473
North Carolina	138,421	155,030	524,905	593,708
North Dakota	46,286	51,840	175,605	198,528
Ohio	366,700	410,699	1,512,725	1,710,401
Oklahoma	74,604	83,556	282,947	319,987
Oregon	78,224	87,610	317,882	359,433
Pennsylvania	397,026	444,664	1,962,133	2,218,344
Rhode Island	46,286	51,840	175,605	198,528
South Carolina	78,592	88,022	298,025	337,092
South Dakota	46,286	51,840	175,605	198,528
Tennessee	122,179	136,839	463,404	524,043
Texas	626,441	701,606	2,982,127	3,372,443
Utah	72,688	81,409	275,638	311,767
Vermont	46,286	51,840	175,605	198,528
Virginia	210,961	236,274	980,769	1,109,284
Washington	177,084	198,332	781,819	884,139

FEDERAL TRANSIT ADMINISTRATION METROPOLITAN AND STATE PLANNING—Continued

[Program Allocations]

STATE	State Planning and Research		Metropolitan Planning	
	Fiscal year—		Fiscal year—	
	1999 Apportioned	2000 Guaranteed Authorization	1999 Apportioned	2000 Guaranteed Authorization
West Virginia	46,286	51,840	175,605	198,528
Wisconsin	135,769	152,060	557,792	619,015
Wyoming	46,286	51,840	175,605	198,528
Puerto Rico	117,070	131,117	475,683	537,966
Total	9,257,248	10,368,000	43,901,198	49,632,000

NATIONAL RESEARCH AND TECHNOLOGY PROGRAM

Question. Please provide a list by activity and amount of the earmarks contained in TEA–21 that must be administered under the FTA's transit planning and research account in fiscal year 2000.

Answer.

[In thousands of dollars]

Activity	*Fiscal year 2000 amount*
Metropolitan Planning Funding	49,632
Statewide Planning and Research Funding	10,368
Transit Cooperative Research Program Funding	8,250
National Transit Institute Funding	4,000
Rural Transit Assistance Program Funding	5,250
National Research and Technology: Funding	29,500
Palm Springs, CA Fuel Cell Buses	[1] (1,000)
MBTA Advanced Electric Transit Buses & Related Infrastructure	[1] (1,500)
SEPTA Advanced Propulsion Control	[1] (3,000)
Gloucester, MA Intermodal Technology Center	[1] (1,500)
Washoe County, NV Transit Technology	[1] (1,250)
Project ACTION	[1] (3,000)

[1] These specific projects are earmarked in TEA–21.

SAFETY AND SECURITY ACTIVITIES

Question. The FTA has requested a total of $5,450,000 for safety and security activities and products in fiscal year 2000. Please reproduce the funding breakout table on page 125 of the justification, noting the priority order of each of the 17 activities planned for fiscal year 2000. Are any of these projects earmarked in TEA–21?

Answer. The information is provided in the chart below:

FEDERAL TRANSIT ADMINISTRATION FISCAL YEAR 2000 SAFETY AND SECURITY KEY ACTIVITIES AND PRODUCTS

(In Priority Order)

Activity/Products	Fiscal Year 2000 Request	TEA–21 Earmark
Transit Safety Institute Safety & Security Training	$1,200,000	No
Grade Crossing Safety: Signalization w/Train Pre-emption	400,000	No
Safety Management Information System (SAMIS)	350,000	No
Drug & Alcohol Management Information System (DAMIS)	850,000	No
Bus Safety: Model Legislation for Voluntary State-Based Oversight	500,000	No
Research and Engineering Analysis	50,000	No
Computer Breaching/Assessing Vulnerabilities of Electronic Fare Payment Systems	50,000	No
Chemical/Biological Agent Detection System	450,000	No

FEDERAL TRANSIT ADMINISTRATION FISCAL YEAR 2000 SAFETY AND SECURITY KEY ACTIVITIES AND PRODUCTS—Continued

(In Priority Order)

Activity/Products	Fiscal Year 2000 Request	TEA–21 Earmark
Clearinghouse/Bulletin Board/WebSite	175,000	No
Passenger Security	200,000	No
Information Data Outreach: Newsletter, Workshops, Journals	200,000	No
Safety and Security Technical Support	200,000	No
Development of Safety and Security Training Courses	200,000	No
Drug & Alcohol Testing Updated Guidelines & Newsletter	225,000	No
Security Survey: Public Perception	100,000	No
Human Factors: Fatigue Symposium, Transit Operational	150,000	No
Fire Materials Testing	150,000	No
TOTAL FISCAL YEAR 2000 REQUEST	5,450,000	

Question. Please provide a list of all U.S. airports that are served by rapid transit lines currently, as well as those that are planned to connect to airports by 2010.

Answer. U.S. airports in Atlanta, Baltimore, Boston, Chicago, Cleveland, Philadelphia, St. Louis, and Washington, D.C. are currently served by rail LRT transit lines.

A list of all proposed rail projects which would provide access to airports which are currently in preliminary engineering and final design, as well as all such projects with a Full Funding Grant Agreement, follows. In addition, this list also identifies proposed non-Section 5309-funded rail-airport access projects and several major investment studies that are examining rail access to airports.

PLANNING STUDIES AND NEW STARTS WITH PROPOSED TRANSIT ACCESS TO AIRPORTS

Major Investment Studies (15)

Aspen/Roaring Fork Valley, CO—Aspen to Glenwood Springs
Austin, TX—Southeast Corridor
Boston, MA—Airport Circulator
Boston, MA—Urban Ring
Charlotte, NC (South Corridor Transitway)
Cleveland, OH—Berea Extension
Denver, CO—East Corridor
Denver, CO—Airport to Glenwood Springs Corridor
Ft. Lauderdale, FL—Airport/Seaport Multi-Modal Connector Study
Honolulu, HI—Primary Corridor
Kansas City, MO—Northland Corridor
Louisville, KY—South Central Corridor
Orlando, FL—Airport Corridor
Seattle, WA—SeaTac Airport People Mover
Washington, DC/Northern Virginia—Dulles Corridor

Projects in Preliminary Engineering and Final Design (11)

Cincinnati, OH—Northeast Corridor
Ft. Lauderdale, FL—Tri County Commuter Rail
Las Vegas, NV (Resort Corridor)
Miami, FL—East/West Corridor
Minneapolis/St. Paul, MN—Hiawatha Ave. Corridor
Orange County, CA—Irvine/Fullerton Transitway Corridor
Phoenix, AZ—East/Central to Tempe Corridor
Raleigh, NC—Regional Transit Plan
Salt Lake City, UT—Airport to University (West–East)
Seattle, WA—Sound Move Regional System
Tampa, FL—Tampa/Hillsborough/Lakeland/Polk Mobility Study)

Full Funding Grant Agreements (FFGA) (3)

Pittsburgh, PA Phase I Airport Busway/HOV Facility (FFGA commitment completed)
St. Louis—St. Clair County, IL LRT Extension
San Francisco, CA—BART Extension to SFO

Non-Federally Funded Proposed Projects (No Section 5309 New Starts Funds Proposed)

New York City—JFK International Airport Light Rail System
New York City—Proposed Rail Extension to LaGuardia Airport
Portland, OR—Tri-Met Extension to Portland International Airport

Question. The budget requests new funding for assessments of rail and other transit systems' susceptibility to terrorist attacks. Given the findings of the NTSB and the Inspector General on transit bus safety and state oversight activities, wouldn't it be wiser to spend these resources on improving existing safety deficiencies and improving everyday operations of transit bus and rail safety, rather than on rare and improbable terrorist attacks?

Answer. Terrorism is a definite and continuing threat to public and employee safety in transit systems. This effort is in response to recommendations of the President's Commission on Critical Infrastructure Protection and Presidential Directives 62 and 63.

FTA is undertaking a comprehensive nine-month review of the FTA's safety and security functions and roles. This effort will be conducted by representatives from the safety offices of other DOT modal agencies. It is anticipated that this review will result in specific recommendations which will define, direct and possibly expand FTA's safety and security functions.

Question. Of the activities requested within the safety and security area, which are directly supported by or in response to NTSB recommendations?

Answer. $500,000 is requested for the "Bus Safety" (line item #1.5.7 on page 125 of the budget submission. This request is responsive to NTSB's October 1998 recommendations that FTA, in cooperation with the transit industry: (1) develop and implement an oversight program to assess and ensure the safety of transit bus operations that receive Federal funding; and (2) develop a model comprehensive safety program to be provided to all transit agencies.

In response to 1997 and 1998 NTSB recommendations, FTA has initiated an internal review of its safety data derived from the National Transit Database. Although that in-depth review has not produced any recommended changes for fiscal year 2000, FTA does plan to pursue NTSB's recommendation to collect and evaluate accident causal factor data in order to identify safety deficiencies at transit agencies. This activity would be conducted in cooperation with the transit industry; it would be an exploratory effort to better understand the industry's data collection capabilities, identify common causal factors, and determine how such data might be collected. Safety data efforts total $350,000 (line #1.5.5.2 on page 125).

Following NTSB's recommendations concerning fatigue related accidents, the FTA co-sponsored with APTA a fatigue symposium. One product of that meeting was a recommendation by the participants that a second symposium be conducted in fiscal year 2000. FTA is requesting funding for the purpose. Funds requested total $150,000 (line #1.5.8 on page 125).

The Transportation Safety Institute has developed a series of courses for transit industry personnel relating to fitness-for-duty which address fatigue issues. FTA will continue funding of that program with fiscal year 2000 funding totaling $1,200,000 (line #1.5.1 on page 125).

EQUIPMENT AND INFRASTRUCTURE ACTIVITIES

Question. The FTA has requested a total of $11,600,000 for equipment and infrastructure activities and products in fiscal year 2000. Please reproduce the funding breakout table on page 138 of the justification, noting the priority order of each of the 14 activities planned for fiscal year 2000. Are any of these projects earmarked in TEA21?

Answer. The information follows:

Equipment and Infrastructure Key Activities and Products	*Fiscal year 2000 Request*
Projects (in priority)	$4,600,000
Turnkey Demonstration Program	500,000
Transit Construction Roundtable	80,000
Fuel Cell Bus: 200KW PEM Fuel Cell	1,500,000
Advanced Bus Subsystems	1,150,000
Construction Technology Review	370,000
Communication Based Train Control	1,000,000
Projects earmarked in TEA–21 (not in priority order)	7,000,000
Palm Springs, CA Fuel Cell Buses	1,000,000

Equipment and Infrastructure Key Activities and Products	*Fiscal year 2000 Request*
MBTA Advanced Electric Transit Buses & Related Infrastructure	1,500,000
SEPTA Advanced Propulsion Control	3,000,000
Gloucester, MA Intermodal Technology Center	1,500,000
Total Budget Authority Requested	11,600,000

Question. Why is it necessary to provide funding to the FTA for advanced vehicle subsystems when this activity can be supported within the advanced vehicle transportation program?

Answer. The Advanced Vehicle Program (AVP) is a Departmental Initiative with a diverse transportation focus. It includes medium- and heavy-duty trucks as well as buses. It also includes railroad, aviation, and maritime applications. This Program was never intended to be solely about transit, although we envision that there will be a number of transit related efforts. The program typically selects 30–40 technology innovation or demonstration projects per year at a relatively low funding level per project. The program acts as an incubator for new and high risk technologies, carrying the development of those technologies to a point where FTA or other transportation modes are willing to invest and complete the development and deployment cycle.

FTA requests funding for advanced vehicle systems specifically for transit applications because of the anticipated high benefits from these technologies. For example, preliminary results from FTA sponsored hybrid-electric transit bus development efforts have demonstrated a 30 percent improvement in fuel efficiency and a 50 percent reduction in emissions. Electric and hybrid-electric technologies will also significantly lower greenhouse gas emissions. The FTA programs support a more extensive development of technologies through a cooperative process with transit manufacturers and operators. The FTA support will typically begin once the technology has reached the concept demonstration stage (where the AVP ends). AVP projects selected by the FTA for continued development will be supported through FTA's National Research and Technology programs or capital projects. This will be accomplished through a planned process that is being developed cooperatively with both transit manufacturers and operators.

Question. What are the costs to complete the turnkey demonstration program? What activities are to be supported with the $500,000 requested in fiscal year 2000?

Answer. The FTA Turnkey Demonstration Program includes three active projects: New Jersey's Hudson-Bergen Light Rail Line, Bay Area Rapid Transit District's (BART) San Francisco International Airport Extension, and San Juan's Tren Urbano Project. These projects exceed one billion dollars in construction funds each and therefore require a significant amount of monitoring, data collection, reporting, and evaluation. A minimum level of effort for these tasks is estimated at one person-year during the projects' implementation schedule, plus a subsequent year for the evaluation of system operation in the cases of the San Juan and New Jersey projects.

Fiscal year 2000 costs for contractor support are $450,000. In addition, the Turnkey Demonstration Program requires funds to conduct special studies on key issues of concern to FTA and a related industry workshop. One example of an outstanding issue is the level of engineering necessary before a turnkey contract is awarded. A special study and workshop require about one-third of a person-year or about $50,000 annually. The combination of technical program support and evaluation efforts represents annual activity of about $500,000 in fiscal year 2000.

The three active turnkey demonstration projects are about halfway into their construction phases and are expected to conclude construction and initiate operations by 2001. The Turnkey Demonstration Program will continue with a subsequent year to finish the evaluation efforts. FTA will synthesize data collected on all five of the turnkey demonstration projects, document lessons learned, and prepare technical guidance as required by ISTEA.

The planned technical support for fiscal year 2000 will include such activities as monitoring, data collection, reviewing and reporting on the progress of the projects' construction, financing, and management. In addition, each of the turnkey projects will be compared to projects delivered through conventional methods. For example, the BART SFO Extension will be compared to the East Bay extensions. The New Jersey Hudson-Bergen LRT may be compared to the Secaucus Connection. The Maryland Phase 2 LRT extensions will be compared to the Phase 1 LRT project. The San Juan Tren Urbano may be compared to a similar mainland project. Tasks will involve monitoring project progress, including the identification of issues, attending quarterly reviews and making other periodic site visits.

Also, in fiscal year 2000, FTA intends to conduct an industry workshop on the level of engineering and design necessary before issuing a turnkey request for proposal.

Question. What are the total project costs of the tunnel design and construction activity? Are other modal administrations participating in this activity given that such information would be helpful to the transportation community generally and not the transit community specifically?

Answer. This is a new activity for which $370,000 is requested for fiscal year 2000. We have discussed this activity with the Federal Highway Administration (FHWA) and intend to coordinate with FHWA and other DOT modal administrations. Research efforts will be undertaken to identify and review tunneling innovations and, once the identification, evaluation, and research documentation activities are completed, FTA will consult with the transit design and construction industry to determine the applicability and deployment of innovative methods identified. The products of this research effort will be documented as "best practices" in tunneling techniques.

Question. Has the $250,000 grant provided in the fiscal year 1999 appropriations bill for the survey on rail rights-of-way vegetation control been released? What agencies applied for these funds? Are follow-on costs requested or foreseen?

Answer. The grant for management of vegetation on rail rights-of-way was awarded April 14, 1999 to the Vermont Agency of Transportation. No follow-on costs are anticipated at this time.

FUEL CELL TRANSIT BUS

Question. Please detail the full funding memorandum of understanding that is being developed with Georgetown University to develop commercially viable fuel cell transit buses. Will the memorandum be finalized? What is the total federal funding assumed in the memorandum, and will it exceed the total funding provided for this project in TEA21? If so, for what activities? Has the university sought to include structures, buildings or other non-vehicle related aspects of the fuel cell transit bus project in the memorandum of understanding?

Answer. The Federal Transit Administration (FTA) has structured the Memorandum of Agreement (MOA) with Georgetown University (GU) to define the total program, schedule, end products and funding requirements. It also includes the Intermodal Fuel Cell Bus Maintenance Facility so that the total Fuel Cell bus activities are defined in a single document. The Fuel Cell Transit Bus Program contains the following elements: A total of eight Fuel Cell transit buses (includes the two currently being developed); Fuel Cell power plants provided by two vendors; Potential of later buses being non-hybrid (no batteries, with a 200 kW Fuel Cell power plant); and Testing and training at GU and at various transit agencies.

The MOA is in the final stages of being implemented. It will be completed in May 1999. The total identified funding is: Fuel Cell Transit Bus Program—$71.8 million: this includes the $37.0 million already provided through fiscal year 1999 (of which $10.5 million was provided by DOD).

Source of Funding	*Funds (millions)*
FTA Research & DARPA	$37.0
TEA–21 section 5309 funding	14.5
To be determined (shortfall)	20.3
Total, Fuel Cell Transit Bus	71.8

Intermodal Transportation Fuel Cell Bus Maintenance Facility—$24.6 million: This includes $10.0 million available under previous grants.

Source of Funding	*Funds (millions)*
FTA Research	$6.5
FHWA Funds	3.5
TEA–21 section 5309 funding	14.6
Total, Fuel Cell Bus Maintenance Facility	24.6

The TEA–21 funding, providing $4.85 million a year under section 5309, is split evenly (50 percent–50 percent) between the Fuel Cell Transit Bus Program and the Intermodal Transportation Fuel Cell Bus Maintenance Facility, with all of the TEA–21 funding for the first three years being dedicated to the Fuel Cell Transit Bus Program.

Currently, there is an identified shortfall of $20.3 million in the Fuel Cell Transit Bus Program that totals $71.8 million. This includes the $37.0 million already provided through fiscal year 1999 (of which $10.5 million was provided by DOD), and the $14.5 million in TEA–21 section 5309 funds.

The entire Fuel Cell Transit Bus Program described in the MOA is structured to design, develop, build and test a total of eight Fuel Cell transit buses. This includes six more buses than originally planned. The intent is to offer these buses to transit agencies participating in the program for operational experience and technical feedback. It is not feasible to commercialize a product with only one of each type of vehicle. The MOA defines a program that will develop eight Fuel Cell transit buses in order to bring the Fuel Cell Bus to the marketplace.

There is a clear statement in the MOA that, "No Federal funds will be applied towards any facility for student, faculty, or staff parking." The MOA does not include development of a national clearinghouse or repository on fuel cell bus technologies at the university. GU is tasked to engineer, design and construct an Intermodal Transportation Fuel Cell Bus Maintenance Facility, to include developing and administering a training curriculum to train transit operators in the operation and maintenance of Fuel Cell transit buses.

Question. What is the cost to complete the Georgetown University fuel cell bus program?

Answer. Georgetown estimates fiscal year 2000 and beyond cost to complete the Fuel Cell Transit Bus Program is $25.5 million.

Question. Why is it necessary to provide $1,500,000 from the national transit planning and research account when TEA–21 provides $4,850,000 each year for the fuel cell bus program from the bus capital program?

Answer. There are still a number of systems issues with the integration of the fuel cell propulsion system onto a transit bus platform that are appropriate to address under FTA's research and technology program. The current hybrid configuration of the two initial fuel cell buses offers valuable insight into other diesel hybrid-electric transit buses. There is a continuing interest in ensuring that data collection, evaluation, and engineering and technical support for this effort are maintained to maximize the benefits to the information developed. These are all appropriate under FTA's research and technology program.

Question. What transit agencies have provided firm commitments in acquiring the Georgetown fuel cell buses?

Answer. There is insufficient experience to date with Fuel Cell transit buses to convince any transit agency of the technology readiness, operational benefits, or vehicle performance needed for practical fleet implementation. Multiple vehicles are absolutely essential to meet this objective. There are several agencies that are interested in participating in the evaluation of these buses. Towards that end, the MOA establishes a Transit Review Committee (TRC) comprised of interested transit agencies to review the Fuel Cell Transit Bus Program. The objective of this review committee is to ensure that Fuel Cell buses, maintenance and training satisfy the operational requirements of the transit industry. Recommendations of this review committee will help guide the Fuel Cell Transit Bus Program.

PHOSPHORIC ACID FUEL CELL BUS

Question. What is the status of the phosphorus acid fuel cell development, and when will the project be completed?

Answer. The PAFC bus development is complete. The Fuel Cell was fabricated, tested and integrated into a 40-foot NovaBUS platform. Lockheed Martin Control Systems (LMCS) provided the power and propulsion system, which is the same design that is being used on several hybrid-electric buses in New York City. The following chart lists the total PAFC funding profile as provided last year through 1998, additional funding provided in 1999 and the total Phosphoric Acid Fuel Cell dollars to date. The differences accommodated test support, evaluation, and engineering support. Total funding to date are $28.8 million, as indicated in the following chart (amounts are in millions).

PHOSPHORIC ACID FUEL CELL

(Dollars in millions)

Year	Fuel Cell	System Integration	Electric Drive Train	Program Management	Total Project
1998 and Prior	$18.5	$5.9	$1.7	$2.0	$28.1
1999	0.6	.....	.....	0.1	0.7
Totals	19.1	5.9	1.7	2.1	28.8

Question. What is the total amount requested for the development of the phosphoric acid fuel cell bus in fiscal year 2000? What has been spent on this program to date (by fiscal year)? What are the out-year costs associated with this program?

Answer. There will be no further development efforts for the PAFC transit bus. Fiscal year 2000 funding for the PAFC bus is expected to be less than $500,000, and will be used for testing, evaluation, continued support, and troubleshooting. The following chart lists the total PAFC funding profile as provided last year through 1998, additional funding provided in 1999 and the total Phosphoric Acid Fuel Cell dollars to date. The differences accommodated test support, evaluation, and engineering support. The total spent to date on development of the PAFC transit bus is $28.8 million, as indicated below (amounts are in thousands).

COSTS TO DATE FOR DEVELOPMENT OF PHOSPHORIC ACID FUEL CELL BUS

Year	Fuel Cell	System Integration	Electric Drive Train	Program Management	Total Project
1994	$3,510	.....	.....	$525	$4,035
1995	6,200	$1,800	.....	475	8,475
1996	6,600	2,200	.....	300	9,100
1997	1,800	1,300	$1,700	350	5,150
1998	400	600	.....	350	1,350
1999	600	.....	.....	100	700
Totals	19,110	5,900	1,700	2,100	28,810

PROTON-EXCHANGE MEMBRANE FUEL CELL BUS

Question. What is the status of the proton-exchange membrane fuel cell bus development and test and when will this project be completed?

Answer. The 100 kW PEMFC power plant has been fabricated and tested. To our knowledge, this is the largest PEMFC in the world that can operate on liquid fuel. Georgetown University completed acceptance testing in January. At this time, the PEMFC power plant is awaiting integration into a bus platform. As reported last year, reduced funding postponed the planned PEMFC bus roll-out from December 1998 until September 1999. That date has been further delayed until December 1999. This was caused by the delayed fiscal year 1998 funding, which hampered contractual efforts to order and build the next bus chassis, develop the propulsion system, and integrate all of the subsystems into the vehicle.

To enhance the successful operation of the PEMFC once it is integrated into the bus platform, dbb Fuel Cell Engines, Inc. will complete some additional testing during the intervening period followed by integrated bus testing at its Poway, California facility. Total costs of these activities are less than $150,000. The PEMFC development effort cost is about $7.5 million to date.

Question. What is the total amount requested for the development of the proton-exchange membrane fuel cell bus in fiscal year 2000? What has been spent on this program to date (by fiscal year)? What are the out-year costs associated with this program?

Answer. The projected out-year costs for the Fuel Cell Transit Bus program defined in the MOA have not been finalized. The fiscal year 2000 requested amount is $9.7 million. This includes the $4.85 from 5309 and $1.5 million from the National Research and Technology Program requested for fiscal year 2000 and $3.35

million from fiscal year 1999 Section 5309 funding. The primary expenditures will be for additional buses destined for the participating transit agencies. The fiscal year 2000 requested amounts are provided in the chart below:

Fuel cell bus program

(Dollars in thousands)

Task	*Fiscal year 2000*
Program Management	$1,100
PEMFC bus #3	1,500
PEMFC bus #4	1,500
PEMFC bus #5	2,000
PEMFC bus #6	2,000
Bus System	100
Power & Propulsion	500
Additional Buses & Integration	1,000
Annual Total	9,700

HYBRID ELECTRIC AND ELECTRIC VEHICLES

Question. Generally, does FTA plan to transition its hybrid-electric and electric vehicle research program to the Advanced Vehicle Transportation Program? How will this affect program and staffing needs in the area? If the proposed Maglev/AVTP funding switch is not enacted, where does this leave the hybrid electric/electric vehicle program?

Answer. FTA does not plan to transition its research and technology efforts for advanced propulsion systems, including hybrid-electric and electric propulsion systems, for transit buses to the Advanced Vehicle Program (AVP). Preliminary results from FTA sponsored hybrid-electric transit bus development efforts have demonstrated a 30 percent improvement in fuel efficiency and a 50 percent reduction in emissions. Electric and hybrid-electric technologies will also significantly lower greenhouse gas emissions. Lower maintenance costs are also expected with these technologies. Given the significant potential benefits, it is appropriate for FTA to commit funds to support these efforts directly.

There should be minimal impact to program and staffing levels. FTA intends to play an active role since we believe that there are significant benefits to transit to the development and deployment of advanced vehicle technologies. We also believe that the technologies developed for transit applications have benefits to a much wider vehicle market than transit buses. Given FTA's prior role and its continuing interest in this area and the technical expertise and experience that have been developed within FTA, one of our key staff persons is serving as the Department's Program Officer for the AVP further ensuring that efforts will not be redundant, but complementary.

Question. Please update the Committee on the zinc-air battery bus research program. Is no further Federal involvement in this program needed or desired?

Answer. The zinc-air battery bus will be completing the first demonstration vehicle in early calendar year 2000 using fiscal year 1998 funding. The development team has submitted a proposal for tasks under the fiscal year 1999 funding. This proposal has been evaluated, and award of the funding is pending the results of the original project. FTA expects the project to be completed under the fiscal year 1999 funding. Additional funding in fiscal year 2000 will not be required.

Question. Please update the Committee on the CALSTART programs. Is no further Federal involvement in this program needed or desired?

Answer. FTA has supported CALSTART's efforts to develop and demonstrate electric and hybrid-electric vehicle technologies to improve transportation services and operations. CALSTART served as a catalyst for the development of a globally competitive U.S.-based advanced transportation technology industry by identifying, contacting, evaluating, and assisting a wide array of firms developing advanced technologies. CALSTART is a major participant in the Department's Advanced Vehicle Program (AVP) managed by the Research and Special Projects Administration. CALSTART projects with FTA are similar to those sponsored under the AVP. FTA will complete the current projects with CALSTART sponsored by FTA funding. However, all future funding for CALSTART should be included as a part of the Advanced Vehicle Program.

ADVANCED TECHNOLOGY TRANSIT BUS

Question. What is the status of the ATTB? Have any of the scheduled milestones slipped over the past year? Has testing of the ATTB prototypes been completed? What has this testing revealed?

Answer. The Advanced Technology Transit Bus (ATTB) program with Los Angeles County Metropolitan Transportation Authority (LACMTA) to develop a lightweight, low floor, low emissions transit bus, and to provide the results to the transit industry, is nearing completion. The program has been successful in achieving almost all of its technical research and development objectives, and has facilitated the industry to pursue advanced vehicle technologies for transit. Northrop Grumman Corporation has produced six prototype vehicles, which have undergone demonstration and testing and have recently been delivered to LACMTA. Final reporting and evaluations on the ATTB development program are now being developed.

As part of the original intent of the program, one ATTB prototype will be delivered to Metropolitan Transit Authority of Harris County, Texas, where three advanced subsystem technologies (an energy storage system, dynamic suspension system for improved ride quality, and improved wheel motors) will be integrated into the bus and undergo evaluation.

Throughout the course of the project with LACMTA, several project milestones have slipped, which is normal for a project of this magnitude and complexity. However, the remaining milestones, specifically reporting, are expected to be completed on schedule.

Testing of the six prototype vehicles, as called for in the program test schedule, has been completed and all prototypes are with the LACMTA.

Prototype #2 completed testing at the Pennsylvania Transit Institute (PTI) bus testing facility in December 1998 and has been returned to LACMTA. Because of recurring reliability problems with the prototypes, the ATTB completed only 50-percent of the prescribed durability testing protocol at PTI, so the lifecycle cost analysis could not be fully completed. The testing revealed support for the basic design concepts and technologies incorporated into the ATTB, and documented the strengths and weaknesses in the bus design. Many of the systems and components that are causing the lack of reliability have been identified and are thought to be related to issues with the manufacture, installation, or integration of these systems and components, and not the underlying technologies themselves.

Question. Are any funds programmed in fiscal year 1999 or requested in fiscal year 2000 for further development or testing and analysis of the ATTB?

Answer. No funds are programmed or requested for further development or testing of the ATTB beyond current program obligations.

Question. Have any transit authorities indicated whether they would intend to procure ATTBs for their fleets?

Answer. A manufacturer has yet to be identified to pursue further development and production of the ATTB in the near term. However, some manufacturers are already pursuing the manufacture of ATTB-based technologies for the U.S. transit bus market, and there is an increasing demand by transit agencies for some of the advanced technologies developed and demonstrated as part of the program. LACMTA, however, is considering a reliability improvement program for some of the prototypes, which is outside the scope of the original project. LACMTA is also planning to develop a production model and eventually procure ATTB vehicles. LACMTA plans to seek funding for procurement of the production model from the Section 5309 Capital Investment program. FTA intends to follow these developments, and other ATTB technology commercialization efforts, closely.

FLEET OPERATIONS ACTIVITIES

Question. The FTA has requested a total of $3,800,000 for fleet operations activities in fiscal year 2000. Please reproduce the funding breakout table on page 148 of the justification, noting the priority order of each of the 9 activities planned for fiscal year 2000. Are any of these projects earmarked in TEA–21?

Answer. Only one project is earmarked in TEA–21.

Fleet Operations Key Activities and Products	*Fiscal year 2000 Request*
Projects (in priority order)	$2,550,000
BRT Data Collection & Analysis	500,000
BRT Technology Transfer	150,000
BRT Project Administration	600,000
BRT Lessons Learned Workshop	250,000
BRT Systems Integration Workshop	350,000

Fleet Operations Key Activities and Products	*Fiscal year 2000 Request*
BRT Professional Development Workshops—Design, Vehicle Systems, Services, System	200,000
BRT Design & Operational Parameters, Impacts	300,000
Open Architecture for Vehicle systems	200,000
Projects earmarked in TEA–21 (not in priority order)	1,250,000
ITS Applications: Washoe County, NV Transit Technology	1,250,000
Total Budget Authority	3,800,000

Question. The budget requests $200,000 for open architecture for vehicles systems in fiscal year 2000. What is the total cost of this activity, and what are the outyear considerations? Couldn't this activity be funded within the Intelligent Transportation Systems program?

Answer. In light of the emphasis on system integration through open architecture standardization of all ITS technologies, the question remains as to how many systems in a transit vehicle should be included in this concept. The $200,000 requested will allow FTA to work with the transit vehicle manufacturers and operators to evaluate the possible systems and likely candidates for open architecture and architecture and standardization. FTA would expect that the Transit Standards Consortium, organized through APTA, would assume responsibility for further work beyond fiscal year 2000.

This activity will be evaluating the integration and interoperability of transit vehicle components that are considered outside the normal ITS purview, such as vehicle management systems and propulsion system components.

BUS RAPID TRANSIT RESEARCH

Question. What is the total amount allocated to bus rapid transit activities in fiscal year 1999 and planned for fiscal year 2000? What are the out-year costs associated with this program?

Answer. The total amount allocated to bus rapid transit technical assistance activities in fiscal year 1999 is $1.5 million. This includes the following:

—$150,000—BRT Operational Analysis Support to provide technical assistance to BRT Consortium members and others in designing infrastructure and operations. A virtual reality simulation for BRT operation will be included.

—$250,000—BRT Data Analysis and Project Evaluations to objectively determine the benefits, costs, impacts, and operational issues of BRT in a uniform manner.

—$200,000—BRT Systems Integration Workshops, for BRT Consortium members to jointly address issues of common interest such as Intelligent Transportation Systems (traffic signal priority, smart cards, passenger information systems, passenger counters and in-vehicle monitoring systems, etc.), vehicle design and procurement. The task emphasizes system integration ability for various locations.

—$500,000—BRT Project Administration, which supports local agency administrative expenses of about $50,000 per project for data collection, logistical support and progress reporting.

—$150,000—BRT Technology Transfer, to communicate results to interested organizations through audio, video and written materials; scanning tours; and efforts with news media, such as Dateline and other networks.

—$200,000—BRT Professional Development, involving preparation of training and technical assistance aids specifically for transit operators, transportation planners, engineers, architects, local land use planners and university students.

—$100,000—BRT Lessons Learned Annual Workshop, including preparation of technical papers on contemporary planning, design, systems and implementation issues and by gathering successful implementers with potential adopters to explore preliminary findings.

In fiscal year 2000, the total amount planned for bus rapid transit is $2.35 million. The categories of effort are the same as for fiscal year 1999, but with proportionately greater emphasis and funding for technology transfer, professional development and industry diffusion. FTA expects that in fiscal year 2000, more projects will be moving into actual design and operations, providing opportunities to heighten industry awareness and adoption of BRT. In addition, more information will be available for the project evaluations.

Fiscal year 2000 funding categories and amounts are as follows:

—$300,000—BRT Operational Analysis Support

—$500,000—BRT Data Analysis and Evaluation

—$350,000—BRT Systems Integration Workshops
—$600,000—BRT Project Administration
—$150,000—BRT Technology Transfer
—$200,000—BRT Professional Development
—$250,000—BRT Lessons Learned Workshops

Question. What is the status of the competition to determine a potential demonstration of the bus rapid transit application in the states? What funding is associated with this competition?

Answer. A Federal Register Notice was published on December 10, 1998. It described the Bus Rapid Transit Demonstration Program, the need for improved bus transit service, and the goals of the Bus Rapid Transit Demonstration Program and also solicited Statements of Participation from those interested entities.

Twenty-four proposals were received from transit agencies, local governments and combinations of the two. The selected project sponsors will compose the initial BRT Consortium.

Proposals consisted of the following types: Curitiba-type exclusive rights-of-way systems, Priority treatments on local arterials, and Skip-stop service on local arterials.

An evaluation by FTA staff of those received statements is now underway, and FTA expects to announce selected demonstration projects by May of this year. Those not selected as demonstration projects will however receive technical assistance through the technology transfer, professional development and lessons learned workshops.

The fiscal year 1999 appropriation includes $1.5 million for the Bus Rapid Transit Demonstration initiative, and we have requested an additional $2.35 million in fiscal year 2000.

Question. Please summarize the results of FTA's bus rapid transit research thus far. Have you developed preliminary scoping of the concept data, including cost per mile, land use parameters, efficiency measurements, and cost of operations?

Answer. FTA has only recently begun the Bus Rapid Transit (BRT) Demonstration Program. It will require several years to implement the proposed projects, collect data on their operation and draw conclusions about the general effectiveness and efficiency of BRT. However, FTA has begun the process of defining the key issues surrounding BRT. These key issues include:

—How successful is BRT in reducing bus travel time?
—Which BRT elements (exclusive lanes or roadways, traffic signal preference, faster fare collection and boarding, etc.) are the most effective in reducing travel time?
—How successful is BRT in attracting increased ridership from reduced travel time, improved visibility, supportive land use, etc.?
—How expensive is BRT implementation and operation?
—How successful is BRT in improving operating efficiency for transit agencies?
—How easy (or difficult) is the implementation of BRT?
—In what type of locations is BRT most successful?
—What is the impact of BRT on land use and development?

These issues and others will, together with specific project site characteristics, determine the required data collection and analysis that will lead to the drawing of general and specific conclusions about BRT. FTA will also organize a national BRT Consortium of the selected demonstration sites to work together on issues of mutual interest. The FTA will hold periodic workshops for Consortium members on specific topics such as the use of ITS capabilities, traffic signal preference, faster fare collection and boarding, vehicles, etc. It is likely that additional issues and insights will be raised during these workshops that will expand and amplify the preliminary key issues.

FTA has had other ongoing related bus operations research activities in recent years:

—The Bus Transit System: Its Underutilized Potential by Dr. Vukan Vuchic of the University of Pennsylvania. Dr. Vuchic identified ways to improve bus service—mostly by buses operating on exclusive lanes, busways or other exclusive rights-of-way.
—The development of a Transit Capacity and Quality of Service Manual under the Transit Cooperative Research Program (TCRP) managed by the Transportation Research Board of the National Academy of Sciences. This manual will be of significant aid to transit planners, engineers and operators in planning and operating transit services. Chapters on transit capacity and the effect of transit vehicles on the capacity and speed of highway traffic were also produced for the Highway Capacity Manual 2000.

—Building on the body of previous work that has been developed on BRT, the TCRP has recently developed a problem statement soliciting a contractor to (1) identify how BRT could operate in the U.S.; (2) identify and articulate obstacles to BRT implementation in the U.S., such as political and institutional, land-use, vehicle selection, and traffic signal preemption; and (3) develop a suite of information/guidance packages, including a discussion of the role of traffic simulation, animation and visualization, to evaluate and communicate expected impacts of proposed BRT services tailored to meet the needs of various potential stakeholders interested in the implementation of BRT, including citizens, elected officials, the business community, and transit agencies.

SPECIALIZED CUSTOMER SERVICES ACTIVITIES

Question. The FTA has requested a total of $4,050,000 for specialized customer service activities in fiscal year 2000. Please reproduce the funding breakout table on page 154 of the justification, noting the priority order of each of the 4 activities planned for fiscal year 2000. Are any of these projects earmarked in TEA–21?

Answer. One project, Project ACTION, is earmarked in TEA–21 for $3 million annually. The chart follows:

Specialized Customer Services Key Activities and Products	*Fiscal year 2000 Request*
Projects (in priority order)	$1,050,000
RTAP National Program	750,000
Job Access Support	200,000
Mobility Manager Assistance	100,000
Projects earmarked in TEA–21 (not in priority order)	3,000,000
Project ACTION	3,000,000
Total Budget Authority	4,050,000

Question. The budget requests $200,000 for job access support to conduct information sharing, coordination, technical assistance, and other related activities. Can't funds provided under the job access and reverse commute program be retained or set-aside for such administrative activities? What funds are set-aside from the job access and reverse commute program in fiscal years 1999 and 2000.

Answer. TEA–21 restricts funding to the provision of new or expanded transportation services and the promotion of transit in non-traditional hours, employer strategies and transit pass programs. No funding is provided for technical assistance, information sharing or evaluation activities.

INFORMATION MANAGEMENT AND TECHNOLOGY ACTIVITIES

Question. The FTA has requested a total of $3,800,000 for information management and technology activities in fiscal year 2000. Please reproduce the funding breakout table on page 159 of the justification, noting the priority order of each of the 4 activities planned for fiscal year 2000. Are any of these projects earmarked in TEA21?

Answer. None of the projects are earmarked in TEA–21.

Information Management and Technology Key Activities and Products	*Fiscal year 2000 Request*
Projects (in priority order):	
National Transit Database	$2,800,000
International Program: Technical Assistance and Training	100,000
Technology Sharing, FTA Website, Transit GIS	500,000
Small Business Innovation Research	400,000
Total Budget Authority	3,800,000

Question. Why is it necessary to connect the national transit database to the transportation electronic award and management system? How does this benefit grantees and the Federal Transit Administration?

Answer. The National Transit Database contains statutory required financial and operational statistics. Operational data in the NTD is used to develop the allocations for the Formula Grant Programs. In addition, the NTD provides an important post-grant history of vehicle fleets, financial records and operating data. Our grantees and FTA Regional Offices use both systems extensively and believe linking the two would provide benefits to accessing data and oversight functions. A major component of the NTD is an inventory of transit fleets by operator. Vehicle data pro-

vides the resources to make fleet inventory and age for disposal and purchase decisions. Linking, for example, will help our grantees ensure that the Fleet Management requirements for FTA grants will be implemented. These Fleet Management requirements were put in place to respond to past IG oversight suggestions about spare buses at certain properties. These fleet requirements must be met prior to a bus purchase and are critical part of a TEAM grant application.

Linking will also help our grantees use NTD performance measures and expenditure data in evaluating different grant program expenditures, such as expenditures on preventive maintenance, transit police and security, etc. The NTD provides the capability to make performance and expenditure comparisons of similar transit systems across the nation. These data are important to grantees, as well as for Metropolitan Planning Organizations that review projects in the local Transportation Improvement Program (TIP).

Question. Why is $100,000 necessary for international programs when funding up to $1,000,000 is available without appropriation to conduct the same activities?

Answer. Although Section 3015(e)(3) of TEA–21 allows the Department to receive revenues from any cooperating organization or persons for the FTA international mass transportation program, FTA has just begun structuring the first year's activities, including defining the program emphasis areas, developing a Federal Register notice and conducting outreach meetings with the transit industry.

Thus, at this time FTA is spending the better part of fiscal year 1999 developing the program elements for the international mass transportation program and has yet to solicit revenues from any other organizations or persons. The requested $100,000 is needed to conduct workshops, develop program outreach materials, sponsor or co-sponsor international program conferences, and conduct other related program support activities for this new initiative.

METROPOLITAN/RURAL POLICY DEVELOPMENT ACTIVITIES

Question. The FTA has requested a total of $1,600,000 for metropolitan/rural policy development activities in fiscal year 2000. Please reproduce the funding breakout table on page 164 of the justification, noting the priority order of each of the 6 activities planned for fiscal year 2000. Are any of these projects earmarked in TEA–21?

Answer. There are no Metropolitan/Rural Policy Development projects earmarked in TEA–21 for fiscal year 2000. The chart follows:

Metropolitan/Rural Policy Development Key Activities and Products	*Fiscal year 2000 Request*
Projects (in priority order):	
Transit Performance, Condition and Needs	$300,000
Innovative Finance	200,000
Reauthorization Implementation	200,000
Program Evaluations and Strategic Plan	200,000
Benefits of Transit	400,000
Policy Analysis	300,000
Total Budget Authority	1,600,000

Question. Please update the Committee on the status of the grant for the City of Branson, Missouri congestion study. When was this funding released? Do you anticipate further costs associated with this study. Can general policy implications be drawn concerning small cities with large tourist populations, and their seasonal effects on the transit needs of the community?

Answer. The City of Branson, Missouri (City) received a Section 5314, $450,000 planning earmark in fiscal year 1999 to conduct a congestion study to analyze congestion problems within the City. The City is suffering from severe traffic congestion due to the influx of tourism. Currently, there is no public transportation system within the City. The study will also consider recommendations resulting from an FTA New Starts funded study currently underway. This study is considering various transportation options including commuter rail between the City of Branson and Springfield, Missouri.

The grant application for the congestion study is expected to be submitted later this calendar year, therefore no funding has been released to date. FTA does not anticipate costs in excess of the earmarked funds for the congestion study.

In regard to the question on policy implications on seasonal effects of tourists, Missouri Department of Transportation reports that the tourist population in Branson is now fairly constant throughout the year, not seasonal. It should be noted that findings of the congestion study when completed could have an impact or rel-

evance in dealing with transit issues of other small cities with large tourist attractions.

PLANNING AND PROGRAM DEVELOPMENT ACTIVITIES

Question. The FTA has requested a total of $2,500,000 for planning and program development activities in fiscal year 2000. Please reproduce the funding breakout table on page 168 of the justification, noting the priority order of each of the 6 activities planned for fiscal year 2000. Are any of these projects earmarked in TEA21?

Answer. There are no Planning and Project Development projects earmarked in TEA–21 for fiscal year 2000.

Planning and Project Development Key Activities and Products	*Fiscal year 2000 Request*
Projects (in priority order):	
Transportation Planning and Programming	$750,000
Major Investment Planning and Project Development	650,000
Outreach New Provisions/TEA–21	200,000
Land Use and Environmental Planning	200,000
Planning Methods	600,000
Financial Planning	100,000
Total Budget Authority	2,500,000

Question. Please update the Committee on the status of each of the three community planning land analysis projects included in the fiscal year 1999 appropriations bill: (1) Skagit County, Washington North Sound connecting communities; (2) Desert air quality comprehensive analysis, Las Vegas, Nevada; and (3) Seattle, Washington livable city. Have these grants been released? Were any problems encountered? Are follow-on costs required or anticipated?

Answer. The status of the three community planning land analysis projects follows:

(1) Skagit County, Washington North Sound Connecting Communities: The County is in the process of making an application for the funds. We expect to receive the application soon at our Region X Office in Seattle.

(2) Desert Air Quality Comprehensive Analysis, Las Vegas, Nevada: FTA received an application dated April 1, 1999 and expects to award a cooperative agreement in the near future.

(3) Seattle, Washington Livable City: Seattle has not yet submitted an application. Our Regional Office expects to receive an application soon.

RURAL TRANSPORTATION ASSISTANCE PROGRAM (RTAP)

Question. Why does the RTAP require both formula TEA21 funding ($5,250,000) in fiscal year 2000 and specialized customer services discretionary funding ($750,000 in fiscal year 2000)?

Answer. FTA allocates the formula funding entirely to the states to support training and technical assistance for rural transit providers, according to an administrative formula based on nonurbanized population and a minimum allocation to each state. The discretionary funding supports a national RTAP project administered through a cooperative agreement with the American Public Works Association. National RTAP products include the Transit Resource Center operated by the Community Transportation Association of America, training modules tailored to the needs of rural transit, technical assistance briefs, and other products which support the state RTAP.

FTA's fiscal year 2000 budget request reflects the funding experience in recent years. From the time RTAP originated in fiscal year 1987 through fiscal year 1992, FTA allocated 85 percent of the appropriation to the states and the remainder to the national project. In fiscal year 1993, when Congress reduced the annual appropriation from $5 million to $4.25 million, FTA allocated the entire amount the states and began funding the national RTAP separately. The amount available for the national program then fluctuated annually until Congress established an earmark of $750,000 for the national RTAP in fiscal year 1998.

TRANSIT COOPERATIVE RESEARCH PROGRAM

Question. Is the amount of transit cooperative research program funding set in a TEA21 formula? Please provide the cite and the funding schedule over the authorized period.

Answer. No, it is a fixed amount rather than a formula. Section 3029(a) of TEA21 authorizes not less than $8,250,000 annually for the Transit Cooperative Research

Program (TCRP) for each year of the TEA–21 authorization, fiscal year 1998 through fiscal year 2003. In January 1999, pursuant to authorization in TEA–21, FTA executed a Memorandum of Agreement with the National Academy of Sciences and the American Public Transit Association for the conduct of the TCRP. This MOA reflects FTA's continued interest in focusing the responsiveness of the sponsored research on the department's strategic plans and on the tactical and practical requirements of the nation's transit industry.

NATIONAL TRANSIT INSTITUTE

Question. Is the amount of National Transit Institute funding set in a TEA21 formula? Please provide the cite and the funding schedule over the authorized period.

Answer. No, it is a fixed amount rather than a formula. Section 3029(a) of TEA21 authorizes not less than $4,000,000 annually for the National Transit Institute for each year of the TEA–21 authorization, fiscal year 1998 through fiscal year 2003. FTA and Rutgers University are negotiating a Memorandum of Understanding for the continued management of the National Transit Institute by the University. This MOU will incorporate the important policy directions and transportation and transit training priorities contained in the Department's strategic plans and program performance standards.

ALTOONA, PENNSYLVANIA BUS TESTING

Question. How much has been allocated for technical support for testing new bus models in Altoona in fiscal years 1997 through? From what program is this funding derived?

Answer. In fiscal year 1997, the amount was $85,040; in fiscal year 1998, $95,000. In fiscal years 1999 and 2000, the amount is expected to be $100,000 annually. The funds are derived from the Section 5309 Capital Investments account.

Question. What new buses were tested at the facility in fiscal years 1998, 1999 and planned for fiscal year 2000?

Answer. *Buses Tested in fiscal year 1998.*—In fiscal year 1998, 16 bus models were tested at the Altoona facility. These are listed on the following chart:

BUSES TESTED IN FISCAL YEAR 1998

Manufacturer	Model
Northrop Grumman	ATTB.
New Flyer Industries	D60LF.
Supreme/Freedom One	Low-Floor Minivan.
Supreme Corp	PS–31.
El Dorado National	Aerotech 240.
Coach & Equipment Mfg. Corp	Condor.
Freedom One/Supreme Corp	Low Floor Mini Van.
Metrotrans	Classic 20 foot.
Metrotrans	Classic 24 foot.
Motor Coach Industries	102–D3 CNG.
Supreme Corp	28 foot Bus.
Cable Car Concepts	MIDI.
Nova Bus Corp	T80206.
Champion Bus Inc	CTS.
Champion Bus Inc	Contender TB.
Thomas Built Buses Inc	110–8–N–1069.

Buses Tested in fiscal year 1999.—Thus far in fiscal year 1999, nine (9) buses have been tested at the Altoona facility. Additional bus models have been scheduled for testing.

BUSES TESTED IN FISCAL YEAR 1999

Manufacturer	Model
Starcraft	Allstar.
New Flyer Industries	D45 Viking.
Orion Bus Industries	Orion II CNG.

BUSES TESTED IN FISCAL YEAR 1999—Continued

Manufacturer	Model
Champion Bus, Inc	Defender.
Supreme Corp	Trolley.
ABI	MSV–1120S.
Goshen	Sentinel.
Glavel	Universal.
Champion	Solo-LPG.

Buses Initiating Testing in fiscal year 2000.—To date, no buses have been scheduled for testing in fiscal year 2000.

CAPITAL INVESTMENT GRANTS UNOBLIGATED FUNDS

Question. Please provide a list of any unobligated contract authority funds that have remained on the books for more than three years (that is, funds appropriated or authorized in or prior to fiscal year 1996).

Answer. The Capital Investment Grants (Discretionary Grants) funds that are more than three years old and not obligated are as follows:

Federal Transit Administration Funds more than three-years old and Unobligated as of 4/30/99

Capital Investments Program	*Unobligated Funds*
Capital Program, Section 5309, Bus	[1] $7,455,535
Capital Program, Section 5309, Fixed Guideway Mod	[2] 2,022,708
Capital Program, Section 5309, New Starts	[1] 3,886,253
Undistributed Discretionary	2,653,298
TOTAL	16,017,794

[1] Includes amounts not obligated per congressional guidance, reports and bill language.
[2] Funds are available for 4 years.

Question. Please provide a list of recoveries by program/project and amount made in fiscal year 1998, planned for fiscal year 1999 and estimated for fiscal year 2000. Delineate by program/project how these recoveries were (or are to be) allocated.

Answer. A list of recoveries by program and amount made in fiscal year 1998 is provided in the table below. We estimate a similar distribution of recoveries as they become available for fiscal years 1999 and 2000.

Funds recovered under our Formula Grants programs and Planning programs, remain with the account and are reapportioned to all areas in the succeeding fiscal year according to legislative formula. Amounts recovered under the previous section 5 formula are authorized to be transferred to section 5307, Urbanized Area Formula and are reapportioned. Funds recovered under section 5311(b) Rural Transit Assistance Program (RTAP) previously funded with Formula Grants, are transferred to the Transit Planning and Research account and are distributed with section 5311(b), RTAP. Recoveries under the Research Training and Human Resources account are authorized to be transferred to the Transit Planning and Research account and are distributed with section 5314, National Planning and Research. Section 5309 New Starts and Bus funds recovered from projects previously earmarked are reprogrammed after notification to and approval of the House and Senate Committees on Appropriations.

Department of Transportation Federal Transit Administration Recovery Activities

Program	*Fiscal year 1998*
FORMULA GRANTS:	
Sec. 5307, Urbanized Area Formula Program	$21,500,729
Sec. 5307, Urbanized Area Formula Program, Oversight	29,108
Sec. 5310, Elderly and Persons with Disabilities	90,318
Sec. 5311, Nonurbanized Area Formula Program	3,628,921
Total, Formula Grants	25,249,076
TRANSIT PLANNING AND RESEARCH:	
Sec. 5303, Metropolitan Planning Program	1,556,566

Department of Transportation Federal Transit Administration Recovery Activities—Continued

Program	*Fiscal year 1998*
Sec. 5313, State Planning and Research Program	132,507
Sec. 5314, National Planning and Research	196,938
Sec. 5311, RTAP	122,328
Total, Transit Planning and Research	2,008,339
DISCRETIONARY GRANTS:	
Sec. 5309, Capital Program, Bus	1,770,372
Sec. 5309, Capital Program, New Starts	16,008,275
Sec. 5309, Capital Program, Rail Mod	1,219,734
Sec. 5309, Capital Program, Innovative Techniques	33,235
Sec. 5303, Special Studies	681,732
Sec. 5303, Metropolitan Program	1,388
Sec. 5313, State Planning and Research	657
Sec. 5314, National Planning and Research	27,804
Sec. 5307, Urbanized Area, 9(B)	507,020
Sec. 5317, University Transportation Centers	871,471
Sec. 5310, Elderly and Persons with Disabilities	301,397
Sec. 5307 Transferred to sec. 5311	149,089
Total, Discretionary Grants	21,572,174
RESEARCH TRAINING AND HUMAN RESOURCES	371,680
INTERSTATE TRANSFER GRANTS	6,036,466
URBAN DISCRETIONARY GRANTS	555,920
Total, Federal Transit Administration	55,793,655

Question. Transit new starts and bus and bus facilities funds are subject to the "three-year rule", wherein earmarked appropriated funds not obligated after three fiscal years are available to be reprogrammed. The November 6, 1998 Federal Register "Apportionment, Allocations and Program Information" notice listed over $78 million worth of fiscal year 1997 Section 5309 bus unobligated allocation.

Answer. The information is in the table below.

FEDERAL TRANSIT ADMINISTRATION FISCAL YEAR 1997 UNOBLIGATED SECTION 5309 NEW START ALLOCATIONS

STATE	PROJECT LOCATION AND DESCRIPTION	FISCAL YEAR 1997 CARRY-OVER	STATUS
CT	Hartford—Griffin Light Rail Project	$993,023	Project deleted from Regional Transportation Plan.
VT	Burlington—Charlotte Commuter Rail	993,023	Application under review—Obligation expected in 4th Qtr.
NY	New York—Whitehall Ferry Terminal	1,675,037	NEPA process still underway; anticipate 4th Qtr obligation.
NJ	Burlington—Gloucester Line [1]	1,488,750	Obligation not likely this fiscal year.
VA	Virginia Railway Express—Commuter Rail Project	2,979,069	Application under review—Obligation expected in 4th Qtr.
MS	Jackson—Intermodal Corridor	5,461,626	Application not yet submitted; project scope under refinement.
FL	Miami—Metro Dade East-West Corridor Project	1,489,534	Obligated on 11/20/98.
FL	Miami—North 27th Avenue Project	993,023	Obligated on 11/20/98.
NC	Research Triangle Park—Regional Transit Plan	693,384	Application under review—Obligation expected in 4th Qtr.
TX	Houston—Regional Bus Plan	40,306,799	Grant under review; obligation In 4th Qtr.
TX	Dallas—Ft. Worth RAILTRAN	15,143,599	Grant under final review; obligation In 4th Qtr.
LA	New Orleans—Canal Street Corridor Project	7,944,183	Environmental issues under study; obligation this fiscal year possible.
AR	Little Rock—Junction Bridge Project	1,806,046	Environmental Assessment being completed; obligation in 4th Qtr.
MO	St. Louis—Metrolink Project	3,405,809	Application under review—Obligation expected in 4th Qtr.
CA	San Diego Mid-Coast Extension	1,489,534	Application under review—Obligation expected in 4th Qtr.
AK	Hollis—Ketchikan Ferry Project	6,345,416	Under final review—obligation expected in 3rd Qtr.
WA	Seattle-Renton-Tacoma Light Rail Project	2,979,069	Obligated on 1/22/99.
	Total	96,186,924	

[1] Funds [$1,488,750] identified in the fiscal year 1997 Carryover column are fiscal year 1995 funds extended for obligation by the fiscal year 1999 Appropriation Conference Report for Burlington—Glouchester, NJ Commuter Rail.

CAPITAL PROGRAM
* BUS AND BUS RELATED *
FY 1997 AVAILABLE EARMARKS
AS OF APRIL 30, 1999

LARKINS-TPM-10

REG.	AREA	PROJECT NO.	PROJECT DESCRIPTION	AVAILABLE FUNDING	OBLIGATION STATUS	FEDERAL $'S OBLIGATED	UNOBLIGATED
1	BOSTON, MA (MBTA)	MA-03-0218	SOUTH STATION INTERMODAL CENTER FY 97 APPROP. EARMARK	672,500			672,500
	EXPECT APPLICATION IN FY 1999; ANTICIPATED FY 99 OBLIGATION						
	LOWELL, MA (LRTA)	MA-03-0208	GALLEGHER TRANSPORTATION TERMINAL FY 97 APPROP. EARMARK	992,500	OBLIGATED 2-9-99	992,500	0
	BURLINGTON, VT	VT-03-00XX	MULTIMODAL CENTER FY 97 APPROP. EARMARK	1,488,750			1,488,750
	APPLICATION FOR FY 97 EM EXPECTED IN FY 1999; ANTICIPATED FY 99 OBLIGATION.						
	VT (URBAN & RURAL) (CCTA)	VT-03-0025	BUSES AND BUS FACILITIES FY 97 APPROP. EARMARK	357,500	OBLIGATED 3-31-99	357,500	0
	COMBINED WITH $188,125 FY 97 STATEWIDE EM.						
2	BUFFALO, NY (NFTA)	NY-03-0315-01	CROSSROADS INTERMODAL STATION FY 99 REPROGRAM. FUNDS	1,488,750			1,488,750
	REPROGRAMMED FY 96/FY 97 EARMARKS; APPLICATION EXPECTED IN FY 2000.						
	NEW ROCHELLE, NY	NY-03-0337	INTERMODAL FACILITY FY 97 APPROP. EARMARK	1,235,000			1,235,000
	APPLICATION FOR FY 97 EM EXPECTED IN FY 1999; ANTICIPATED FY 99 OBLIGATION.						
	NEW YORK, NY SYRACUSE, NY (CNYRTA)	NY-03-0XXX NY-03-0XXX	HUBLINK 30 CNG REPL. BUSES & FACILITIES FY 97 APPROP. EARMARK	1,985,000			1,985,000
	APPLICATION FOR FY 97 EM EXPECTED IN FY 1999; ANTICIPATED FY 99 OBLIGATION.						
3	ERIE, PA (EMTA)	PA-03-0291	INTERMODAL COMPLEX FY 97 APPROP. EARMARK	1,985,000			1,985,000
	APPLICATION IN FY 99. ANTICIPATED FY 99 OBLIGATION.						
	INDIANA COUNTY, PA	PA-03-0284	5 REPLACEMENT BUSES & EQUIP. FY 97 APPROP. EARMARK	674,900	OBLIGATED 10-23-98	674,900	0
	RESTON, VA	VA-03-00XX	INTERNAL BUS SYSTEM/ BUSES FY 97 APPROP. EARMARK	496,250			496,250
	APPLICATION EXPECTED IN FY 99; NOT PROGRAMMED IN TIP/STP.						
	VIRGINIA BEACH, VA	VA-03-0061	INTERMODAL FACILITY FY 97 APPROP. EARMARK	992,500			992,500
	APPLICATION UNDER REVIEW; ANTICIPATED FY 99 OBLIGATION.						
	DELAWARE (STATEWIDE)	DE-03-0013-01	BUSES AND BUS FACILITIES FY 97 APPROP. EARMARK	5,195,478			5,195,478
	BALANCE OF FY 97 EM; ANTICIPATED FY 99 OBLIGATION.						
4	MIAMI BEACH, FL	FL-03-0191	ELEC. BATTERY BUSES/BUS SECURITY AND SURVEILLANCE				
			FY 97 APPROP. EARMARK	992,500			992,500
			FY 99 APPROP. EARMARK	3,225,625			3,225,625
			TOTAL	4,218,125			4,218,125
	COMBINED W/FY 99 EARMARKS FOR MIAMI & MIAMI DADE; APPLICATION IN; ANTICIPATED FY 99 OBLIGATION.						
	SAVANNAH/CHATHAM AREA TRANSIT, GA	GA-03-00XX	BUS FACILITY				
			FY 97 APPROP. EARMARK	1,052,050			1,052,050
			FY 98 APPROP. EARMARK	3,908,785			3,908,785
			FY 99 APPROP. EARMARK	3,473,750			3,473,750
			TOTAL	8,434,585			4,960,835
	APPLICATION IN FOR FY 97/FY 98/PORTION FY 99 EM; ANTICIPATED FY 99 OBLIGATION; WILL APPLY FOR BALANCE OF FY 99 EM IN FY 2000.						

Note: EM stands for "earmark"

CAPITAL PROGRAM
* BUS AND BUS RELATED *
FY 1997 AVAILABLE EARMARKS
AS OF APRIL 30, 1999

LARKINS-TPM-10

REG.	AREA	PROJECT NO.	PROJECT DESCRIPTION	AVAILABLE FUNDING	OBLIGATION STATUS	FEDERAL $'S OBLIGATED	UNOBLIGATED
	SPARTANBURG, SC	SC-03-00XX	INTERMODAL FACILITY				
			FY 97 APPROP. EARMARK	1,488,750			1,488,750
	NO APPLICATION.						
	JACKSON, MS	MS-03-00XX	DOWNTOWN MULTIMODAL TRANSIT CENTER				
			FY 97 APPROP. EARMARK	3,473,750			3,473,750
	APPLICATION EXPECTED FY 99; OBLIGATION ANTICIPATED FY 99 OBLIGATION.						
	JACKSON, MS	MS-03-00XX	BUSES AND FACILITIES				
			FY 97 APPROP. EARMARK	992,500			992,500
			FY 98 APPROP. EARMARK	1,954,393			1,954,393
			FY 99 APPROP. EARMARK	1,588,000			1,588,000
			TOTAL	4,534,893			4,534,893
	NO APPLICATION; FTA IS NOTIFYING APPLICANT THAT FY 97 FUNDING WILL LAPSE AS OF 10/1/99.						
5	DETROIT, MI	MI-03-0XXX	INTERMODAL FACILITY				
			FY 97 APPROP. EARMARK	1,385,000			1,385,000
	APPLICATION EXPECTED IN FY 99; ANTICIPATED FY 99 OBLIGATION; PORTION OF STATEWIDE EM.						
	DEARBORN, MI	MI-03-00XX	INTERMODAL FACILITY				
			FY 97 APPROP. EARMARK	992,500			992,500
	NO APPLICATION; PORTION OF STATEWIDE EM.						
	GRAND RAPIDS, MI	MI-03-0154-01	DESIGN/ENG. SURFACE TRANSP. CENTER				
	(GRATA)		FY 97 APPROP. EARMARK	1,745,000			1,745,000
	NO APPLICATION; PORTION OF STATEWIDE EM.						
	SOUTH BEND, IN	IN-03-0083	URBAN INTERMODAL TRANSFER FACILITY		OBLIGATED		
	(PTC)		FY 97 APPROP. EARMARK	5,455,322	4-22-99	5,455,322	0
			FY 98 APPROP. EARMARK	1,954,393		1,954,393	0
			FY 99 APPROP. EARMARK	1,240,625		0	1,240,625
			TOTAL	7,409,715		7,409,715	0
	NO APPLICATION FOR BALANCE						
6	EL PASO, TX	TX-03-0193	BUSES AND BUS FACILITIES				
	(CITY)		FY 97 APPROP. EARMARK	139,988			139,988
			FY 98 APPROP. EARMARK	977,196			977,196
			TOTAL	1,117,184			1,117,184
	APPLICATION EXPECTED IN FY 99; ANTICIPATED FY 99 OBLIGATION.						
	GALVESTON, TX	TX-03-0198	TROLLEY MAINTENANCE				
			FY 97 APPROP. EARMARK	496,250			496,250
	APPLICATION IN; ANTICIPATED FY 99 OBLIGATION.						
	BRAZOS, TX	TX-03-0205	TRANSIT FACILITIES AND BUSES				
	(BTA)		FY 97 APPROP. EARMARK	1,013,170			1,013,170
			FY 98 APPROP. EARMARK	2,931,588			2,931,588
			FY 99 APPROP. EARMARK	1,488,750			1,488,750
			TOTAL	5,433,508			4,420,338
	COMBINED W/FY 97 EM (LIBERTY/MONTGOMERY/POLK COUNTIES); APPL. IN; ANTICIPATED FY 99 OBLIG.						
	LITTLE ROCK, AR	AR-03-00XX	CENTRAL ARKANSAS TRANSIT BUSES ANS BUS LOADING SYSTEM				
			FY 97 APPROP. EARMARK	992,500			992,500
			FY 99 APPROP. EARMARK	297,750			297,750
			TOTAL	1,290,250			1,290,250
	APPLICATION IN; ANTICIPATED FY 99 OBLIGATION.						
	NEW ORLEANS, LA	LA-03-0079-01	BUSES AND BUS FACILITIES				
	(RTA)		FY 97 APPROP. EARMARK	8,952,350			8,952,350
			FY 98 APPROP. EARMARK	7,856,854			7,856,854
			TOTAL	16,809,204			16,809,204
	PORTION OF STATEWIDE EM; IN FINAL PROCESSING						

Note: EM stands for "earmark"

CAPITAL PROGRAM
* BUS AND BUS RELATED *
FY 1997 AVAILABLE EARMARKS
AS OF APRIL 30, 1999

LARKINS-TPM-10

REG.	AREA	PROJECT NO.	PROJECT DESCRIPTION	AVAILABLE FUNDING	OBLIGATION STATUS	FEDERAL $'S OBLIGATED	UNOBLIGATED
	ALEXANDRIA, LA (CITY)	LA-03-0064-01	BUSES				
			FY 97 APPROP. EARMARK	95,605			95,605
	APPLICATION EXPECTED FY 99; ANTICIPATED FY 99 OBLIGATION; PORTION OF STATEWIDE EM.						
	LAFAYETTE, LA	LA-03-0065	INTERMODAL FACILITY				
			FY 97 APPROP. EARMARK	746,360			746,360
			FY 98 APPROP. EARMARK	732,897			732,897
			FY 99 APPROP. EARMARK	421,813			421,813
			TOTAL	1,901,070			1,901,070
	APPLICATION IN; STIP AMENDED TO INCLUDE FY 98 EM; ANTICIPATED FY 1999 OBLIGATION; FY 97 PORTION OF STATEWIDE EM.						
	ST. LOUIS, MO	MO-03-0065	BUSES AND BUS FACILITIES				
			FY 97 APPROP. EARMARK	1,736,875			1,736,875
	APPLICATION IN; ANTICIPATED FY 99 OBLIGATION.						
7	JOHNSON COUNTY, KS	KS-03-0016	CONSTRUCTION MAINT./ADMIN. FACILITY				
			FY 97 APPROP. EARMARK	2,712,814	OBLIGATED	2,712,814	0
			FY 98 APPROP. EARMARK	977,196	4-21-99	977,196	0
			FY 99 APPROP. EARMARK	1,985,000		1,985,000	0
			TOTAL	5,675,010		5,675,010	0
	BALANCE OF FY 97 KANSAS STATEWIDE EM INCLUDED IN PROJECT.						
8	PARK CITY, UT (UTA)	UT-03-0029	2002 WINTER OLYMPICS		OBLIGATED		
			2 35FT. BUSES/LAND PURCHASE/DESIGN & CONSTR. OF INTERMODAL TERMINAL		12-21-98		
			FY 97 APPROP. EARMARK	5,458,750		5,458,750	0
			FY 98 APPROP. EARMARK	390,879		390,879	0
			FY 99 APPROP. EARMARK	6,451,250		0	6,451,250
			TOTAL	12,300,879		5,849,629	6,451,250
	FY 97 EM FOR WINTER OLYMPICS/FY 98 EM FOR PARK CITY BUSES; NO APPLICATION FOR BALANCE						
9	SONOMA COUNTY, CA	CA-03-0503	4 PARK AND RIDE LOTS				
			FY 97 APPROP. EARMARK	992,500			992,500
	APPLICATION IN FOR FY 97 EM; ANTICIPATED FY 99 OBLIGATION.						
	FAIRFIELD CITY, CA	CA-03-0XXX	5 BUSES				
			FY 97 APPROP. EARMARK	1,389,500			1,389,500
	APPLICATION EXPECTED IN FY 99; ANTICIPATED FY 99 OBLIGATION.						
	FOOTHILL, CA	CA-03-0446-01	TRANSIT BUS MAINTENANCE FACILITY				
			FY 97 APPROP. EARMARK	4,053,837			4,053,837
			FY 98 APPROP. EARMARK	8,794,766			8,794,766
			FY 99 APPROP. EARMARK	992,500			992,500
			TOTAL	13,841,103			13,841,103
	APPLICATION EXPECTED IN FY 99; ANTICIPATED FY 99 OBLIGATION.2000 OBLIGATION.						
	NORTH ORANGE COUNTY, CA (OCTA)	CA-03-0XXX	BUSES				
			FY 97 APPROP. EARMARK	198,500			198,500
	APPLICATION EXPECTED IN FY 99; ANTICIPATED FY 99 OBLIGATION.2000 OBLIGATION.						
	NORWALK, CA	CA-03-0492	MAINTENANCE/ADMINISTR. FACILITY				
			FY 97 APPROP. EARMARK	192,500			192,500
	APPLICATION IN; ANTICIPATED FY 99 OBLIGATION.						
	RIVERSIDE COUNTY, CA	CA-03-00XX	BUSES AND BUS FACILITIES				
			FY 97 APPROP. EARMARK	992,500			992,500
			FY 98 APPROP. EARMARK	2,296,411			2,296,411
			TOTAL	3,288,911			3,288,911
	APPLICATION IN; ANTICIPATED FY 99 OBLIGATION.						

Note: EM stands for "earmark"

CAPITAL PROGRAM
* BUS AND BUS RELATED *
FY 1997 AVAILABLE EARMARKS
AS OF APRIL 30, 1999

LARKINS-TPM-10

REG.	AREA	PROJECT NO.	PROJECT DESCRIPTION	AVAILABLE FUNDING	OBLIGATION STATUS	FEDERAL $'S OBLIGATED	UNOBLIGATED
9	SANTA CRUZ, CA (MTD)	CA-03-0413-02	RECONSTR. FACILITIES DAMANGED IN 1989 EARTHQUAKE				
			FY 97 APPROP. EARMARK	1,985,000			1,985,000
			FY 98 APPROP. EARMARK	977,196			977,196
			FY 99 APPROP. EARMARK	992,500			992,500
			TOTAL	3,954,696			3,954,696
	APPLICATION IN; ANTICIPATED FY 99 OBLIGATION.						
	THOUSAND OAKS, CA	CA-03-00XX	MULTIMODAL CENTER				
			FY 97 APPROP. EARMARK	595,500			595,500
	IN PE DESIGN; APPLICATION EXPECTED IN FY 99; ANTICIPATED FY 99 OBLIGATION.						
10	EVERETT, WA	WA-03-0113	MULTIMODAL TRANSPORTATION CENTER				
			FY 97 APPROP. EARMARK	2,977,500			2,977,500
			FY 98 APPROP. EARMARK	2,442,991			2,442,991
			FY 99 APPROP. EARMARK	1,935,375			1,935,375
			TOTAL	7,355,866			7,355,866
	APPLICATION IN FOR FY 97 EM; REVIEW LETTER COMMENTS OUTSTANDING; ANTICIPATE FY 99 OBLIGATION; APPLICATION FOR FY 98/99 EM EXPECTED FY 99.						
	OLYMPIC PENINSULA, WA (CLALLAM TRANSIT)	WA-03-0124	TRANSPORTATION BUSES				
			FY 97 APPROP. EARMARK	992,500	OBLIGATED	992,500	0
			FY 98 APPROP. EARMARK	977,196	4-22-99	977,196	0
			TOTAL	1,969,696		1,969,696	0
	HOOD RIVER, OR	OR-03-00XX	BUSES				
			FY 97 APPROP. EARMARK	173,688			173,688
	NO APPLICATION; APPLICANT HAS BEEN NOTIFIED THAT FUNDING WILL LAPSE AS OF 10/1/99.						
	SALEM, OR	OR-03-0051-01	DOWNTOWN TRANSIT CENTER				
			FY 97 APPROP. EARMARK	1,836,125			1,836,125
	APPLICATION IN; ANTICIPATED FY 99 OBLIGATION.						

Note: EM stands for "earmark"

STATE BY STATE BREAKOUT OF FEDERAL TRANSIT FUNDS

Question. For fiscal year 2000, please prepare a table that includes all firewall formula program funds, new starts funds as included in the administration's budget, and TEA–21 (Section 3031) earmarked bus funds, breaking out the funding distribution by state and category. Show a total at the bottom, and note what percentage of that total is represented by each state's subtotal.

Answer. The information is provided in the chart below:

FEDERAL TRANSIT ADMINISTRATION FISCAL YEAR 2000 GUARANTEED LEVEL APPORTIONMENT/ALLOCATIONS FOR FTA PROGRAMS (BY STATE)

State	Section 5307 Urbanized Area	Section 5311 Non-urbanized Area	Section 5310 Elderly & Persons with Disabilities	Section 5309 New Starts	Section 5309 Fixed Guideway Modernization	Section 5309 Bus Allocation	State Total Selected FTA Programs	State percent of Total
Alabama	$12,345,815	$4,601,674	$1,262,364			$1,250,000	$19,459,853	0.36
Alaska	[1] 7,159,272	686,209	191,850	[2] $5,161,000			13,198,331	.24
American Samoa		97,806	52,632				150,438	
Arizona	31,278,488	2,014,492	1,112,036		$1,714,915	3,360,000	39,479,931	.73
Arkansas	4,808,246	3,678,847	879,566				9,366,659	.17
California	440,827,753	8,978,871	6,874,937	225,870,289	97,447,440	14,125,000	794,124,290	14.67
Colorado	34,346,300	1,916,629	860,712	35,000,000	1,276,142	1,875,000	75,274,783	1.39
Connecticut	43,412,116	1,738,563	987,472		35,613,122	6,750,000	88,501,273	1.64
Delaware	5,819,571	433,730	293,751		900,963		7,448,015	.14
District of Columbia	24,133,985		291,511		41,405,152	7,350,000	73,180,648	1.35
Florida	136,124,791	5,772,011	4,636,540	64,000,000	14,894,671	9,250,000	234,678,013	4.34
Georgia	51,566,541	6,728,137	1,639,325	45,141,609	20,056,733	13,500,000	138,632,345	2.56
Guam		278,431	133,754				412,185	.01
Hawaii	21,805,177	755,131	375,895	[2] 5,161,000	717,140	2,250,000	31,064,343	.57
Idaho	2,842,008	1,523,454	384,869				4,750,331	.09
Illinois	192,661,811	6,172,689	2,994,303	50,000,000	109,835,226	8,200,000	369,864,029	6.83
Indiana	30,583,459	5,962,678	1,567,146		7,372,357	7,500,000	52,985,640	.98
Iowa	9,049,807	3,835,253	946,179			1,885,000	15,716,239	.29
Kansas	7,299,329	3,050,822	791,908				11,142,059	.21
Kentucky	15,834,432	5,036,242	1,209,462				22,080,136	.41
Louisiana	25,230,847	4,165,337	1,213,401		2,719,194		33,328,779	.62
Maine	2,038,744	2,009,937	483,251				4,531,932	.08
Maryland	69,328,328	2,509,310	1,219,178	8,703,308	21,651,851	11,500,000	114,911,975	2.12
Massachusetts	105,990,461	2,689,218	1,759,633	53,961,528	63,230,944	3,750,000	231,381,784	4.28
Michigan	56,390,876	7,282,862	2,560,666		449,343	13,500,000	80,183,747	1.48
Minnesota	27,793,106	4,190,867	1,236,483	8,000,000	2,844,835	12,000,000	56,065,291	1.04
Mississippi	4,327,424	4,089,742	854,282				9,271,448	.17
Missouri	31,112,334	4,881,280	1,589,372		1,632,113	1,250,000	40,465,099	.75
Montana	2,150,550	1,234,118	352,436				3,737,104	.07
Nebraska	7,609,130	1,862,127	555,935				10,027,192	.19
Nevada	16,410,558	607,956	411,508			2,250,000	19,680,022	.36
New Hampshire	3,013,098	1,609,709	388,305				5,011,112	.09
New Jersey	161,401,967	2,301,543	2,114,182	111,000,000	87,109,545	4,250,000	368,177,237	6.80
New Mexico	6,403,038	1,809,361	487,951			1,250,000	9,950,350	.18
New York	482,151,901	8,101,711	4,909,688		320,395,319	21,225,000	836,783,619	15.46
North Carolina	24,160,905	8,606,405	1,865,487	8,000,000		4,839,000	47,471,797	.88

North Dakota	2,096,375	912,685	298,799				3,307,859	.06
Northern Marianas		90,638	52,404				143,042	
Ohio	78,650,959	8,761,919	3,125,261		16,007,175	625,000	107,170,314	1.98
Oklahoma	10,130,348	3,745,630	1,042,604			5,000,000	19,918,582	.37
Oregon	24,189,968	2,974,063	968,730	11,061,930	3,059,860	6,150,000	48,404,551	.89
Pennsylvania	133,583,533	9,774,012	3,748,659		95,594,209	25,642,000	268,342,413	4.96
Puerto Rico	43,036,204	2,920,782	918,554	82,000,000	1,777,215	600,000	131,252,755	2.43
Rhode Island	8,476,199	374,157	429,237		2,412,069	3,294,000	14,985,662	.28
South Carolina	10,419,785	4,307,549	1,007,521			1,220,000	16,954,855	.31
South Dakota	1,512,262	1,112,492	323,318			1,500,000	4,448,072	.08
Tennessee	20,264,508	5,560,553	1,492,017	15,109,600	79,754		42,506,432	.79
Texas	147,603,791	11,739,874	3,871,834	132,516,377	5,696,889	5,750,000	307,178,765	5.68
Utah	18,747,454	843,330	454,162	57,928,359		8,800,000	86,773,305	1.60
Vermont	760,019	994,664	265,866				2,020,549	.04
Virgin Islands		212,891	136,116				349,007	.01
Virginia	52,410,334	4,929,969	1,552,472		464,097	2,250,000	61,606,872	1.14
Washington	77,136,196	3,454,367	1,391,500	8,000,000	15,992,245	4,950,000	110,924,308	2.05
West Virginia	3,664,123	2,937,208	734,024			17,000,000	24,335,355	.45
Wisconsin	32,707,189	5,075,151	1,420,820		696,482	18,000,000	57,899,642	1.07
Wyoming	1,050,115	709,817	224,933				1,984,865	.04
Unallocated				46,432,000		183,008,500	229,440,500	4.24
Subtotal	2,763,851,530	192,644,903	72,946,801	973,047,000	973,047,000	436,898,500	5,412,435,734	100.00
Oversight	13,888,701	968,065		7,353,000	7,353,000	3,301,500	$32,864,266	
Total	2,777,740,231	193,612,968	72,946,801	980,400,000	980,400,000	440,200,000	5,445,300,000	
Clean Fuels	50,000,000					50,000,000	100,000,000	
Over-the-Road Bus Accessibility	3,700,000						3,700,000	
Grand Total	2,831,440,231	193,612,968	72,946,801	980,400,000	980,400,000	490,200,000	5,549,000,000	

[1] Includes $4,849,950 for the Alaska Railroad.
[2] Amount for Alaska/Hawaii Ferries distributed one-half to Alaska and one-half to Hawaii.

Question. For fiscal year 1999 enacted, please prepare a table that includes all firewall formula program funds, new starts funds as earmarked in the fiscal year 1999 Omnibus Appropriations bill (before project management oversight is subtracted), and all earmarked bus funds (before project management oversight is subtracted), breaking out the funding distribution by state and category. Show a total at the bottom, and note what percentage of that total is represented by each state's subtotal.

Answer. The information is provided in the chart below:

FEDERAL TRANSIT ADMINISTRATION, FISCAL YEAR 1999 APPORTIONMENT/ALLOCATIONS FOR FTA PROGRAMS (BY STATE)

State	Section 5307 Urbanized Area	Section 5311 Nonurbanized Area	Section 5310 Elderly & Persons with Disabilities	Section 5309 New Starts	Section 5309 Fixed Guideway Modernization	Section 5309 Bus Allocation	State Total Selected FTA Programs	State percent of Total
Alabama	$11,402,391	$4,250,030	$1,160,647	$1,000,000		$23,840,000	$41,653,068	0.82
Alaska	[1] 7,005,198	633,771	185,871	[2] 5,200,000		7,500,000	20,524,840	.40
American Samoa		90,332	52,397				142,729	
Arizona	28,888,298	1,860,551	1,023,763	5,000,000	$1,286,274	7,000,000	45,058,886	.88
Arkansas	4,440,818	3,397,723	812,084	1,000,000		3,060,000	12,710,625	.25
California	407,141,247	8,292,733	6,271,268	146,980,000	86,945,465	40,555,000	696,185,713	13.64
Colorado	31,721,677	1,770,167	794,916	41,000,000	1,080,875	8,675,000	85,042,635	1.67
Connecticut	40,094,714	1,605,709	910,339	3,500,000	34,799,686	7,550,000	88,460,448	1.73
Delaware	5,374,860	400,586	278,659		666,931	1,000,000	7,721,036	.15
District of Columbia	22,289,751		276,620		32,038,246	7,350,000	61,954,617	1.21
Florida	125,722,610	5,330,935	4,233,062	28,500,000	11,094,890	19,500,000	194,381,497	3.81
Georgia	47,626,007	6,213,996	1,503,895	53,610,000	14,967,672	15,500,000	139,421,570	2.73
Guam		257,155	132,972				390,127	.01
Hawaii	20,138,902	697,426	353,457	[2] 8,200,000	532,305	3,250,000	33,172,090	.65
Idaho	2,624,831	1,407,037	361,628				4,393,496	.09
Illinois	177,939,272	5,700,995	2,737,694	44,000,000	106,700,651	9,300,000	346,378,612	6.79
Indiana	28,246,378	5,507,032	1,438,171	3,000,000	7,161,958	7,700,000	53,053,539	1.04
Iowa	8,358,254	3,542,177	872,739	250,000		6,685,000	19,708,170	.39
Kansas	6,741,540	2,817,690	732,264	1,000,000		2,000,000	13,291,494	.26
Kentucky	14,624,420	4,651,390	1,112,476			5,300,000	25,688,286	.50
Louisiana	23,302,797	3,847,036	1,116,063	24,000,000	2,323,293	11,000,000	65,589,189	1.28
Maine	1,882,950	1,856,345	451,211				4,190,506	.08
Maryland	64,030,500	2,317,558	1,121,323	20,541,000	19,950,711	10,000,000	117,961,092	2.31
Massachusetts	97,891,042	2,483,718	1,613,444	56,233,000	60,214,839	13,728,000	232,164,043	4.55
Michigan	52,081,684	6,726,332	2,342,839	200,000	321,028	10,600,000	72,271,883	1.42
Minnesota	25,669,254	3,870,615	1,137,080	17,000,000	2,452,324	17,500,000	67,629,273	1.32
Mississippi	3,996,738	3,777,218	789,061			5,500,000	14,063,017	.28
Missouri	28,734,839	4,508,270	1,458,410	1,000,000	1,527,879	11,750,000	48,979,398	.96
Montana	1,986,212	1,139,811	332,096			1,500,000	4,958,119	.10
Nebraska	7,027,667	1,719,830	517,396	1,000,000			10,264,893	.20
Nevada	15,156,521	561,498	385,885	4,000,000		6,115,000	26,218,904	.51
New Hampshire	2,782,848	1,486,701	364,757			2,770,000	7,404,306	.15
New Jersey	149,068,196	2,125,667	1,936,285	77,000,000	82,332,792	11,750,000	324,212,940	6.35
New Mexico	5,913,740	1,671,096	455,491	5,000,000		5,750,000	18,790,327	.37
New York	445,307,544	7,482,603	4,481,782	24,000,000	303,962,647	27,950,000	813,184,576	15.93

FEDERAL TRANSIT ADMINISTRATION, FISCAL YEAR 1999 APPORTIONMENT/ALLOCATIONS FOR FTA PROGRAMS (BY STATE)—Continued

State	Section 5307 Urbanized Area	Section 5311 Nonurbanized Area	Section 5310 Elderly & Persons with Disabilities	Section 5309 New Starts	Section 5309 Fixed Guideway Modernization	Section 5309 Bus Allocation	State Total Selected FTA Programs	State percent of Total
North Carolina	22,314,616	7,948,734	1,709,831	13,000,000		10,161,000	55,134,181	1.08
North Dakota	1,936,178	842,941	283,256			2,000,000	5,062,375	.10
Northern Marianas		83,712	52,189				135,901	
Ohio	72,640,731	8,092,364	2,856,940	8,500,000	14,917,615	13,450,000	120,457,650	2.36
Oklahoma	9,356,223	3,459,402	960,541			5,000,000	18,776,166	.37
Oregon	22,341,456	2,746,796	893,273	25,718,000	2,284,605	8,550,000	62,534,130	1.22
Pennsylvania	123,375,552	9,027,117	3,424,587	10,000,000	94,236,678	32,966,000	273,029,934	5.35
Puerto Rico	39,747,536	2,697,587	847,585	20,000,000	1,336,512	950,000	65,579,220	1.28
Rhode Island	7,828,479	345,565	402,028		1,813,989	5,450,000	15,840,061	.31
South Carolina	9,623,540	3,978,381	928,595	2,200,000		4,570,000	21,300,516	.42
South Dakota	1,396,700	1,027,479	305,582			5,300,000	8,029,761	.16
Tennessee	18,715,967	5,135,635	1,369,761	4,700,000	59,037	2,000,000	31,980,400	.63
Texas	136,324,426	10,842,756	3,536,745	90,670,000	4,488,746	17,000,000	262,862,673	5.15
Utah	17,314,841	778,886	424,725	75,000,000		10,300,000	103,818,452	2.03
Vermont	701,941	918,655	253,268	2,000,000		4,000,000	7,873,864	.15
Virgin Islands		196,622	135,122				331,744	.01
Virginia	48,405,321	4,553,238	1,424,809	27,000,000	467,604	13,950,000	95,800,972	1.88
Washington	71,241,720	3,190,397	1,278,234	47,250,000	12,320,187	22,700,000	157,980,538	3.09
West Virginia	3,384,125	2,712,757	679,558	4,000,000		14,500,000	25,276,440	.50
Wisconsin	30,207,820	4,687,326	1,304,931	500,000	514,561	16,875,000	54,089,638	1.06
Wyoming	969,869	655,575	215,996				1,841,440	.04
Unallocated				48,000			48,000	
Total	2,553,040,741	177,923,658	67,035,601	902,800,000	902,800,000	501,400,000	5,105,000,000	100
Over-the-Road Bus Accessibility	2,000,000						2,000,000	
Grand Total	2,555,040,741	177,923,658	67,035,601	902,800,000	902,800,000	501,400,000	5,107,000,000	

[1] Includes $4,849,950 appropriated for the Alaska Railroad.
[2] Amount for Alaska/Hawaii Ferries distributed one-half to Alaska and one-half to Hawaii.

ELIGIBILITY ISSUES

Question. Please provide a comprehensive list (alphabetically by state) of new starts and bus and bus facilities projects earmarked in the fiscal year 1998 or fiscal year 1999 transportation appropriations bills that have encountered problems with having grants released because of eligibility problems. Please describe the eligibility issues that are delaying the release of funds, and note what steps are being taken by FTA and the grantee to resolve the issue.

Answer. The information is provided below.

Fiscal Year 1999 New Start Earmarks With Eligibility Issues:

Earmark: Hartford—Old Saybrook Rail Extension [$496,280]

State: Connecticut

Grantee: Midstate Regional Planning Agency

Project Description: The proposed project is for the reconstruction of an existing rail line between Old Saybrook and Hartford. The line is basically inactive except for a short tourist operation near Old Saybrook.

Project Status: Discussions have been held with the Midstate Regional Planning Agency to develop a grant application for a corridor study to explore the feasibility of a rail project.

Eligibility Issues: Use of the earmark to fund a corridor study would be an eligible use of FTA funds.

Current Status: A draft work program has been reviewed and commented upon. Once the work program is approved, grantee is expected to submit an application for the funds. This is expected later in the fiscal year.

Earmark: Stamford—Fixed Guideway Connector [$992,550]

State: Connecticut

Grantee: City of Stamford

Project description: City is now proposing the Stamford Urban Transitway Project, which will provide improved commuter and transit access to the Stamford Train Station. Project will incorporate reserved bus lanes, bus shelters, ITS elements and a new Transit shuttle service.

Eligibility Issues: Original highway project being changed to a transit project and would appear to be eligible.

Status: Regional staff is now waiting for revised justifications and maps, which are expected by May 15, 1999.

Earmark: New London—Waterfront Access Project [$496,280]

Grantee: City of New London

Project Description: City has proposed a transitway project as part of a comprehensive multi-modal transportation program to link the Thames Science Center, Connecticut College and the U.S. Coast Guard Academy to the Downtown area and the City's Multi Modal Transportation Center in the City center and extended to the Ocean Beach Part at the City's southern tip.

Eligibility Issues: The proposal is currently under FTA review to determine eligibility.

Current Status: A follow-up meeting will be held with the City of discuss project eligibility items and the specifics of a grant application.

Earmark: Savannah, GA—Water Taxi [$496,280]

State: Georgia

Grantee: Georgia Department of Transportation (GA DOT) is a potential candidate

Project Description: Project currently not well defined. Project may be sponsored by the Georgia Department of Transportation but this requires additional clarification with local authorities. Plans apparently call for the water taxi service to be established to connect with the Hutchinson island development. GA DOT envisions that the local authority would operate the service.

Eligibility Issues: Questions remain about the eligibility of the earmark. Apparently, the type of service, the operator, and source of operating funds are among the issues which are still under discussion. Moreover, the Georgia Legislature recently passed a measure providing funds to undertake an additional study of the concept.

Status: FTA regional office is seeking additional information and clarification on the scope of the project in order to determine transit eligibility. This project is not authorized by TEA21.

Fiscal Year 1999 Bus Earmarks With Eligibility Issues:

EARMARKS: WASHINGTON COUNTY INTERMODAL FACILITIES—$625,275; WESTMORELAND COUNTY INTERMODAL FACILITY—$198,500; FAYETTE COUNTY INTERMODAL FACILITIES & BUSES—$1,260,475

State: Pennsylvania

Grantee: No grantee identified

Project Description: All three of these earmarks are for the construction of river landings (boat docks). Three are located in Washington County; one in Westmoreland County and two in Fayette County. This is in conjunction with the American River Heritage Program as the rivers where the docks would be located are designated heritage rivers by the Department of Interior. There is no boat service identified to use the landings. The Fayette County earmark also includes buses.

Eligibility Issue: There is no water borne public transportation component either identified or planned for which might utilize these docks. There is no surface public transportation service to the docks. However, the buses for Fayette County are eligible and account for approximately $1,000,000 of the $1,260,475 earmark.

Status: Regional staff has spoken with the Port of Pittsburgh staff regarding the earmarks. Representatives from Congressman Frank Mascara's office will be meeting with FTA regional staff in mid-May to define the eligible transit elements of the project.

EARMARK: TOLEDO MUD HENS TRANSIT CENTER STUDY—$198,500

State: Ohio

Grantee: Toledo Regional Transit Authority

Project Description: Study of the feasibility of constructing a transit center at the Toledo Mud Hens baseball stadium in Toledo.

Eligibility Issue: Feasibility study [e.g., early planning prior to project selection] not eligible for Bus Capital funds.

Status: FTA has been informed that the applicant is seeking clarification from the committees on the description of the project.

EARMARK: MILWAUKEE INTERMODAL FACILITY REHABILITATION—$992,500

State: Wisconsin

Grantee: None identified

Project Description: Region V indicates that this may be the same project as the 1998 earmark "Milwaukee Rail Station Rehabilitation" in the amount of $996,774. That earmark was initiated by the Chicago Milwaukee Corporation (CMC), a private corporation. CMC leases the station to Amtrak. CMC would like to rehabilitate the station.

Eligibility Issue: If this is a rail project, it is not eligible for bus funds. However, if a portion of the rehabilitation of the station includes more efficient intermodal connections for bus, this portion might be eligible. Finally, even if eligible, an FTA grant cannot be made to a private corporation.

Status: Region V staff have meet with the attorneys for the Milwaukee Rail Station. Milwaukee County has been identified as the applicant for this project. FTA is working closely with Milwaukee County to resolve any eligibility issues that may arise.

EARMARK: HUNTSVILLE INTERMODAL SPACE CENTERS—$4,962,500

State: Alabama

Grantee: U.S. Space and Rocket Center (State Agency)

Project Description: Based on information received to date from the U.S. Space and Rocket Center, a state agency, the project is for visitor shuttle service, perhaps Peoplemover, between the Marshall Space Flight Center and the U.S. Space Camp.

Eligibility Issue: The service is within the space center complex, only serving visitors. [Section 5302(a)(7) of the Federal Transit Act of 1998, as amended, states that "the term 'mass transportation' means transportation by a conveyance that provides regular and continuing general or special transportation to the public, but does not include school bus, charter, or sightseeing transportation"].

Status: FTA is currently working with the applicant to define the eligible transit elements of the project and to resolve any eligibility issues that may arise.

EARMARK: HIGH STREET JACKSON INTERMODAL CENTER—$1,985,000

State: Mississippi

Grantee: City of Jackson

Project Description: Region IV indicates that this project was erroneously submitted as a supplement to the Downtown Multimodal Transit Center on Capital Street in Jackson. The correct wording of the earmark should be the "Jackson Intermodal Corridor" and would supplement the fiscal year 1997 New Start earmark ($5,461,626) for the Jackson Intermodal Corridor.

Eligibility Issue: No transit project has been identified

Status: Region IV has had discussions with the City of Jackson and the City is working on developing a transit project for this supplemental funding. In addition, this earmark should be a New Start earmark, not a bus earmark.

Question. In the fiscal year 1999 bill, all bus and bus facilities projects received bill language earmarks. Please provide a list of any of these grantees who have encountered problems with having grants released because of the project name listed in the appropriations legislation does not precisely match the description of the project forwarded by the grantee in their application.

Answer. The information is listed below:

—Louisiana (Statewide earmark) State Infrastructure Bank, Transit Account—(There is no SIB in place for this area/LADOTD would like to reprogram these funds)

—Butte, Montana—Bus Replacements (Should be changed to "buses and bus facilities")

—Mount Vernon, Washington—Multimodal Center (Should be changed to "buses and bus facilities")

—Los Angeles, California—Municipal Transit Operators Consortium (Should include in language "buses and bus facilities")

—Solano Links, California—Links Intercity Transit Consortium (Should include in language "bus purchases")

Question. Generally describe the process FTA undergoes when an eligibility issue is raised. What procedure does the agency follow in its attempt to resolve these problems?

Answer. FTA attempts to identify earmarks with eligibility issues early in the appropriations process. If FTA knows of an eligibility issue at the time of Senate mark up, we will advise the Senate accordingly when the Senate requests FTA comments on earmarks proposed by members. When the House and Senate appropriations bills are passed the regions are asked to inquire of grantees for detailed information regarding the earmarks. The regions forward information to FTA headquarters regarding earmarks and identify earmarks with eligibility issues. Headquarters prepares a list of earmarks with eligibility issues and provides it to the House and Senate appropriations committees. The regional offices work with the grantees on an ongoing basis to see if they can define an eligible project. In quite a few cases the regions are successful. If the regional office cannot successfully define an eligible project the earmark may need to be revised in the following year's appropriation bill.

Question. Several U.S. communities are advancing bus rapid transit projects, including Dulles corridor, Virginia; Eugene, Oregon university corridor; Cleveland Euclid Avenue corridor; and West Hollywood, Los Angeles. Are these projects eligible for both new starts and bus funding? Which is more appropriate?

Answer. In general, bus rapid transit projects would be eligible for funding from both the new starts and bus programs. The definition of "fixed guideway" used by FTA to define new starts specifically includes exclusive facilities for buses and other high-occupancy vehicles. Whether one or the other funding programs would be more appropriate would depend on the specific project being proposed.

BUS AND BUS-RELATED FACILITIES

Question. Please reproduce the fiscal year 1999 bill language listing of appropriated bus projects found on pages 185–190 of the justification. Add a column to the right and note which projects have been specified in TEA21 for fiscal year 2000 funding, and the level of that funding. Include totals at the bottom of both the 1999 and 2000 columns.

Answer. The information is provided in a chart below:

FEDERAL TRANSIT ADMINISTRATION BUS AND BUS FACILITIES

State	Project	Fiscal Year 1999 Conference	Fiscal Year 2000 TEA–21
Alaska	Anchorage Ship Creek intermodal facility	$4,300,000	.....
Alaska	Fairbanks intermodal rail/bus transfer facility	2,000,000	.....
Alaska	North Slope Borough buses	500,000	.....

FEDERAL TRANSIT ADMINISTRATION BUS AND BUS FACILITIES—Continued

State	Project	Fiscal Year 1999 Conference	Fiscal Year 2000 TEA–21
Alaska	Whittier intermodal facility and pedestrian overpass	700,000	
Alabama	Birmingham intermodal facility	2,000,000	
Alabama	Birmingham-Jefferson County, buses	1,250,000	$1,250,000
Alabama	Dothan Wiregrass Transit Authority demand response shuttle Vehicles and transit facility	500,000	
Alabama	Huntsville, intermodal space centers	5,000,000	
Alabama	Huntsville, transit facility	1,000,000	
Alabama	Jasper buses	50,000	
Alabama	Lee-Russell Council buses	790,000	
Alabama	Mobile, GM&O building	5,000,000	
Alabama	Montgomery Union Station intermodal center and buses	5,000,000	
Alabama	Pritchard, bus transfer facility	500,000	
Alabama	Tuscaloosa, intermodal center	1,950,000	
Alabama	University of North Alabama pedestrian walkways	800,000	
Arkansas	Arkansas Highway and Transit Department buses	200,000	2,000,000
Arkansas	Fayetteville, University of Arkansas Transit System buses	500,000	500,000
Arkansas	Hot Springs, transportation depot and plaza	560,000	560,000
Arkansas	Little Rock, Central Arkansas Transit buses	300,000	300,000
Arkansas	Statewide bus needs	1,500,000	
Arizona	Phoenix bus and bus facilities	4,000,000	
Arizona	Tucson alternatively fueled buses	2,000,000	
Arizona	Tucson intermodal facility	1,000,000	
California	Central Contra Costa County transit vans	200,000	
California	Culver City, CityBus buses	1,250,000	1,250,000
California	Davis, Unitrans transit maintenance facility	625,000	625,000
California	Davis/Sacramento area hydrogen bus technology program	950,000	
California	Folsom multimodal facility	1,000,000	
California	Healdsburg, intermodal facility	1,000,000	1,000,000
California	Humboldt, intermodal facility	1,000,000	
California	Huntington Beach buses	200,000	
California	I–5 corridor intermodal transit centers	2,500,000	
California	Lake Tahoe intermodal transit center	500,000	
California	Livermore automatic vehicle locator program	1,000,000	1,000,000
California	Los Angeles County Metropolitan transportation authority buses	3,000,000	
California	Los Angeles Foothills Transit maintenance facility	1,000,000	
California	Los Angeles municipal transit operators consortium	2,500,000	
California	Los Angeles, Union Station Gateway Intermodal Transit Center	1,250,000	1,250,000
California	Modesto, bus maintenance facility	1,355,000	625,000
California	Monterey, Monterey-Salinas buses	625,000	625,000
California	Morongo Basin, Transit Authority bus facility	650,000	
California	North San Diego County transit district buses	1,750,000	
California	Perris, bus maintenance facility	1,250,000	1,250,000
California	Riverside Transit Agency buses and facilities and ITS applications	1,000,000	
California	Sacramento, CNG buses	1,250,000	1,250,000
California	San Bernardino buses	1,000,000	
California	San Diego City College multimodal center (12th Avenue/College Station)	1,000,000	
California	San Fernando Valley smart shuttle buses	300,000	
California	San Francisco, Islais Creek maintenance facility	1,250,000	1,250,000
California	San Joaquin (Stockton) buses and bus facilities	1,000,000	
California	Santa Clara Valley Transportation Authority buses and bus facilities	1,000,000	
California	Santa Clarita buses		1,250,000
California	Santa Clarita transit maintenance facility	2,250,000	
California	Santa Cruz metropolitan bus facilities	625,000	625,000
California	Santa Cruz transit facility	1,000,000	
California	Santa Rosa, Cotati, and Rohnert Park facilities	750,000	
California	Santa Rosa/Cotati, intermodal transportation facilities	750,000	750,000
California	Solano Links intercity transit consortium	1,000,000	
California	Ukiah Transit Center	500,000	
California	Windsor, Intermodal Facility	750,000	750,000
California	Woodland Hills, Warner Center Transportation Hub	325,000	625,000

FEDERAL TRANSIT ADMINISTRATION BUS AND BUS FACILITIES—Continued

State	Project	Fiscal Year 1999 Conference	Fiscal Year 2000 TEA–21
California	Yolo County, bus facility	1,200,000	
Colorado	Boulder/Denver, RTD buses	625,000	625,000
Colorado	Colorado buses and bus facilities	6,800,000	
Colorado	Denver, Stapleton Intermodal Center	1,250,000	1,250,000
Connecticut	Hartford, Transportation Access Project	800,000	
Connecticut	New Haven, bus facility	2,250,000	2,250,000
Connecticut	Norwich, buses	2,250,000	2,250,000
Connecticut	Waterbury, bus facility	2,250,000	2,250,000
District/Columbia	Fuel cell bus and bus facilities program (section 3015(b))	4,850,000	4,850,000
District/Columbia	Washington, D.C. Intermodal Transportation Center	2,500,000	2,500,000
Delaware	Delaware statewide buses	1,000,000	
Florida	Broward County, buses	1,000,000	
Florida	Clearwater multimodal facility	2,500,000	
Florida	Daytona Beach, Intermodal Center	2,500,000	2,500,000
Florida	Gainesville buses and equipment	1,500,000	
Florida	Jacksonville buses and bus facilities	1,000,000	
Florida	Lakeland, Citrus Connection transit vehicles and related equipment	1,250,000	1,250,000
Florida	Lynx buses and bus facilities	1,000,000	
Florida	Miami, bus security and surveillance	1,000,000	
Florida	Miami Beach multimodal transit center	1,000,000	
Florida	Miami Beach, Electric Shuttle Service	750,000	750,000
Florida	Miami-Dade, buses	2,250,000	2,250,000
Florida	Orlando, Intermodal Facility	2,500,000	2,500,000
Florida	Tampa Hartline buses	1,250,000	
Georgia	Atlanta, MARTA buses	12,000,000	13,500,000
Georgia	Savannah/Chatham Area transit bus transfer centers and buses	3,500,000	
Hawaii	Honolulu, bus facility and buses	3,250,000	2,250,000
Illinois	Illinois statewide buses and bus-related equipment	6,800,000	8,200,000
Illinois	Rock Island, buses	2,500,000	
Indiana	City of East Chicago buses	200,000	
Indiana	Gary, Transit Consortium buses	1,250,000	1,250,000
Indiana	Indianapolis, buses	5,000,000	5,000,000
Indiana	South Bend, Urban Intermodal Transportation Facility	1,250,000	1,250,000
Iowa	Fort Dodge, Intermodal Facility (Phase II)	885,000	885,000
Iowa	Iowa statewide buses and bus facilities	3,000,000	
Iowa	Iowa/Illinois Transit Consortium bus safety and security	1,000,000	1,000,000
Iowa	Sioux City park and ride facility	1,800,000	
Kansas	Johnson County bus maintenance/operations facility	2,000,000	
Kentucky	Louisville, Kentucky University of Louisville and River City buses	3,000,000	
Kentucky	Northern Kentucky Area Development District senior citizen buses	100,000	
Kentucky	Owensboro buses	200,000	
Kentucky	Southern and eastern Kentucky buses and bus facilities	2,000,000	
Louisiana	Statewide buses and bus-related facilities	11,000,000	
Louisiana	Baton Rouge	[200,000]	
Louisiana	Jefferson Parish	[350,000]	
Louisiana	Lafayette	[425,000]	
Louisiana	Louisiana DOTD, including vans	[650,000]	
Louisiana	Monroe	[450,000]	
Louisiana	New Orleans	[8,075,000]	
Louisiana	Shreveport	[400,000]	
Louisiana	State infrastructure bank, transit account	[350,000]	
Louisiana	St. Tammany Parish	[100,000]	
Massachusetts	Essex and Middlesex buses	3,128,000	
Massachusetts	New Bedford/Fall River Mobile Access to health care	250,000	
Massachusetts	Pittsfield intermodal center	4,600,000	
Massachusetts	Springfield, Union Station	1,250,000	1,250,000
Massachusetts	Westfield intermodal center	2,000,000	
Massachusetts	Worcester, Union Station Intermodal Transportation Center	2,500,000	2,500,000
Maryland	Maryland statewide bus facilities and buses	10,000,000	11,500,000
Michigan	Lansing, CATA bus technology improvements	600,000	
Michigan	Michigan statewide buses	10,000,000	13,500,000
Minnesota	Duluth, Transit Authority community circulation vehicles	1,000,000	1,000,000

FEDERAL TRANSIT ADMINISTRATION BUS AND BUS FACILITIES—Continued

State	Project	Fiscal Year 1999 Conference	Fiscal Year 2000 TEA–21
Minnesota	Duluth, Transit Authority intelligent transportation systems	500,000	500,000
Minnesota	Duluth, Transit Authority Transit Hub	500,000	500,000
Minnesota	Northstar Corridor,Intermodal Facilities and buses	6,000,000	10,000,000
Minnesota	Twin Cities area metro transit buses and bus facilities	9,500,000	.....
Missouri	Kansas City Union Station redevelopment	2,500,000	.....
Missouri	OATS Transit	2,500,000	.....
Missouri	Southwest Missouri State University park and ride facility	1,000,000	.....
Missouri	St. Louis, Bi-state Intermodal Center	1,250,000	1,250,000
Missouri	Statewide bus and bus facilities	4,500,000	.....
Mississippi	Harrison County multimodal center/hybrid electric shuttle buses	1,900,000	.....
Mississippi	High Street, Jackson Intermodal Center	2,000,000	.....
Mississippi	Jackson buses and facilities	1,600,000	.....
Montana [1]	Butte bus replacements and bus facilities	1,500,000	.....
New Hampshire	Berlin Tri-County Community Action transit garage	120,000	.....
New Hampshire	Carroll County transportation alliance buses	200,000	.....
New Hampshire	Concord Area Transit buses	750,000	.....
New Hampshire	Greater Laconia Transit Agency buses	450,000	.....
New Hampshire	Keene HCS community care buses and equipment	100,000	.....
New Hampshire	Lebanon advance transit buses	150,000	.....
New Hampshire	Statewide transit systems	1,000,000	.....
New Jersey	New Jersey Transit jitney shuttle buses	1,750,000	1,750,000
New Jersey	Newark, Morris & Essex Station access and buses	1,250,000	1,250,000
New Jersey	South Amboy, Regional Intermodal Transportation Initiative	1,250,000	1,250,000
New Jersey	Statewide alternatively fueled vehicles	7,500,000	.....
New Mexico	Albuquerque, buses, paratransit vehicles, and bus facility	3,750,000	1,250,000
New Mexico	Northern New Mexico park and ride facilities	2,000,000	.....
Nevada	Clark County Regional Transportation Commission buses and bus facilities	2,615,000	.....
Nevada	Reno, RTC transit passenger and facility security improvements	1,250,000	.....
Nevada	Washoe County, transit improvements	2,250,000	2,250,000
New York	Babylon, Intermodal Center	1,250,000	1,250,000
New York	Brookhaven Town, elderly and disabled buses and vans	225,000	.....
New York	Brooklyn-Staten Island, Mobility Enhancement buses	800,000	.....
New York	Broome County buses and fare collection equipment	900,000	.....
New York	Broome County buses and related equipment	.....	[2] 2,700,000
New York	Buffalo, Auditorium Intermodal Center	3,000,000	2,000,000
New York	Dutchess County, Loop System buses	521,000	521,000
New York	East Hampton, elderly and disabled buses and vans	100,000	.....
New York	Ithaca, TCAT bus technology improvements	1,250,000	1,250,000
New York	Long Beach central bus facility	750,000	[2] 750,000
New York	Long Island,CNG transit vehicles and facilities and bus replacement	1,250,000	1,250,000
New York	Long Island, vehicles and facilities	.....	[2] 3,050,000
New York	Mineola/Hicksville, LIRR Intermodal Centers	1,250,000	1,250,000
New York	Nassau County CNG buses	1,000,000	.....
New York	New York City Midtown West Ferry Terminal	1,500,000	.....
New York	New York, West 72nd St. Intermodal Station	1,750,000	1,750,000
New York	Niagara Frontier Transportation Authority Hublink	500,000	.....
New York	Rensselaer intermodal bus facility	1,000,000	6,000,000
New York	Riverhead, elderly and disabled buses and vans	125,000	.....
New York	Rochester central bus facility	1,000,000	[2] 12,500,000
New York	Rome, Intermodal Center	400,000	.....
New York	Shelter Island, elderly and disabled buses and vans	100,000	.....
New York	Smithtown, elderly and disabled buses and vans	125,000	.....
New York	Southampton, elderly and disabled buses and vans	125,000	.....
New York	Southold, elderly and disabled buses and vans	100,000	.....
New York	Suffolk County, elderly and disabled buses and vans	100,000	.....
New York	Syracuse CNG buses and facilities	2,000,000	.....
New York	Ulster County bus facilities and equipment	1,000,000	.....
New York	Utica and Rome, bus facilities and buses	500,000	.....
New York	Utica, Union Station	2,100,000	2,100,000
New York	Westchester County, Bee-Line transit system fareboxes	979,000	979,000
New York	Westchester County, Bee-Line transit system shuttle buses	1,000,000	1,000,000

FEDERAL TRANSIT ADMINISTRATION BUS AND BUS FACILITIES—Continued

State	Project	Fiscal Year 1999 Conference	Fiscal Year 2000 TEA–21
New York	Westchester County, DOT articulated buses	1,250,000	1,250,000
North Carolina	Greensboro, Multimodal Center	3,340,000	3,339,000
North Carolina	Greensboro, Transit Authority buses	1,500,000	1,500,000
North Carolina	Greensboro, Transit Authority small buses and vans	321,000	.....
North Carolina	Statewide buses and bus facilities	5,000,000	.....
North Dakota	Statewide buses and bus-related facilities	2,000,000	.....
Ohio	Cleveland, Triskett Garage bus maintenance facility	625,000	625,000
Ohio	Dayton, Multimodal Transportation Center	625,000	625,000
Ohio	Statewide buses and bus facilities	12,000,000	.....
Ohio	Toledo Mud Hens transit center study	200,000	.....
Oklahoma	Oklahoma statewide bus facilities and buses	5,000,000	5,000,000
Oregon	Lane County, Bus Rapid Transit	4,400,000	4,400,000
Oregon	Portland, Tri-Met buses	1,750,000	1,750,000
Oregon	Rogue Valley transit district bus purchase	1,000,000	.....
Oregon	Salem area mass transit system buses	1,000,000	.....
Oregon	Wilsonville, buses and shelters	400,000	.....
Pennsylvania	Allegheny County buses	.....	1,500,000
Pennsylvania	Altoona bus testing facility (section 3009)	3,000,000	3,000,000
Pennsylvania	Altoona, Metro Transit Authority buses and transit system improvements	842,000	842,000
Pennsylvania	Altoona, Metro Transit Authority Logan Valley Mall Suburban Transfer center	80,000	.....
Pennsylvania	Altoona, Metro Transit Authority Transit Center improvements	424,000	.....
Pennsylvania	Altoona, pedestrian crossover	800,000	.....
Pennsylvania	Armstrong County-Mid-County, PA bus facilities and buses	150,000	150,000
Pennsylvania	Beaver County bus facility	1,000,000	.....
Pennsylvania	Bradford County, Endless Mountain Transportation Authority buses	1,000,000	.....
Pennsylvania	Cambria County, bus facilities and buses	575,000	575,000
Pennsylvania	Centre Area, Transportation Authority buses	1,250,000	1,250,000
Pennsylvania	Chambersburg, Transit Authority buses	300,000	.....
Pennsylvania	Chambersburg, Transit Authority Intermodal Center	1,000,000	.....
Pennsylvania	Chester County, Paoli Transportation Center	1,000,000	1,000,000
Pennsylvania	Crawford Area, Transportation buses	500,000	.....
Pennsylvania	Erie, Metropolitan Transit Authority buses	1,000,000	1,000,000
Pennsylvania	Fayette County, Intermodal Facilities and buses	1,270,000	1,270,000
Pennsylvania	Lackawanna County, Transit System buses	600,000	600,000
Pennsylvania	Mercer County, buses	750,000	.....
Pennsylvania	Monroe County, Transportation Authority buses	1,000,000	.....
Pennsylvania	Philadelphia, Frankford Transportation Center	5,000,000	5,000,000
Pennsylvania	Philadelphia, Intermodal 30th Street Station	1,250,000	1,250,000
Pennsylvania	Philadelphia, Regional Transportation System for Elderly and Disabled	750,000	.....
Pennsylvania	Reading, BARTA Intermodal Transportation Facility	1,750,000	1,750,000
Pennsylvania	Red Rose, Transit Bus Terminal	1,000,000	.....
Pennsylvania	Robinson, Towne Center Intermodal Facility	1,500,000	1,500,000
Pennsylvania	Schuylkill County buses	220,000	.....
Pennsylvania	Somerset County, bus facilities and buses	175,000	175,000
Pennsylvania	Towamencin Township, Intermodal Bus Transportation Center	1,500,000	1,500,000
Pennsylvania	Washington County, Intermodal Facilities	630,000	630,000
Pennsylvania	Westmoreland County, Intermodal Facility	200,000	200,000
Pennsylvania	Wilkes-Barre, Intermodal Facility	1,250,000	1,250,000
Pennsylvania	Williamsport, Bus Facility	1,200,000	1,200,000
Puerto Rico	San Juan Intermodal access	950,000	600,000
Rhode Island	Providence, buses and bus maintenance facility	2,250,000	3,294,000
Rhode Island	Rhode Island Public Transit Authority buses	3,200,000	.....
South Carolina	Columbia Bus replacement	1,100,000	.....
South Carolina	Pee Dee buses and facilities	1,250,000	.....
South Carolina	South Carolina statewide Virtual Transit Enterprise	1,220,000	1,220,000
South Carolina	Spartanburg buses and facilities	1,000,000	.....
South Dakota	Computerized bus dispatch system, radios, money boxes, and lift Replacements	800,000	.....
South Dakota	Sioux Falls buses	1,000,000	.....

FEDERAL TRANSIT ADMINISTRATION BUS AND BUS FACILITIES—Continued

State	Project	Fiscal Year 1999 Conference	Fiscal Year 2000 TEA–21
South Dakota	South Dakota statewide bus facilities and buses	3,500,000	1,500,000
Tennessee	Statewide buses and bus facilities	2,000,000	.....
Tennessee	Chattanooga alternatively fueled buses	[1,000,000]	.....
Texas	Austin,buses	2,250,000	1,250,000
Texas	Brazos Transit Authority buses and facilities	1,500,000	.....
Texas	Corpus Christi transit authority buses and facilities	1,000,000	.....
Texas	Dallas Area Rapid transit buses	2,750,000	.....
Texas	Fort Worth bus and paratransit vehicle project	2,500,000	.....
Texas	Galveston buses and bus facilities	1,000,000	.....
Texas	Texas statewide small urban and rural buses	6,000,000	4,500,000
Utah	Ogden,Intermodal Center	800,000	800,000
Utah	Utah Hybrid electric vehicle bus purchase	1,500,000	.....
Utah	Utah Transit Authority, Intermodal Facilities	1,500,000	1,500,000
Utah	Utah Transit Authority/Park City Transit, buses	6,500,000	6,500,000
Vermont	Brattleboro Union Station multimodal center	2,500,000	.....
Vermont	Burlington multimodal center	1,000,000	.....
Vermont	Deerfield Valley Transit authority	500,000	.....
Virginia	Alexandria, bus maintenance facility and Crystal City canopy project	1,000,000	1,000,000
Virginia	Alexandria, King Street Station access	1,100,000	.....
Virginia	Harrisonburg, buses	200,000	.....
Virginia	Lynchburg, buses	200,000	.....
Virginia	Richmond, GRTC bus maintenance facility	1,250,000	1,250,000
Virginia	Roanoke, buses	200,000	.....
Virginia	Statewide buses and bus facilities	10,000,000	.....
Virginia	Falls Church electric bus and bus facilities	[400,000]	.....
Virginia	Franconia-Springfield bus and bus facilities	[650,000]	.....
Virginia	Manassas Transit Depot park and ride lot expansion	[280,000]	.....
Virginia	Potomac and Rappahannock Transportation Commission fleet Replacement	[1,600,000]	.....
Virginia	Richmond Main Street Station	[2,000,000]	.....
Virginia	Stringfellow Road/Interstate 66 park and ride lot improvements	[1,000,000]	.....
Virginia	Warrenton Circuit Rider	[25,000]	.....
Washington	Anacortes ferry terminal information system	500,000	.....
Washington	Ben Franklin transit operating facility	1,000,000	.....
Washington	Bremerton transportation center	1,000,000	.....
Washington	Central Puget Sound Seattle bus program	8,000,000	.....
Washington	Chelan-Douglas multimodal center	900,000	.....
Washington	Everett, Multimodal Transportation Center	1,950,000	1,950,000
Washington	Everett, Multimodal Transportation Center	.....	[2] 1,000,000
Washington	Grant County, buses and vans	600,000	.....
Washington [1]	Mount Vernon, buses and bus related facilities	1,750,000	1,750,000
Washington	Port Angeles Center	1,000,000	.....
Washington	Seattle, Intermodal Transportation Terminal	1,250,000	1,250,000
Washington	Snohomish County, Community transit buses	1,000,000	.....
Washington	Tacoma Dome, buses and bus facilities	1,750,000	.....
Washington	Thurston County intercity buses	1,000,000	.....
Washington	Vancouver Clark County (C-Tran) bus facilities	1,000,000	.....
Wisconsin	Milwaukee County,buses	4,000,000	6,000,000
Wisconsin	Wisconsin statewide bus facilities and buses	12,875,000	12,000,000
Wisconsin	Appleton, Green Bay, Shawano, Menominee Tribe and Oneida Tribe	[2,075,000]	.....
Wisconsin	LaCrosse, Onalaska, Prairie Du Chien, Rice Lake, Viroqua and Ho Chuck Nation	[1,000,000]	.....
Wisconsin	Ashland, Chippewa Falls, Eau Claire, Ladysmith, Marshfield, Rhielander, Rusk County	[300,000]	.....
Wisconsin	Milwaukee intermodal facility rehabilitation	[1,000,000]	.....
Wisconsin	Waukesha transit center	[500,000]	.....
West Virginia	Huntington, Intermodal Facility	8,000,000	12,000,000
West Virginia	West Virginia statewide Intermodal Facility and buses	6,500,000	5,000,000
	Total	501,400,000	[2] 273,890,000

[1] Amendments included in fiscal year Senate passed supplemental (S–544).

[2] These projects authorized in TEA–21 for non-guaranteed funds total $20,000,000.

NEW STARTS

Question. Please provide a brief legislative history and description of the Full Funding Grant agreement funding mechanism.

Answer. As part of its 1978 "Policy on Rail Transit" [43 FR 942830 (3/7/78)], FTA established the concept of a contract providing for a multi-year commitment of Federal funding for new starts projects—the Full Funding Grant Agreement (FFGA). The concept was simple—FTA's commitment of funds was exchanged for a commitment by the grantee to complete the project and bear all expenses beyond those originally estimated as necessary for completion. In addition to limiting total Federal participation in any one project (thereby increasing the availability of funds for other projects), an FFGA benefited both parties by establishing a firm date for project completion; providing a mechanism for obligating outyear funds; allowing the project to advance without jeopardizing future Federal funding; and developing accurate cost projections for individual projects.

By the late 1980's, FTA (then UMTA) recognized the need to ensure a more uniform approach in developing FFGA's, and administering the projects under them, to achieve greater consistency and equity in the new starts program. In particular, FTA saw the need to produce explicit guidance to project sponsors for preparing their applications for funding under FFGA's. Thus, in 1990, FTA prepared a draft model FFGA and an accompanying circular. This draft agreement was used in negotiating FFGA's during the last years of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (STURAA).

Congress in turn consulted this draft model and circular in devising several of the provisions under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). In Title III of ISTEA—the Federal Transit Act Amendments of 1991—Congress expressly authorized FTA to enter into FFGA's which: (1) establish the terms and conditions of Federal financial participation in major capital investment projects ("new starts"); (2) establish the maximum amounts of Federal financial assistance for those projects; (3) cover the periods of time to completion of those projects, including any periods that may extend beyond the period of the authorization; and (4) facilitate timely and efficient management of those projects in accordance with Federal law. In response to these and other changes in the new starts program under ISTEA, FTA issued Circular 5200.1 (the "FFGA Circular") in final form on July 2, 1993.

Throughout most of the 1990's, the FFGA remained FTA's primary new starts management tool. That role was strengthened by the Transportation Equity Act for the 21st Century (TEA–21), which for the first time established the FFGA in law as the means by which Federal new starts funding would be provided. Section 3009(e) of TEA–21, codified at 49 U.S.C. § 5309(e)(7), states that "a project financed under this subsection shall be carried out through a full funding grant agreement," and that the decision to enter into an FFGA must be based on the results of the statutory project evaluation process established by TEA–21.

Though it has evolved and increased in importance, the core purpose of an FFGA remains the same: it represents an agreement between FTA and a project's sponsor(s) that defines the project, including cost and schedule; commits to a maximum level of Federal financial assistance (subject to appropriations); covers the period of time for completion of the project; and helps to manage the project in accordance with Federal law. It assures the grantee of predictable Federal financial support while placing a ceiling on the amount of that support.

Question. Please describe each step that a transit authority would undertake in analyzing the need for a new fixed guideway transit system, designing and engineering such a system, securing local and Federal funds for the system, and constructing such a system. For each step of this process, give a general range of time needed and approximate costs. (For construction costs, base estimates on a per mile basis, for different types of systems, e.g., rapid transit bus, light rail, heavy rail, etc.)

Answer. To be eligible for New Starts funding, candidate fixed guideway projects must follow the New Starts Planning and Project Development Process. There are three specific stages to this process:

1. Candidate New Starts projects must result from an alternatives analysis (also known as major investment study or multimodal corridor analysis) study which evaluates several modal and alignment options for addressing mobility needs in a given corridor. This alternatives analysis is intended to provide information to local officials on the benefits, costs, and impacts of alternative transportation investments. Potential local funding sources for implementing and operating the investment should be identified and studied during alternatives analysis. At local discre-

tion, environmental analysis and documentation required by of the National Environmental Policy Act of 1969 (NEPA) may be initiated. Alternatives analysis is considered complete when a locally preferred alternative (LPA) is selected by local and regional decisionmakers and adopted by the metropolitan planning organization (MPO) into the financially-constrained metropolitan transportation plan. At this point, the local project sponsor may submit to FTA the LPA's New Starts project justification and local financial commitment criteria and request FTA's approval to enter into the preliminary engineering phase of project development. FTA bases its approval on how the proposed project measures up against the New Starts criteria.

The length of time and cost for undertaking alternatives analysis depends on several factors, including the magnitude of the transportation problem to be solved; the length of the study corridor; the number of alternatives to be considered; the level of public involvement in the study; whether or not NEPA is initiated; and several other variables. The table below summarizes the range of time periods typically required to complete alternatives analysis.

2. During the preliminary engineering phase of project development, local project sponsors refine the design of the proposal, taking into consideration all reasonable design alternatives. Preliminary engineering results in estimates of project costs, benefits, and impacts for which there is a much higher degree of confidence. In addition, requirements must be met, project management plans are finalized, and local funding sources are committed to the project (if not previously committed). Preliminary engineering for a New Starts project is considered complete when FTA has issued a Record of Decision (ROD) or Finding of No Significant Impact (FONSI), as required by NEPA; when sufficient engineering and design of the project is complete (typically 30 percent of design activities); and when the local project sponsor has demonstrated to FTA its technical capability to implement and operate the proposed investment.

Like alternatives analysis, the length of time and costs for undertaking preliminary engineering depends on a number of factors. In addition to those variables mentioned above, the cost and length of preliminary engineering is contingent upon the alignment and technology of the proposed project; corridor geography and land use; degree of environmental impacts, and the amount of NEPA analysis and documentation undertaken. Finally, securing local financial commitments may delay projects in preliminary engineering from advancing into the next stage of project development. The table below summarizes a range of time periods and costs for typical preliminary engineering efforts.

3. Projects which have completed preliminary engineering must request FTA approval to enter the final design stage of project development. Like the approval to enter into PE, FTA's approval to enter final design is based upon a review and evaluation of the project's New Starts criteria. Final design is the last phase of project development, and includes right-of-way acquisition, utility relocation, and the preparation of final construction plans (including construction management plans), detailed specifications, construction cost estimates, and bid documents. Projects which have completed final design advance into construction. Contingent on the amount of New Starts funding available and the demand for funding in a given year, FTA may enter into a Full Funding Grant Agreement with projects which are rated as "Highly Recommended" or "Recommended," based on the New Starts criteria.

The length of time and costs for undertaking final design depends on a number of factors, depending largely on the level of right-of-way acquisition, utility relocation, and other mitigation factors. For turnkey projects, final design is concurrent with the construction, and final design will last as long as the construction effort. The table below summarizes a range of time periods and costs for typical final design efforts.

The figures included in the table below are based on a review of several current and completed projects in the various stages of planning and project development.

Planning Project Development Phase	Length of Time	Cost (percent of total project capital costs)
Alternative Analysis	1–5 years	Varies widely.
Preliminary Engineering	6 months–3 years	3–6 percent.
Final Design	1–3 years	6–10 percent.

The following capital cost estimates, provided in the chart below, are based upon the range of estimates of projects currently undergoing Preliminary Engineering

and Final Design in the New Starts Pipeline. These are not actual construction costs.

AVERAGE COST PER MILE PER MODE

[In millions]

Mode	Range of Capital Cost Per Mile
Busway and Bus Rapid Transit	$10–$40
Commuter Rail	5–10
Diesel Multiple Unit	10–25
Heavy Rail	100–300
Light Rail	25–50
Trolley	10–25

Note that there is a wide variation in capital costs because projects require different environmental mitigation efforts, have different right-of-way costs, equipment and station needs, above and below grade alignments, and other variables which affect capital costs.

Question. Please provide a table broken out alphabetically by state that shows all new start projects that received appropriated federal funds in fiscal year 1999, with a federal funding history for each project back to the first year of federal funding, and a total for each project.

Answer. The requested table follows:

FEDERAL TRANSIT ADMINISTRATION—MAJOR CAPITAL INVESTMENTS [NEW STARTS]—PROJECTS WITH FISCAL YEAR 1999 EARMARKS

State	Geographic Location	Annual Earmarks										Total earmarks
		Fiscal year—										
		1991 and prior	1992	1993	1994	1993 reall. earmarks	1995	1996	1997	1998	1999	
AK/HI	Alaska or Hawaii Ferry Projects	.....	.....	.....	.....	.....	.....	.....	.....	.....	$10.32	$10.32
AL	Birmingham—Fixed Guideway	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
AR	Little Rock—River Rail Project	.....	.....	.....	.....	.....	.....	.....	$1.99	.....	0.99	2.98
AZ	Phoenix—Metropolitan Area Transit	.....	.....	.....	.....	.....	.....	.....	.....	$3.99	4.96	8.95
CA	San Diego—Mission Valley—East LRT	.....	.....	.....	.....	.....	.....	.....	.....	1.00	1.49	2.49
CA	San Diego—Mid-Coast	$0.40	$1.05	.....	.....	.....	.....	.....	1.49	1.50	1.99	6.42
CA	San Diego—Oceanside-Escondido LR Project	.....	.....	.....	.....	.....	.....	.....	.....	2.99	2.98	5.97
CA	Los Angeles—MOS–3	.....	.....	$59.55	$99.38	$34.05	$163.76	$83.98	69.51	61.30	37.72	609.25
CA	Los Angeles—East Side & Mid-City projects	.....	.....	.....	.....	.....	.....	.....	.....	.....	7.94	7.94
CA	Orange County—Fullerton-Irvine Project	.....	.....	.....	.....	.....	.....	.....	2.98	1.99	2.48	7.46
CA	Riverside County, CA—San Jacinto Branch	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.50	0.50
CA	San Bernardino Metrolink Project	.....	.....	.....	.....	.....	.....	.....	.....	1.00	0.99	1.99
CA	San Francisco Bay Area—BART to the Airport	.....	22.50	18.25	14.75	.....	.....	1.11	27.31	29.80	39.70	153.42
CA	San Jose—Tasman West LRT	.....	34.77	25.97	13.24	.....	20.00	8.77	.....	21.33	26.80	150.88
CA	Sacramento—South LRT Extension	.....	.....	0.99	0.99	.....	.....	1.98	5.96	20.23	23.31	53.46
	Subtotal—CALIFORNIA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	999.77
CO	Denver—Southwest LRT Extension	.....	.....	.....	.....	.....	.....	.....	2.83	22.93	39.70	65.46
CO	Denver—Southeast Multimodal Corridor	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.50	0.50
CO	Colorado—North Front Corridor Feasibility Study	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.50	0.50
	Subtotal—COLORADO	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	66.45
CT	Hartford—Light Rail Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.49	1.49
CT	Hartford—Old Saybrook Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.50	0.50
CT	New London—Waterfront Access Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.50	0.50
CT	Stamford, CT—Fixed Guideway Connector	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
	Subtotal—CONNECTICUT	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	3.47

FL	Ft. Lauderdale—Tri-County Commuter Rail	.....	.....	4.64	9.93	.....	9.93	9.88	8.94	7.97	3.97	55.26
FL	Orlando—I–4 LRT Project	.....	.....	.....	.....	.....	.....	.....	1.99	31.70	17.37	51.06
FL	Miami—North 27th Ave	.....	.....	.....	.....	.....	0.99	1.98	0.99	4.98	2.98	11.92
FL	Miami—East/West Corridor Project	.....	.....	.....	.....	.....	.....	.....	1.49	4.98	2.98	9.45
FL	Miami—Palmetto Extension	.....	.....	0.33	.....	.....	.....	.....	6.40	.....	[1] 10.60	17.33
FL	Tampa Bay Regional Rail	.....	.....	.....	.....	.....	0.49	0.49	1.99	1.00	0.99	4.96
	Subtotal—FLORIDA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	149.99
GA	Atlanta—Dunwoody—North Springs	10.00	.....	29.46	.....	.....	.....	60.27	63.96	44.46	51.72	259.87
GA	Atlanta—DeKalb County Light Rail Project	.....	.....	.....	.....	.....	.....	.....	0.66	1.00	0.99	2.65
GA	Savannah—Water taxi	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.25	0.25
	Subtotal—GEORGIA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	262.76
HI	Honolulu—Major Investment Analysis of Transit Alt	.....	.....	.....	.....	.....	.....	.....	.....	.....	2.98	2.98
IA	Sioux City—Micro Rail Trolley System	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.25	0.25
IL	St. Louis—St. Clair LRT Extension	4.45	2.05	1.99	.....	.....	5.95	1.98	31.77	29.90	34.74	112.83
IL	Chicago—Ravenswood & Douglas Br. Lines Projs	.....	.....	.....	.....	.....	.....	.....	.....	.....	2.98	2.98
IL	Chicago—Metra Com. Rail Exts. & Upgrades Projs	.....	.....	.....	.....	.....	.....	.....	.....	.....	5.96	5.96
	Subtotal—ILLINOIS	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	124.99
IN	Indiana—Northern Indiana Commuter Rail	.....	.....	.....	.....	.....	.....	.....	0.50	3.99	2.98	7.46
KS	KC Area—Johnson Cnty, KS—I–35 Commuter Rail	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
LA	New Orleans—Canal Street LRT	.....	.....	.....	3.57	.....	9.93	4.94	7.94	5.98	21.84	54.20
LA	New Orleans—Desire Streetcar Project	.....	.....	.....	.....	.....	.....	.....	1.99	1.99	1.99	5.97
	Subtotal—LOUSIANA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	68.62
MA	Boston—S. Piers Transitway—Phase 1 (MOS–2)	.....	10.75	37.96	9.93	10.00	23.82	19.95	29.79	46.10	53.58	241.88
MA	Boston—NS–SS Link	.....	0.25	.....	.....	.....	.....	.....	.....	.....	0.50	0.75
MA	Boston Metropolitan Urban Ring	.....	.....	.....	.....	.....	1.09	.....	.....	1.00	0.74	2.83
MA	Boston—North Shore Corridor Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
	Subtotal—MASSACHUSETTS	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	246.45
MD	Maryland—MARC System-wide Improvements	.....	.....	9.93	23.32	.....	13.90	9.88	32.96	30.90	16.91	137.80

FEDERAL TRANSIT ADMINISTRATION—MAJOR CAPITAL INVESTMENTS [NEW STARTS]—PROJECTS WITH FISCAL YEAR 1999 EARMARKS—Continued

State	Geographic Location	Annual Earmarks										Total earmarks
		Fiscal year—										
		1991 and prior	1992	1993	1994	1993 reall. earmarks	1995	1996	1997	1998	1999	
MD	Baltimore—Double Tracking Project										0.99	0.99
MD	Baltimore—Central Downtown Transit Alt. MIS										0.50	0.50
MD	Washington, DC/MD—Largo Extension										0.99	0.99
MD	Washington, DC/MD—Route 5 Corridor										0.99	0.99
	Subtotal—MARYLAND											141.28
MI	Detroit (SE Michigan) Commuter Rail Viab. Study										0.20	0.20
MN	Twin Cities—Transitway [Hiawatha] Project									11.96	16.87	28.83
MO	Kansas City—Commuter Rail Study										0.50	0.50
MO	Kansas City—Jeff. City—StL. Commuter Rail Project										0.50	0.50
	Subtotal—MISSOURI											0.99
NC	Raleigh-Durham—Research Triangle Transit Plan								1.99	11.96	9.93	23.88
NC	Charlotte—South Corridor Transitway Project									1.00	2.98	3.98
	Subtotal—NORTH CAROLINA											27.86
NE	Omaha—Trolley System										0.99	0.99
NJ	New Jersey Urban Core—Hudson-Bergen LRT			21.86	16.74		50.49		9.93	59.81	69.48	228.30
NJ	New Jersey Urban Core—Newark—Rail Link										5.96	5.96
NJ	New Jersey—West Trenton—Commuter Rail								0.50		0.99	1.49
	Subtotal—NEW JERSEY											235.75
NM	Albuquerque—Light Rail Project										4.96	4.96
NV	Las Vegas Clark Cnty—Fixed Guideway Project									4.98	3.97	8.95
NY	New York—East Side Access (LIRR to GCT)									19.94	23.82	43.76

OH	Cleveland—Euclid Ave Corridor/Berea Ext	4.73	1.00	.....	0.79	.....	.....	.....	.....	.....	1.99	8.51
OH	Cincinnati—Northeast Corridor	.....	.....	.....	1.34	.....	1.19	0.99	2.98	0.50	1.79	8.78
OH	Cleveland—Berea Extension to Airport	.....	.....	.....	.....	.....	.....	.....	.....	0.70	0.99	1.69
OH	Dayton—Light Rail Study	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
OH	Ohio—Canton-Akron-Cleveland Commuter Rail	.....	.....	.....	0.99	.....	.....	4.20	3.48	1.99	2.18	12.85
OH	Ohio—Northeast Commuter Rail	.....	0.80	.....	.....	.....	.....	.....	.....	.....	0.50	1.30
OR	Portland—Westside/Hillsboro Extension	1.00	13.31	67.49	82.87	10.38	89.62	128.58	137.04	63.20	25.53	619.02
OR	Portland—South/North Extension	.....	.....	.....	.....	.....	.....	.....	5.96	.....	.....	5.96
PA	Pittsburgh—Stage II LRT Reconstruction	.....	.....	.....	.....	.....	.....	.....	.....	.....	3.97	3.97
PA	Harrisburg—Corridor One Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
PA	Philadelphia—Cross County Metro Study	.....	0.51	0.69	.....	.....	.....	.....	.....	.....	0.99	2.19
PA	Philadelphia—Schuylkill Valley Metro Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	2.98	2.98
PA	Pittsburgh—North Shore CBD Transit Options MIS	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
	Subtotal—PENNSYLVANIA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	11.13
PR	San Juan—Tren Urbano Phase I	.....	.....	.....	.....	.....	4.96	7.41	6.06	14.95	19.85	53.23
SC	Charleston—Monobeam Rail Project	.....	.....	.....	.....	.....	.....	.....	.....	1.50	2.18	3.68
TN	Memphis—Regional Rail	.....	.....	.....	0.50	.....	.....	1.23	3.02	1.00	2.18	7.93
TN	Knoxville—Electric Transit Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.49	1.49
TN	Nashville—Regional Commuter Rail Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
	Subtotal—TENNESSEE	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	10.41
TX	Dallas—RAILTRAN	.....	2.48	.....	.....	.....	2.98	5.93	15.14	7.97	11.91	46.41
TX	Houston—Regional Bus	146.07	15.36	33.75	38.71	1.00	29.77	22.36	40.31	50.94	59.23	437.50
TX	Dallas—North Central	.....	.....	.....	.....	.....	2.48	2.96	10.92	10.96	15.88	43.20
TX	Austin—Capital Metro	.....	.....	.....	.....	.....	.....	.....	.....	1.00	0.99	1.99
TX	Houston—Advanced Regional Bus Project	.....	.....	.....	.....	.....	.....	.....	.....	1.00	1.99	2.98
	Subtotal—TEXAS	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	532.09
UT	Salt Lake City—South	15.52	2.56	2.98	2.98	.....	4.96	9.64	34.75	63.20	69.48	206.07
UT	Salt Lake City—Airport to Uni. (West-East) LRT	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.96	4.96
	Subtotal—UTAH	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	211.03
VA	Norfolk—Tidewater Rail Project	.....	.....	.....	.....	.....	.....	.....	.....	1.99	7.94	9.93

FEDERAL TRANSIT ADMINISTRATION—MAJOR CAPITAL INVESTMENTS [NEW STARTS]—PROJECTS WITH FISCAL YEAR 1999 EARMARKS—Continued

State	Geographic Location	Annual Earmarks										Total earmarks
		Fiscal year—										
		1991 and prior	1992	1993	1994	1993 reall. earmarks	1995	1996	1997	1998	1999	
VA	Virginia Railway Express—Commuter Rail Project	.....	.....	.....	.....	.....	.....	.....	2.98	1.99	1.99	6.96
VA	Washington, DC/VA—Dulles CorridorProject	.....	.....	.....	.....	.....	.....	.....	.....	.....	16.87	16.87
	Subtotal—VIRGINIA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	33.77
VT	Burlington to Essex, VT Commuter Rail	.....	.....	.....	.....	.....	.....	.....	.....	4.98	1.99	6.97
WA	Seattle—Link LRT Project	.....	.....	.....	.....	.....	.....	.....	2.98	8.97	4.96	16.91
WA	Seattle—Sounder Commuter Rail Project	.....	.....	.....	.....	.....	.....	.....	.....	8.97	40.69	49.66
WA	Spokane, WA—Light Rail Project	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.99	0.99
WA	Seattle (King County)—Elliot Bay Water Taxi	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.50	0.50
	Subtotal—WASHINGTON	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	75.03
WI	Wisconsin—Ken.-Rac.-Milw. Commuter Rail	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.50	0.50
WV	Morgantown, WV—Personal Rapid Transit	.....	.....	.....	.....	.....	.....	.....	4.21	.....	3.97	8.18

[1] In accordance with Congressional direction, deobligated Metromover funds are the source of the funds obligated to Miami's Palmetto Extension.

Question. Please provide a table detailing by existing FFGA the amount of the FFGA, the actual amounts received through fiscal year 1999, the Attachment 6 amounts through fiscal year 1999, any shortfalls or overages to date, the fiscal year 1999 enacted level, the fiscal year 2000 Attachment 6 amount, the amount of shortfall included in the fiscal year 2000 budget, and total fiscal year 2000 budget request.

Answer. The following table provides the requested information on existing FFGAs.

ATLANTA, GA—NORTH LINE EXTENSION [DUNWOODY TO NORTH SPRINGS]

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
PY Deob/Reob	$10,000,000	$10,000,000	$295,010,400			PY Deob/Reob.
1993	18,729,384	29,457,400	276,281,016			1993.
1994						1994.
1995	10,728,016		265,553,000			1995.
1996	42,410,000	41,900,252	223,652,748	−$509,748		1996.
1996		[1] 18,372,860	205,279,888	18,372,860		1996.
1997	66,820,000	63,960,604	141,319,284	−2,859,396		1997.
1998	52,110,000	44,455,750	96,863,534	−7,654,250		1998.
1999	52,110,000	51,721,925	45,141,609	−388,075		1999.
2000	52,103,000	45,141,609				2000.
TOTAL	305,010,400	305,010,400		6,961,391		

[1] Deobligated funds added to the project.

BOSTON, MA—SOUTH BOSTON PIERS [MOS–2]

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1992		$10,750,000				1992.
1993		37,963,124				1993.
1994		[1] 10,000,000				1994.
1994	$48,713,124	9,925,000	$282,013,196			1994.
1995	43,745,000	23,820,000	238,268,196			1995.
1996	22,620,000	19,951,638	218,316,558	$2,668,362		1996.
1997	53,720,000	29,790,686	188,525,872	23,929,314		1997.
1998	53,983,334	46,100,413	142,425,459	7,882,921		1998.
1999	53,983,334	53,580,975	88,844,484	402,359		1999.
2000	53,961,528	53,961,528				2000.
2001						2001.
TOTAL	330,726,320	295,843,364		34,882,956		

[1] Fiscal year 1993 reallocated earmark.

NOTE: Although the original FFGA Attachment 6 schedule concludes in fiscal year 2000, the project has an outstanding balance of $34.9 million, consisting entirely of shortfall.

DENVER, COLORADO—SW CORRIDOR EXTENSION

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1997	$8,000,000	$2,831,040	$117,168,960	$5,168,960		1997.
1998	25,000,000	22,925,610	94,243,350	2,074,390		1998.
1999	40,000,000	39,702,110	54,541,240	297,890		1999.
2000	35,000,000	35,000,000				2000.
2001	12,000,000					2001.
TOTAL	120,000,000	100,458,760		7,541,240		

HOUSTON, TX—REGIONAL BUS PLAN

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1989		$49,750,000				1989.
1990		64,480,975				1990.
1991		31,840,000				1991.
1992		15,360,000				1992.
1993	$195,000,000	33,569,025	$305,000,000			1993.
1994		[1] 39,883,475				1994.
1995	69,658,475	29,775,000	235,341,525	$3		1995.
1996	22,630,000	22,357,997	212,983,528	272,000		1996.
1997	40,590,000	40,306,799	172,676,729	283,201		1997.
1998	59,670,000	50,934,727	121,742,002	8,735,273		1998.
1999	59,670,000	59,225,625	62,516,377	444,375		1999.
2000	52,770,000	[2] 62,516,377			$9,734,852	2000.
2001	11,525					2001.
TOTAL	500,000,000	500,000,000			9,734,852	

[1] Includes $1.0 million in fiscal year 1993 Reallocated earmark.
[2] Proposed fiscal year 2000 Budget amount includes shortfall ($9,734,852 and residual fiscal year 2001 Attachment 6 amount ($11,525).

LOS ANGELES, CA—MOS–3 [North Hollywood Only]

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
Pre-1997	$364,235,841	$364,235,841	$316,801,159			Pre-1997.
1997	69,511,602	69,511,602	247,289,557			1997.
1998	76,000,000	61,301,090	185,988,467	$14,698,910		1998.
1999	62,000,000	37,717,000	148,271,467	24,283,000		1999.
2000	50,000,000	50,000,000				2000.
2001	50,000,000					2001.
2002	9,289,557					2002.
TOTAL	681,037,000	582,765,533		38,981,910		

MARYLAND COMMUTER RAIL SYSTEM—SYSTEM-WIDE IMPROVEMENTS

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1995	$13,895,000	$13,895,000	$91,356,373			1993.
1996		9,879,805	81,476,568	+$9,879,805		1996.
1997	50,000,000	32,959,424	48,517,144	+17,040,576		1997.
1998	41,356,373	30,899,736	17,617,408	+10,456,637		1998.
1999		16,914,100	703,308	−16,914,100		1999.
2000		703,308			$703,308	1999.
TOTAL	105,251,373	105,251,373			703,308	

NOTE: Project received appropriation in fiscal year 1996 although FFGA schedule did not include a fiscal year 1996 payment; however as subsequent appropriations were lower than FFGA schedule; the net shortfall was addressed by extending the FFGA payment schedule first to fiscal year 1999 and then to fiscal year 2000.

NORTHERN NEW JERSEY—HUDSON-BERGEN LRT SYSTEM

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1993		$21,860,000				1993.
1994		16,740,000				1994.

1995		50,488,750				1995.
1996	$89,088,750		$515,000,000			1996.
1997	9,930,229	9,930,229	505,069,771			1997.
1998	64,000,000	59,805,941	445,263,830	$4,194,059		1998.
1999	70,000,000	69,478,700	375,785,130	521,300		1999.
2000	99,000,000	99,000,000				2000.
2001	121,000,000					2001.
2002	151,069,771					2002.
TOTAL	604,088,750	327,303,620		4,715,359		

PORTLAND, OR—WESTSIDE-HILLSBORO LRT

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1992	$14,305,000	$14,305,000	$615,755,336			1992.
1993	67,490,000	67,490,000	548,265,336			1993.
1994	10,380,300	[1] 10,380,300	537,885,036			1994.
1994	82,873,750	82,873,750	455,011,286			1994.
1995	89,615,000	89,615,000	365,396,286			1995.
1996	128,575,779	128,575,779	236,820,507			1996.
1997	137,037,157	137,037,157	99,783,350			1997.
1998	74,065,336	63,194,945	36,588,405	$10,870,391		1998.
1999	25,718,014	25,526,475	11,061,930	191,539		1999.
2000		11,061,930			$11,061,930	2000.
TOTAL	630,060,336	630,060,336			11,061,930	

[1] Fiscal year 1993 reallocated earmark.

SACRAMENTO, CA—SOUTH LRT EXTENSION

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1996		$1,975,961				1996.
1997	$7,934,098	5,958,137	$103,265,902			1997.
1998	20,883,900	20,234,344	83,031,558	$649,556		1998.

SACRAMENTO, CA—SOUTH LRT EXTENSION—Continued

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1999	23,480,000	23,305,140	59,726,418	174,860		1999.
2000	25,000,000	25,000,000				2000.
2001	33,902,002					2001.
TOTAL	111,200,000	76,473,582		824,416		

SALT LAKE CITY, UT—SOUTH LRT

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1993	$12,500,000	$12,500,000	$224,893,530			1993.
1994						1994.
1995	9,893,530	9,893,530	215,000,000			1995.
1996		9,642,195	205,357,805	+$9,642,195		1996.
1997	35,000,000	34,755,801	170,602,004	−244,199		1997.
1998	50,000,000	63,194,945	107,407,059	+13,194,945		1998.
1999	70,000,000	69,478,700	37,928,359	−521,300		1999.
2000	60,000,000	37,928,359				2000.
TOTAL	237,393,530	237,393,530		+22,071,641		

NOTES: Project received appropriation in fiscal year 1996 although FFGA schedule did not include a fiscal year 1996 payment as well as $13.2 million over the FFGA amount in fiscal year 1998; consequently, the fiscal year 2000 budget request takes into account the fiscal year 1996 amount as well as the amount received over the FFGA amount in fiscal year 1998. The fiscal year 2000 budget request completes the FFGA funding schedule.

SAN FRANCISCO, CA—BART TO SFO

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1992	$22,500,000	$22,500,000	$727,500,000			1992.
1993		18,247,871				1993.
1994		14,752,129				1994.
1995	33,000,000		694,500,000			1995.

1996		1,115,051				1996.
1997	28,423,180	27,308,129	666,076,820			1997.
1998	56,394,669	29,803,294	636,273,526	$26,591,375		1998.
1999	74,000,000	39,702,110	596,571,416	34,297,890		1999.
2000	84,000,000	84,000,000				2000.
2001	80,000,000					2001.
2002	80,605,331					2002.
2003	100,000,000					2003.
2004	100,000,000					2004.
2005	91,076,820					2005.
TOTAL	750,000,000	237,428,584		60,889,265		

SAN JUAN, PUERTO RICO—TREN URBANO

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1996	$7,409,854	$7,409,854	$300,000,000			1996.
1997	10,000,000	6,058,367	293,941,633	$3,941,633		1997.
1998	30,000,000	14,951,485	278,990,148	15,048,515		1998.
1999	60,000,000	19,851,055	259,139,093	40,148,945		1999.
2000	82,000,000	82,000,000				2000.
2001	118,000,000					2001.
TOTALS	307,409,854	130,270,761		59,139,093		

SAN JOSE, CA [SANTA CLARA COUNTY]—TASMAN WEST LRT PROJECT

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1992	$12,750,000	$34,740,000	$170,000,000			1992.
1993	48,000,000	26,010,000	122,000,000			1993.
1994		13,236,371				1994.
1995		19,998,875				1995.
1996	32,000,000	8,764,754	90,000,000			1996.
1997	10,000,000		80,000,000			1997.

SAN JOSE, CA [SANTA CLARA COUNTY]—TASMAN WEST LRT PROJECT—Continued

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1998	25,000,000	21,330,786	58,669,214	$3,669,214		1998.
1999	35,000,000	26,798,925	31,870,289	8,201,075		1999.
2000	20,000,000	31,870,289			$11,870,289	2000.
TOTAL	182,750,000	182,750,000			11,870,289	

ST. LOUIS, MO–IL—METROLINK EXTENSION—ST. CLAIR COUNTY, IL

FISCAL YEAR	ORIGINAL FFGA SCHEDULE [ATTACHMENT 6]	ACTUAL AMOUNTS/ FISCAL YEAR 2000 BUDGET REQUEST	REMAINING BALANCE	SHORTFALL BY YEAR	SHORTFALL IN FISCAL YEAR 2000 BUDGET REQUEST	FISCAL YEAR
1995		$5,955,000				1995.
1996	$7,930,961	1,975,961	$236,000,000			1996.
1997	31,776,732	31,776,732	204,223,268			1997.
1998	35,000,000	29,902,970	174,320,298	$5,097,030		1998.
1999	35,000,000	34,739,350	139,580,948	260,650		1999.
2000	50,000,000	50,000,000				2000.
2001	60,000,000					2001.
2002	24,223,268					2002.
TOTAL	243,930,961	154,350,013		5,357,680		

Question. Please prepare a table that provides by project the capital cost, federal share (dollars and percentage) and local share (dollars and percentage) for each FFGA, those projects proposed for FFGA's in the budget request, and the fifty remaining projects that are furthest along in the planning and preliminary engineering process. Use estimates where necessary.

Answer. The following table displays the requested information. Please note in the table for the column entitled GRANTEE ESTIMATED SEC. 5309 SHARE, the amount listed for projects not covered by an FFGA is the grantee suggested Section 5309 level.

FEDERAL TRANSIT ADMINISTRATION NEW START PIPELINE

STATE	GEOGRAPHIC LOCATION	PROJECT DESCRIPTION	TOTAL COST	SECTION 5309 SHARE		LOCAL SHARE	
				IN DOLLARS	AS PERCENT	IN DOLLARS	AS PERCENT
	Full Funding Grant Agreements (FFGA) [14]						
CA	Los Angeles	Metrorail—MOS–3 [North Hollywood]	$1,310.80	$681.00	52.0	$629.80	48.0
CA	Sacramento	South LRT Extension	222.00	111.20	50.1	110.80	49.9
CA	San Francisco	BART Extension to the SFO Airport	1,513.20	750.00	49.6	763.20	50.4
CA	San Jose	Tasman West LRT Project	325.00	182.75	56.2	142.25	43.8
CO	Denver	Southwest Corridor LRT	176.32	120.00	68.1	56.32	31.9
GA	Atlanta	MARTA North Springs Extension	381.26	305.01	80.0	76.25	20.0
MA	Boston	South Boston Piers Transitway	413.41	330.73	80.0	82.68	20.0
MD	Baltimore-Wash, DC-WV	MARC—Commuter Rail Improvements	131.56	105.25	80.0	26.31	20.0
MO	St. Louis, MO/IL	Metrolink St. Clair Extension	339.17	243.93	71.9	95.24	28.1
NJ	Northern New Jersey	Hudson-Bergen Light Rail	992.14	604.09	60.9	388.05	39.1
OR	Portland	Westside/Hillsboro LRT	963.52	630.06	65.4	333.46	34.6
PR	San Juan	Tren Urbano	1,676.00	307.40	18.3	1,368.60	81.7
TX	Houston	Regional Bus Plan	625.00	500.00	80.0	125.00	20.0
UT	Salt Lake City	South LRT	312.50	237.40	76.0	75.10	24.0
	Total		9,381.9	5,108.8			

			TOTAL COST	GRANTEE ESTIMATED SEC. 5309 SHARE		LOCAL SHARE	
				IN DOLLARS	AS PERCENT	IN DOLLARS	AS PERCENT
	IN FINAL DESIGN [10]						
TX	Dallas	North Central Extension	517.3	333.0	64.4	184.3	35.6
MO	St. Louis, MO/IL	MetroLink—St. Clair Ext. Phase	121.0	60.0	49.6	61.0	50.4
FL	Fort Lauderdale/Miami	Tri-Rail Commuter Rail Upgrade	422.0	130.8	31.0	291.2	69.0
LA	New Orleans	Canal Street Corridor LRT	153.5	123.2	80.3	30.3	19.7
CA	San Diego	Mission Valley East LRT Extension	361.3	275.2	76.2	86.1	23.8
PA	Pittsburgh	Stage II LRT Reconstruction	512.5	162.6	31.7	349.9	68.3
PA	Pittsburgh	MLKJR Busway East Extension	62.8	8.6	13.7	54.2	86.3
NJ	Northern New Jersey	Hudson-Bergen LRT [MOS–2]	900.0	400.0	44.4	500.0	55.6
WA	Seattle	SOUND MOVE: Commuter Rail [Tacoma]	401.0	100.0	24.9	301.0	75.1

FL	Orlando	I–4/Central Florida LRT	600.1	330.0	55.0	270.1	45.0
	Total—In Final Design		4,051.5	1,923.4		2,128.1	
	IN PRELIMINARY ENGINEERING [PE] [30]						
TN	Memphis	Medical Center Extension	30.4	24.3	80.0	6.1	20.0
CA	San Diego	Oceanside-Escondido LRT	213.7	124.0	58.0	89.7	42.0
OH	Cleveland	Euclid Corridor Busway	327.0	262.0	80.1	65.0	19.9
AR	Little Rock	River Rail Project [Phase I]	7.6	6.1	80.3	1.5	19.7
FL	Miami	East-West Corridor	2,152.2	808.0	37.5	1,344.2	62.5
NJ	Northern New Jersey	Newark Rail Link LRT [MOS–1]	150.0	112.5	75.0	37.5	25.0
UT	Salt Lake City	East-West LRT [Downtown Loop] [1]	75.0	60.0	80.0	15.0	20.0
IL	Chicago	Metra—Kane County Extension	92.5	55.5	60.0	37.0	40.0
IL	Chicago	Metra—North Central Double-Tracking	188.7	117.4	62.2	71.3	37.8
IL	Chicago	Metra—Southwest Corridor Extension	164.8	104.4	63.3	60.4	36.7
PR	San Juan	Tren Urbano-Minillas Extension	478.3	382.6	80.0	95.7	20.0
OR	Portland	South/North LRT [2]	1,186.3	636.3	53.6	550.0	46.4
FL	Miami	North 27th Avenue Extension	477.4	334.2	70.0	143.2	30.0
MN	Minneapolis [Twin Cities]	Hiawatha Corridor Transitway	446.0	223.0	50.0	223.0	50.0
VA	Norfolk	Norfolk—Virginia Beach LRT	524.6	288.6	55.0	236.0	45.0
CA	San Diego	Mid-Coast LRT—Phase I	104.6	54.7	52.3	49.9	47.7
MD	Wash, DC—Suburban Maryland	Metrorail Extension to Largo	397.1	316.1	79.6	81.0	20.4
MD	Baltimore	Light Rail Double Tracking	150.0	120.0	80.0	30.0	20.0
WA	Seattle	SOUND MOVE: Northgate-Seatac Light Rail Line	2,917.0	1,458.0	50.0	1,459.0	50.0
WA	Seattle	SOUND MOVE: Commuter Rail [Everett to Seattle/ Tacoma to Lakewood].	196.0	49.0	25.0	147.0	75.0
NC	Research Triangle [Raleigh-Durham]	Regional Commuter Rail	284.0	111.0	39.1	173.0	60.9
NV	Las Vegas	Resort Corridor People Mover [MOS]	500.3	225.1	45.0	275.2	55.0
CA	Orange County	Irvine—Fullerton Corridor	1,916.5	959.1	50.0	957.4	50.0
CO	Denver	Southeast Extension	479.7	383.8	80.0	95.9	20.0
AZ	Phoenix	Central Phoenix/East Valley [MOS]	390.0	195.0	50.0	195.0	50.0
NY	New York City	LIRR Access to Grand Central Terminal	3,454.5	1,727.3	50.0	1,727.2	50.0
OH	Cincinnati	Northeast Corridor [MOS]	675.8	337.9	50.0	337.9	50.0
FL	Tampa	Early Action Plan	575.0	288.0	50.1	287.0	49.9
MO	Kansas City [PE work suspended]	Southtown LRT—Phase I	220.0	176.0	80.0	44.0	20.0
MA	Boston	South Boston Piers—Phase II	258.0	206.4	80.0	51.6	20.0
	Total—In Preliminary Engineering		19,033.0	10,146.3		8,886.7	

			TOTAL COST	GRANTEE ESTIMATED SEC. 5309 SHARE		LOCAL SHARE	
				IN DOLLARS	AS PERCENT	IN DOLLARS	AS PERCENT
ANTICIPATED PE REQUESTS [9]							
CO	Denver	East Corridor Extension to DIA	330.0	264.0	80.0	66.0	20.0
CO	Denver	West Corridor Extension	251.0	200.8	80.0	50.2	20.0
KY	Louisville	South Central Corridor	500.0	250.0	50.0	250.0	50.0
KS/MO	Johnson County, KS [Request Submitted]	I–35 Commuter Rail to Kansas City	35.0	24.0	68.6	11.0	31.4
MO	St. Louis	Cross County Metrolink Extension	350.0	300.0	85.7	50.0	14.3
NE	Omaha	Downtown Trolley System	35.0	25.0	71.4	10.0	28.6
MA	Boston	North-South Station Corridor	2,000.0	1,000.0	50.0	1,000.0	50.0
CO	Aspen—Glenwood Springs	Roaring Fork Valley Rail	129.0	61.0	47.3	68.0	52.7
VA	Washington, DC/VA	Dulles Corridor Rapid Bus	180.0	141.0	78.3	39.0	21.7
	Total—Anticipated PE Requests		3,810.0	2,265.8		1,544.2	

[1] Salt Lake City-East-West [Airport to University] total cost is estimated at $480 million.
[2] Project to be reconfigured.

Question. Please detail by fiscal year and project how the FTA plans to allocate the $10,400,000 provided for Alaska or Hawaii projects. Include in your answer the total cost and the local/federal share of each project (dollar and percentage).

Answer. The scope and nature of the ferry projects in Alaska and Hawaii remain under development. A number of proposals are currently being finalized. Once the costs have been refined for these projects and a complete list has been finalized, this information will be conveyed to the Congress.

Question. How did FTA determine that $8,000,000 for the Baltimore Central Corridor project, the Hiawatha corridor transitway project in Minneapolis, the Raleigh-Durham-Research Triangle regional rail project and the Sound Move project in Seattle were the appropriate and necessary amounts to be allocated in fiscal year 2000?

Answer. The $8 million figure is a level designated for planning purposes.

Question. Why isn't bill language requested for these four projects?

Answer. These four projects were not identified in the proposed appropriation language in recognition that FTA will work with the Congress to identify a funding level consistent with the estimated needs of these projects.

NEW STARTS EVALUATION CRITERIA

Question. The new starts report that was released by the Secretary of Transportation on March 23 includes detailed evaluations and ratings of 42 new starts projects that are in final design and preliminary engineering stages. However, the new starts report excludes any evaluation or rating of the current 14 full funding grant agreement (FFGA) projects. These 14 projects represent a proposed $668 million of the total $980 million that is to be available for new starts in fiscal year 2000, or 68 percent. Some of these projects are experiencing significant cost increases and scope changes that may severely impact the ability of the projects' sponsors to complete the projects on time and within budget, as stipulated by the full funding grant agreement. These considerations, as well as an evaluation and rating of each new start project—irrespective of a project's developmental status—should be part of the annual comprehensive review to determine the appropriate funding levels for each new project. Why did the department decide not to evaluate the full funding grant agreement projects? Can a similar evaluation and rating process be performed by FTA for these 14 projects? If not, what parts of this process present a particular challenge? What components of the evaluation process can be performed?

Answer. In the case of these 14 projects, the FFGAs were issued prior to TEA21. Under 49 U.S.C. § 5309(e)(8)(A), projects for which the Department entered into FFGAs prior to the date of enactment of TEA–21 are exempt from evaluation under the revised new starts evaluation and rating process. These projects were evaluated and found to meet the Federal requirements that were in place at the time the FFGAs were negotiated. These evaluations can be found in earlier editions of the Annual Report on New Starts. Future FFGAs will of course be based on an evaluation of the proposed project under the full TEA–21 criteria.

As noted in each edition of the Annual Report on New Starts, the issuance of an FFGA—FTA's decision to commit Federal funds to a new starts project—represents the final determination of project justification. Projects for which FFGAs have been issued are no longer undergoing the development stages; rather, they have been fully developed, and are ready for a Federal funding commitment for construction. Thus, there is no further need for project evaluation. The Department recognizes that the FFGAs represent Federal commitments that are to be honored; the financial community considers the FFGA to be a key determinant in making loans and setting appropriate interest rates. If the Federal commitment represented by an FFGA is not honored, project financing is damaged, making project advancement and medium- and long-range planning efforts exceedingly difficult. Of course, the end of project development is not the end of FTA oversight; FTA continues to monitor the progress of a project once an FFGA has been negotiated, and may take corrective actions when necessary.

As for projects that may be experiencing scope changes, cost overruns, and the like, the FFGA acts to protect the Federal government against such circumstances. The FFGA defines the project, including cost and schedule; commits to a maximum level of Federal financial assistance (subject to appropriation); establishes the terms and conditions of Federal financial participation; covers the period of time for completion of the project; and helps to manage the project in accordance with Federal law. The FFGA assures the grantee of predictable Federal financial support for the project (subject to appropriation) while placing a ceiling on the amount of that Federal support.

An FFGA also limits the exposure of FTA and the Federal government to cost overruns that may result if project design, engineering and/or planning is not adequately performed at the local level. FTA is primarily a financial assistance agency; it is not directly involved in the design and construction of new starts projects. While FTA is responsible for ensuring that planning projections are based on realistic assumptions and that design and construction follow acceptable industry procedures, it is the responsibility of project sponsors to ensure that proper planning, design and engineering have been performed.

Question. Table 1–A of the 1999 Annual Report on New starts, "Summary of Fiscal Year 2000 New Starts Ratings", reveals that not a single new starts project was rated as having both a high financial rating and a high project justification rating. Do you believe the criteria outlined in TEA–21 have set the standard too high? Or does this indicate that we are providing federal resources to build mediocre projects?

Answer. Neither. In developing the measures for evaluating proposed new starts projects under TEA–21, FTA intentionally set high standards for achieving a high rating for project justification and local financial commitment. A "high-high" rating represents the "gold standard," and the standards should be set accordingly. While it is true that none of the proposed projects received high ratings for both justification and finance, a total of eight were rated higher than medium for both, earning them overall ratings of "highly recommended." Similarly, a rating of "medium" does not denote a "mediocre" project; rather, it signifies that the proposed project "passes" the justification process and is eligible for new starts funding. In order to earn an overall project rating of "recommended," a proposed new start must be rated at least "medium" for both justification and finance. A total of 19 proposed projects were rated "recommended" or higher in the 1999 Annual Report on New Starts. Such projects have costs which are exceeded by easily quantified benefits (not counting other benefits which are not so easily quantified) and have a local financial commitment which is sufficient. A rating below medium on either would result in an overall rating of "not recommended."

Question. Please provide for the record the rating given to each of the projects proposed for FFGAs in fiscal year 2000 and the four additional projects recommended for appropriations within the amounts provided for planning and preliminary engineering.

Answer. The ratings are provided in the following table.

TABLE 1–A.—SUMMARY OF FISCAL YEAR 2000 NEW STARTS RATINGS

Phase and City (Project)	Total Capital Cost (millions)	Total Sect. 5309 Funding (millions)	Section 5309 Funds Share of Capital Costs (percent)	Overall Project Rating	Financial Rating	Project Justification Rating
Proposed Full Funding Grant Agreements						
Dallas (North Central LRT)	$517.20 YOE	$333.00	64	RECOMMENDED	High	Medium.
Ft. Lauderdale, FL (Tri-County Commuter Rail)	422.00 YOE	130.80	31	HIGHLY RECOMMENDED	Medium-High	Medium-High.
Memphis (Medical Ctr. Trolley Extension)	35.90 YOE	24.30	80	RECOMMENDED	Medium-High	Medium.
Northern New Jersey (Newark-Elizabeth Rail Line)	150.00 YOE	112.50	75	HIGHLY RECOMMENDED	Medium-High	Medium-High.
Orlando (I–4 Central Florida Light Rail)	600.10 YOE	330.00	55	HIGHLY RECOMMENDED	Medium-High	Medium-High.
Salt Lake City (Downtown Connector-West/East)	74.80 YOE	59.84	80	NOT RECOMMENDED	Low	Medium.
San Diego (Mission Valley East)	361.00 YOE	275.20	76	HIGHLY RECOMMENDED	High	Medium-High.
Projects Recommended for Funding Undergoing Preliminary Engineering						
Baltimore (MTA Double Tracking Project)	150.00 YOE	120.00	80	RECOMMENDED	Medium	Medium-High.
Minneapolis (Hiawatha Avenue)	446.00 1997	223.00	50	RECOMMENDED	Medium-High	Medium.
Raleigh, NC (Regional Transit Plan)	284.00 YOE	110.76	39	RECOMMENDED	Medium	Medium.
Seattle Link LRT (Northgate-Seatac)	2,917.00 YOE	1,458.50	50	HIGHLY RECOMMENDED	High	Medium-High.

Note: (a) Year of Expenditure total project costs and Section 5309 share were calculated by FTA by applying a standard formula to cost estimates supplied by the project sponsor.
(b) Year of Expenditure Section 5309 share calculated by FTA.

Question. Please prepare a table indicating the projects that are likely to be ready for FFGAs in the near term (fiscal years 1999 through 2002). Include current stage of project development, project description, estimated record of decision date, and estimated federal share.

Answer. The information follows:

FEDERAL TRANSIT ADMINISTRATION NEW START PROJECTS ESTIMATED TO BE READY FOR FINAL DESIGN IN FISCAL YEAR 1999/2000

STATE	GEOGRAPHIC LOCATION	PROJECT DESCRIPTION	GRANTEE ESTIMATED SEC. 5309 SHARE
	IN FINAL DESIGN [9]		
TX	Dallas	North Central Extension	$333.0
MO	St. Louis, MO/IL	MetroLink—St. Clair Ext. Phase I	60.0
FL	Fort Lauderdale/Miami	Tri-Rail Commuter Rail Upgrade	130.8
LA	New Orleans	Canal Street Corridor LRT	123.2
CA	San Diego	Mission Valley East LRT Extension	275.2
PA	Pittsburgh	Stage II LRT Reconstruction	162.6
PA	Pittsburgh	MLKJR Busway East Extension	8.6
WA	Seattle	SOUND MOVE: Commuter Rail [Tacoma]	100.0
FL	Orlando	I–4/Central Florida LRT	330.0
	Total—In Final Design		1,523.4
	IN PRELIMINARY ENGINEERING [PE] [31]		
TN	Memphis	Medical Center Extension	24.3
CA	San Diego	Oceanside-Escondido LRT	124.0
OH	Cleveland	Euclid Corridor Busway	262.0
AR	Little Rock	River Rail Project [Phase I]	6.1
FL	Miami	East-West Corridor	808.0
NJ	Northern New Jersey	Hudson-Bergen LRT [MOS–2]	400.0
NJ	Northern New Jersey	Newark Rail Link LRT [MOS–1]	112.5
UT	Salt Lake City	East-West LRT [Downtown Loop] [1]	60.0
IL	Chicago	Metra—Kane County Extension	55.5
IL	Chicago	Metra—North Central Double-Tracking	117.4
IL	Chicago	Metra—Southwest Corridor Extension	104.4
PR	San Juan	Tren Urbano—Minillas Extension	382.6
OR	Portland	South/North LRT [2]	636.3
FL	Miami	North 27th Avenue Extension	334.2
MN	Minneapolis [Twin Cities]	Hiawatha Corridor Transitway	223.0
VA	Norfolk	Norfolk—Virginia Beach LRT	288.6
CA	San Diego	Mid-Coast LRT—Phase I	54.7
MD	Wash, DC-Suburban Maryland	Metrorail Extension to Largo	316.1
MD	Baltimore	Light Rail Double Tracking	120.0
WA	Seattle	SOUND MOVE: Northgate-Seatac Light Rail Line.	1,458.0
WA	Seattle	SOUND MOVE: Commuter Rail [Everett to Seattle/Tacoma to Lakewood].	49.0
NC	Research Triangle [Raleigh-Durham]	Regional Commuter Rail	111.0
NV	Las Vegas	Resort Corridor People Mover [MOS]	225.1
CA	Orange County	Irvine-Fullerton Corridor	959.1
CO	Denver	Southeast Extension	383.8
AZ	Phoenix	Central Phoenix/East Valley [MOS]	195.0
NY	New York City	LIRR Access to Grand Central Terminal	1,727.3
OH	Cincinnati	Northeast Corridor [MOS]	337.9
FL	Tampa	Early Action Plan	288.0
MO	Kansas City [PE work suspended]	Southtown LRT—Phase I	176.0
MA	Boston	South Boston Piers—Phase II	206.4
	Total—In Preliminary Engineering		10,546.3
	ANTICIPATED PE REQUESTS [9]		
CO	Denver	East Corridor Extension to DIA	264.0
CO	Denver	West Corridor Extension	200.8
KY	Louisville	South Central Corridor	250.0

FEDERAL TRANSIT ADMINISTRATION NEW START PROJECTS ESTIMATED TO BE READY FOR FINAL DESIGN IN FISCAL YEAR 1999/2000—Continued

STATE	GEOGRAPHIC LOCATION	PROJECT DESCRIPTION	GRANTEE ESTIMATED SEC. 5309 SHARE
KS/MO	Johnson County, KS [Request Submitted]	I–35 Commuter Rail to Kansas City	24.0
MO	St. Louis	Cross County Metrolink Extension	300.0
NE	Omaha	Downtown Trolley System	25.0
MA	Boston	North-South Station Corridor	1,000.0
CO	Aspen-Glenwood Springs	Roaring Fork Valley Rail	61.0
VA	Washington, DC/VA	Dulles Corridor Rapid Bus	141.0
	Total—Anticipated PE Requests		2,265.8
	Total—FEDERAL DEMAND		14,335.5

[1] Salt Lake City-East-West [Airport to University] total cost is estimated at $480 million.
[2] Project to be reconfigured.

LOS ANGELES TRANSIT PROJECTS

Question. Approximately $650,000,000 in contingent commitment authority has been allocated for the Mid-City and Eastside extensions in the MOS–3 Full Funding Grant Agreement. These funds have been committed against the balance of the trust fund. In November 1998, the local region voted to end subway construction. What plans do you have for these contingent commitments?

Answer. The Los Angeles County Metropolitan Transportation Authority (LACMTA) has undertaken a comprehensive Regional Transportation Alternatives Analysis (RTAA) to study viable alternatives to the originally planned subway alignments for the Mid-City and East Side components of MOS–3. The local population is being extensively consulted during this process. The RTAA is well underway and should be completed by the end of the year.

Although Los Angeles residents voted in November, 1998 to ban subway construction using Proposition A and C monies (local sales tax revenues), the fact remains that the East Side and Mid-City corridors are heavily transit-dependent, contain high levels of transit ridership today and warrant major capital investments to provide higher capacity service. As such, the ban does not preclude construction of surface alternatives such as light rail, rapid bus or enhancing existing bus operations, all of which are likely to be seriously considered in the RTAA.

FTA does not expect to revisit the issue of the remaining commitment to East Side and Mid-City until the RTAA is completed and the region reaches a consensus on locally preferred alternatives for these corridors. Any selected alternatives would, of course, be subject to the FTA new starts criteria and would need to be rated according to local financial, land use and mobility factors.

An additional factor which must be taken into account is the recent ruling by the Special Master mandating additional measures to ensure LACMTA compliance with the terms of the Bus Consent Decree. The effect of this far-reaching decision on the capital and operating budgets of the LACMTA, both for the current year and future budgets, as well as the degree to which other capital initiatives (including the RTAA) will be impacted, must now be assessed.

Question. If this contingent commitment were not made available to MOS–3, would it be available to fund other FFGAs

Answer. This commitment or a portion thereof could be used to fund other potential FFGAs in the event an adjustment to the commitment level to Los Angeles is required.

TEA–21 continues the "contingent commitment" concept (providing commitment authority to "bridge" authorization periods) and replaces the complicated ISTEA formula with a much simpler mechanism for determining contingent commitment authority. The TEA–21 provision (as amended by the Internal Revenue Restructuring and Reform Act of 1997) provides for "an amount equivalent to the last two fiscal years of funding authorized under section 5338(b) for new fixed guideway systems and extensions to existing fixed guideway systems" to serve as the "contingent commitment".

Question. The special master has ruled that the Los Angeles County Metropolitan Transit Authority (LACMTA) is not in compliance with the bus consent decree, and ordered the LACMTA to buy over 500 new buses and hire additional operators. Does this order impose any additional requirements on the LACMTA since it has already

committed about $1,000,000,000 to buy more than 2,000 buses to comply with the earlier decree?

Answer. The Special Master's order to purchase 500 new buses and hire additional operators is in addition to the 2,000 new buses LACMTA has previously programmed in their procurement to comply with the consent decree. The new order would add an estimated $225 million in capital requirements to their bus program budget of more than $800 million. Additional operating costs are estimated to total $275 million to $400 million over the next five years.

Question. A very limited number of bus manufacturers exists today and there is currently a two-year backlog for bus orders. To the extent that the LACMTA needs to buy additional buses, how can LACMTA meet the details of special master's order, given this backlog?

Answer. Since the 1970s, the transit bus industry has grown from mainly two manufacturers, GMC and Flexible to six current manufacturers. Backlogs vary from six months to over two years for each of the six bus manufacturers. FTA has calculated the average backlog for all the manufacturers to be roughly one and a half years at this time. In fact, the majority of the manufacturers maintain a one year backlog because of the uncertainty in bus orders from year to year. Although the effect of the Special Master's ruling is still unclear, it is possible that a stable order base of the magnitude as LACMTA's accelerated plan may provide the incentive for the industry to increase yearly capacity for the duration of LACMTA's order.

Question. To what extent are other transit providers in the country vulnerable to similar legal challenges to those levied against the LACMTA?

Answer. It is very difficult to predict whether the rulings in *Labor/Community Strategy Center, et al.* v. *LACMTA* will serve as precedent for litigation elsewhere in the nation. A similar suit was filed in Federal court in New York City at about the same time as the Los Angeles case, *New York Urban League and the Straphangers Campaign* v. *MTA*. However, this case was decided in favor of the defendant transit agency. The theories of these suits are grounded in the precepts of Title VI, "environmental justice" and "transportation equity," but they are not yet well defined. At the moment, the Department is aware of only one other suit of this type that may be filed in the near future. The Environmental Defense Fund and the Rainbow Coalition have threatened litigation against the Georgia Department of Transportation and the Atlanta Regional Commission based on Title VI and alleged inequities in the distribution of transportation benefits and adverse environmental impacts on minority and low-income communities.

Question. Recently the Los Angeles Pasadena Blue Line Construction Authority was created to oversee the construction of the Pasadena Blue Line in the Los Angeles area. This action stripped the LACMTA of its responsibility for the construction of that light rail line and requires the LACMTA to transfer $250 million to the new board. What effect will this action have on the LACMTA's general financial position and its ability to fund both the Red Line and the Alameda corridor project?

Answer. The Act which created the Construction Authority (SB 18476) requires LACMTA to transfer funds already programmed for the Pasadena Blue Line project in the Authority's Restructuring Plan. These funds consisted of $280 million in state funds and $89 million in local sales tax funds. Since these resources had already been programmed for the Pasadena Blue Line, this transfer does not affect the Authority's financial condition or its ability to fund the rail Line projects under construction.

Question. The full funding grant agreement for MOS–3 assumed that the Pasadena Blue Line would be funded entirely from local revenue. Do you support federal appropriations to construct this light rail line?

Answer. The Pasadena Blue Line has always been considered a locally planned and funded project, and it is unclear if LACMTA and its predecessor agencies followed Federal procedures in developing the project. Bringing the project into Federal compliance, including generating New Starts criteria, would translate into additional costs for the project and would further delay construction. Another complicating factor is presented by the fact that the Pasadena Line was not authorized by TEA–21.

Question. Given the recent events, should the LACMTA produce a new financial plan showing how it can complete the Red Line and comply with the bus consent decree?

Answer. FTA has already engaged its financial management oversight consultant to conduct an assessment of the impact of the Special Master's ruling on LACMTA's capital and operating budgets. FTA will await the results of the consultant's assessment and defer reaching any conclusions until the assessment has been received and studied.

Question. What does the LACMTA's approved recovery plan assume for federal appropriations in fiscal year 2000? What annual appropriations are assumed for the out-years in the recovery plan to complete the federal share of the project? If the Los Angeles Red Line project received expected federal and state funding at the levels assumed in the recovery plan, will it be completed on schedule and near budget?

Answer. LACMTA's approved recovery plan contained very conservative estimates for Federal appropriations, assuming that the expected appropriation would not become available until the following budget year. For Federal fiscal year 2000, LACMTA assumed a $50.0 million appropriation.

The assumed outyear appropriations for the North Hollywood line are essentially in line with the Attachment 6 schedule, calling for $50.0 million in fiscal year 2001 and $47.8 million in fiscal year 2002. These figures also take into account the current shortfall total ($39 million).

Provided federal and state funding meet expected levels, the Red Line North Hollywood extension will continue on schedule and could open ahead of the revenue operations date (Dec. 2000) specified in the FFGA. The project is also currently within budget and is expected to continue to track budget projections to project completion.

Question. What is the status of alternative analysis for the Mid-City and East side corridors?

Answer. Regional Transit Alternatives Analysis report evaluated options for East Side, Mid-City and San Fernando Valley. A Peer Review Panel comprised of transit industry experts with planning and investment analysis experts critiqued the study and provided advice to Los Angeles County Metropolitan Transportation Authority (MTA). In November 1998, the Board directed MTA to: Further analyze fixed guideway alternatives on East Side and Mid-City; and promptly implement a Rapid Bus Program demonstration project in the East Side, Mid-City and San Fernando Valley corridors.

MTA is starting to prepare a draft Environmental Impact Statement (EIS) with potential of Board review late in 1999.

ST. LOUIS METROLINK PROJECT

Question. Last year the FTA requested that funding for the St. Louis-St. Claire extension project be accelerated. This year the budget does not include a similar request. Why not?

Answer. The additional funds were requested to alleviate a perceived cash flow requirement and diminish the need for additional up-front local funds to the project. A similar request was not included in the fiscal year 2000 Budget Request because the problem was time sensitive and thus has already been addressed.

Question. Newspaper reports indicate that East St. Louis city leaders are demanding changes to the Metrolink light rail extension under construction, and that such changes could delay or drive up the costs of the project. Please describe the current state of affairs. What are the demands of the city officials; how are they different from the plan assumed under the FFGA; what costs or delays may be incurred because of these changes; what is the status of discussions between city leaders and Metrolink?

Answer. City officials from East St. Louis have requested that: (1) 18th and 71st Streets, both planned to be closed as a result of the Metrolink alignment design, remain open; and (2) that the design calling for an at-grade crossing at St. Clair Avenue be changed to a grade-separated crossing.

With regard to the St. Clair Avenue crossing issue, the street is located in Washington Park, outside of the East St. Louis city limits. The Mayor of Washington Park supports the present Metrolink at-grade design. Accordingly, Bi-State does not plan to change the crossing design.

The 71st Street issue is a more complicated one. According to the preliminary engineering report, the 71st Street bridge was to remain in place and a station and park and ride facility was originally planned at the bridge site. However, an unfavorable hydraulics study resulted in the elimination of both the station and the park and ride lot during the design phase. BiState proceeded to demolish the 71st Street bridge based on the hydraulics study which detailed the history of severe and constant flooding conditions in the area. The bridge had been closed by the Metro East Sanitary District in conjunction with the City of East St. Louis for two years prior to the demolition due to severe flooding problems in 1996. Reconstruction of the bridge and associated infrastructure was rejected by Bi-State due to the high cost (about $5.5 million). Although considerable coordination took place, no formal agreement was executed between the parties regarding the closure. Bi-State is continuing to talk with city officials to satisfactorily resolve this issue.

The cost to convert the 18th Street closure to a grade crossing is estimated in excess of $800,000. Bi-State maintains that East St. Louis officials originally acceded to the closure of 18th Street and has proceeded to build the project as designed. BiState has already made payment of $25,000 in permit fees to the City of East St. Louis but has not secured all street closure permits. Bi-State is prepared to go to litigation in case the City takes any action to delay the project.

Metrolink officials will continue discussions with East St. Clair officials to resolve differences over the 71st Street closure.

Question. Is there a local agreement between participating Bi-State entities relating to the timing and scope of proposed Bi-State projects, a sort of "gentlemen's agreement?" Please describe this agreement and discuss how it has affected the timing of implementing different aspects of proposed St. Louis area transit projects.

Answer. Yes, there is an agreement between local governments in the St. Louis, MO/IL area detailing the order and pace in which Metrolink extensions are expected to occur. After the basic system was opened in 1993, the agreement provided for the next extension to serve St. Clair County, IL. A planned extension to St. Charles County (northwest of St. Louis) was shelved after a funding referendum was rejected by the voters of that county. Consequently, the next extension after St. Clair is completed will be the Cross-County extension, expanding Metrolink west into St. Louis County.

MINNEAPOLIS LIGHT RAIL

Question. Please provide an update on the efforts of the Minnesota state government to provide a total of $100 million in state funds for the construction of the light rail system. In addition, please update the Committee on the status of the authorized bond sale to raise $40,000,000.

Answer. In 1998, a $100 million request in state bonding authority was made to the Minnesota Legislature for the Hiawatha Avenue light rail project. The Legislature subsequently appropriated $40 million for the proposed project in the 1998 session, with the understanding that the remaining $60 million will be appropriated in the next state bonding cycle in the year 2000.

The Minnesota Department of Transportation (MnDOT) has not drawn on the available bonding authority for the proposed light rail project because the need for it has not yet arisen. It is FTA's understanding that local funds from the Hennepin County Regional Railroad Authority are currently being used to finance project development activities associated with the proposed project.

The $40 million in bonds for the proposed project are not issued separately. They are part of the overall MnDOT authorized bonding program. FTA has been informed that funds for the proposed project will be transferred on an as-needed basis.

Question. Please provide an update of the Minneapolis Northstar and Riverview corridors. Does the FTA plan to incorporate these corridors into the Record of Decision and FFGA with the Twin Cities Metro Transit Authority, or will each of the proposed corridors have its own FFGA?

Answer. The Northstar Corridor Development Authority, created by the Minnesota Department of Transportation (MnDOT), and two metropolitan planning organizations are conducting a Major Investment Study for a proposed 70-mile corridor between Minneapolis and St. Cloud, Minnesota. The MIS, which is evaluating a range of transportation alternatives including commuter rail, is scheduled for completion in May or June of 1999.

The Ramsey County Regional Railroad Authority, in conjunction with MnDOT, is conducting a Major Investment Study to examine transportation options in the Riverview corridor connecting St. Paul, MN, the Minneapolis/St. Paul International Airport, and the Mall of America. The MIS is scheduled for completion in Spring 2000.

FTA is not planning to incorporate the recommended alternatives under study in these two corridors into a proposed Record of Decision or potential Full Funding Grant Agreement under consideration for other projects in the Twin Cities area. FTA will address each proposed project in these individual corridors as an independent decision point or action at the appropriate time in the project development process.

SALT LAKE CITY TRANSIT PROJECTS

Question. Please list all of the ongoing and planned Salt Lake City transit projects (rail and bus), with a brief description of each, funding history, local match, and administration request for fiscal year 2000.

Answer. The following projects, and groups of projects, are ongoing and planned transit projects in Salt Lake City that FTA is aware of:

—The North-South light rail transit project, which is under construction, will extend from downtown Salt Lake City to suburban areas to the south. FTA entered into a Full Funding Grant Agreement (FFGA) with the Utah Transit Authority (UTA) in 1995 for an amount totaling $237.39 million. An additional $6.60 million in Section 5309 funds was granted prior to the FFGA. Through fiscal year 1999, Congress appropriated $206.07 million. The proposed local match is 22.75 percent. For fiscal year 2000, the Administration has requested $37.93 million.

—The Downtown Connector is a proposed one mile segment of a larger, 10.9 mile West-East proposal that would extend from the Airport through downtown to the University of Utah. Our budget proposes a project that would consist of the Downtown Connector linking the North-South line and downtown destinations. Through fiscal year 1999, Congress appropriated $4.96 million. The proposed local match is 20.0 percent. For fiscal year 2000, the Administration has requested $20.0 million.

—The Draper Light Rail project would extend service from the southern terminus of the North-South line southward to Draper and Sandy. No Section 5309 funds have been obligated for this extension. FTA is not aware of a local match. The Administration has not requested funds for fiscal year 2000.

—An alternatives analysis is being conducted to evaluate transportation improvements in a proposed 120-mile corridor and includes a proposed Salt Lake City-Ogden-Provo Commuter Rail. Through fiscal year 1999, Congress appropriated $3.9 million in Section 5309 funds. No Section 5309 funds have been obligated for the project. No local match has been identified and no funds have been requested for fiscal year 2000.

—UTA is conducting a feasibility study of the West Jordan Light Rail Extension. The project would extend a seven-mile segment of the North-South transit line to Utah County. No local match has been identified and no funds have been requested for fiscal year 2000.

—UTA is seeking funding to procure new buses and to transport borrowed buses from transit authorities and manufacturers to Utah and return to the provider of the vehicles. No local match has been identified. Elements of this project are similar to those afforded Atlanta for their 1996 Olympic Games from funding set-aside in the Formula Grants Program. The Administration has requested a similar provision for the Salt Lake City Games.

—UTA is seeking engineering and design, right-of-way purchase, and construction funds for six projects: Park City Intermodal Terminals, Gateway Intermodal Terminal, Ogden Intermodal Terminal, West Valley Transit Center, Orem Intermodal Terminal, and Provo Intermodal Terminal. Engineering and design, construction and land purchase funds are being sought for park-and-ride lots for the Bus Station Stops and Terminals project. Engineering and design, construction, and land purchase funds are being requested for a maintenance facility for the Bus-Support Equipment/Facilities Transit Maintenance Facility.

—UTA is seeking the total requested Section 3030(c)(2)(B) funding for these projects totaling $158.3 million.

Question. The budget includes appropriations language that provides "that the importance of a downtown segment to the system connectivity necessary to meet the demands of the 2002 Olympic Games in Salt Lake City, Utah, may be considered by the Secretary in determining whether to approve a grant or loan under 49 U.S.C. 5309(e)(1)." Why is this language necessary? Absent this language, will the secretary be able to provide a grant to the west-east downtown segment? Does this Provision waive any local match requirements?

Answer. This language is intended to convey the fact that the transportation needs of the 2002 Olympic and Paralympic Games was a determining factor in the fiscal year 2000 funding recommendation for the Downtown Connector project in Salt Lake City. While this project has been rated "not recommended" under the project evaluation criteria set forth in 49 U.S.C. §5309(e), as amended by TEA21, the approximately one-mile "Downtown Connector" segment is an integral part of the transportation needs for the 2002 Olympics (all ticketholders will be expected to travel to events and venues by transit). This is a compelling argument for Federal support of this segment of the project. The language in the budget was intended to convey this fact.

Under 49 U.S.C. §5309(e)(1), the Secretary may approve a grant or loan for a new start project only if the project is found to be justified based on a comprehensive review of its mobility improvements, environmental benefits, cost effectiveness and operating efficiencies, and that it is supported by an acceptable degree of local financial commitment. FTA's evaluation of the West-East LRT in Salt Lake City, according to the criteria and requirements contained in §5309(e), did not make these find-

ings. The WestEast LRT was rated "medium" for project justification and "low" for local financial commitment, resulting in an overall project rating of "not recommended." The "low" financial rating is due primarily to the fact that the Utah Transit Authority has not yet identified a source of local funds to build and operate the proposed system.

Given the results of FTA's evaluation, the Secretary would be unable to approve a grant or loan for this project under §5309 (e) without the language referenced above.

This provision does not waive any local match required by permanent law. The UTA is currently developing a financial plan for the Downtown Circulator segment of the West-East LRT, and is proposing that the $15 million local match be provided through a combination of leveraged lease funds, bonding, cash reserves, and sale of excess property.

Question. Does TEA–21 in any way waive the local match for projects related to the Olympic Games?

Answer. No. In fact, Section 3030(c)(2)(B)(ii) specifies that the Federal share of project costs for the Salt Lake City Olympic Games shall not exceed 80 percent.

Question. Section 3030(c)(2)(B)(ii) of TEA–21 permits for funds authorized to be appropriated under section 5338(h)(5) that for determining the local match, highway, aviation, and transit projects shall be considered to be a program of projects. What is the effect of this provision?

Answer. In terms of the President's fiscal year 2000 budget proposal, there is no effect. This provision applies to the "non-guaranteed" funds authorized under Section 5338(h). The Administration's budget is based on the TEA21 "guaranteed" funding levels; no Section 5338(h) funding is proposed.

In general, the effect of this language would permit Salt Lake City to consider Olympic-related transit, aviation, and highway projects as a single "transportation project" for purposes of local funding. This means that if the total cost of such interrelated projects is $100 million, for example, and Salt Lake City constructs a $20 million highway segment entirely with local funds, those funds would count as the local match for the entire program of projects. This in turn would reduce the amount of local funds that the city would need to raise specifically for the West-East LRT. This would only hold true for projects funded under Section 5338(h), however.

Question. Are the appropriation requests for the Salt Lake City transit projects made from funds available under 5338(h)(5)?

Answer. No. The President's fiscal year 2000 budget proposal for new starts is based entirely on the TEA21 "guaranteed" funding level; no "non-guaranteed" funds are proposed.

Question. Why isn't the westeast project included among the projects evaluated in FTA's new starts report evaluation? Why did FTA choose to evaluate the downtown connector only and not the westeast to university segment?

Answer. Although the Annual Report on New Starts for fiscal year 2000 includes a profile of the proposed Downtown Connector, the ratings contained in that profile reflect the New Starts criteria for the entire 10.9 mile West-East light rail transit line. The evaluation and the rating included in the profile relates to the entire West-East project.

TREN URBANO

Question. What is the current cost to complete the Tren Urbano project? How does this compare to the original estimate when the FFGA was signed? What accounts for any cost increase?

Answer. The current cost to complete the Tren Urbano project is $1.676 billion. This compares with the original estimate of $1.25 billion when the full funding grant agreement was signed in March, 1996.

A portion of the increase stems from the addition of enhancements to further heighten the viability and attractiveness of the line. The grantee added two additional stations in high ridership potential areas as well as other improvements to efficiently handle the 113,300 daily passengers expected to ride Tren Urbano in 2010. Additional factors were an expanded system integration and quality assurance program, enhanced fare collection system, 10 additional railcars, alignment changes and enhanced station designs.

Question. Please prepare a table showing the annual sources and uses of funds to pay for the capital costs of Tren Urbano at the current $1,550,000,000 cost to complete. Identify the specific amounts and sources of local and federal funding (section 5309, FHWA flex funding, block grant transfers, or other federal) planned to complete the current construction program on an annual basis.

Answer. The latest Financing Plan for Tren Urbano prepared by the Puerto Rico Highways and Transportation Authority (PRHTA), based on a cost of $1.676 billion for Phase I, displays aggregate totals for local funds and FHWA funds and thus it is not possible to break out the exact amount of FHWA funds PRHTA plans to flex to the project nor to target which local funds are being used to finance Tren Urbano. In the aggregate, PRHTA Financing Plan appears to demonstrate that total revenues plus borrowing provides the resources to complete Tren Urbano (and the Minillas extension). However, it is not possible to determine if revenues are sufficient to also maintain Puerto Rico's other transportation responsibilities such as the highway network. In this vein, the level of flex funds to be transferred needs to be verified to determine whether the assumed level is feasible. The level of Federal Section 5309 funding for Phase I in the plan reflects the FFGA Federal commitment rather than assuming a continuation of historic amounts received to date.

We expect a submission shortly from PRHTA which will specifically lay out the distribution of new start, Section 5307 formula and flexible funding to be used to finish Phase I.

Question. Please provide a table showing the annual sources and uses of funds to pay the capital costs of the Minillas extension of Tren Urbano. Identify the specific amounts and sources of local and federal funding (section 3, FHWA flex funding, block grant transfers, or other federal) planned to complete the proposed construction program on an annual basis.

Answer. The latest Financing Plan for Tren Urbano prepared by the Puerto Rico Highways and Transportation Authority (PRHTA), based on a cost of $1.69 billion for Phase I and $478.3 million for the Minillas extension, displays aggregate totals for local funds and FHWA funds and thus it is not possible to break out which local funds are being used to finance the Minillas extension. In the aggregate, PRHTA Financing Plan shows that total revenues plus borrowing provides the resources to complete both Tren Urbano and the Minillas extension. However, it is not possible to determine if revenues are sufficient to also maintain Puerto Rico's other transportation responsibilities such as the highway network.

SAN FRANCISCO BART

Question. What is the current estimate of the cost to complete the BART extension to the San Francisco Airport? How does this estimate compare to the original estimate at the time the FFGA was negotiated? Please identify by major cost activity or element what accounts for the increase in costs.

Answer. The currently estimated cost to complete the BART extension to the airport is $1,513.2 million. The original cost of the project when the FFGA was signed was $1,167 million.

Cost increases to the BART to the airport project by major activity are detailed in the chart below:

BART TO THE SAN FRANCISCO INTERNATIONAL AIRPORT (SFIA)

Major Activity	Original Budget	Revised Budget
Line, Trackwork & Systems	$410,000,000	$553,000,000
South San Francisco Station	33,000,000	39,000,000
San Bruno Station	35,000,000	46,200,000
Millbrae Station	61,000,000	70,500,000
Third Party Contracts	116,000,000	179,000,000
Right-of-Way	113,000,000	178,500,000
Finance	24,000,000	40,500,000
Project Administration	39,000,000	56,700,000

Question. The original financing package assumed $300,000,000 in commercial paper, which was to be provided by the Union Bank of Switzerland. Why did Union Bank withdraw from BART's commercial paper program, and what disruptions in financing cash flow shortfalls have resulted? How will these shortfalls be remedied?

Answer. The Union Bank of Switzerland (UBS) has indicated their desire to withdraw from the municipal finance market in general and has specifically requested BART to find a replacement source of credit. The UBS withdrawal is part of a strategy to reduce commitments in light of substantial losses incurred from hedge fund investments. With assistance from UBS, BART reports that West Deutsche Bank and Morgan Guaranty have verbally agreed to assume this commitment and provide

the same level of short term borrowing capacity ($300 million) on the same terms as provided under the agreement with UBS.

Question. Cost increases and withdrawal by Union Bank have required project sponsors to revise the project's finance plan. Please provide a table and brief discussion showing the annual sources and uses of funds to pay the capital costs of the BART project at the current cost to complete. Identify the specific amounts and sources of local funds (e.g., SamTrans, MTC, state, etc.) and federal funds (e.g., new start, TIFIA, FHWA flex funds, other federal funds) planned to complete the current construction program on an annual basis.

Answer. Local funding partners have signed a memorandum of understanding (MOU), now approved by the partners' corresponding Boards, which specifies the amount of funds pledged to alleviate the BART project's funding shortfall. The following table details the amount and source of these funds. Please note that the total Federal commitment to this project remains at $750 million and will not change. There are no other Federal funds involved in the project.

ADDITIONAL FUNDS—BART TO THE SFIA PROJECT

[Dollars in millions]

Funding Partner	Additional Funds	Explanation/Source of Funds
California (CTC)	$44.0	State Grant to Project.
SamTrans	72.0	Additional Funding (Sales Tax).
MTC	16.5	Additional Funding (Bridge Tolls).
BART	50.0	Warm Springs Funds ($35 million); General Project Savings ($15 million).
BART	79.0	CAPRA Proceeds (Fare surcharges).
BART	12.5	BART Substation (BART funds).
BART	2.0	San Mateo Flood Control (BART funds).

In addition, MTC will advance $60 million to BART to meet cash flow requirements. This amount, including the $16.5 million noted above, as well as the SamTrans ($72 million), and BART ($50 million) contributions, will be provided to the project by September 1, 1999. BART has also indicated an interest in applying for a TIFIA loan or loan guarantee.

Question. Construction on the line is well underway, but acquisition of about one-fifth of the right-of-way is yet to be completed? Is this matter of concern to the FTA? To what extent might the remaining rights-of-way acquisition costs increase the project's total costs?

Answer. BART maintains that the property acquisition effort is on schedule. FTA has reviewed BART's reports on this activity and generally concurs. Acquisitions and relocations appear to be on schedule, especially in light of the opening date for the line. Estimates indicate that property acquisitions should be generally in line with the new budget.

Question. Are there any discussions or proposals to scale back the project in order to cut costs?

Answer. Deferral of selected stations on the line was considered. Only one station, the Millbrae intermodal terminal, represented any significant cost savings. However, deferring just the Millbrae intermodal terminal would reduce the projected ridership for the extension by about 33,000 [almost 50 percent of the projected ridership for the extension]. Deferral of the Millbrae station is estimated to save $135 to $165 million. However, the decision would trigger additional environmental restudies and substantial redesigns [airport as sole terminal of the line, endangered species impacts, wetlands issues] generating delays and potentially significant cost escalation.

LONG ISLAND EAST SIDE ACCESS PROJECT

Question. What considerations were taken into account when deciding that it was appropriate to fund the Long Island Railroad East Side Access project from the transit formula grants program? Why didn't the Department request funding for the project from new starts?

Answer. The Department has explored a number of options for funding the Long Island East Side Access project. Ultimately it was decided that the project would

be best funded from the Formula Grants program where its costs would be offset by a transfer of revenue aligned budget authority from the highway program.

Question. FTA's new starts report states that the Long Island Railroad Eastside Access project is exempt from the new starts criteria. How does this exemption affect FTA's ability to evaluate this project? To what extent does this exemption affect FTA's requirement for entering into a full funding grant agreement with project sponsors?

Answer. TEA–21 Section 3030(c)(3) states that the Long Island Railroad East Side Access project [LIRR ESA] "shall also be exempted from all requirements relating to criteria for grants and loans for fixed guideway systems under section 5309(e). "However, 49 U.S.C. 5309(e)(7) directs FTA to "enter into a full funding grant agreement [FFGA] based on the evaluations and ratings" of a project. FTA bases these evaluations and ratings, in turn, on FTA's analysis of the project relative to the New Starts criteria. FTA interprets this provision to mean that for FTA to enter into an FFGA for a given project, FTA must first subject the project to an evaluation and rating of the project on the basis of the New Starts criteria. Therefore, exempt projects that choose to forego FTA's evaluation and rating may not be eligible for an FFGA.

FTA has communicated to sponsors of exempt projects that they should consider waiving their exemption and submit to FTA its New Starts criteria for the purposes of being evaluated and rated in the annual New Starts Report to Congress. This would ensure that the project would be eligible to seek an FFGA.

On November 12, 1998, the Metropolitan Transportation Authority (MTA) provided New Starts criteria information on the LIRR ESA to FTA for the Fiscal Year 2000 New Starts Report. MTA stated its understanding that this information would enable FTA to "include project profiles for all potential New Starts projects and make recommendations for Fiscal Year 2000 Section 5309 New Starts funding in its report to Congress."

FTA used the same criteria that are applied to all proposed New Starts projects to evaluate and rate the LIRR ESA. These criteria are mobility improvements, environmental benefits, operating efficiencies, cost effectiveness, transit-supportive existing land use policies and future patterns, local financial commitment, and other relevant factors.

FTA does not believe that the project should be exempt from the New Starts criteria. Congress established the criteria to provide an objective mechanism for measuring the costs and benefits of projects competing for New Starts funding. The New Starts criteria thus serves as an important assessment tool for both FTA and Congress to assist us in deciding which projects merit the annual appropriation of scarce Federal discretionary resources.

GENERAL PROVISIONS

Question. Section 353 of last year's transportation appropriations chapter in the fiscal year 1999 Omnibus Appropriations bill provided that discretionary grants funds for bus and bus-related facilities made available in this act and in the fiscal year 1998 act for the Virtual Transit Enterprise project were available to fund any aspect of the South Carolina transit integration of information project. What funds have been appropriated for this project, and in what accounts? Have all these funds been made available to the project? What follow-on costs, if any, are anticipated? What is the most appropriate funding category for this project?

Answer. In fiscal year 1998, $997,196 and in fiscal year 1999, $1,210,850 was appropriated for this project in the Section 5309 Capital Investments-Bus account. We do not anticipate any follow on costs in fiscal year 2000. The fiscal year 1998 funds ($977,196) were obligated on February 2, 1999. The South Carolina DOT has not yet submitted an application to FTA for the fiscal year 1999 funds. If the SCDOT intends to further implement this project, it should apply for funds under the Section 5307 Urbanized Area Formula Grants program, which is the appropriate account for that purpose.

Question. Section 354 of last year's transportation appropriations chapter in the fiscal year 1999 Omnibus Appropriations bill amended TEA21 to provide that Vermont and Oklahoma are authorized to use transit formula grants for capital improvements to, and operating assistance for, intercity passenger rail service. Have either of these States applied transit formula funds for intercity passenger rail purposes in fiscal year 1998 or 1999?

Answer. Vermont did not take advantage of the Section 354 option in 1998. Vermont does have a grant application pending for intercity passenger rail service in fiscal year 1999. Oklahoma did not take advantage of the Section 354 option in

1998. We are unaware of any plans for Oklahoma to apply for transit formula funds for intercity passenger rail service in fiscal year 1999.

Question. Section 360 of last year's transportation appropriations chapter in the fiscal year 1999 Omnibus Appropriations bill amended TEA21 to provide that transit providers operating 20 or fewer vehicles in urbanized areas with a population of at least 200,000 are authorized to use formula funds for operating costs in providing services to elderly and persons with disabilities, provided that such assistance does not exceed $1,000,000 annually. What transit providers does this provision affect? (Please include State, city, transit authority, number of vehicles, annualized cost of operating assistance.) Additionally, please describe the effects of TEA21 sections 302(c)(1) and (2), which directly precede the amendment added in last year's appropriations bill. (Please include State, city, transit authority, number of vehicles, annualized cost of operating assistance.)

Answer. FTA published a Federal Register Notice on January 25, 1999, to announce the availability of $1 million in funds from the Urbanized Area Formula Program to carry out the provisions of Section 360 of the 1999 Omnibus Appropriations Act. Eligible transit providers were asked to submit by April 15, 1999, letters of intent to apply the provisions of Section 360. FTA will respond by May 14. Section 360 affects the following transit providers, as indicated by the letters of intent FTA received from the localities that qualify for the funds.

State/City	Transit Authority	No. of vehicles	Operating Assistance Requested
Texas:			
Arlington	Handitrans	17 vehicles	$696,000
Mesquite City	MTED	6 vehicles	205,000
City of Plano	City of Plano	Fewer than 10	16,000
Grand Prairie	Grand Connection	8 vehicles	206,000

Question. Please explain the effect of and reason for including Section 321 of last year's transportation appropriations chapter in the fiscal year 1999 Omnibus Appropriations bill, which is included in the President's fiscal year 2000 budget request, with slight modifications.

Answer. Only Greenville, S.C., has expressed an interest in the provisions of section 3027(c)(1) and (2) of TEA–21. Greenville has applied for a grant in the amount of $315,000. Greenville currently operates 13 vehicles.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

QUESTIONS SUBMITTED BY SENATOR SHELBY

SAFETY PERFORMANCE STANDARDS CONTRACTS

Question. Please list the purpose, amount and recipients of contracts over $50,000 issued during fiscal years 1998 and 1999.

Answer. Below is a list of contracts over $50,000 issued during fiscal year 1998 and fiscal year 1999.

Description	*Amount*
Fiscal Year 1998 Contracts:	
16 Side impact tests for fiscal year 1998 NCAP—Calspan Corporation	$273,104
11 Frontal impact tests for fiscal year 1998 NCAP—Karco Engineering	214,896
10 Offset impact tests—Karco Engineering	193,275
6 Frontal impact tests for fiscal year 1998 NCAP—MGA Research Corporation	163,206
14 Side impact tests for fiscal year 1998 NCAP—MGA Research Corporation	253,528
6 Frontal impact tests for fiscal year 1998 NCAP—Transportation Research Center	154,878
Quality assurance for NCAP data—Conrad Technologies	68,321
Quality assurance for NCAP data—Alcosys, Inc	78,000
Brake Testing—U.S. Army	97,485

Description	*Amount*
Determination of Static Stability Factors of NCAP Vehicles—Sea, Inc	71,535
Cost and Leadtime for Offset Frontal Crash Protection Time Analysis—Ludke and Associates	67,906
Consumer Research—Global Exchange	145,995
Computer and other Information Systems support for rulemaking activities—Information Management Consultants	185,771
Fiscal Year 1999 Awarded Contracts to date:	
14 Frontal impact tests for fiscal year 1999 NCAP—Calspan Corporation	252,182
4 Side impact tests for fiscal year 1999 NCAP—Calspan Corporation	83,692
2 Frontal impact tests for fiscal year 1999 NCAP—MGA Research Corporation	51,000
17 Side impact tests for fiscal year 1999 NCAP—MGA Research Corporation	209,040
4 Side impact tests for fiscal year 1999 NCAP—Transportation Research Center	69,600
Quality assurance for NCAP data—Alcosys, Inc	225,000
Consumer Research-Global Exchange	90,000

NHTSA REGULATIONS

Question. Please prepare a list of all final rulemakings that have been issued since you submitted a similar list last year.

Answer. Below is a list of all final rulemakings published since last year.

FINAL RULES PUBLISHED—MAY 1998–APRIL 1999

Standard/Subject

105—In response to a petition for reconsideration from Lucas Varity Light Vehicle Braking Systems, the agency, with an interim final rule, is delaying the compliance date of the antilock brake system (ABS) malfunction indicator lamp (MIL) activation protocol of the standard until September 1, 1999. The agency is also soliciting comments on this amendment (64 FR 9961—3/1/99).

108—In response to a petition for rulemaking, the agency is allowing upper and lower beams to be emitted by separate dedicated headlamps on either side of a motorcycle's vertical centerline or by separate off center light sources within a single headlamp that is located on the vertical centerline. This represents a further step towards harmonization with the light standards of other nations (63 FR 42582—8/10/98).

Technical amendment to remove superseded paragraph relating to headlamps aimed by moving the reflector relative to the lens and headlamp housing, or vice versa from the 3/10/97 (62 FR 10710) Advisory Committee on Regulatory Negotiation final rule (63 FR 63800—11/17/98).

131—Permits the use of additional light sources on the surface of retro reflective stop signal arms (Light Emitting Diodes [LED]) and permits a certain amount of the retro reflective surface to be obscured by mounting hardware (63 FR 29139—5/28/98).

201—The agency permits, but not requires, the installation of dynamically deploying upper interior head protection systems currently being developed by some vehicle manufacturers to provide added head protection in lateral crashes. Compliance with these requirements is tested at specified points called "target points" (63 FR 41451—8/4/98).

201/208/752—The agency makes permanent three interim final rules related to the depower of air bags: certain exclusions or special, less stringent test requirements in related standards that applied to vehicles certified to the unbelted barrier test would also apply to vehicles certified to the alternative sled test and modifications in the test dummy be consistent with respect to the instrumentation specified in the sled test protocol for measuring neck injury criteria (63 FR 45959—8/28/98).

In April 1997, the agency issued a final rule amending its requirements for protecting vehicle occupants from impacts with upper vehicle interiors in crashes. This technical amendment corrects a provision specifying that the radius was to be measured along the surface of the vehicle interior (64 FR 7139—2/12/99).

208—Amends the final rule published in March 1997 that expedites the depowering of air bags. This notice clarifies the "corridor" requirements of the sled tests and makes the sled test easier to conduct (63 FR 71390—12/28/98).

In response to a petition for rulemaking from VW, the agency is providing vehicle manufacturers greater flexibility regarding the location of the telltale for air bag on-off switches in new motor vehicles (64 FR 2446—1/14/99).

210—In response to a petition for rulemaking, the agency is requiring the anchorages of all lap/shoulder belt to meet a 6,000 pound strength requirement, regardless of whether a manufacturer has the option of installing a lap belt or a lap/shoulder belt at the seating position (63 FR 32140—6/12/98).

213—Adopts as final most of the amendments made by interim final rules (4/17/97 (62 FR 18723) and 6/4/97 (62 FR 30464) to the air bag warning label requirements (63 FR 52626—10/1/98).

216—In response to petitions for rulemaking, the agency revises the test procedure to make it more suitable to testing vehicles with rounded roofs or vehicles with raised roofs (64 FR 22567—4/27/99).

221—Requires school bus body panel joints to be capable of holding the body panel to the member to which it is joined when subjected to a force of 60 percent of the tensile strength of the weakest joined body panel, extends the applicability of the standard to school buses with a GVWR of 10,000 pounds or less, narrows an exclusion of maintenance access panels from the requirements of the standard, and revises testing requirements (63 FR 59732—11/5/98).

225—In response to several petitions for rulemaking, the agency establishes a new standard that requires motor vehicle manufacturers to provide motorists with a new way of installing child restraints. In the future, vehicles will be equipped with child restraint anchorage systems that are standardized and independent of the vehicle seat belts (64 FR 10785—3/5/99).

304—In response to petitions for rulemaking, the agency deletes the material and manufacturing process requirements in the standard on compressed natural gas fuel container integrity. The agency believes that this amendment will facilitate technological innovation, without adversely affecting safety (63 FR 66762—12/3/98).

500—Reclassifies small passenger-carrying vehicles (such as golf carts) from passenger cars to "low-speed" vehicles and establishes a new FMVSS (63 FR 33193—6/17/98).

Part Number/Subject

533—Establishes the average fuel economy standard for light trucks manufactured in model year (MY) 2001 at 20.7 mpg (64 FR 16860—4/7/99).

538—Establishes a minimum driving range for dual fueled electric passenger automobiles, otherwise known as hybrid electric vehicles (HEVs) (63 FR 66064—12/1/98).

564/108—The agency amends part 564 and FMVSS 108 to remove the references to Docket No. 93–11 and add new Docket No. NHTSA 98–3397, which has been established to receive manufacturers' information on replaceable light sources (63 FR 42586—8/10/98).

571—Revises selected FMVSSs on tires by converting English measurements specified in those standards to metric measurements (63 FR 28912—5/27/98).

Revises selected FMVSSs by converting English measurements specified in those standards to metric measurements (except tires) (63 FR 28922—5/27/98).

Technical amendment to correct typographical and other errors in the 5/27 final rule converting English measurements to metric (63 FR 50995—9/24/98).

572—Establishes specifications and qualification requirements for a newly developed anthropomorphic test dummy to be used in compliance testing for the new dynamically upper interior protection system final rule (63 FR 41466—8/4/98).

Modifies the Hybrid III test dummy's clothing and shoes, and the hole diameter in the femur flange in the pelvis bone flesh (63 FR 53848—10/7/98).

575—Modifies the rollover warning currently required for small and mid-size utility vehicles (64 FR 11734—3/9/99).

581—Technical amendment removes the bumper standard protective criteria referring to visibility requirements of the lighting standard. This section of the lighting standard no longer exists. The references to SAE standards are also obsolete (64 FR 16359—4/5/99).

Question. What is the number and nature of the major rulemaking activities that are now before NHTSA?

Answer. The agency is currently undertaking significant rulemaking actions in 17 areas, as follows:

Occupant Crash Protection.—To preserve and enhance the benefits of air bags, the agency issued a notice of proposed rulemaking (NPRM) in September 1998, for advanced air bags. The proposal to upgrade FMVSS 208, Occupant Crash Protection, would require additional air bag system performance tests for passenger cars and light trucks in order to minimize risks for infants, young children and adults who

get too close to inflating air bags and to enhance the benefits for adults. NHTSA is in the process of evaluating public comments to the NPRM and continues to keep the channels of communication open with all interested parties, toward development of the final rule. A supplemental notice (SNPRM) is planned by September 1999, to solidify the proposal. A final rule will be published before March 1, 2000.

New Family of Dummies.—In separate but related rulemaking actions, the agency issued NPRM's in 1998 and 1999 to add design and performance specifications for four new dummies: a more advanced 6-year old child dummy, a dummy whose height and weight are representative of a fifth percentile female adult, a 3-year old child dummy, and a 12-month old infant dummy. Final rulemaking actions on all of these dummies are expected by December 1999. It is likely that within the next two years a rulemaking will be initiated for a 95th percentile male dummy, following adoption of an acceptable design by the Society of Automotive Engineers.

Side Impact Protection Harmonization and Upgrade.—The agency is continuing research toward harmonization with other countries on one side impact dummy. The agency also is currently developing plans for a future major upgrade to FMVSS 214, which could include changes in injury criteria and second generation side impact dummies.

Frontal Offset Harmonization.—Additional testing on vehicles with depowered air bags is planned for the near future to complete the assessment of the European test procedure relative to the current NHTSA frontal tests. Cost work has been completed and an NPRM for offset frontal protection is in preparation. (The current draft NPRM for advanced air bags contains a low speed offset test procedure.)

Head Restraint Upgrade.—In the near term, the agency will publish an NPRM to upgrade the current U.S. head restraint standard. The proposal will increase the head restraint height, set a "backset" requirement and amend the current optional dynamic test to coincide with these new static requirements. This rulemaking will be directed at reducing the significant number of whiplash injuries in low-speed rear impacts.

Rear Impact Protection.—The agency plans to study the potential for upgrades of the seat standard to address the problem of moderate to high speed rear impact protection. This is expected to lead to either a Request for Comments or an NPRM within the next two years.

Light Vehicle Rollover.—Track testing was completed in 1998 to determine if certain maneuvers induce rollovers; dynamic testing continues toward the development of meaningful information on the rollover propensity of light vehicles; and research is being conducted to determine if an NPRM is warranted to upgrade FMVSS 216, Roof Crush Resistance that addresses the relationship between roof crush, occupant head room and occupant injuries in rollover crashes.

Vehicle Safety for Children.—An independent panel of experts was formed in January 1999—under the leadership of the National SAFE KIDS Campaign—to examine the issue of trunk entrapment. The agency is observing and providing technical assistance to this panel and will make decisions about potential rulemaking actions, following panel recommendations.

Lamps, Reflective Devices and Associated Equipment.—Priority rulemaking actions on FMVSS 108 are a final rule to reduce the problem of glare from Daytime Running Lamps (DRLs)(also addresses international harmonization issues)and an NPRM on headlamp mounting heights for LTVs to reduce glare.

Safety for Disabled Americans.—An NPRM has been issued to promote safety and preserve the mobility of people with disabilities. The proposal identifies certain safety features that can be altered, if needed, when vehicles are modified for people with disabilities. By specifying which modifications may be made, the proposed rule provides universal, comprehensive guidance to all modifiers, thereby enhancing the safety of modified vehicles. The final rule is expected by September 1999.

Ejection Mitigation Out of Vehicle Windows.—The agency is planning to publish a Request for Comments in 1999 on ejection mitigating glazing and dynamic inflatable systems that could mitigate occupant ejection out of glazing. Based on the comments on this notice, and near-term research, the agency will decide whether to publish a notice concerning an ejection-mitigating test procedure for rollover situations.

Fuel System Integrity.—Currently, a Rulemaking Support Paper (RSP) is in preparation to upgrade the rear impact requirements of FMVSS 301. An NPRM is expected in late summer 1999.

Door Locks and Door Retention Components.—An NPRM to upgrade the side hinged door requirements of FMVSS 206 is planned for August 1999. This will help mitigate ejections in rollovers. The NPRM will propose new tests for side, hinged doors and ask for comments on upgrades to sliding doors and rear doors.

Other rulemaking areas include changes and/or upgrades to.—FMVSS 210, Seat Belt Assembly Anchorages; FMVSS 122, Motorcycle Brake Systems; FMVSS 218, Motorcycle Helmets; and a Negotiated Rulemaking on Part 567, Vehicle Certification for multi-stage vehicles.

NHTSA REPROGRAMMINGS

Question. Please provide the amount and description of all reprogrammings or transfers of funds that occurred during fiscal year 1998 or thus far in fiscal year 1999 in any of NHTSA's accounts.

Answer. During fiscal year fiscal year 1998, NHTSA received Congressional approval to reprogram $1.111 million in carryover balances from its Safety Assurance, Safety Performance, Traffic Safety and Plans and Policy contract programs to process and track requests made by the public for installation of air bag on-off switches. This amount was to supplement dedicated program funding for the development, printing and distribution of information brochures and request forms and for the design and development of a database system to collect information on requests for, and approvals and installation of, on-off switches. Due to the low amount of requests received, the majority of this funding was not required for this effort and $1 million was returned to the program offices.

In fiscal year 1999, NHTSA received approval to reprogram a total of $2.35 million derived from various Research and Development programs and from the Highway Safety Improved Identification program. This funding will cover a portion of the additional costs resulting from the unforeseen technical complexity of the National Advanced Driving Simulator program and the related schedule slippage and rate increases.

UNOBLIGATED BALANCES

Question. Please provide a list of any unobligated funds and carryover funds from previous fiscal years.

Answer. In the Operations and Research appropriation, an unobligated balance of $13.816 million was brought forward and made available for use in fiscal year 1999. This represents 7.1 percent of the total available for spending in fiscal year 1998. Approximately 56.7 percent of the carryover ($7.837 million) is earmarked for the ITS program.

The following is a listing of unobligated balances brought forward:

[In thousands of dollars]

Contract Program	
Safety Performance	$58
Safety Assurance	124
Highway Safety	1,056
State and Community Services	136
Research and Development	9,673
General Administration	128
Salaries and Benefits	1,196
Headquarters and Regional Operating Expenses	489
Miscellaneous	956
Total	13,816

Safety Performance.—Carryover is associated with underruns in the Vehicle and Consumer Safety program, NCAP, Fuel Economy and the Theft program.

Safety Assurance.—Carryover is associated with cost underruns in the program areas of Defects Investigation, Vehicle Safety Compliance and the Hotline.

Highway Safety.—Carryover is associated with delays in contract awards in the areas of Safe Communities ($375,000) and miscellaneous contract programs ($181,000). The School Bus Restraints carryover funding ($500,000) will be applied to an Occupant Research program.

State and Community Services.—Carryover is associated with delays in contract awards in the Alcohol ($75,000) and the Occupant Protection ($53,000) programs. The remaining $8,000 is associated with cost underruns in the Records and Enforcement areas.

Research and Development.—$7.837 million is earmarked for the ITS program and resulted from delays in awards of ITS procurements. $500,000 is associated with the delay in awards of Biomechanics contracts; $407,000 is associated with Special Crash Investigations that were not completed in fiscal year 1998 and the remaining $929,000 is for purchases of parts and services related to a variety of Motor Vehicle Research programs.

General Administration.—Carryover is the result of a delayed contract award for the Injury Severity Index study.

Salaries and Benefits.—Carryover resulted from delays in hiring and will be applied to the fiscal year 1999 personnel costs.

Headquarters and Regional Operating Expenses.—This amount comprises carryover from both field and headquarters operating expenses and was the result of delayed procurement actions as well as postponement of planned trips.

Miscellaneous.—Miscellaneous underruns and deobligations from prior years totaled $956,000. Funds will be used to cover a shortfall in NHTSA's salaries and benefits.

SAFETY PERFORMANCE PROGRAM FUNDING

Question. NHTSA is proposing to increase funding for the Safety Performance Standards program by more than 100 percent. Why is this large increase necessary?

Answer. The areas of increase are as follows:

Safety Standards Support.—+ $600,000 Half of the requested increase in this area will support NHTSA's major new responsibilities with respect to international harmonization. The agency is committed to working with other countries to develop global motor vehicle safety standards that will advance safety protection while eliminating barriers to trade. The budget request in this program also reflects a new emphasis on enhancing vehicle safety for people with disabilities. The agency would take a more pro-active approach in this area through improved problem identification and assessment of needs. In addition, NHTSA will re-examine some of its outdated standards. These standards include the motorcycle braking standards, mirror standards, and others. This increase also supports additional cost and lead time work required for upcoming rulemaking actions.

New Car Assessment Program (NCAP).—+$2,426,000 This increase is needed to enable the agency to regain much of the vehicle fleet coverage that has been lost due to reduced carry-over of data resulting from changes in restraint system designs. It will allow the agency to provide the crash test information expected by the public—frontal and side impact information on 80–90 percent of new vehicles; to conduct approximately 10–15 tests with the 5th percentile female dummy to evaluate the use of this safety dummy in providing information to small adults who are at greater risks in high speed frontal crashes; to provide stopping distance test information to consumers for all makes and models tested in NCAP, for use in their vehicle buying decisions; and to test an array of vehicles prior to crash tests to evaluate prospective measures for headlighting performance.

Consumer Information.—+$814,000 (net increase of $467,000 over and above what is currently being allocated out of the NCAP and Safety Standards Support programs). This increase is necessary to respond to requests from Congress and the National Academy of Sciences (NAS) for NHTSA to broaden the scope of the information it provides to consumers, improve the presentation of the information, and expand the dissemination outlets it uses to distribute the information. Specifically, the increase will support: consumer research and materials development for emerging issues such as a rollover propensity rating, anti-lock brakes, theft prevention, adapted vehicles, and previously owned vehicles; improvements in the information and services currently provided by the agency including warning labels, public service announcements and brochures; and expansion of partnerships to leverage government resources for delivering vehicle safety information to consumers.

Fuel economy.—+$60,000 The fiscal year 2000 budget request will enable the agency to maintain the "plants and lines" database that provides pertinent details of automobile manufacturing plants, such as products, capacities, employment levels, financial data, and product planning information. This information is used to analyze industry capabilities to improve fuel economy performance. Without funding to support the Volpe Centers' efforts, NHTSA will not be able to adequately maintain this database.

Theft and other.—+$20,000 Funding above the fiscal year 1999 level is needed to carry out the analysis of insurer reports required by law. 49 U.S.C. 33112(h) requires that the insurance information obtained by the Secretary from insurance and rental/leasing companies shall be periodically compiled and published in a form that will be helpful to the public, including Federal, State, and local police and Congress.

Question. If the Safety Performance Standards Program was funded at the fiscal year 1999 level, how would the funds be allocated.

Answer. If the Safety Performance Standards Program was funded at the fiscal year 1999 level, NHTSA would level fund the Safety Standards Support and Theft line items. NCAP funds would be reduced and the Fuel Economy program would be eliminated to absorb other mandatory administrative costs.

HARMONIZED SIDE IMPACT STANDARD REPORT

Question. Senate Report 105–249 directed NHTSA to submit a progress report regarding the development of a harmonized side impact standard. What is the status of the report?

Answer. This report has been completed by NHTSA and should be delivered to Congress in late May or early June 1999.

INTERNATIONAL HARMONIZATION PROJECTS

Question. What projects are planned regarding international harmonization and what amount are you programming for each project?

Answer. The agency's overarching objectives on international harmonization are: (1) to advance vehicle safety by identifying and adopting best safety practices from around the world or by developing new regulations reflecting technological advances and anticipated safety problems; (2) to establish globally harmonized motor vehicle safety regulations to the extent consistent with maintaining or improving existing levels of vehicle safety performance; (3) to preserve our ability to adopt regulations that meet U.S. vehicle safety needs; and (4) to ensure the opportunity for public participation through means such as facilitating access to information and opportunities to comment and discuss agency proposals. To reach this goal, the agency's objective for fiscal year 2000 is to continue working on a multilateral and on a bilateral basis. The following are examples of multilateral and bilateral agency international activities.

Multilateral Agency International Activities

(a) Continued substantive participation in the activities of the Working Party on the Construction of Vehicles (WP.29) of the Economic Commission for Europe (ECE).

(b) On June 25, 1998, the U.S. became the first signatory to the United Nations/Economic Commission on Europe (UN/ECE) Agreement Concerning the Establishing of Global Technical Regulations for Wheeled Vehicles, Equipment and Parts Which Can Be Fitted And/or Be Used on Wheeled Vehicles (the "1998 Agreement"). The 1998 Agreement provides for the establishment of global technical regulations regarding motor vehicle safety, emissions, energy conservation, and theft prevention. The Agreement is expected to enter into force October 1999 if the ECE, Japan, and two other countries have signed it by that date. The agency's goal would then be to effectively implement the Agreement.

(c) Having institutionalized a process for the determination of functional equivalence of motor vehicle safety regulations in fiscal year 1998, the agency plans to continue to use that process to reduce differences between U.S. and foreign vehicle safety standards, consistent with the interests of vehicle safety.

(d) The agency will continue to lay the basis for future international regulatory cooperation by fulfilling the agency's commitments in the implementation of the International Harmonized Research Agenda (IHRA), especially in the areas of biomechanics, side and frontal impact. A detailed description of the IHRA projects is presented below.

(e) Continued substantive participation in the Road Transport Harmonization Project of the Transportation Working Group of the Asia Pacific Economic Cooperation (APEC), while promoting the adoption by the APEC economies of globally harmonized motor vehicle safety regulations.

(f) Work through the Automotive Standards Council of the North American Free Trade Agreement (NAFTA) in addressing the incompatibilities among the vehicle safety standards of the member countries of NAFTA.

(g) Continued participation in interagency meetings on trade and regulatory multilateral matters.

Bilateral Agency International Activities

(a) Continued contribution to the implementation of the Administration's New Transatlantic Agenda and the Transatlantic Economic Partnership in those areas pertaining to motor vehicle regulatory cooperation.

(b) Continued responsiveness to the recommendations of the Transatlantic Business Dialogue concerning harmonization of motor vehicle regulation.

(c) Continued implementation of bilateral Memoranda of Understanding such as those concluded with Canada, Mexico, Japan and the Russian Federation.

(d) Continued participation in interagency meetings on trade and regulatory bilateral matters.

The dollar amount for travel associated with the above activities is $90,000.

The agency has also programmed specific amounts for the following rulemaking and research harmonization projects:

Brakes.—The United States and Europe have adopted harmonized, but not identical, light vehicle braking standards. Tests of the braking performance of vehicles manufactured to the U.S. and European standards will show if the standards are "functionally equivalent." No such testing has been done. The agency has budgeted $100,000 for this testing in its fiscal year 2000 budget request.

Anti-lock Brake Systems (ABS).—Europe currently requires that, if ABS is offered on cars and vans, the ABS must pass certain performance tests. NHTSA would like to test current U.S. vehicles to these European requirements to see if the European requirements are appropriate for the U.S. standards. The agency has budgeted $100,000 for this testing in the fiscal year 2000 budget request.

Tires.—The current U.S. tire safety standards are 30 years old and based on obsolete bias tires. The United Nations Group of Tire Experts, including a NHTSA representative as the Delegate for the United States, has decided to develop a harmonized worldwide tire standard. The tire industry has developed a proposed global tire standard and petitioned NHTSA to adopt the global tire standard in place of the current U.S. tire standard. NHTSA wants to test tires to the current U.S. tire standard and the proposed global tire standard to assure that any harmonization efforts are based on accurate information about the safety impacts of such harmonization. The agency has budgeted $100,000 for this testing in the fiscal year 2000 budget request.

As mentioned earlier, under the International Harmonized Research Activities (IHRA), NHTSA also coordinates worldwide safety research to develop a solid foundation of research findings for future harmonized safety regulations worldwide. IHRA is a joint effort of about 12 countries, and is comprised of a steering group made up of government only representatives from the member countries and six working groups. The following details some of the activities under IHRA:

Pedestrian.—The IHRA pedestrian safety working group has agreed to work toward a comprehensive test procedure for pedestrian protection. Substantial testing and evaluation will be needed to bring this to fruition. A complication in the harmonization effort is a proposed European Commission directive on pedestrian safety. It will be necessary to ensure that this proposed directive does not conflict with the IHRA comprehensive procedure, and that it does not diminish pedestrian safety in the U.S. vehicle fleet. NHTSA budgeted $250,000 for this project.

ITS.—The ITS Working Group continues to explore opportunities for international research coordination in four areas: Driver Workload, Direct Safety, Behavioral Adaptation, and Usability. At its most recent meeting, eight problem areas were selected and a lead-country was identified. The next step is to identify existing relevant projects in each country and begin to synthesize the work. This will be followed by attempts to coordinate the work and seek synergistic results. The agency has budgeted about $200,000 for this project.

Side Impact Protection.—The side impact working group is analyzing the side impact safety problem with the objective of developing an uniform test procedure and development of harmonized side impact injury criteria, as well as adopting a suitable dummy for use in side crash testing. The proliferation of side airbags in many cars and their potential for injuries to out-of-position children is of concern. NHTSA is conducting tests to determine the risks, if any, posed by side airbags to out-of-position children in static and dynamic tests of production vehicles. NHTSA is planning research to develop a pole impact test procedure for enhancing side impact protection. The agency has budgeted approximately $590,000 for side impact research under this program.

Biomechanics.—The overall mission of the IHRA Biomechanics Working Group is the harmonization and coordination of world wide impact biomechanics research efforts to develop injury criteria and anthropometric test devices for all major crash situations. The group's current focus is on harmonizing efforts in side impact biomechanics. To accomplish this, the group has been charged to: (1) analyze worldwide crash data and quantify the type and severity of injuries that constitute the side impact problem; (2) analyze human biomechanical data to identify meaningful injury functions that address the above safety problems; (3) examine the performance capabilities of existing side impact dummies with respect to their biofidelity and risk assessment capabilities, provide recommendations to the IHRA Steering Committee as to the most suitable dummy and injury assessment criteria, and recommend any necessary refinements to both. While the U.S. research activities supporting these efforts are embedded within the agency's NTBRC research budget, an additional $10,000 per year has been budgeted for contingency expenses to support these activities.

Frontal Crash Protection.—Frontal crash protection is an international problem, and is being addressed through the International Harmonization Research Activities (IHRA) advanced offset frontal crash protection working group. The IHRA working

group is working toward the development of comprehensive test procedures for improving frontal crash protection. Extensive testing and computer modeling are planned for meeting this objective. The agency budgeted $300,000 for this project.

Vehicle Compatibility.—Vehicle aggressivity and fleet compatibility also is an international problem, and is being addressed through the International Harmonization Research Activities (IHRA) vehicle compatibility working group. The IHRA working group is working toward identifying and developing comprehensive test procedures for improving vehicle compatibility. Testing and extensive computer modeling are planned for meeting this objective. The agency budgeted $500,000 for this project.

CONSUMER INFORMATION PROGRAMS

Question. How much did you spend or plan to spend on all consumer-related information activities in fiscal year 1998 and in fiscal year 1999 relevant to the Safety Performance Program?

Answer. In fiscal year 1998 Congress set aside $247,000 from the NCAP program for consumer information. In addition, $100,000 was allocated from the Safety Standards Support budget for consumer information, for a total of $347,000. In fiscal year 1999, the same amount of NCAP and Safety Standards Support funds were allocated for consumer information programs.

Question. What is the basis for the amount requested in fiscal year 2000 for consumer-related information programs?

Answer. Consumers need high quality vehicle safety information to make informed vehicle purchasing and other safety decisions. Both Congress and the National Academy of Sciences (NAS) have recently called for NHTSA to broaden the scope of the information it provides to consumers, improve the presentation of the information, and expand the dissemination outlets it uses to distribute the information.

NHTSA has used consumer information to effectively address traffic safety issues such as impaired driving, speeding, and seat belt usage. With sufficient resources, the agency is confident that consumer information can also be used effectively to significantly increase the public's awareness and consideration of safety when purchasing a vehicle and how to properly use vehicle safety features.

The fiscal year 2000 budget request seeks to reach a greater share of the public that needs vehicle safety information through the expansion of current activities as well as the development and implementation of major new initiatives. The consumer information program will serve as the focal point responsible for marketing research, planning, coordination, and development of vehicle safety consumer information activities, and for determining the most cost effective means of delivering them. The program will increase activities to support and promote NCAP program information and on the understanding and proper use of safety features. It will also develop strategies for engaging and building on key public and private sector partnerships for promoting and disseminating vehicle safety information.

Question. Please explain how the funds requested in fiscal year 2000 will be allocated for consumer-related information programs.

Answer. The requested $814,000 will be allocated as follows:

—$347,000 will be spent to consolidate the current vehicle consumer information program by including the amount of funds from the NCAP ($247,000) and Safety Standards Support ($100,000) budgets that were allocated to support consumer information activities in fiscal year 1999. These funds will continue present NCAP and other consumer information materials development and dissemination.

—$150,000 will be used to increase the marketing, distribution and outreach for the "Buying A Safer Car" and "Buying A Safer Car For Child Passengers" brochures and other current materials being produced. This effort will emphasize outreach to new partners and constituents such as automobile dealers, the insurance industry, child safety advocates, the public health community and consumer groups.

—$100,000 will be used to support partnerships with organizations such as Championship Auto Racing Teams, Inc. (CART) to develop activities and materials to deliver motor vehicle safety information to consumers through partner access to the media, corporate sponsors, and fans.

—$150,000 will be used for consumer research, working with partners, and materials development for emerging issues such as a consumer information initiative on a rollover propensity rating. Other issues such as anti-lock brakes, theft prevention, adapted vehicles, and previously owned vehicles will also be addressed through consumer research and materials development and dissemination.

—$67,000 will be used to examine and improve information and services currently provided by the agency in support of consumer information activities and programs. This includes initiatives to improve warning labels, public service announcement and brochures.

NEW CAR ASSESSMENT PROGRAM (NCAP)

Question. How do you intend to spend the funds for NCAP? Please compare that to last year's spending allocation. Please delineate specific projects, activities, and associated amounts.

Answer. In fiscal year 2000, the agency expects to crash approximately 90 vehicles, at a total cost of $4,332,000. This would allow the consumer to have frontal and side safety information on 85 to 90 percent of the vehicles sold in the USA. This is roughly the percentage of vehicles covered before the frontal air bags were redesigned in 1998. Due to leveled funding, in fiscal year 1999 testing was significantly reduced and fleet coverage was approximately 75 percent. The funding increase will provide consumers safety information on a greater proportion of the vehicle fleet.

The remaining fiscal year 2000 NCAP funds of $924,000 will be used to evaluate the use of the 5th percentile female dummy in frontal NCAP testing and to explore crash avoidance NCAP activities. The specific projects and costs for fiscal year 1999 and fiscal year 2000 are given below:

NCAP FUNDING

[Dollars in thousands]

	Fiscal year	
	1999	2000
Frontal NCAP	$1,430	$2,560
Side NCAP	953	1,772
NCAP Promotional Program	247	.....
NCAP 5th percent Female Dummy Testing	.....	724
Crash Avoidance Demonstration Program	200	200
TOTAL	2,830	5,256

Question. Assuming the Safety Performance budget was funded at fiscal year 1999 levels, would NHTSA support increasing funding for NCAP above the fiscal year 1999 level at the expense of another program?

Answer. With the rapid introduction of advanced safety technologies into the new vehicle fleet for both frontal and side impact protection, NCAP funding at the fiscal year 1999 level would provide consumers with relative crashworthiness safety information on less than 70 percent of the new vehicle fleet. The increased funding request for fiscal year 2000 will provide consumer information for both front and side crash protection on approximately 85 percent of the new vehicle fleet and will provide evaluation of the small female dummy in assessing frontal impact safety for a much larger segment of the population. This small female dummy is scheduled for introduction as a regulatory device in July 1999.

In fiscal year 1999, NHTSA efficiently utilized vehicle compliance testing funds to meet dual goals—assessing compliance to Federal Motor Vehicle Safety Standard (FMVSS) 208 belted occupant requirements and increasing the number of frontal NCAP tests. The agency had planned to test 16 vehicles in the FMVSS 208 barrier compliance test program. These tests were conducted at the 35 mph NCAP speed with the intent to retest any vehicles at the 30 mph compliance speed if any potential non-compliant vehicles were found. No retests were necessary. This dual use of funds was discussed with Congress. However, in fiscal year 2000, FMVSS 208 belted occupant barrier compliance testing is not scheduled. Therefore, the agency has no options to supplement NCAP funds.

VOLPE TRANSPORTATION SYSTEMS CENTER

Question. How did you conduct or pay for the plants and lines database during fiscal year 1999? Did the Volpe Transportation Systems Center maintain the database at no charge to NHTSA?

Answer. Due to fiscal year 1999 budget reductions, there was no funding available to pay for the plants and lines database during fiscal year 1999. However, early in

the fiscal year the Volpe Transportation Systems Center voluntarily made some needed modifications to the database at no charge to NHTSA.

Question. Could the Volpe Center continue the maintenance of the plants and lines database during fiscal year 2000?

Answer. Only if NHTSA is authorized additional funding to support the Volpe Centers' efforts.

SAFETY DEFECTS INVESTIGATION PROGRAM

Question. NHTSA officials and reports state that in implementing the Government Performance and Results Act of 1993 for the Safety Defects Investigation program, the measurement of performance is the average time to complete a defect investigation. How does this measurement provide useful information about the impact of this program? Why doesn't the safety defects performance measure reference NHTSA's mission goals to save lives, prevent injuries, and reduce traffic-related and other economic costs?

Answer. The length of time it takes to complete a defects investigation has a direct impact on when a manufacturer conducts a safety recall campaign. In most instances where NHTSA is conducting an investigation, the manufacturer has not completed its own investigations and does not believe there is a safety-related problem. It is often only due to NHTSA's examination of the problem and its consequences that manufacturers recognize the safety implications and agree to conduct recalls. Therefore, the more expeditious NHTSA is in conducting a defect investigation, the sooner the motoring public will receive corrective action for defective motor vehicles and motor vehicle equipment, thus reducing both the severity and occurrence of crashes. NHTSA's mission to save lives, prevent injuries, and reduce traffic-related and other economic costs is clearly impacted by the amount of time it takes to complete an investigation and convince the manufacturer that a safety recall is warranted. However, it would be difficult, if not impossible, to measure the effect of our program on these goals directly. The majority of defect recalls are performed to correct conditions that might otherwise create safety problems. It is impossible to precisely compute the benefits from such recalls. For example, we often persuade manufacturers to recall vehicles that exhibit fuel leaks. Such leaks can lead to fires, which could clearly cause death and serious injury. However, no one could possibly calculate the number of fires that would have occurred in the absence of a recall, or estimate the actual consequences of such potential fires. Moreover, a recall may be conducted to remedy a safety defect that is not present in all recalled vehicles. Sometimes the manufacturer or dealer can inspect the vehicles and determine which vehicles will be affected; other times the manufacturer may be able to isolate quality control problems on an assembly line which accounted for a problem. However, frequently, manufacturers cannot isolate exactly which vehicles are manufactured with the defect. Thus, it is impossible to quantify the lives saved, injuries prevented, and economic costs saved due to the Safety Defects Investigation program.

Question. What are the limiting factors that determine the ability of NHTSA to investigate safety defects? How does the fiscal year 2000 budget request address those factors?

Answer. The ability of NHTSA to investigate safety defects is limited by funding constraints in several ways. Aside from general limitations on staff and funding to conduct tests of potentially defective vehicles and items of equipment, there are a number of specific areas for which we have sought additional funding in fiscal year 2000. These include the hiring of an engineer/investigator to support NHTSA defect investigations through on-site investigations of crashes and vehicle inspections; the hiring of an engineer/investigator to monitor and investigate small population vehicle groups such as transit buses, recreational vehicles, motorcycles, and fire and rescue vehicles, for which the consequences of a vehicle defect can be catastrophic; obtaining the expertise and equipment to conduct computer-aided design analyses of vehicle components; and enhancing the defects database to maintain consistency with today's industry definitions, thereby improving the data evaluation process necessary to identify potential defects. Automotive design is more complex now and vehicular safety systems and features have become a prominent showcase for state of the art manufacturing design. As a result, the issues NHTSA investigates have become more technically challenging and require more on-site inspections, require additional analyses which can be provided through the use of computer aided design, and require more complex testing and analysis.

NHTSA's fiscal year 2000 budget request anticipates these needs with the request of an additional $665,000 in funding above the fiscal year 1999 level for the defects investigation program.

Question. As directed by last year's Senate report, please detail why additional funding is necessary to continue monitoring and investigating small population vehicle groups.

Answer. The additional funding received for fiscal year 1999 has allowed NHTSA to focus more closely on small vehicle and populations such as heavy trucks, transit buses, motorcycles, and recreational vehicles. While the number of vehicles in each of these groups may not be large, the results of defective components or design can be catastrophic. For instance, multiple vehicle crashes involving large trucks result in a disproportionate number of fatal crashes. Similarly, the injury rate for motorcyclists is several times greater than that for passenger cars. Problems involving vehicles which carry a large number of passengers, such as transit buses, can also have catastrophic consequences because of the sheer numbers of people involved. Additionally, recreational vehicles frequently involve second stage manufacturers who may not be familiar with the underlying vehicles which they are converting. All of these vehicle groups require special screening methods in order to be effectively monitored for safety problems. The drivers/owners of these vehicles often do not file complaints with NHTSA, so it is important to develop working relationships between NHTSA and fleets and owner/operators so that safety problems will be identified and corrected in these vehicle groups. Furthermore, the manufacturers of some of these vehicles are small companies that do not necessarily have sophisticated records on customer complaints, engineering changes, etc., that are maintained by the large manufacturers, nor do they know what constitutes a safety defect or when it should be reported to NHTSA. Thus, an investigation sometimes requires educating the manufacturers of these vehicles as to their responsibilities.

In fiscal year 1999, NHTSA entered into a contract to obtain the services of an engineer to develop and institutionalize relationships with the users of some of these small population vehicles. As these contacts are developed, information is also gathered about problems experienced that may be safety-related. The primary focus of this effort has been on heavy trucks. Despite the fact that this project is in its infancy, several investigations have already been initiated. To date in fiscal year 1999, seven heavy truck investigations have been opened, resulting in three recalls, with three investigations ongoing. An additional ten investigations have been opened into alleged problems in transit buses, recreational vehicles, motorcycles, and trailers. Of these, five have resulted in recalls, with four still ongoing. Thus, the initial results of our efforts in this regard appear to be successful; however, the true measure of success can only be determined after further analysis of our continuing efforts with vehicle owners, operators and manufacturers.

HIGHWAY SAFETY PROGRAM

Question. How did you improve the allocation or targeting of the Highway Safety funds since last year? How is this allocation consistent with your performance goals?

Answer. For the most part, the Highway Safety funds are allocated consistent with last year's budget request. The majority of the highway safety program funds are allocated to programs targeted at achieving the agency's alcohol and belt goals, to reduce alcohol-related fatalities to 11,000 by 2005 and to increase seat belt usage to 85 percent by 2000 and 90 percent by 2005. Funding is also included to provide for programs mandated by TEA–21.

NHTSA published a new strategic plan in October 1998 that created a new strategic outcome goal of reducing the number of highway-related fatalities and injuries by 20 percent by 2008. The agency's annual performance plan includes that overall goal, plus two intermediate outcome goals: (1) to reduce the occurrence of crashes; and (2) to mitigate the consequences of crashes. The performance plan ties each highway safety program to one of these intermediate outcomes.

Question. If the highway safety program were level funded, how would you allocate the funds? Please explain your proposed allocation within the context of your performance goals and strategic plan.

Answer. There would be significant reductions in some of the highway safety programs under a level-funded budget. The agency would attempt to include funding for all of the Departmental and agency's Strategic Plan performance goals. This would require making changes to assure continued minimum program levels and to fund important new initiatives at base start up levels. Consideration would also be given to requirements mandated in TEA–21 which directed the agency to develop a program to train law enforcement officers on motor vehicle pursuits conducted by the officers. This would require an increase in the Traffic Law Enforcement budget over fiscal year 1999 levels.

Two important programs not funded in fiscal year 1999—Safe Communities and Emerging Traffic Safety Issues (Older Drivers and Aggressive Driving)—would re-

ceive funding in fiscal year 2000. Because these emerging issues need attention, we will divert funds from other important areas in order to focus on those issues. The research program would need to receive increased funding to assure that the agency does not fall behind in either the identification of looming problems or preparing tested countermeasures for traffic safety programs three to five years in the future. A funding increase for the National Occupant Protection Usage Survey is needed to conduct timely and vital assessments of the Occupant Protection program. The Records and Licensing program budget would have to be increased to assure continued progress as states improve their traffic records technology and graduated licensing programs.

Other program budgets would have to be reduced in varying amounts to meet budget constraints while attempting to assure minimum loss of program effectiveness. The gains in seat belt usage rates, which have increased under the highly focused Buckle Up America initiative could decelerate; the increased emphasis targeting impaired driving by youth would be diminished; and overall traffic safety activities, focusing on hard to reach and diverse groups often over-represented in traffic crashes, fatalities and injuries would lose momentum. These and continued budget constraints could have a negative impact on meeting the agency's highway safety performance goals.

SAFE COMMUNITIES PROGRAM

Question. What is the status of your program evaluation efforts? What have you learned about the benefits and costs of the Safe Communities initiative? Why is it important to increase the number of sites to 1000 in fiscal year 2000?

Answer. The Safe Communities evaluation program is fully operational and is yielding positive initial results and best practices information. The program evaluation efforts consist of demonstration and evaluation grants awarded to four communities. Two cooperative agreements were awarded in fiscal year 1996 to The Greater Dallas Injury Prevention Center and to East Carolina University. These grants will conclude in September 1999, although the Dallas project is in the process of requesting a brief time extension to allow additional time to document results. In fiscal year 1997, two additional grants were awarded, one to Rhode Island Hospital in Providence, and one to the Alaska Medical Center, each of which are scheduled to conclude in September 2000.

Fiscal year 1998 funds are being used for a cooperative agreement with the American Hospital Association/Hospital Research and Educational Trust to integrate the Safe Communities model with a continuous quality improvement overlay into an existing network of community health improvement programs. This effort will expand the scope of these existing community health improvement programs to include a traffic safety component.

Information about costs and benefits will be available at the conclusion of these projects. Interim results, however are positive. For example, the Dallas project continues to experience increases in seat belt and child safety seat use as a result of the project's interventions in the community. Following educational programs conducted at one community health clinic, car seat use rose from approximately 35 percent to 90 percent in those vehicles where the drivers were wearing seat belts. Seat belt use among Hispanic drivers in Dallas, which was less than 60 percent prior to the educational program, is approaching and in some cases surpassing the national average of 70 percent.

NHTSA would like to have a much larger and sustained network of effective Safe Communities to deliver priority traffic safety programs at the local level. The 1,000 Safe Communities for fiscal year 2000 is a nationwide goal. These 1,000 programs will provide the foundation for an on-going institutional framework for local implementation of national programs. Programs such as Buckle Up America and Partners in Progress will not be effective if they are only implemented at the national level. Safe Communities possess huge potential for reducing injuries and costs associated with motor vehicle crashes, and implementing additional Safe Communities programs will yield greater reductions in injuries and fatalities. This model affords communities an opportunity to examine their unique problems and develop local solutions that are based upon national programs. The Buckle Up America and Partners in Progress programs have been successful in large part because of the involvement of communities who tailored the national program to meet local needs.

Question. Please explain how the $2,2500,000 would be allocated. What is the empirical basis for the amount requested?

Answer. Because the Safe Communities program is shifting from being largely a demonstration program to one of technology transfer, the core of the program for fiscal year 2000 is transferring strategies and best practices to existing and future

Safe Communities sites. In so doing, Safe Communities programs will be well-positioned to deliver injury prevention and control programs to reach agency impaired driving, safety belt use and other traffic safety goals. The following elements and basis for the amount requested are essential to making that shift:

$400,000 Safe Communities Service Center and related materials.—Providing support to current and future Safe Communities through responding to requests for information, coordinating community-based training, maintaining and expanding a web site, publishing a Service Center bulletin, maintaining and updating a database of Safe Community sites, expanded services to other modes and their local programs, and the development of how-to handbooks and marketing materials.

$1,000,000 Peer-to-peer technical assistance.—NHTSA has found that engaging peers to educate their colleagues is an effective tool in expanding programs. Peer-to-peer programs afford professionals the opportunity to share their expertise and best practices. Professionals who are involved in the program are in the best position to assist colleagues in tailoring programs to that particular profession, such as physicians, prosecutors, academia, etc. This effort includes (1) the creation of a "Network of Injury Prevention Medical Professionals," a trained group of experts who will be available to educate their peers on the effectiveness of the Safe Communities model; (2) regional best practices workshops to aid rural communities in institutionalizing NHTSA's priority programs such as Buckle Up America and Partners in Progress; (3) the development of an Intermodal Safe Communities manual and regional and bi-regional Safe Communities Strategic Planning Sessions to increase the partnerships across modes in support of transportation safety issues; (4) the development of a "Safe Communities at Work" initiative to engage employers in local Safe Community programs; and (5) training sessions and executive briefings by management teams from the most successful Safe Communities programs to share "best practices" information and provide assistance in data collection, linkage and analyses.

$600,000 Promotion Through National Organizations.—NHTSA's Traffic Safety Programs counts approximately 40 national organizations representing culturally and ethnically diverse populations among its partners. Some of these organizations have expressed interest in expanding the Safe Communities model into their communities. The funding would be used to: underwrite Cooperative Agreements with national organizations representing Hispanic, African American, Asian/Pacific Islander and/or American Indian communities to mentor their constituents in the Safe Communities model and work with us to ensure that programs are culturally relevant to their members ($200,000); develop and print culturally sensitive training materials ($100,000); provide Safe Communities training for state and local representatives of diverse organizations ($200,000), and translate and print existing Safe Communities materials into Spanish ($100,000).

$250,000 Safe Communities Award Program.—As Safe Communities program sites grow and mature, they will be recognized nationally and regionally for both their work in implementing the Safe Communities model and in the reductions of crashes and their resultant deaths and injuries. This is both a recognition and technology transfer effort that will recognize outstanding Safe Communities sites and provide information about these programs to other communities for replication. We expect to recognize over 1,000 communities by next fiscal year. The program will consist of:

—Recognition "roadway" signs for local communities
—Regional awards honoring local communities for their efforts
—National recognition program honoring outstanding Safe Communities
—Promotional and marketing brochures

Question. What are the implications of not funding the Safe Communities initiative? If it is funded, what other programs would be considered lower priorities?

Answer. Through the Safe Communities initiative, NHTSA is developing an infrastructure to deliver the high priority national safety programs. Lack of funding support for this initiative damages the agency's ability to deliver key programs such as Buckle Up America and Partners in Progress.

Also, NHTSA provides direction to States to encourage the use of Section 402 and other state highway safety grant funds for local Safe Communities programs. NHTSA demonstrates by its resource allocation that Safe Communities is one of its highest priorities. With no Federal funding assigned to the Safe Communities initiative, NHTSA's leadership role is weakened. and State and local governments perceive lack of support for the program.

Furthermore, without funding, NHTSA's ability to provide technical assistance is limited. There are now over 632 local programs that identify themselves as a "Safe Community," and the number is growing. These programs are requesting assistance and materials to improve the quality of their programs, and new interested commu-

nities are requesting information about the Safe Communities model. NHTSA needs resources to sustain the work it started and to meet this increasing demand.

For example, results from the demonstration and evaluation program will soon be available. In keeping with the spirit of a demonstration program, NHTSA must share the results and lessons learned from these projects with other communities. Widespread dissemination of results can not occur without funds to prepare, publish, and distribute materials.

In NHTSA's original budget request, all of the highway safety programs are funded at levels which the agency believes are appropriate to implement programs to meet the goals published in its 1998 Strategic Plan. All of NHTSA's programs will benefit from the continuation of the Safe Communities initiative in terms of program implementation at the local level.

.08 BAC LAWS

Question. Please describe the activities that have been conducted or are planned in response to the Committee's assertion that more guidance and research is needed on the impacts of 0.08 BAC laws and on countermeasures targeted at the 21–34-year-old drivers impaired by alcohol.

Answer. It is important that timely research results be available to inform legislators and the public regarding the effectiveness of various laws and countermeasures. To that end, a number of actions have recently been completed, and others initiated to study the 0.08 BAC issue. Additional activities are focused on countermeasures for the 21–34 year old age group.

Three studies that examined the impact of 0.08 per se legislation were released on April 28, 1999. One project examined the effectiveness of 0.08 BAC law in North Carolina, another examined the effects in 11 states, and the third study looked at 0.08 BAC laws nationwide. The preponderance of evidence from these and previous studies shows that 0.08 BAC laws are effective in reducing alcohol-related fatalities, particularly when they are implemented in conjunction with other impaired driving laws (such as Administrative License Revocation) and programs.

A new project in fiscal year 1999 will analyze the effectiveness of 0.08 legislation in Illinois, which was the first large mid-western state to adopt 0.08 and provides an excellent research opportunity. This study will document the law's impact on police and court systems. Another study will examine the legislative history of states where 0.08 BAC laws have already been enacted, providing valuable information on how the legislation was passed. Information is also being obtained on other countries' alcohol-impaired driving legislation (including BAC limits) and their alcohol-involved fatality crash rates. Other studies are documenting the impairing effects of 0.08 BAC on driving skills. Subjects dosed to 0.08 BAC are being videotaped as they navigate in a driving simulator. Another project is examining what the public knows about 0.08 BAC, and their understanding of the issues involved (e.g., how many drinks are required to reach 0.08 BAC).

A national public education campaign has targeted 21–34 year olds for deterrence and prevention messages. The campaign includes two enforcement mobilization periods to raise awareness about impaired driving. "Techniques for Effective Alcohol Management on Campus" is a program to help facility operations managers at colleges and universities deal effectively with alcohol problems at their events. Another program is underway to reduce binge drinking among college fraternities through peer-led summits across the country.

Research is also being conducted on a ride service program and designated drivers, and additional studies are planned in fiscal year 2000 to examine other alternative transportation strategies which will allow individuals to drink at licensed establishments, but alleviate their "need" to drive.

Question. What NHTSA-supported studies are underway regarding the effectiveness, costs, or benefits of 0.08 BAC laws? When are those studies expected to be released? What studies on 0.08 BAC laws are planned with fiscal year 2000 funds? Please estimate the amount of funding for each of those studies.

Answer. Three studies which examined the impact of 0.08 per se legislation were released on April 28, 1999. One project examined the effectiveness of a 0.08 BAC law in North Carolina, another analyzed the effects in 11 states, and the third study looked at 0.08 BAC laws nationwide. In aggregate, these three studies provide additional support for the premise that 0.08 BAC laws help to reduce alcohol-related fatalities, particularly when they are implemented in conjunction with other impaired driving laws and programs. Nearly all of the findings of these and previous studies show analyses that suggest that 0.08 BAC legislation (as well as 0.10 BAC laws and Administrative License Revocation laws) have contributed to the trend toward reduced alcohol-related crashes and fatalities.

A new project in fiscal year 1999 will examine the effectiveness of 0.08 BAC law in Illinois, the first large mid-western state to adopt 0.08 BAC. This study will obtain data not only on alcohol-related crashes, but also on the law's impact on the law enforcement and court systems. For example, the study will address how many arrests are being made in the 0.08—0.10 range, and how many of these arrests are being prosecuted. It will also be determined whether the increase in arrests caused any problems for the police officers, prosecutors, or judges. Preliminary data from this study will be available in early 2000. The study is scheduled to be completed in 2001. Although initiated in fiscal year 1999 ($75,000), this study will require $150,000 of fiscal year 2000 funding. A similar project ($200,000 total funding) will be initiated in fiscal year 2000 examining the effectiveness of the 0.08 BAC law in Washington state, which is the most recent state to adopt 0.08 BAC.

One part of a larger project examining various traffic safety laws computed the savings (both in terms of number of lives saved, and in dollars) that each state could obtain from passing 0.08 BAC legislation. Fact sheets for each state will be available in Summer 1999.

OPEN CONTAINER LAWS

Question. Although a final determination has not yet been made, how many states are likely to face a diversion of some of their federal aid funds for not adopting and enforcing an open container law as specified in TEA–21? How does the fiscal year 2000 budget address the issue of open container laws?

Answer. As of April 26, 1999, 10 states are in compliance with their current state law, and nine will be in compliance should they enact proposed legislation without change. Additionally, 14 states and the District of Columbia have submitted either current law or proposed legislation which, upon legal review, is not in compliance with the open container provisions in TEA–21, and 17 states and Puerto Rico have not submitted any documentation for review.

Efforts to address the issue of open container laws under the fiscal year 2000 budget will focus on assessing the effectiveness of Open Container laws and developing new educational support materials for distribution. A new booklet on the effectiveness of Open Container laws will be available in fiscal year 2000. Additionally, NHTSA will continue to provide technical assistance to states in review of existing statutes and proposed legislation to determine compliance status.

REPEAT OFFENDER PROVISIONS

Question. Although a final determination has not yet been made, how many states are likely to face a diversion of some of their federal aid funds for not adopting and enforcing the repeat offender provisions that are specified in TEA–21?

Answer. As of April 26, 1999, two states (Michigan and New Hampshire) are in compliance with the repeat offender provisions with their current laws, while three more (Arkansas, Texas, South Dakota) will be in compliance should they enact proposed legislation without change. Additionally, 29 states which have submitted documentation for review have not been found to be in compliance, while 18 states have submitted nothing for review.

DRUG EVALUATION AND CLASSIFICATION PROGRAM

Question. Please explain how the funds requested for the Drug Evaluation and Classification (DEC) program would be used and compare the fiscal year 2000 request to fiscal year 1999 expenditures.

Answer. There is no longer a separate budget line item for the DEC Program. The DEC program has been incorporated into the overall impaired driving program and the Drugs, Driving and Youth initiative. The following chart is reflective of the drug impaired driving budgeted items.

Projects	Fiscal year	
	1999	2000 request
Advanced Drug Driving Training	$733,000	$250,000
Drug Driving Research	250,000	50,000
National Summit Meeting	150,000	.....
International Conference on Drug Research	.....	20,000
Public Information and Education	24,000	150,000
Coordination and Data Collection	.....	300,000

Countermeasures are needed to reduce the number of alcohol-impaired and other drug impaired drivers on the nations highways. The funding will increase and promote training in drugged driving detection, drug detection and training for prosecutors; involve prosecutors in community drug prevention programs; promote uniform sanctions for drug offenders; continue DEC related research; promote the collection and analysis of state arrest data on drug impaired drivers; develop courtroom skills for testifying in alcohol and drug impaired driving cases and expand DEC to community policing programs.

Public information and education materials are needed to educate the public, health care providers, and the courts on the risks of drugged driving.

Numerous foreign countries have conducted research in the drugged driving area. We plan to hold a conference which would include other federal agencies with significant alcohol responsibility (HHS, DOJ) to discuss the research and programs conducted on the drugged driving impairment problem. A summit level conference with state leaders, law enforcement administrators, prosecutors, and judges will be held to examine issues involving drugs, driving and youth programs and develop strategies and action steps for reducing the incident of drug-impaired driving.

IMPAIRED DRIVING

Question. Please provide an update on any studies that NHTSA has underway or planned that will help the criminal justice system deal with drug-impaired drivers. How much will be spent on those efforts during fiscal year 1999 and fiscal year 2000?

Answer. NHTSA will spend $100,000 in fiscal year 1999 to conduct a "State of the Knowledge" review of the literature of drug-impaired driving. Another $100,000 will be spent to determine the feasibility of developing a set of observable cues police officers could use to establish probable cause for stopping a driver who might be driving while impaired by drugs. These cues would be analogous to the "stopping cues" for driving while intoxicated currently available for police. If the study shows that such cues are feasible, development and test of such cues to determine if they are valid and reliable ($200,000) could begin in fiscal year 2000.

Question. What is NHTSA doing to work with the states to improve laws pertaining to drug-impaired driving? How much is in your fiscal year 1999 spending plan and fiscal year 2000 budget request for that activity?

Answer. NHTSA has planned to expend $150,000 in fiscal year 1999 to support a national drugged driving summit to take place in fiscal year 2000. The summit will bring together law enforcement leaders, drug recognition experts, and prosecutors to focus on the drugged driving issue, including an assessment of current state drugged driving laws. Other Federal partners will be invited to co-sponsor the summit. Conference proceedings will include a description of the problem, action steps for addressing the problem, and model drugged driving laws for state use. Approximately $50,000 will be used in fiscal year 2000 to implement the recommendations from the summit and provide technical assistance to states.

Question. Please explain the expected costs of each of the new and on-going initiatives specified under the Drugs, Driving & Youth initiative.

Answer. The following summarizes the planned expenditures in fiscal year 2000 for drugs, driving, and youth.

Projects	*Fiscal year 2000*
Training	$250,000
Drug Driving Research	50,000
Coordination and Data Collection	300,000
Public Information and Education	150,000
International Conference on Drug Research	20,000

In 1997, 6,258 youths, ages 15 through 20, died in motor vehicle crashes, a 1.2 percent decrease from 1996. Of this number, 2,209 fatalities were alcohol-related—a 5 percent decrease from 1996. Since 1982, youth fatality trends have compared favorably to those of the adult (over age 21) population, with a 26 percent overall decline for youth compared to a 2 percent increase for adults. However, in terms of fatality rates per 100,000 population, youth are still overrepresented by a factor of 3 to 2 (10 to 7 for alcohol-related fatalities).

Countermeasures are needed to reduce the number of alcohol and other drug impaired drivers on the nation's highways. Additional training for law enforcement officers, prosecutors and judges are needed in the identification, prosecution and adjudication of the drug impaired driver. Funding will be provided to collect additional data to more clearly define and understand the extent of the drug impaired driving problem.

Public information and education materials will be developed to educate the public, health care providers, and the courts on the risks of drugged driving, particularly among youth, and potential prevention strategies.

Numerous foreign countries have conducted research in the drugged driving area. An international conference, to include other federal agencies and the transportation-related research community, is needed to discuss the research and programs conducted on the drugged driving impairment problem.

A summit level conference will be held in 2000, with state leaders, law enforcement administrators, prosecutors, and judges to discuss drugs, driving and youth programs. The recommendations will be implemented following the conference in 2000 and beyond.

GRADUATED LICENSING SYSTEMS

Question. How many states are now receiving grant funds to test and evaluate graduated licensing systems? Please indicate funding amounts and results of the various evaluations now being conducted.

Answer. Two states are currently receiving grant funds to test and evaluate their graduated licensing systems.

Michigan received $50,000 in fiscal year 1999 and $200,000 in previous years. In fiscal year 2000, $50,000 is requested to complete the test and evaluation of its graduated licensing system.

Kentucky has received $120,000 to date to test and evaluate its graduated licensing system. While Kentucky did not receive any fiscal year 1999 funds, $110,000 is requested in fiscal year 2000 to complete the test and evaluation.

Draft evaluation reports of the impact of the evaluations of the Kentucky and Michigan graduated licensing systems will be available in calendar year 2000. Evaluations of graduated licensing systems in other states have shown more than five (5) percent reductions in crash involvement of drivers 15–17 years of age.

SEAT BELT USAGE

Question. According to a recent announcement by Secretary Slater, seat belt usage is estimated at 70 percent. How does NHTSA intend to achieve the goal of increasing usage to 85 percent by 2000?

Answer. NHTSA will continue the Buckle Up America (BUA) campaign as its highest priority. Between May and December 1998, seat belt use in the U.S. increased eight percentage points, as measured by a series of four National Occupant Protection Usage Surveys (NOPUS)[1]. These results can be attributed to implementing the proven strategies of strong legislation, effective public education, building partnerships between government and the private sector, and high visibility law enforcement.

NHTSA will intensify efforts to encourage enforcement of existing occupant protection laws; emphasize expanding partnerships throughout the public and private sectors at the national, state and local levels with special emphasis on diverse populations; and assist states and communities with technical support to enact primary enforcement seat belt laws and ordinances and improve child passenger protection laws.

NHTSA will continue the Ad Council national media campaign and develop new multi-media outreach materials targeted to high risk groups such as pickup truck drivers and young males. NHTSA will target diverse populations by working with minority firms to develop culturally appropriate materials to resonate with the target audiences. To that end, the agency will redouble its efforts to focus sustained attention on the high risk group.

NHTSA will expand the cadre of over 5,000 law enforcement agencies, assisting them to mount larger, more visible, national seat belt enforcement mobilizations during Memorial Day and Thanksgiving weeks.

NHTSA's regional offices, and the field offices of all other DOT Modal Administrations, will provide technical assistance to the States. One initiative is the development of a cadre of law enforcement liaisons (LELs) within the States. The LELs are police officers, sheriff's deputies and state troopers who coordinate statewide waves

[1] In previous years, NHTSA estimated national belt use by aggregating data from state surveys. Some states surveyed only drivers, some excluded pick up trucks, vans and/or sport utility vehicles, and many excluded local roads and rural areas. Because of these differences in methodology, the aggregate of the state surveys has historically been 6 to 8 percentage points higher than the NOPUS survey. As a consequence of switching to the NOPUS survey for calculating national seat belt use, the eight percentage point increase in seat belt use will not be reflected in the 1998 use rate.

of highly visible seat belt and child passenger safety enforcement. Another initiative is the inter-modal sponsorship of Safe Communities programs which promote use of seat belts and child safety seats. The DOT field offices will also assist the States in developing partnerships with the trucking industry, urban transit systems, railways, shipping, and aviation to deliver the Buckle Up message.

SECTION 157 GRANT PROGRAM

Question. Please prepare estimates of the amount of funds that may be available for the innovative grant portion of the Section 157 program. How will those funds be integrated with the ongoing NHTSA Section 403 program?

Answer. The fiscal year 2000 authorization level for the Section 157 program is $92 million. Applying the same obligation limitation percentage as was used in fiscal year 1999 (88.3 percent), an estimated $81 million would be available for the Section 157 program. Based on preliminary state data, approximately $55 million may be awarded under the incentive grant portion of the program, leaving approximately $26 million available for the innovative grant program.

To insure coordination between the Innovative Grants and Section 403, the Federal Register notice announcing the Innovative Grant program required that the State's application discuss how this grant will "* * * integrate and coordinate with other on-going efforts in the State, resulting in * * * increased usage rates." In effect, this special factor requires that the proposed effort be complimentary to the State Highway Safety Office's overall plan and coordinated with other grant programs such as Sections 402 and 405.

Other efforts to insure that the Section 157 Innovative Grant Program is integrated with Section 403 were to include several examples of "innovative programs" in the Federal Register notice which support the core components of the Section 403 Occupant Protection program. These include high visibility seat belt and child safety seat enforcement efforts, participation in the semi-annual national seat belt enforcement mobilizations (Operation ABC Mobilization: America Buckles Up Children), creating awareness for implementation of new seat belt and child safety seat laws, and the establishment of new partnerships and coalitions.

PRIMARY ENFORCEMENT LAWS

Question. How many additional states enacted primary enforcement laws last year? What was NHTSA's role in those legislative initiatives?

Answer. One additional state, Indiana, enacted a primary enforcement law last year. NHTSA Regional staff provided technical assistance to the Indiana Safety Belt Coalition, supplying information and data that illustrated the injury reduction and health care cost savings due to increased belt use. Such reductions and savings normally follow the passage of a primary law.

AIR BAG SAFETY

Question. Please update us on NHTSA's efforts to reduce the adverse effects of airbag deployment, specifically as related to serious injuries and fatalities.

Answer. On September 18, 1998, the agency published a Notice of Proposed Rulemaking (NPRM) in the Federal Register (63 FR 49958) proposing to amend Federal Motor Vehicle Safety Standard (FMVSS) No. 208, "Occupant Crash Protection," to require advanced air bag protection.

The NPRM proposed improvements in the ability of air bags to cushion and protect occupants of different sizes, belted and unbelted, and would cause manufacturers to redesign air bags to minimize risks to infants, children, and other occupants. The advanced air bags would be required in some new passenger cars and light trucks beginning September 1, 2002, and in all new cars and light trucks beginning September 1, 2005. The agency's proposal is consistent with recent legislation mandating the issuance of a final rule for advanced air bags. Statutory requirements direct the agency to publish a final rule no later than March 1, 2000.

The 90-day comment period for the NPRM closed on December 17, 1998. Although the many issues raised by the respondents to the NPRM are still undergoing technical review, it is apparent that major refinements may be needed in the performance strategies and test protocols that were proposed in the NPRM. Currently, the agency is conducting the research and analysis to address these issues.

Additionally, the agency has been actively pursuing its public information campaign related to air bag safety issues. Since the Buckle Up America campaign began in 1996, motor vehicle deaths for children (0–4 years) have been reduced 7.5 percent. This reduction was the direct result of the agency's efforts to implement the strategies of high visibility enforcement of child passenger safety laws combined with public education. The agency plans to continue these same strategies.

The agency's educational activities to reduce the adverse effects of air bag deployment are conducted through the Buckle Up America campaign to increase education to consumers on the correct use of both safety belts and child safety seats and to ensure that children ride in the back seat.

Question. How much of the fiscal year 2000 budget request would be allocated to that area?

Answer. In the fiscal year 2000 budget request, $7.684 million will be allocated to conducting air bag safety research and development to reduce the adverse effects of air bag deployment. This amount includes $3 million for the Biomechanics Program, $2.431 million for the Safety Systems Program, and $2.253 million for the Special Crash Investigations Program.

Additionally, the entire Occupant Protection Program under Traffic Safety Programs of $11 million integrates the air bag safety message in all activities. The Buckle Up America campaign, within the Occupant Protection Program, specifically addresses educational efforts to reduce the adverse effects of air bag deployments as well as the vital importance of using safety belts and child safety seats.

TRAFFIC LAW ENFORCEMENT PROGRAM

Question. What are the major challenges facing the law enforcement community and how does your budget request address those challenges.

Answer. Law enforcement agencies are vital partners in achieving increases in safety belt use and reducing fatalities and injuries resulting from traffic crashes. The major challenges facing law enforcement include demands for continuing visible, publicized traffic enforcement in the face of mounting demands for other public safety services; improving the ability of law enforcement administrators to understand and apply new technologies, such as lidar, radar, digital cameras, etc., to augment traffic safety services; maintaining a balanced traffic enforcement program to address increasing public concern over unsafe, aggressive driving and excessive speed; and, encouraging efforts by enforcement officers to increase belt use and identify drunk and drugged drivers. NHTSA must continue to support highly visible and effective traffic enforcement efforts as an effective public safety strategy in the face of mounting concerns about bias in traffic stops. The Traffic Law Enforcement programs are intended to improve the efficiency and operations of law enforcement by incorporating traffic safety into the overall public safety mission.

The Traffic Law Enforcement program budget addresses these concerns by focusing on five program areas supporting the agency's Strategic Plan: national organizations, enforcement and demonstration projects, technology, training and technical assistance and public information and education. The national organizations program will allow the continuation of support to insure involvement of law enforcement agencies in high priority mobilization efforts—concentrating on occupant protection and impaired driving. The enforcement and demonstration budget will provide funds for speed management and aggressive driving pilot programs started in fiscal year 1999 to combat the increase in speeding related fatalities since the elimination of the national maximum speed limit. The technology program budget includes funding to conduct a traffic law enforcement technology conference to showcase new and developing applications to augment staff resources. The training and technical assistance budget adds funds to continue with a pursuit training train-the-trainer course, as authorized under TEA–21. The public information and education budget sets aside funds to maintain an aggressive driving public information campaign. NHTSA will collaborate with the International Association of Chiefs of Police in the development of its aggressive driving countermeasures program.

NHTSA will also continue to work with law enforcement groups to develop policy, training, and supervisory controls to eliminate differential enforcement practices.

Question. The fiscal year 2000 budget request for this program is $1.65 million more than last year's appropriation. Why is this large increase necessary? What new initiatives are planned for next year?

Answer. The increase in Traffic Law Enforcement funding directly supports the agency's strategic plan to reduce speeding related fatalities, which have been on the rise since the elimination of the national maximum speed limit, unlike other traffic safety programs that have shown steady successes, such as increasing seat belt use and deterring impaired driving. Speed management, aggressive driving programs and police pursuit training will all target these dangerous, unsafe driving actions.

In response to the public's concern about speeding, NHTSA will conduct two demonstration projects addressing the complex problems of setting and enforcing speed limits. One site will be rural; the other will be in a more urbanized location. Both will use technology as the centerpiece of the effort, including the use of variable speed limits. The agency plans to conduct these demonstration programs in coopera-

tion with FHWA, which will focus on engineering, roadway and congestion issues. This activity is a result of the Transportation Research Board report that explains how state and local governments should set and enforce speed limits as a result of the elimination of the federal role in the national maximum speed limit. Accompanying the demonstration, NHTSA will develop a high profile public information and education program concentrating on increasing public awareness of the dangers associated with high risk driving actions and speeding.

NHTSA will also conduct two demonstration projects, based on a prior pilot program to determine the effectiveness of a suspended and revoked operator program.

The public has also demanded action regarding crashes involving police pursuits. Under section 2002 of TEA–21, direction was provided to address this issue through the development of policy and training relating to police pursuits. NHTSA will develop and distribute a police pursuit driving training program to law enforcement agencies nationwide. This effort will also include the production and distribution of computer based training relating to law enforcement vehicle pursuit driving. A comparative analysis of pursuit related crashes in local law enforcement will include an assessment of variable training and policy in these agencies is planned.

AGGRESSIVE DRIVING

Question. What is the scope and nature of your efforts to reduce aggressive driving? How much are you planning to allocate towards that activity in fiscal year 2000?

Answer. Efforts to address the problem of aggressive driving have focused on demonstration projects to assess countermeasure effectiveness; research to examine the public's perceptions about high risk driving behavior; examination and dissemination of best enforcement practices; and, review of existing applicable laws. In fiscal year 2000, NHTSA will focus more attention on identifying specific enforcement practices that show promise and develop educational programs to increase the public's perception of high risk driving behavior.

The Department of Transportation (DOT) sponsored a symposium titled *Aggressive Driving and the Law* in January 1999. The meeting provided a forum for judges, prosecutors, law enforcement and defense attorneys to discuss the seriousness of aggressive driving and propose recommendations for addressing the problem. The recommendations from this Symposium will be addressed during fiscal year 2000.

A permanent Intermodal Aggressive Driving Team, representing the National Highway Traffic Safety Administration, Federal Highway Administration and Federal Railroad Administration has developed recommendations for a coordinated, Departmental aggressive driving program.

Several demonstrations using advanced technology are underway. Engineering efforts supporting an automated enforcement project is underway on the George Washington Parkway and should be operational in fiscal year 2000. Project ADVANCE to identify and apprehend both commercial and private vehicles driving aggressively in Maryland is underway, in conjunction with the Maryland State Police.

As a follow-up to a fiscal year 1998 award to the Milwaukee Police Department, two additional demonstrations began in fiscal year 1999 to demonstrate and evaluate innovative aggressive driving programs. The two additional projects will continue in fiscal year 2000. Research projects will include studies to determine the effect of enforcement and legislative programs to reduce aggressive driving. An observational study will be conducted to determine what constitutes aggressive driving.

NHTSA will allocate $775,000 to support the continuation of the demonstration projects started in fiscal year 1999, and will continue an active public information and education campaign to reduce aggressive driving.

TRAFFIC LAW ENFORCEMENT FUNDING

Question. Please provide a table for the components in the Traffic Law Enforcement Program which shows how the funds requested for fiscal year 2000 are intended to be spent. In that table, please compare the amount provided for similar activities for fiscal year 1999 and provide a justification for the need for the requested increases above fiscal year 1999 appropriations.

Answer. Comparison between fiscal year 1999 and fiscal year 2000 for the five Traffic Law Enforcement Program areas are as follows:

Program area	Fiscal year	
	1999 Enacted	2000 Request
Enforcement Demonstrations	$428,000	$1,153,000
Training and Technical Assistance	429,400	1,404,400
Technology Transfer	250,000	240,000
National Organizations	255,000	245,000
Public Information and Education	350,600	325,600
Total	1,713,000	3,368,000

The increase in Traffic Law Enforcement directly supports both TEA–21 initiatives and the agency's strategic plan to reduce speeding related fatalities, which have been on the rise since the elimination of the national maximum speed limit. Speed management and aggressive driving programs will target these high risk driving behaviors. NHTSA will conduct two projects to determine the effectiveness of a speed management program based on the recently published Transportation Research Board report entitled "Managing Speed: Review of Current Practices for Setting and Enforcing Speed Limits."

Under TEA–21, Congress authorized NHTSA to spend up to $1 million per year to develop a pursuit driving training program. Also, NHTSA will conduct two demonstration projects based on a prior pilot program to determine the effectiveness of a suspended and revoked operator program.

INTEGRATED DRIVER LICENSING SYSTEM

Question. What is encompassed in the proposed comprehensive integrated driver licensing system? How much will it cost to develop? Over how many years?

Answer. A comprehensive integrated driver licensing system would result in the elimination of state issuance of multiple drivers licenses. The integrated driver licensing system would combine the three currently operating driver license information systems: (1) The National Driver Register's index of approximately 30 million problem drivers; (2) The Federal Highway Administration's Commercial Driver License Information System's (CDLIS) index of approximately 8 million commercial drivers; and (3) The American Association of Motor Vehicle Administrators' Driver License Reciprocity system currently being used by five states to facilitate the electronic exchange of driver records. The integrated system would include all 175–180 million licensed drivers in the states.

Costs associated with the development of the system would depend on the scope of the project and planning would require about six years from initial development to implementation, not including the time needed to enact the federal legislation necessary to implement such a system.

Question. How does this program relate to the grant program for state data systems?

Answer. Since driver licensing is an element of state data systems, it is possible that grant recipients could use Section 411 grant funds for improvements to their driver licensing systems.

OLDER DRIVER PROGRAM

Question. In Senate Report 104–325, the Committee indicated that NHTSA should continue its work on demonstration activities for technologies and practices intended to improve driver performance of older drivers at risk of losing their licenses. How is that directive reflected in the fiscal year 2000 budget request and in the fiscal year 1999 spending plan for TSP? Please provide a list of each activity and its funding level.

Answer. NHTSA's older driver program has two objectives: to identify and regulate unsafe drivers and to extend the mobility of safe drivers. In the fiscal year 2000 budget, $300,000 is requested for cooperative agreements in up to three states to perform field tests of model older driver systems that are currently being pilot tested. These systems include screening drivers for physical, mental, and sensory capabilities that affect driving safety; providing rehabilitation for limitations that can be improved; and counseling individuals who should modify driving practices or need alternative transportation. These systems must be tested in several states to determine their effectiveness and feasibility under different circumstances.

In the fiscal year 1999 budget, $250,000 is being spent to complete a large-scale pilot study of technologies and practices for improving older driver performance (i.e.,

the Model Driver Screening and Evaluation Program). This project involves evaluating tools for identifying at-risk drivers in licensing agencies, social service agencies, and health care settings for referral to occupational therapists and other specialists for retraining or rehabilitation. Where appropriate, the retraining and rehabilitation efforts are also being evaluated. Information obtained from this effort will be incorporated into the proposed cooperative agreements in the fiscal year 2000 budget plan.

Question. How many states are involved in the older driver demonstrations supported with NHTSA funds? Will those efforts be expanded during fiscal year 2000? How much is allocated toward those efforts in fiscal year 1999? How much is requested for those efforts in fiscal year 2000?

Answer. NHTSA is supporting a study evaluating assessment tools that can be used in licensing agencies, social service settings, and medical offices. Two states, Maryland and Florida, are participating in this pilot effort. In fiscal year 1999, $250,000 was allocated for that effort. In fiscal year 2000, $300,000 will be shared by up to three states in cooperative agreements that will draw on the lessons learned from the earlier projects.

DRIVER FATIGUE

Question. Senate Report 104–325 directed NHTSA to prepare a report on driver fatigue and inattention, and encouraged collaborative efforts and funding activities between NHTSA and the National Center on Sleep Disorders Research. Please provide the findings of that report and tell us how NHTSA intends to proceed in this area.

Answer. The collaboration between NHTSA and the National Center on Sleep Disorders Research (NCSDR) to produce a program to combat drowsy driving was a direct result of special appropriations in fiscal year 1996 and 1997. The report to congress required by the appropriations report contains a brief summary of the collaborative program and a status report on each of the projects comprising the program to combat drowsy driving.

The NCSDR convened a panel of experts to provide initial direction and ongoing guidance to NHTSA's program. The panel report covered the biology of human sleep and sleepiness, characteristics of drowsy-driving crashes, risk factors for drowsy-driving crashes, population groups at highest risk, countermeasures, and recommendations for an educational campaign.

Based on the panel's recommendation, staff from NHTSA, NCSDR, and project contractors selected shift workers as the primary target group for the NHTSA program and high-school youth for NCSDR's activities. Focus groups provided fundamental information for program themes and content. Materials include a brochure, posters, cards for "take-one" dispensers, a video, and scripts for conducting safety meetings. Twenty employers in various occupations will receive funds in calendar year 1999 to assist in the evaluation of the program, assessing changes in workers' knowledge, attitudes, and, most importantly, behaviors. Revised materials are expected in calendar year 2000.

NHTSA also funded research to instrument private vehicles owned by members of high-risk (sleep-deprived) groups embarking on long-distance trips. This research is designed to record a variety of vehicle performance measures simultaneously with video of the driver and the roadway. The study produced over 100 hours of real-time data, including many incidents of drowsy and inattentive driving.

NCSDR, working with NHTSA staff and Scholastic Publications (an organization that publishes and distributes educational materials to schools nationwide), developed materials for high-school students and distributed them to high schools throughout the nation in May, 1998. These materials are available for public use. NCSDR also published a report for secondary school educators, "Educating Youth about Sleep and Drowsy Driving," based on the proceedings of a workshop with experts in adolescent sleep, driver education, high-and middle-school education, and curriculum development.

In fiscal year 2000, NHTSA plans to initiate programs addressing fatigue on long-distance trips by young drivers and will also work with the Federal Highway Administration to educate the public about rumble strips and proper responses to their warnings.

NATIONAL OCCUPANT PROTECTION USE SURVEY (NOPUS)

Question. Why does NHTSA believe that a substantial increase in funding for the NOPUS survey is necessary at this time? Do the additional surveys conducted by the states under the Section 157 program reduce the need for NHTSA to conduct surveys?

Answer. The increase in funding for the National Occupant Protection User Survey (NOPUS) reflects: (1) collecting additional data needed by the agency (e.g., restraint use by all children under 16 years old and driver distance behind the steering wheel); (2) the addition of one data collector at each of the 50 Primary Sampling Units, and, (3) conducting smaller versions of the NOPUS (a survey to measure overall use only, a "Mini-NOPUS") to measure the progress of the President's Initiative in the Buckle Up America Campaign.

The NOPUS is a research and evaluation tool that has important characteristics that cannot be gleaned from aggregating the results of the surveys states conduct under the Section 157 program. First, each NOPUS provides an accurate estimate of the nation's belt use rate over a specified period of time for front seat outboard occupants in a well-defined population of vehicles. Some states conduct surveys in the spring, others in summer and still others in the fall. Aggregating state findings tends to mask on-going trends in belt use. Second, NOPUS uses a truly representative sample of the country's roadway segments, including all types of roads, and rural as well as urban areas. Most state surveys exclude the most rural portions of the state, and only a few include local roads. Third, NOPUS surveys allow the agency to gauge the impact of such major events as the national waves of mobilization of seat belt and child passenger safety enforcement, by conducting pre-and post-mobilization Mini-NOPUS surveys that represent the whole country.

The time distribution of the state surveys precludes their evaluative use for pre- and post-measurement.

Question. Why are three surveys needed?

Answer. Three smaller versions of the National Occupant Protection User Survey (NOPUS) (the Mini-NOPUS—a national survey collected at a reduced sample and measuring only overall safety belt use) were conducted in 1998 as the result of the agency's response to the President's Initiative for the Buckle Up America Campaign. The first Mini-NOPUS estimated the "baseline" national belt use rate before the Buckle Up America Campaign mobilization conducted during the week of Memorial Day. The remaining surveys were conducted just after the Memorial Day and Thanksgiving Day week Buckle Up America mobilizations. It is anticipated that the agency will continue to monitor changes in belt use across the country by conducting Mini-NOPUS surveys subsequent to Buckle Up America mobilization weeks. These three mini-surveys have proven their value in assisting the agency in monitoring the effectiveness of the three major Buckle Up America Campaign mobilizations. However, the regular NOPUS will continue to be conducted biennially.

ADVANCED AIR BAGS

Question. What is the status of your work to advance smart air bags? What are some of the remaining challenges and how does the fiscal year 2000 budget address them?

Answer. Currently the agency is conducting research and testing in support of rulemaking on advanced air bags. Full-vehicle crash tests are being conducted on 1999 model year vehicles with belted and unbelted mid-sized male and small female crash test dummies in different crash configurations and at different impact speeds. Air bag aggressivity tests are being conducted with out-of-position small female driver dummies and small child passenger dummies. Advanced air bag technology, including advanced inflators, advanced crash sensors, belt use sensors, seat position sensors, occupant classification sensors, etc., are being evaluated through cooperative research efforts with restraint suppliers and using future model year vehicles provided by manufacturers. Real world crash investigations are collecting data on redesigned air bag systems (model years 1998 and 1999) to identify air bag-related serious injuries and fatalities. Biomechanical injury criteria for the new family of dummies are being refined and evaluated. A public workshop was recently held on April 20, 1999, to discuss the agency's proposed injury criteria with the biomechanical community.

The remaining challenges associated with smart air bags include developing performance-based test procedures to assess the effectiveness of dynamic occupant position sensors. The fiscal year 2000 budget plan will address this by evaluating the better-performing advanced air bag systems under development. They are designed to function in dynamic precrash braking scenarios such as those identified from the field experience (particularly those that involve children). Other challenges include the refinement of pediatric and small female injury criteria associated with complex out-of-position air bag deployment situations. The fiscal year 2000 budget will address this by developing essential biomechanical tools for the assessment of current and emerging advanced air bag systems that are designed to maximize crash protection. Finally, real world crash performance will need to be closely monitored. Be-

cause of the rapid deployment of advanced technology air bags into the fleet, it is important to closely monitor their real world performance so that any unforeseen problems can be detected and corrective steps taken early. The fiscal year 2000 budget plan includes special crash investigations of the current and new-generation, and advanced air bag cases.

Question. If this account were funded at the fiscal year 1999 level, how would you allocate the funding in fiscal year 2000? Please explain your allocation within the context of your performance goals and strategic plan.

Answer. The implementation of advanced air bag systems in the fleet, through the establishment of performance-based Federal motor vehicle safety standards, is an important goal to the agency. If this account were funded at the fiscal year 1999 level, it would be necessary to take additional resources from other crashworthiness research programs, such as upgraded frontal crash protection and rollover protection under safety systems research in support of the Department's strategic goals of reducing consequences of crashes.

CIREN CENTERS

Question. What is the amount and status of your financial support to each of the CIREN centers?

Answer. During fiscal year 2000, the anticipated cost is $500,000 for each of the CIREN Centers.

CIREN is a unique collaboration of medical practitioners, engineers, and other related professions. Working with seven multi-disciplinary, geographically diverse trauma centers, the agency hopes to learn more about the dynamics of highway crashes. These real world laboratories are linked by a computer network that allows researchers to review crash and injury data and share their particular expertise.

Though the network—funded by NHTSA and General Motors—is still in its infancy, much has already been learned. NHTSA has gained greater insight into injuries that are caused by safety devices themselves, including shoulder and lap restraints and air bags. The agency is beginning to understand how real world crashes compare to the outcomes predicted during a controlled research crash test. NHTSA has significantly improved the understanding of injuries affecting infants and children.

CIREN focuses on cases which include frontal and side impact injuries treated at participating centers, pediatric cases, vehicle fires, and certain rollovers.

What is new and exciting about this venture is that it is drawing support from vehicle manufacturers and government to improve vehicle safety and trauma care.

NATIONAL TRANSPORTATION BIOMECHANICS RESEARCH CENTER (NTBRC)

Question. In Senate Report 104–325, NHTSA was urged to redouble its efforts to obtain cost-sharing commitments with other organizations which benefit from the national center. What progress has been made?

Answer. The National Transportation Biomechanics Research Center (NTBRC) has entered into an interagency agreement with the Federal Aviation Administration (FAA) to study and evaluate the potential of using the NTBRC's advanced frontal test dummy, THOR, and other crash injury evaluation technologies to evaluate crash situations of interest to the FAA. A preliminary series of impact tests have been conducted at the FAA crash test facility in Oklahoma City and are currently undergoing analysis. Further collaborations in research areas of mutual interest are expected.

The NTBRC staff has made preliminary contact with a group concerned with personnel protection from the Department of Defense to determine if common research interests exist. These discussions will continue during a planned visit by NTBRC staff to Aberdeen Proving Grounds in the next few weeks.

Question. What is the status of the second phase of the project to field test the dissemination and implementation of head injury pre-hospital protocols?

Answer. Head injuries are among the most difficult injuries for emergency medical personnel to recognize in the field. This project provides additional education that will assist providers to better manage these injuries. A draft of the guidelines for pre-hospital management of head injuries has been developed and is currently being prepared for pilot testing. During the first phase of the project, available research evidence was gathered and synthesized and the draft guidelines were reviewed by a steering committee representing the full range of the EMS professional community. The second phase of the project is directed at achieving consensus on the content of the guidelines and conducting pilot tests at several locations across the country. Pilot tests will be conducted in the fall and winter of 1999.

Question. NHTSA is requesting an additional $340,000 to conduct research regarding the implications of the location and function of vehicle controls and displays. What new information justifies the need to reexamine this issue?

Answer. Previous analyses of crash databases have shown that about 15 percent of crash-involved drivers are driving unfamiliar vehicles (those driven less than 500 miles). Previous laboratory experiments have indicated that drivers take significantly longer to find and operate unfamiliar controls and displays. Drivers have difficulty adapting to unfamiliar vehicles for various reasons, including unfamiliar controls and displays as well as unfamiliar vehicle handling/braking characteristics and unfamiliar visibility characteristics. With the introduction of many new devices such as cellular telephones and other gadgets in vehicles, the problem is likely to be exacerbated. The goal of this new program is to better understand the role of vehicle unfamiliarity as a crash risk and to identify possible countermeasures, including guidelines for voluntary standards and public information campaigns.

The justification for this funding is not based on new information but on the fact that NHTSA can now use several new research tools to better understand the specific nature and cause of driver errors associated with vehicle unfamiliarity. One such tool is the Data Acquisition System for Crash Avoidance (DASCAR), which can be installed in an individual's personal vehicle to track driving performance as drivers learn the unfamiliar controls and displays. Another new tool is the National Advanced Driving Simulator, which will provide a realistic and safe environment for conducting experiments on driver distractions and errors as they interact with unfamiliar vehicle components in a controlled experiment.

CRASH OUTCOME DATA EVALUATION SYSTEM (CODES)

Question. Please update your answer from last year regarding how NHTSA has conducted work beyond the CODES project in the areas of injury assessment, costs, and relationships to the use of seat belts, air bags, and other engineering enhancements.

Answer. NHTSA continues to support state-specific applications of linked data and development of Crash Outcome Data Evaluation Systems (CODES) by states. In fiscal year 1999, NHTSA funded five new CODES states—Kentucky, Iowa, Massachusetts, Nebraska and South Carolina to develop data linkage capabilities and state-specific applications for the linked data. Three of the five states—Iowa, Nebraska, and South Carolina—plan to focus on safety belt and roadway issues by comparing injury severity and average inpatient charges for restrained and unrestrained victims of motor vehicle crashes. South Carolina will report its results by sex, age, and county for direct access by the public on the Internet, and Nebraska will add intoxicated drivers to the analysis. Iowa will analyze the benefits of roadway safety improvements, such as guardrails, to crash rates and injury severity. Also in 1999, NHTSA has published several reports from CODES states including An Analysis of Seat Belt Use and Outcomes in 1996 Maine Crashes (prepared by the Maine CODES team) and Using Linked Data To Evaluate the Effectiveness of Child Safety Seats in Pennsylvania (prepared by the Pennsylvania CODES team). Both reports support the benefits of safety belt and child safety seat usage. Of the seven CODES states funded in fiscal year 1998, New Hampshire and Oklahoma are using their linked data to identify differences in injury patterns by restraint use. CODES states have not yet investigated how they could support investigation of injuries associated with the engineering enhancements in specific vehicles or types of vehicles because not all states collect the information necessary for these studies—the vehicle identification number (VIN). Without the VIN, it is not possible to identify which engineering enhancements are present in a vehicle or even to classify accurately that vehicle by make or model. A NHTSA project, being conducted cooperatively with the FHWA and the National Association of Governors' Highway Safety Representatives, will identify a Model Minimum Uniform Crash Criteria (MMUCC) for reporting motor vehicle crash data. The collection of the VIN is included in that Model.

PARTNERSHIP FOR A NEW GENERATION OF VEHICLES (PNGV)

Question. Please prepare a list indicating the allocation of PNGV funds for fiscal year 1999 that details recipient of funds (including government entities), the amount, and type of activity.

Answer.

Recipients	Description	Fiscal year 1999 funding
George Washington University	Finite Element Model Development, Validation, and Analysis (Minivan, small pickup, large van).	$400,000
Oak Ridge National Laboratory	Finite Element Model Development, Validation, and Analysis (Sport utility vehicle).	250,000
Applied Research Associates	Finite Element Model Development, Validation, and Analysis (Large car).	100,000
TNO Madymo North America	Vehicle Articulated Mass Model Development (Subcompact car, compact car, midsize car, sport utility vehicle).	300,000
EASi Engineering	Vehicle Articulated Mass Model Development (base vehicle of PNGV platforms).	400,000
University of Virginia	Vehicle Interior/Occupant Model Development	200,000
Volpe National Transportation Systems Center (U.S. DOT).	System Model Development, Integration, Fleet Studies.	300,000
TRC of Ohio	Vehicle/Component Testing	300,000
Various	Vehicle Purchases	100,000
Volpe National Transportation Systems Center.	Computer Hardware/Software Purchase	150,000
Total Funding		2,500,000

Question. What are the implications of funding the PNGV program at the fiscal year 1999 level?

Answer. Funding at the fiscal year 1999 level would entail a $1 million reduction in the planned activities. This would delay the completion of the development of the articulated models of the vehicle, vehicle interior, and occupants; and would result in a delay of the completion of the systems model integration and fleet studies.

Question. What assurance does NHTSA now have that the final products from the PNGV will meet U.S. safety standards?

Answer. For PNGV vehicles to be introduced into the fleet in the United States, they have to comply with the then existing Federal motor vehicle safety standards. However, NHTSA has not received any assurance from the automobile industry that it is currently focused on the safety needs. Meeting the safety standards could be readily accomplished by the PNGV participants, provided a conscious effort is made in meeting that goal. Each of the participants has extensive experience in manufacturing vehicles that are in the anticipated weight range of the PNGV vehicles (i.e., 60 percent of that from which the PNGV vehicles are based) and which meet the safety standards. The real challenge facing the participants is ensuring that the overall safety of the fleet is maintained when the PNGV vehicles are introduced. This level of safety extends beyond that simply required by the safety standards. Therefore, there is a need for NHTSA's research activity in developing the systems model from which the overall safety of PNGVs can be evaluated.

Question. How much of PNGV funding has been spent on economic analyses, market penetration studies, industry impact, and regulatory impact evaluations?

Answer. No PNGV funding allocated to NHTSA has been spent on economic analyses, market penetration studies, and industry or regulatory impact evaluations.

NHTSA ON-SITE CONTRACT EMPLOYEES

Question. During the last three years, how many outside employees are under contract with NHTSA? How much was spent on contract employees in each year? How much is estimated to be allocated in fiscal year 2000?

Answer. Listed below is the information requested for NHTSA contractor employees working on-site in the Nassif Building.

[In millions of dollars]

Fiscal year	No. of contractor employees	Expended	Expended/ projected	Planned allocation
1997	113	7.24		

[In millions of dollars]

Fiscal year	No. of contractor employees	Expended	Expended/ projected	Planned allocation
1998	117	8.28	.....	.....
1999	119	.....	9.06	.....
2000	120	.....	.....	9.62

ADMINISTRATIVE EXPENSES

Question. For fiscal year 1998, fiscal year 1999 and planned for fiscal year 2000, please provide a table similar to that provided previously to the Committee, showing the amount of funds spent or allocated for non-mandatory awards and bonuses, PCS, overtime pay, travel and training.

Answer. The information follows:

[In thousands of dollars]

	Fiscal year		
	1998 Actual	1999 Enacted	2000 Request
Awards and Bonuses	653	649	669
PCS	68	87	87
Overtime	37	40	45
Travel	1,329	1,125	1,501
Training	176	198	216

IRM STAFF

Question. Why is it necessary to hire two technical staff requested to support Y2K activities and to strengthen security on NHTSA's web site? Could these activities be supported by contractors?

Answer. The President's Council on Year 2000 Conversion identified computer security as a significant concern due to the magnitude of Y2K renovation work performed on mission critical systems (often performed by contractors) and the system vulnerabilities introduced during the remediation process. Federal agencies are requested to review all systems to ensure increased vulnerabilities to "cyber attacks" were not introduced by opportunists seeking to capitalize on the Y2K problem and weaken the posture of agency security. Such attacks will surely continue beyond the turn of the century and become more frequent and technically sophisticated. In addition, the Department of Transportation (DOT) Office of the Inspector General recently cited all Operating Administrations for not conducting these security reviews.

In order to effectively address the above concerns, NHTSA requests two full time equivalents to manage information systems (IS) security programs for its applications, networks and Internet systems. IS security has become specialized in these areas and it is no longer feasible for one person to adequately conduct IS planning and implementation for the multifaceted requirements in all areas. Implementing and maintaining a NHTSA-wide information systems security program requires unique technical skills to ensure appropriate technical and operational controls support overall management controls. To be most effective, OMB Circular A–130 requires management controls be part of day-to-day operations and an integral part of overall planning; thereby, demanding ongoing management by at least two career government employees. These governmental functions require the exercise of discretion in applying Government authority and the use of value judgment in making decisions for the Government, as required by Office of Management and Budget (OMB) Circular A–76, and could not be successfully supported by contractors.

HIGHWAY SAFETY DATA SYSTEMS AND TRAFFIC RECORDS GRANTS

Question. Please describe how this new grant program is being implemented.

Answer. By January 15 of each year, states can submit an application for a Highway Safety Data Systems and Traffic Records grant. A state that applies for a grant for the first time has three options for which it may apply: (1) an implementation

grant, which requires that the state have in place a traffic records coordinating committee, an assessment or audit of its traffic records system that was conducted or updated within the past five years, and a strategic plan for effecting traffic records system improvements; (2) an initiation grant, that also requires an in place traffic records coordinating committee and an audit or assessment within the past five years, but only requires that development of a strategic plan has begun; or, (3) a start up grant, that requires the state to certify that it does not meet the criteria for either an implementation or an initiation grant. In fiscal year 1999—the first year of this program—NHTSA awarded 54 grants totaling $4.8 million to 47 states, DC, the territories and the Bureau of Indian Affairs (BIA). Start-up grants ($25,000 each) were awarded to 7 states, DC, 4 territories and the BIA, initiation grants ($63,100 each) to 11 states and implementation grants ($126,260) to 29 states and Puerto Rico. Three states did not apply.

A state that has previously received only a start up grant may apply for either an initiation or an implementation grant in a subsequent year, under the same criteria listed above. A state that has previously received either an initiation or an implementation grant may apply for a subsequent year grant, provided that its traffic records coordinating committee continues to be in operation and continues to oversee implementation of the strategic plan. States receiving any grant funds are required to certify that the funds will be used only to adopt and implement an effective highway safety data and traffic records program, in accordance with 23 CFR 1335.10(b). A team of agency subject matter experts reviews all applications from the states and determines compliance with the grant criteria.

Question. How are you overseeing the use of those funds by the states? What technical assistance is NHTSA providing to the states?

Answer. States applying for Highway Safety Data Systems and Traffic Records grants must certify that the funds will be used only to adopt and implement an effective highway safety data and traffic records program. After grant award, a state must document for NHTSA how it plans to use these funds, as part of the its comprehensive Highway Safety Plan. Then, NHTSA's regional staff work with the states on a regular basis to provide oversight and technical assistance in implementation of the states' highway safety plan. Also, prior to receipt of a subsequent data grant, a state must document progress made in improving highway safety data systems and traffic records since the previous submission of a grant application, including an accounting of how previous grant funds were used. NHTSA's technical assistance efforts include offering the services of regional data analysis contractors. In addition, at a state's request, NHTSA facilitates the conduct of an independent assessment of a state's traffic records system by experts from across the nation. These traffic records assessments have been scheduled or are in the planning stages for all thirteen states that received start-up grants during fiscal year 1999 and for the three states that elected not to apply for fiscal year 1999 grants. Some states that completed assessments nearly five years ago have expressed interest in seeking NHTSA's help in updating them. Also, NHTSA has been providing technical assistance to states concerning expansion of the states' traffic records coordinating committees to ensure fuller representation of the organizations that use, collect or maintain traffic records files.

SECTION 405(B) CHILD PASSENGER PROTECTION EDUCATION GRANTS

Question. Could the potential benefits of the Section 405(b) Child Passenger Protection Education Grant Program be accomplished by other grants authorized by TEA–21?

Answer. The Section 405(b) Child Passenger Protection Education Grant Program is intended to help implement programs that educate the public about the many aspects of child passenger protection, including the proper installation of child restraints and the training and retraining of key personnel on all aspects of child restraint use. Other grants authorized by TEA–21 could possibly address the same objectives, but competing traffic safety issues may impede those funds from being spent on promoting child passenger safety. Only Section 405(b) specifically targets the promotion of child passenger protection education and training.

The Section 405 (a) Occupant Protection Incentive Grant Program is intended to help states implement and enforce programs that encourage proper use of safety belts and child restraints. One of the eligibility criteria under this grant program (states must meet 4 out of 6 criteria) specifically focuses on promoting child passenger protection education, technician training and child safety seat clinics. States may use these grant funds only to implement and enforce adult and child occupant protection programs, including the activities that could be funded under Section 405(b).

In addition, the funds awarded to States under the Section 402 State and Community Grants program, the Section 157 Seat Belt Use Incentive Grant program, the Section 157 Seat Belt Use Innovative Grant program, and the Section 163 0.08 BAC Incentive Grant program may be used to promote child passenger protection initiatives, but there are no provisions in any of these other grant programs that would require States to use these grant funds specifically for child passenger protection activities.

Buckle Up America establishes two goals. The first and more widely publicized goal is to increase seat belt use to 85 percent in 2000 and 90 percent in 2005. The second goal is to reduce the number of child occupant fatalities (0–4 years) by 15 percent by 2000 and 25 percent by 2005. In 1997, 612 children in this age group died as occupants in motor vehicles.

SECTION 410 GRANTS

Question. How many states are receiving grant funds from fiscal year 1999 appropriations? Please indicate how much funding was provided to each state and how each state spent the grant.

Answer. To date, no states have submitted applications for fiscal year 1999 Section 410 funds. Section 410 was significantly modified under TEA–21. The Interim Final Rule implementing the revised program was published in December 1998, and NHTSA Regional staff are currently providing technical assistance to the states on the new criteria. Applications for fiscal year 1999 funding are due by August 1. All grant funds provided under this incentive program must be used for activities to reduce alcohol-impaired driving.

STATE SANCTIONS RELATED TO .08 BAC

Question. Are sanctions on states that do not enact .08 BAC laws still needed?

Answer. To date, under the new TEA–21 incentive program, over 25 states (including the District of Columbia) have introduced or indicated plans to introduce .08 BAC legislation, but only DC has enacted this legislation during fiscal year 1999. The potential funding has not been sufficient to overcome the resources that the opposition has mustered to defeat .08 legislation. It is difficult to educate the general public on .08 BAC issues because the science is complex. More importantly, the opposition to .08 circulates and publicizes misinformation and myths about the effects of an .08 law, in particular, that social drinkers will be arrested. The opposition (primarily, the alcoholic beverage industry) believes that .08 will effect its bottom line through a reduction in sales/consumption. The most recent research on this issue, commissioned by NHTSA, shows a slight (2–3 percent) but significant decrease in beer consumption due to .08 and .10 BAC laws, as well as Administrative License Revocation (ALR) laws. However, this could be associated with an existing downward trend nationwide. If this is a byproduct of legislation that saves lives, it may be considered worth the societal trade-off.

The experience with sanctions generally has been positive. Two examples illustrate the effectiveness of sanctions. On July 1, 1984, only 18 states had Age 21 laws. The National Minimum Drinking Age Act was signed into law on July 17, 1984 by President Reagan. The Act strongly encouraged states to have laws prohibiting the "purchase and public possession" of alcoholic beverages by anyone under 21 years of age by withholding a portion of Federal-aid highway funds from states without such laws. In 1986, NHTSA and FHWA published a joint final rule implementing the statute. By 1988, all states had enacted an Age 21 law.

Zero Tolerance laws provide another example. On June 10, 1995, only 24 states had enacted Zero Tolerance laws despite incentive grant funds offered through the Section 410 program. On that date, President Clinton called on Congress to make Zero Tolerance the law of the land. On November 28, 1995, the National Highway Safety Act was signed which included the Zero Tolerance requirement. All states now have enacted this legislation.

In these instances, sanctions were effective in motivating states to enact the desired lifesaving legislation. However, incentives are preferable to sanctions, and the agency is committed to finding ways to enhance the ability of incentives to encourage enhanced traffic safety initiatives.

Question. As more states enact .08 BAC laws, the amount of incentive funds granted to each state will decrease. Will the incentive program still be effective despite decreasing grants?

Answer. Currently, it is unclear whether the new TEA–21 incentive program is effective in encouraging states to enact .08 BAC laws. To date, only the District of Columbia has enacted new .08 BAC legislation since the incentive was established. Unless many more states pass a .08 BAC law, it is unlikely that decreasing grant

funds will factor into the effectiveness of the incentive program since the authorized funding level increases at least $10 million each year—from $55 million available in 1998 to $110 million in 2003.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

QUESTIONS SUBMITTED BY SENATOR SHELBY

NEW POSITIONS WITHIN RESEARCH AND SPECIAL PROGRAMS

Question. Page 50 of the budget justification states that there will be a direct increase of 5 full time equivalent workyears (FTEs) from fiscal year 1999 to 2000 (187 to 192). However, when each office's request is looked at individually, it appears that RSP is requesting an 6.5 FTE increase: 4.5 FTEs in Hazardous Materials Safety, 1 FTE in Emergency Transportation, and 1 FTE in Program Support (which assumes a total of 13 new positions throughout Research and Special Programs, with each position at half a year). Please explain this discrepancy.

Answer. RSPA is requesting an increase of 4.5 FTE (rounded to 5 FTE in the summary tables) funded by direct appropriations and 27 FTE funded by reimbursements, as shown on page 38 of our budget. The difference noted in your question is the net effect of a decrease in the base number of FTE funded by direct appropriations, offset by an increase of 3 reimbursable FTE. Our request under the Research and Technology tab on page 99 contains a proposal to fund two existing FTEs and one new FTE from the Highway Trust Fund. Due to a technical error, the summary for the RSP appropriation on page 50 does not show a 3 FTE increase for Reimbursable FTE, but it should.

OFFICE OF HAZARDOUS MATERIALS SAFETY

NEW OR INCREASED REGISTRATION FEES

Question. The bill language provision regarding charging user fees and depositing such fees as an offsetting collection to the appropriation appears to hold harmless the agency from any failure to collect the full $4,575,000 in user fees—in other words, should the new user fees not be authorized, or the total anticipated amount not be collected, the agency still receives the underlying increase in appropriated general funds. Is this correct?

Answer. If fees are not authorized to be used for the Hazardous Materials Safety program, then the amount proposed from user fees in our fiscal year 2000 request ($4,575,000) would need to be appropriated from the general fund. Even if the proposal is authorized, the funding is requested as discretionary and must be decided upon by the appropriators. If the proposal is authorized and appropriated and the amount of funding necessary is not collected from user fees, then the funding would not come automatically from the General Fund.

Question. The administration's appropriations legislative proposal, contingent upon authorization, gives the Secretary authority to charge a fee for the Department carrying out the transportation hazardous materials oversight responsibilities outlined in chapter 51 of title 49 United States Code. Certain sections of chapter 51 are exempted from this new fee-charging ability in the proposed bill language. Please enumerate the exempted sections, and explain why they are exempted.

Answer. The Administration's hazardous materials transportation reauthorization bill proposes broader uses than the current law for the registration fees imposed and collected under section 5108(g). Proposed section 5108(g)(2)(B) would require the Secretary to collect fees adequate to cover:

—supplemental training grants (proposed sections 5116(j) and 5129(b));
—planning and training grants (proposed sections 5116(a), (b) and (f) and 5129(d));
—North American Emergency Response Guidebook (NAERG)(proposed section 5129(e));
—administrative costs of fee collection (proposed sections 5116(I)(4) and 5129(f));
—Research and Special Program Administration's (RSPA) Hazardous Materials Safety (HMS) program costs (proposed section 5129(a)(2));
—training curriculum costs (proposed sections 5115 and 5129(c)); and
—training of hazmat employee instructors (proposed sections 5107(e) and 5129(g))

Proposed section 5129(a) lists the following specific activities that would not be funded out of the registration fees (with reasons for that lack of fee-funding in brackets):

—motor carrier safety permits (proposed section 5109)) [to be funded from Federal Highway Administration (FHWA) appropriations];
—highway routing of hazardous material (proposed section 5112)) [to be funded from FHWA appropriations];
—unsatisfactory safety ratings (proposed section 5113) [no funding required for this cross-reference to penalty provisions];
—uniform registration and permitting forms and procedures (proposed section 5119)) [to be funded from FHWA appropriations]; and
—study of possible Federal permits for high-risk hazardous material carriers (proposed section 5128) [to be funded from FHWA appropriations].

Question. In February 1999, the Secretary transmitted a bill to the President for introduction and referral to the appropriate committees to authorize appropriations for hazardous materials transportation safety. This bill would provide continued authority for the hazmat program through 2005 and would fund RSPA's entire Hazardous Materials Safety program from registration fees which are currently used to fund the Hazardous Materials Emergency Preparedness Grants program. On an annualized basis, how much does the agency anticipate collecting under this new fee structure (if the administration's bill is enacted as requested)? Does this fund the entire hazardous materials safety program and the emergency preparedness grants program?

Answer. Consistent with the Administration's policy, the fiscal year 2000 budget and the Hazardous Materials Transportation Reauthorization proposals to Congress include legislative authority to fund RSPA's entire Hazardous Materials Safety (HMS) Program from the registration fee program, beginning with the fourth quarter of fiscal year 2000. If this authority is granted, RSPA will initiate additional rulemaking action to collect the approximately $35 million needed to adequately fund both the Hazardous Materials Emergency Preparedness Grants program (HMEP)($15 million) and RSPA's HMS Program ($20 million)on an annual basis.

Question. How has the hazardous materials transportation industry reacted to the proposed increase of the minimum annual registration fee from $300 to $500, and to the overall policy shift to fund all regulatory and compliance activities from user fees rather than general revenues?

Answer. RSPA plans to propose a fee structure that will retain a relatively modest fee for the majority of registrants that are small businesses. We believe that an equitable assessment of fees that is easy to understand and implement, but which will also provide increased funding for the training and planning grants, will be acceptable to industry, and we will be seeking industry input as the rulemaking proceeds.

Question. In April 1998, the DOT Inspector General published a management advisory on the hazardous materials registration program which found that RSPA does not collect the full amount of potential registration fees. RSPA's collections are limited because it has not identified all shippers and carriers that are potentially subject to its regulations, does not follow up to ensure that covered entities register as required, and has not established an equitable graduated fee structure. How much of the assumed increase from user fees can be attributed to improved registration fee collection under current law, in response to the recommendations in the Inspector General's management advisory? How much of the assumed increase from user fees can be attributed to new or increased fees?

Answer. Actions taken consistent with the Inspector General (IG) recommendations have identified approximately 1,000 new registrants and raised an additional $500,000, including collections from prior years. On March 22, 1999, the IG determined that our actions were timely and appropriate and reported the recommendations as resolved and closed. RSPA expects that these new registrants will contribute about $250,000 annually. The additional increase in the estimated fiscal year 2000 collection to $14.5 million reflects the proposed revisions to the registration program fee structure.

Question. How has RSPA responded to each of the four recommendations made by the Inspector General to improve the hazmat registration collection process?

Answer. RSPA mailed registration information to approximately 48,500 companies from two FHWA sources as an alternative to using the state sources recommended by the IG. The IG agreed at a meeting with RSPA that requiring responses from entities not required to register, as they had recommended, would impose a paperwork burden on the public inconsistent with Federal policy. RSPA increased its follow-up mailings to companies previously registered or newly identified as possible registrants in accordance with the third IG recommendation. Approximately 42,000 companies were included in these additional mailings. RSPA is actively pursuing the publication of a notice of proposed rulemaking with the intention of increasing the monies available for the HMEP Grants program.

PERSONNEL ISSUES AND OPERATING EXPENSES

Question. What steps have been taken to comply with the staffing level that was approved by Congress in fiscal year 1999, the full requested level of 122 FTEs? What is the current onboard FTE strength?

Answer. The Office of Hazardous Materials Safety (OHMS) has a full-time permanent (FTP) authority of 129 positions, and full-time equivalent (FTE) authority of 122. We are currently fully staffed with 122 FTE on board.

Question. Please provide a table showing the authorized number of inspectors for each of the last three fiscal years, and the number of inspectors actually on-board during those periods.

Answer. The following table shows the authorized number of inspectors and the actual number of inspectors on-board for the last three years.

Fiscal year	Authorized	On-board
1997	37	36
1998	37	34
1999	37	[1] 34

[1] On board as of April 5, 1999.

Question. For each of the key offices under the Associate Administrator for Hazardous Materials Safety, please prepare a breakout of the number of personnel assigned to each office for each of the last three fiscal years, the grade level, and number of current vacancies.

Answer. The following table summarizes the current on-board FTP staff, grade levels, and vacancies in OHMS for the last three years.

Office	Fiscal year 1997—as of 6/4/97		Fiscal year 1998—as of 4/15/98		Fiscal year 1999—as of 4/5/99	
	No. of FTP/VAC	Grade levels	No. of FTP/VAC	Grade levels	No. of FTP/VAC	Grade levels
Associate Admin. & Int'l Standards	6–1	2–SES	6–1	2–SES	6–0	2–SES
		1–15		1–15		1–15
		1–14		1–14		1–14
		1–13		1–13		1–13
		1–7		1–7		1–8
Standards	16–4	1–15	20–1	2–15	19–3	2–15
		3–14		5–14		5–14
		1–13		2–13		3–13
		4–12		4–12		4–12
		1–11		3–11		1–11
		3–9		3–7		1–9
		2–7		1–6		2–7
		1–6				1–6
Technology	14–5	1–15	18–1	2–15	18–1	2–15
		4–14		3–14		3–14
		7–13		8–13		11–13
		1–7		2–12		1–7
		1–6		1–11		1–6
				1–7		
				1–6		
Exemptions & Approvals	15–2	1–15	15–2	1–15	15–2	1–15
		1–14		1–14		2–14
		5–13		6–13		6–13
		4–12		3–12		4–12
		1–9		1–11		1–11
		2–7		1–9		1–6
		1–6		1–7		
				1–6		

Office	Fiscal year 1997—as of 6/4/97		Fiscal year 1998—as of 4/15/98		Fiscal year 1999—as of 4/5/99	
	No. of FTP/VAC	Grade levels	No. of FTP/VAC	Grade levels	No. of FTP/VAC	Grade levels
Enforcement	29–10	1–15	35–3	1–15	35–3	1–15
		6–14		7–14		7–14
		6–13		5–13		5–13
		8–12		10–12		17–12
		6–11		10–11		3–11
		1–9		1–9		1–9
		1–7		1–7		1–7
Initiatives & Training	8–3	1–15	9–2	1–15	10–1	1–15
		1–14		2–14		2–14
		1–13		1–13		2–13
		4–12		4–12		3–12
		1–7		1–7		1–9
						1–7
Planning & Analysis	14–2	2–15	14–2	2–15	14–2	2–15
		1–14		1–14		1–14
		5–13		5–13		5–13
		3–12		4–12		4–12
		1–11		1–7		1–7
		1–7		1–6		1–6
		1–6				
Totals	101–28	.....	117–12	.....	117–12	.....

Note: RSPA also has 5 other than FTP to bring our total FTE to 122. These positions are: (1) Reader for visually impaired employee, (1) Co-op student, (1) Stay-in-School student, and (2) worker trainees.

Question. The Office of Hazardous Materials Safety is requesting an increase of 9 staff members (at ½ work-year per position). The new positions include 5 regional inspection and enforcement staff, 1 team leader to coordinate the field operations, 2 staff members to work with USDA and the FDA on implementation of the Sanitary Food Transportation Act, and 1 transportation and information specialist to develop compliance assistance packages. Please give the full annualized PC&B costs for each of these nine positions (which should add to a total of $684,000).

Answer. The full annualized cost (1 FTE) for the nine positions (which equals the cost for 9 FTE) identified in our budget for Hazardous Materials Safety is $740,000. That equals an average salary and benefits for a GS–13, Step 5 level employee at a cost of $82,200 annually.

The amount requested in the RSPA appropriation for an increase of 4.5 (6.5 new) FTE and an increase of 13 (11 new) positions is $342,000. That amount includes a reduction of $198,000 from the base for our proposal to fund 2 existing FTE in Research and Technology from the Highway Trust Fund. We are also requesting a third FTE funded from the Highway Trust Fund, which does not impact the base.

Question. Please identify the amount and nature of any reprogramming or funding shift below the reprogramming threshold that occurred during the last two years.

Answer. The Office of Hazardous Materials Safety did not reprogram funding in fiscal year 1998. That office does not anticipate the need to reprogram funding in fiscal year 1999. Minor transfers occurred in fiscal year 1998 and fiscal year 1999 between object classes within operating expenses only, with one exception, to meet changing priorities. The exception in fiscal year 1998 was the transfer of $200,000 from the Office of Emergency Transportation's Contract Programs account to the Office of Hazardous Materials Safety's R&D account. The funding was transferred to conduct a Hazard Analysis & Critical Control Point (HACCP) study similar to the one conducted by FDA/USDA but concerning transportation of hazardous materials. The study would look at actual incidents to determine what factors in the system could be reduced to avoid consequences given various degrees of probability. The funding was available for transfer because amounts initially vetoed in fiscal year 1998 were restored after supplemental legislation provided funding for the same purpose.

INFORMATION SYSTEMS

Question. What technology is the HMIS using as its core information handling system? How old is that system? When will that system be updated?

Answer. The Hazardous Materials Information System (HMIS) currently resides on a Compaq Alpha 7620 platform as part of the computer cluster located at the Volpe Center. The operating system software is Compaq's OpenVMS, and the database management system software is Computer Corporation of America's System 1032. The operating system and database management system software were last upgraded in 1997. RSPA is in the process of migrating the HMIS to a new database management system running on state-of-the art software. This new system is scheduled to be completely functional in fiscal year 2001.

Question. Do the other modal administrations and the public have access to the system or does a contractor have to provide all of the separate analyses requested by the various modes?

Answer. All modal administrations as well as all Federal, state and local government agencies can be provided direct access to the full HMIS system. Sixty state and local government agencies and over 480 staff in 60 Federal offices use the HMIS. At the state level, incident data are used to support legislative and regulatory actions, prioritize enforcement efforts, allocate emergency response training resources, conduct studies, and plan and implement hazardous materials programs. Direct public access is currently provided to the summary data and statistics posted on OHMS's Internet website. RSPA's HMIS support contractor can also provide customized analyses of the data to requesters on a cost-reimbursable basis.

Question. What plans, if any, does OHMS have to update the system and provide search access to data via the Internet?

Answer. Full Internet access and search capability are functions planned for the HMIS as part of its migration to the new database management system. Full functionality is scheduled for fiscal year 2001.

RESEARCH AND ANALYSIS

Question. What have you done so far with the additional funds provided for research to address propane gas service?

Answer. To date, RSPA has concentrated on the development of a comprehensive safety program for the transportation and unloading of liquefied compressed gases in cargo tank motor vehicles. RSPA established a negotiated rulemaking advisory committee (Committee) comprised of representatives of interests affected by our regulations working together to analyze safety issues and identify potential solutions. The Committee has reached agreement on all issues, and a notice of proposed rulemaking (NPRM) in Docket HM–225A was published on March 22, 1999. We expect to publish a final rule this summer.

The NPRM proposes a two-year period from the date of the final rule for development and testing of emergency discharge control technology. After a final rule is in place, RSPA plans to use the additional funding to work with the Committee and in partnership with industry on the development and testing of emergency discharge control technology.

Question. What progress have you made since last year in developing improved performance criteria for both passive and remote-controlled shutoff systems on cargo tank motor vehicles? Do you expect to meet the reporting requirements specified in the committee report issued last year?

Answer. On July 16, 1998, RSPA established a negotiated rulemaking advisory committee (Committee) to develop recommendations for regulations applicable to the transportation and unloading of liquefied compressed gases in cargo tank motor vehicles. In a negotiated rulemaking, representatives of interested parties worked together to analyze safety issues and identify potential solutions.

The Committee met six times between July 1998 and February 1999, and reached consensus on a comprehensive safety program. The program recommended by the Committee includes new performance criteria for the following elements: (1) new inspection, maintenance, and testing requirements for cargo tank discharge systems; (2) revised requirements for monitoring unloading operations of liquefied petroleum gas and anhydrous ammonia to take account of certain unique operating characteristics while assuring that the person attending the unloading operation can quickly determine if an unintentional release occurs; and (3) revised requirements for state-of-the-art emergency discharge control equipment on cargo tank motor vehicles, such as passive systems that will shut down unloading without human intervention and remote control devices that enable an attendant to stop the unloading process at a distance from the vehicle. The proposal is flexible and cost-effective and, when

fully implemented, will materially improve the safety of cargo tank unloading operations.

The proposed regulations will replace the temporary regulation, which expires on July 1, 1999. A notice of proposed rulemaking was published on March 22, 1999. We expect to publish a final rule this summer.

INSPECTION AND ENFORCEMENT PROGRAM

Question. How has RSPA been working with FHWA to develop an electronic intrastate database to determine the effectiveness of HM–200? What is RSPA's technical and financial involvement? What is the state of that project? Are funds requested for that activity in fiscal year 2000?

Answer. We have worked with FHWA as it develops an intrastate database intended to support an enforcement strategy and to determine the effectiveness of HM–200 in contributing to a reduction in highway-related incidents involving the intrastate transportation of hazardous materials. RSPA has not provided funds for this effort and is not requesting funding for the project in fiscal year 2000.

Question. What are the GPRA goals and performance measures for the OHMS enforcement and compliance program? How well did you perform last year against the fiscal year 1998 measures?

Answer. The enforcement program has one performance measure: decrease the percentage of compliance inspections leading to enforcement cases to less than 18 percent of reinspections in fiscal year 1998 and fiscal year 1999 (baseline is 25 percent in fiscal year 1995). In fiscal year 1998, the percentage of compliance inspections leading to enforcement cases (including tickets) was 18.3 percent.

Question. Please describe how OHMS measures the effectiveness and productivity of the inspection and enforcement program. Include average number of enforcement cases, warnings issued, amounts of civil penalties assessed, and the amounts collected for each of the last three years. Please evaluate those data on a per inspector or similar normalized basis.

Answer. RSPA does not measure productivity based on how many inspections, tickets, cases, or penalties OHMS inspectors produce each year. Rather, we require each inspector to conduct inspections a certain number of weeks per year. Our goal is to have each inspector fully trained and complete his or her assigned amount of inspection time. Inspections are intended to ensure compliance, vary in length and complexity, involve considerable training assistance, and often do not result in any sanctions.

	1996 [1]	1997	1998
Cases Initiated	246	239	223
Tickets Initiated	.....	84	343
Cases Closed	189	189	244
Tickets Closed	.....	62	237
Case Penalties Collected	$900,418	$1,164,154	$1,412,593
Ticket Penalties Collected	$70,725	$177,175	$257,239
Total Penalties Collected	$971,143	$1,341,329	$1,669,832
Warning Letters	166	249	217
Work Years of Effort	19.75	28.0	31.67
Cases Initiated/Work-Year	12.1	6.9	7.0
Cases Closed/Work-Year	9.6	7.1	7.7
Penalties	$45,693	$41,577	$44,604
Warning Letters/Work-Year	8.4	8.9	6.9
Tickets Issued/Work-Year	.....	6.1	10.8
Tickets Close/Work-Year	.....	5.2	7.5
Ticket Penalties/Work-Year	.....	$6,328	$8,122

[1] Tickets are not included in the per-work-year statistics because the first activity did not occur until June 1996.

Question. Please calculate the average settlement percentage [amount of civil penalties collected for valid claims divided by the amount of civil penalties originally assessed for valid claims] for those hazmat cases. Please provide data comparable to those provided last year.

Answer. The following tables describe civil penalty cases and tickets closed in the years indicated.

	1996 [1]	1997 [1]	1998 [1]
Penalties Proposed	$1,358,225	$1,608,095	$2,053,196
Penalties Collected	$900,418	$1,164,154	$1,412,593
Percentage Collected	66	72	69

[1] Does not include tickets.

	1996	1997	1998
Ticket Proposed	$70,725	$180,325	$257,980
Penalties Ticket Collected	$70,725	$177,175	$257,239
Penalties Percentage Collected	100	98	99.7

Question. Will the compliance assessment audits to be performed by the five new staff members solely be for educational purposes? What will be the scope and nature of those audits? Will any enforcement actions result from those activities? Will other inspectors now on staff be conducting compliance assessment audits or will those employees continue enforcement-oriented activities?

Answer. Although the strategy for utilizing five requested positions is still in development, RSPA intends to analyze past enforcement histories to identify entities with chronic compliance issues. RSPA will then contact them with an invitation to work with us to develop comprehensive compliance plans. RSPA would allow the entities some time to prepare and implement these plans without threat of enforcement action. Once the plans were in place, RSPA would inspect at some future date. Any subsequent noncompliance might result in enforcement action. In short, while the process itself involves education to improve compliance, those participating in it will still be responsible for complying with the regulations. Although the five new positions will be primarily responsible for this program, RSPA expects to involve other inspectors, especially when dealing with large entities.

Question. What are the implications of not funding the transportation and information specialist position specified on page 58 of the budget justification? How many staff do you currently have on board in your training office? Why can't those personnel develop the compliance assistance packages associated with HM–200 and with other recent rulemakings? Aren't those staff already developing such materials?

Answer. The size of the regulated community significantly increased with the adoption of HM–200, which extended the Federal Hazardous Materials Regulations (HMR) to all intrastate motor carrier transportation of hazardous materials. Many small hazardous materials shippers and carriers, previously not subject to Federal regulations, need training and educational materials tailored to small businesses to support training requirements and voluntary regulatory compliance. This position will provide much needed support in developing educational and training materials targeted to specific areas of hazardous materials transportation safety. Our training office has a total of 9 professional and 1 clerical staff. The training staff develops and distributes educational and outreach materials including training packages, information brochures, and videotapes. It also publishes and distributes the NAERG. It conducts outreach and co-sponsors the Cooperative Hazardous Materials Enforcement Development program and a series of multi-modal seminars. As the level of outreach and training needs have increased, an increased demand for materials that provide more technical support has developed. Our training staff is not able to keep up with the demand for the development and distribution of publications, videotapes and training packages. Without this additional position, the backlog will increase and materials needed to enhance compliance and preparedness will not be produced, which could have a negative impact on the safe transportation of hazardous materials.

Question. What changes in enforcement philosophy or practice have you made since last year?

Answer. RSPA has made no significant changes to its enforcement philosophy or practice since last year. We continue to believe in reaching as many regulated entities as we can through inspections and outreach, providing awareness and information in both arenas, and taking appropriate enforcement action when warranted.

With the training of the last of the inspectors hired in 1997 nearly complete, RSPA increased the number of compliance inspections conducted in 1998 by 25 percent, particularly inspections of shippers. RSPA's regional hazardous materials offices also increased their technical assistance and training to state and local enforcement and response personnel, and industry and the public through presentations,

seminars, and workshops. RSPA continued its successful interagency agreement with the Department of Defense for package testing. By targeting packaging marked as capable of withstanding the most rigorous testing requirements, RSPA has identified compliance problems and shared them with industry representatives. We have requested additional funds to expand our testing capability and purchase more packages in the future.

RSPA has asked for six positions to expand its compliance outreach effort. If these positions are provided, RSPA intends to establish a compliance intervention program focusing on companies posing increased risk in transportation. Enforcement data would be analyzed for evidence of companies that continue to surface as violators in repeat enforcement actions. Those companies would be contacted by RSPA and asked to participate with RSPA in a one-on-one intervention with the goal of developing a corporate-wide compliance plan.

Question. With the increase in enforcement field office outreach and training efforts, has the enforcement office reduced the number of inspections or reinspections conducted?

Answer. No. The number of inspections increased by over 12 percent in 1997, from 1,218 in 1996 to 1,365, and by 25 percent in 1998, from 1,365 to 1,716.

SHIPPER AND CARRIER REGISTRATION PROGRAM

Question. How much of the proposed $320,000 increase for the registration program is associated with implementing the recommendations in the April 1998 Inspector General's management advisory?

Answer. A portion of the increase will be used, in accordance with the IG recommendations, to expand public information efforts and enlarge follow-up programs to publicize any changes to the registration requirements. Additional funds will finance increased costs for the services provided by banks and contractors under the anticipated revised regulations. Services provided by banks include data entry of the registration statements as well as financial services. In fiscal year 1998 RSPA reimbursed the U.S. Department of Treasury approximately $45,000 for bank services in excess of those covered by Treasury's lockbox bank arrangements. In the past, these costs were covered by Treasury. An increase in this amount is anticipated for fiscal year 2000. The remaining funds will pay for additional costs associated with an anticipated increase in the number of annual registrations that will occur if the proposed revisions to the registration program are instituted in fiscal year 2000. These services include registration certificate issuance, assistance to registrants, and additional mailings and public informational efforts.

Question. Please display the total in registration fees collected for each of the last five fiscal years, broken out by use (emergency response activities and administrative costs). How much do you expect to collect during fiscal year 1999 and during fiscal year 2000?

Answer.

EMERGENCY PREPAREDNESS FUNDS RECEIPTS

[In millions of dollars]

Registration year	Processing fee receipts	Grants program receipts	Total receipts
1994	1.397	6.986	8.383
1995	1.365	6.873	8.238
1996	1.605	6.910	8.515
1997	1.300	7.372	8.673
1998	1.409	7.970	9.379
1999 [1]	1.400	7.000	8.400
2000 [1]	1.125	14.500	15.625

[1] Estimate.

Question. For each of the modal administrations that enforce the registration requirement, please present data on the number of enforcement actions taken against those that have not registered or paid the required fee, or failed to present the registration number as required. What else is being done to ensure that those companies which are required to pay do pay? What recent checks for compliance were conducted?

Answer. The FHWA opened 374 cases between June 1993 and September 1998 that included citations for violations of the registration regulations. Additionally,

FHWA has issued 96 "Notices of the Requirement to Register," an informal notice developed for use during Roadcheck 1993. From June 1995 through June 1998, FRA and state rail inspectors issued 185 defect notices related to the registration requirements. In CY 1995 through 1998, RSPA's Office of Hazardous Materials Enforcement initiated 80 enforcement actions at included violations for failure to register.

RSPA continues to implement a public information effort by mailing registration information to companies identified in Federal sources as being likely to be required to register. In fiscal year 1998, RSPA implemented recommendations from the IG that enlarged this effort. RSPA also annually publishes a public notice in the Federal Register outlining the registration program requirements, sends information to cooperating industry groups for publication in their newsletters, and supplies informational brochures to requesting organizations for distribution to their members. RSPA places registration information in information racks in approximately 200 truck stops across the Nation. In addition to the Federal enforcement efforts, most state enforcement agencies assume responsibility for enforcing the Federal HMR, including the registration requirements.

Question. What is the scope of cooperation and assistance that you are receiving from the Office of Motor Carriers and Highway Safety regarding enforcement of the hazmat registration program? How many new cases did FHWA open during each of the last three years? How many did they close? What action was taken on each case?

Answer. RSPA and FHWA's Office of Motor Carriers and Highway Safety (OMCHS) continue to work together to improve compliance with the registration program. For example, OMCHS has incorporated the registration regulations into its routine compliance review procedures and has issued at least 374 citations for failure to register or for related record-keeping requirements, of which 79 were issued in fiscal year 1996, 44 in fiscal year 1997, and 35 in fiscal year 1998. When cases for failure to register are completed, OMCHS frequently issues a press release to highlight the enforcement actions taken. RSPA supplies copies of the registration brochure to the OMCHS regional offices for them to distribute.

Question. What compliance rates were achieved in the 1996–1997 registration cycle and are estimated for the 1998–1999 registration cycle?

Answer. We believe compliance with the registration requirement is greater than 90 percent. This conclusion is based upon analysis by use of the Truck Inventory and Use Survey (TIUS) (1987), which provides specific data on truck characteristics and other data on characteristics of the hazardous materials industry. Included in TIUS are data on the number of trucks involved in hazardous materials transport, and the number of trucks and/or trailers owned and/or operated at the same home base. We were able to extrapolate from these data the approximate number of companies, not under lease, using one or more placarded trucks weighing 26,000 pounds or more. Airlines and railroads are well known, and we are confident that they are registered. During fiscal year 1996 the OMCHS opened 79 enforcement cases citing the registration regulations as a result of 3,215 compliance reviews of hazardous materials carriers, indicating a 97 percent compliance rate. During fiscal year 1997 the OMCHS opened 44 enforcement cases citing the registration regulations as a result of 1,369 compliance reviews of hazardous materials carriers, indicating a 97 percent compliance rate. During fiscal year 1998 the OMCHS opened 35 enforcement cases citing the registration regulations as a result of 2,032 compliance reviews of hazardous materials carriers, indicating a 98 percent compliance rate. During CY 1996 RSPA's Office of Hazardous Materials Enforcement conducted 610 inspections resulting in 15 citations of the registration regulations. In CY 1997 875 inspections were performed, resulting in 20 citations of the registration regulations. In CY 1998 1,053 inspections were performed, resulting in 20 citations of the registration regulations. These two sets of inspection results indicate a compliance rate of 97 percent. We expect that the compliance rate for 1999 will remain consistent with the previous years.

SAFE FOOD TRANSPORTATION

Question. What types of cooperative efforts are now underway with USDA and the Food and Drug Administration? Don't you conduct those activities using existing staff?

Answer. With existing staff, RSPA conducts limited monitoring of United States Department of Agriculture (USDA) and the Food and Drug Administration (FDA) activities. Existing staff are expert at hazardous materials transportation safety, which is significantly different from sanitary food transportation. Thus, RSPA's current staff does not have the capability to carry out Sanitary Food Transportation

Act (SFTA) mandates. RSPA also does not have staff that can be diverted to undertake food safety responsibilities.

Question. What new activities will be undertaken with the $300,000 in program dollars requested for implementation of the Sanitary Food Transportation Act?

Answer. RSPA proposes to cooperate with USDA, FDA and the Environmental Protection Agency to address food safety transportation issues. Activities would include determining the adequacy of packagings in minimizing or eliminating risks of transporting food products in vehicles used for nonfood products, issuing regulations with respect to the transportation of food in motor vehicles or by railroad. We will also provide cross-training to Federal (DOT, FDA, and USDA) and state inspectors to recognize and report suspected food contamination incidents.

Question. Why is it critical at this time to increase the number of staff working on this challenge? What was the origin of the funding and staff request in this area?

Answer. The Administration's efforts to transfer principal responsibilities for the safe transportation of food to the FDA and USDA have been unsuccessful, and RSPA remains responsible for implementing SFTA, as it has since 1990. RSPA believes it has unique expertise and an appropriate role in food transportation in cooperation with FDA and USDA. Regardless of whether primary responsibility for SFTA is transferred, RSPA will continue to be responsible for significant elements of the Act.

RESEARCH AND DEVELOPMENT

Question. The regulation compliance activity has been doubled from the enacted level of $236,000 to $470,000. Why is such a large increase necessary for this activity? What would be the consequences of freezing the funding for this activity at the enacted level?

Answer. The funding is for our testing program to determine compliance with packaging performance standards. RSPA has an interagency agreement with the Department of Defense's package testing facility in Tobyhanna, Pennsylvania, and has been purchasing and testing packagings for the past three years. This program has been very successful in determining non-compliance, and in capturing the attention of the new and reconditioned drum industries, and has led to a number of outreach presentations and meetings with industry and trade association representatives.

The additional funding was requested because Tobyhanna has modified its facility to allow us to purchase and test intermediate bulk containers (IBCs), another area where we have found non-compliance. These packages are much larger than those currently being tested and thus cost much more both to purchase and test. We also want to expand our testing beyond only those packages that we believe are incapable of meeting the marked requirements; we want to broaden the test program to include random purchase and testing of a full range of UN-certified packages. Without the additional funding, we would be limited in our ability to purchase IBCs and unable to expand the testing program.

OFFICE OF RESEARCH AND TECHNOLOGY

RESEARCH AND TECHNOLOGY STRATEGIC GOALS

Question. Please update the answer provided last year on pages 740–741 of Senate Hearing 105–851, regarding the role of the RSPA Research and Technology Office in coordinating transportation research and development across the federal government. What, if anything, is new in the Department's process of proposing, approving, planning and deploying research programs and projects, and disseminating the resulting knowledge to interested parties in the public and private sector? How did TEA–21 influence those mechanisms?

Answer. The strategic planning process described in last year's answers remains essentially unchanged. Steps have been taken, however, to strengthen the linkage among the National Science and Technology Council (NSTC) strategic planning process (e.g., Transportation Science and Technology Strategy, Transportation Technology Plan and Transportation Strategic Research Plan), the DOT Strategic Plan, DOT fiscal year 1999 and fiscal year 2000 Performance Plans, and the annual performance agreements between the heads of the operating administrations and secretarial officers and the Secretary. TEA–21 did not influence these mechanisms but has helped to institutionalize and strengthen the strategic planning process for R&D across the department ensuring that it better supports the Department's five strategic goals and the mission-related goals of the operating administrations. Specifically, it will strengthen the analytic base of the DOT Transportation R&D Plan and the coupling of that Plan to the overall DOT Strategic Planning Process. It will also ex-

pand the current National Research Council (NRC)/Transportation Research Board Committee on the Federal Transportation R&D Strategic Planning Process to look at specifically how DOT Strategic and Performance Plans and Program Performance Plans in the context of DOT surface transportation research and technology development.

Question. You have stated that RSPA needs to do cross-cutting and intermodal research. Please give specific examples of key needs in cross-cutting or intermodal research that you plan to fund in fiscal year 2000.

Answer. RSPA's budget request for fiscal year 2000 includes funding to perform cross-cutting research, education and technology transfer programs in TEA–21 assigned by the Secretary (i.e., University Transportation Center Program).

Question. Did RSPA or OST obtain any funding in either fiscal year 1998 or 1999 from FHWA's surface transportation research account for research planning or completion of strategic documents prepared by RSPA or OST? If so, please specify the amount in each year. Besides the UTC personnel costs, and the Advanced Vehicle Technologies Program costs, does RSPA plan to obtain any funds from DOD?

Answer. RSPA received $174,000 in fiscal year 1998 from the FHWA surface transportation research account to develop two research plans dealing with human performance and behavior. The plans—Fatigue Management for Transportation Operators and Advanced Instructional Technology—are being finalized. RSPA and OST did not receive any other funding in fiscal year 1998 for completing the strategic documents they prepared concerning research and development.

RSPA is expecting to receive $9,000,000 in fiscal year 1999 for the Advanced Vehicle Technology Program from DOD, RSPA does not anticipate receiving any additional funding from DOD.

PERSONNEL AND ADMINISTRATIVE EXPENSES

Question. Your budget request proposes funding three full-time positions through the highway trust fund to support the University Transportation Centers (UTC) program. There have traditionally been two FTEs associated with this program, funded from general funds under RSPA's R&T budget. The additional position is being proposed to support the expansion of the UTC program as outlined in TEA–21. The PC&B savings associated with this proposal are $129,000. Is this correct? What is the level of reimbursable funding from Federal Highway Administration highway trust funds to support the three total UTC positions?

Answer. The amount of $129,000 is the difference between enacted PC&B level for fiscal year 1999 and the fiscal year 2000 request. This is a net difference includes increases for pay raises and merit increases for the staff positions that will continue to be funded from appropriated budget authority.

The cost of funding the two current positions associated with the UTC program is $198,000. The amount of reimbursable funding from Federal Highway Administration highway trust funds that will be necessary to support the three total UTC positions is $297,000.

Question. Please provide an explanation of how the $105,000 requested for administrative expenses is used.

Answer. The $105,000 requested for administrative expenses will be used as shown below:

Administrative Expenses	*Fiscal year 2000 (Planned)*
Training	$10,000
Printing	49,000
Supplies & Materials	15,000
Equipment	14,000
Travel	17,000
Total	105,000

R&D PLANNING AND MANAGEMENT

Question. Please break out the amount requested for each of the research planning and management activities for fiscal year 2000 that will be funded with the $2,235,000 requested on pages 104 through 109 of the budget justification.

Answer. RSPA plans to fund the following R&D research planning and management activities in fiscal year 2000:

Strategic Planning and Systems Assessment:	
Peer/Merit Review	$200,000
NSTC Transportation Technology Plan	100,000

Private-public Partnership Outreach	50,000
NSTC Strategic Research Plan	100,000
DOT R&D Plan	150,000
International S&T Assessments	100,000
Sustainability	100,000
Total	800,000
DOT Research and Technology Coordination and Facilitation:	
Public-private Partnerships	300,000
Enabling Research Outreach	100,000
Research and Technology Coordinating Council	50,000
Innovation Partnerships	50,000
National Research Council Government University-Industry Research Roundtable	125,000
TRB Annual Fee	50,000
International (e.g., NAFTA,U.S.-E.U.)	150,000
DOT R&D Tracking System	200,000
DOT Technology Sharing/Transfer Program	100,000
Homepages	210,000
Total	1,335,000
Intermodal and multimodal Research and Education: Small Business Innovative Research	100,000
Total	100,000

Question. Please provide a project break out of how research planning and management funds which were appropriated in fiscal years 1998 and 1999 have been or will be spent. Please indicate whether projects are ongoing (into 2000), or have been completed.

Answer. RSPA has funded or plans to fund R&D research planning and management activities in fiscal year 1998 and 1999 (NOTE: (o) indicates project is ongoing; (c) indicates project is completed):

	Fiscal year	
	1998	1999
Strategic Planning and Systems Assessment:		
NSTC Science and Technology Strategy (c)	$100,000	$50,000
Peer/Merit Review (o)	152,000	150,000
NSTC Transportation Technology Plan (o)	50,000	100,000
Private-public Partnership Outreach (o)	86,000	100,000
NSTC Strategic Research Plan (o)	50,000	100,000
DOT R&D Plan (o)	150,000	150,000
International S&T Assessments (o)	100,000	100,000
Sustainability (o)	75,000	100,000
DOT Research and Technology Coordination and Facilitation:		
Public-private Partnerships (o)	300,000	300,000
Enabling Research (o)	125,000	100,000
Research and Technology Coordinating Council (o)	50,000	50,000
Innovation Partnerships	50,000	50,000
Government-University Industry Research Roundtable (o)	125,000	125,000
TRB Annual Fee (o)	50,000	50,000
International (e.g., NAFTA, U.S.-E.U.)(o)	100,000	150,000
DOT R&D Tracking System (o)	100,000	100,000
Research and U.S. Database	70,000	.....
DOT Technology Sharing/Transfer Program (o)	75,000	100,000
Homepages (o)	.....	210,000
Intermodal and multimodal Research and Education:		
Small Business Innovative Research (o)	42,000	150,000
R&D Surveys	200,000	.....

Question. Has the Office of Research and Technology concluded its work on the DOT Transportation R&D Plan, as required by both ISTEA and TEA–21? Are any

fiscal year 2000 funds requested to support the printing and distribution of this plan, or will it be released in fiscal year 1999?

Answer. The first edition of the DOT Transportation R&D Plan is in the final stages of development and will be released in fiscal year 1999. A second edition will be developed, updated to include more detailed information as required by TEA–21 and released in February 2000 as part of the President's fiscal year 2001 Budget submission to the Congress.

UNIVERSITY TRANSPORTATION CENTERS GRANTS PROGRAM

Question. Please display the University Transportation Centers (UTC) budget for fiscal years 1998, 1999, and 2000. Include funding sources, amounts released in grants (by TEA–21 institution groupings), and administrative and evaluation costs.

Answer.

Funding sources	Fiscal year		
	1998	1999	2000 [1]
FTA R&D Approps.	$5,980,00	[2] $5,940,000	$1,000,000
Transit Acct. of the Hwy. Trust Fund	.....	.....	4,400,000
Highway Trust Fund	22,800,000	22,640,000	[3] 24,197,100
Total Program Funding	28,780,000	28,580,000	29,597,100

[1] Estimate.
[2] FTA did not indicate how much came from which source.
[3] Assumes FHWA will withhold $55,400.

Costs [1]	Fiscal year		
	1998	1999	2000 [2]
Group A	$9,147,200	$8,744,360	$8,598,230
Group B	2,195,200	2,097,600	3,436,000
Group C	6,174,000	6,469,100	6,449,750
Group D	10,975,800	10,992,000	10,872,000
Admin. and Evaluation	287,800	276,940	241,120
Total	28,780,000	28,580,000	29,597,100

[1] This table indicates the fiscal year of the funding awarded and not the year in which the grants were made.
[2] Estimate.

Question. Please list all of the universities now receiving funds authorized in TEA–21 and the amounts provided to each university in fiscal years 1998, 1999, and anticipated for fiscal year 2000.

Answer.

UTC Name Location	Fiscal year				
	1998–1998 Authorized	1998 Awarded	1999 Awarded	2000 Authorized	2000 Awarded [1]
Alabama, U. of	$750,000	$686,000	$655,500	$750,000	$644,250
Arkansas, U. of	750,000	686,000	655,500	750,000	644,250
Assumption College	300,000	274,400	262,200	500,000	429,500
Central Florida, U	300,000	274,400	262,200	500,000	429,500
Denver, U. of	300,000	274,400	262,200	500,000	429,500
George Mason U	2,000,000	1,829,300	1,748,000	2,000,000	1,718,000
Idaho, U. of	750,000	686,000	655,500	750,000	644,250
Marshall U	2,000,000	1,829,300	1,748,000	2,000,000	1,718,000
Minnesota, U. of	2,000,000	1,829,300	2,000,000	2,000,000	2,000,000
Missouri-Rolla, U	300,000	274,400	262,200	500,000	429,500
Montana State U	2,000,000	1,829,300	1,748,000	2,000,000	1,718,000
Morgan State U	750,000	686,000	940,300	750,000	970,000
	+250,000			+250,000	

UTC Name Location	Fiscal year				
	1998–1998 Authorized	1998 Awarded	1999 Awarded	2000 Authorized	2000 Awarded [1]
NC State U	750,000 + 250,000	686,000	940,300	750,000 + 250,000	970,000
NCA&T	750,000	686,000	655,500	750,000	644,250
NJIT	750,000	686,000	655,500	750,000	644,250
Northwest U	2,000,000	1,829,300	2,000,000	2,000,000	2,000,000
Purdue	300,000	274,400	262,200	500,000	429,500
Rhode Island	2,000,000	1,829,300	1,748,000	2,000,000	1,718,000
Rutgers U	300,000	274,400	262,200	500,000	429,500
San Jose State U	750,000	686,000	655,500	750,000	644,250
So. Carolina State	300,000	274,400	262,200	500,000	429,500
South Florida, U. of	750,000	686,000	655,500	750,000	644,250
Southern Calif., U	300,000	274,400	262,200	500,000	429,500

REGIONAL CENTERS—RECIPIENTS OF FUNDING FOR FISCAL YEAR 1999–2003 TO BE SELECTED COMPETITIVELY

UTC Name Location	Fiscal year				
	1998–1998 Authorized	1998 Awarded	1999 Awarded	2000 Authorized	2000 Awarded [1]
Region 1	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 2	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 3	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 4	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 5	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 6	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 7	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 8	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 9	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823
Region 10	1,000,000	[2] 1,000,000	[2] 890,000	1,000,000	859,823

[1] Estmate.
[2] Award amount included unobligated fiscal year 1997 UTC Program Funds.

Question. For each university which has received grants from the UTC program in fiscal years 1998 or 1999, please specify what research programs are supported, and describe what the Department is doing to integrate the research activities conducted by each center or university with the Department's own research.

Answer. To date, UTC grants awarded under TEA–21 have involved funding from fiscal year 98 and prior years' carryovers. Because UTC grants have historically been awarded at the end of the fiscal year, no fiscal year 1999 funding has yet been awarded.

All UTCs are empowered to select their research projects, but they must do so through a process that includes peers and other experts in the field, including at least one individual from the U.S. Department of Transportation (DOT). In addition to considering each proposal's technical completeness and feasibility, a UTC's selection process must include multiple additional rating factors, not least of which is the project's relevance to the UTC's chosen theme and to the Department of Transportation's strategic goals. Participation by DOT staff ensures a two-way conduit for information about on-going research between DOT and the university.

All UTCs are now required to post on their web sites a brief project description for each of their research projects. These are all to be provided in HTML format and are to use standard TRB keywords. All final reports of research conducted with UTC funding, after required peer review, must be published on the UTC's web site in the same manner. This innovation in the program will greatly facilitate access by DOT researchers and planners to new and ongoing research. The Internet makes possible direct interaction between academic researchers and outside experts.

Of the 33 UTCs authorized in TEA–21, the ten in Group A are about to be selected through a process of full and open competition. For that reason, the thrust

of their research programs is not known at this time. The remaining 23 UTCs that were designated in TEA–21 have all selected their respective center themes. Of those 23, 13 are still developing their multiyear strategic plans and have not yet begun to conduct a research program. Ten UTCs are currently operating under an approved strategic plan. Their research programs address the following themes:

Montana State University	Rural Travel & Transportation.
Morgan State University	Transportation: A Key to Human and Economic Development.
New Jersey Institute of Technology	Productivity Improvements through Transportation.
Purdue University	Safe, Quiet and Durable Highways.
University of Alabama	Management and Safety of Transportation Systems.
University of Arkansas	Improving the Quality of Rural Life through Transportation.
University of Central Florida	Application of Simulation Technology to Transportation Design, Operations, & Safety.
University of Idaho	Advanced Transportation Technology.
University of Missouri-Rolla	Advanced Materials & Non-destructive Testing Technologies.
University of Southern California	Solutions to Transp. Issues in Major Metropolitan Areas.

The themes of the ten regional UTCs that are in the last year of their current grants and must compete to retain the designation are shown below:

University of California	Improving Accessibility for All.
City University of New York	Regional Mobility and Accessibility: Investment Strategies.
University of Michigan	Commercial Transportation.
MIT	Strategic Management of Transportation Systems.
University of Nebraska-Lincoln	Improved Design & Operation of Transp. Facilities and Services in Mid-America.
North Dakota State University	Rural & Non-metropolitan Transportation.
Penn State	Advanced Technologies in Transportation and Management.
University of Tennessee	Transportation Safety.
Texas A&M	Sustainable Transportation for Mobility & Development.
University of Washington	Management & Planning in Intermodal Operations.

Question. What are the ten regional centers in each of the ten United States Government regions? How were these regional centers selected? Is this selection a fixed, permanent status? If not, what is the selection term expectancy?

Answer. The current ten regional centers are listed alphabetically below:

Region	Regional center
9	California, University of.
2	CUNY.
5	Michigan, University of.
1	MIT.
7	Neb.-Lincoln, University of.
8	North Dakota State.
3	Penn State.
4	Tennessee, University of.

Region	Regional center
6	Texas A&M.
10	Washington, University of.

The first regional centers were selected through a process of full and open competition in 1987. The winners of that competition received four-year grants which were renewed non-competitively for an additional three years. The current regional centers were also selected through a process of full and open competition which took place in 1994. Grants were awarded for the three years remaining in the authorization of the program. When it became clear that the program would not be reauthorized until a point in the academic calendar when few but the incumbents would respond to the call for proposals, DOT opted to extend the incumbent centers' grants non-competitively for one year.

DOT is currently in the midst of the recompetition of the regional center grants for the five years of program funding remaining in the program.

Question. How much is spent on conducting the annual on-site evaluations? What is the source of these funds? What are the benefits of these assessments, and how does RSPA ensure that universities respond to the comments?

Answer. RSPA does not yet have actual data on the costs of visiting the 33 centers created under TEA–21, but can extrapolate costs based on average costs incurred in conducting such evaluations under the Intermodal Surface Transportation Efficiency Act of 1991. The travel costs for two RSPA staffers to visit each of the 19 ISTEA grantees once a year was approximately $12,000. TEA–21 expanded the number of grantees by 74 percent, from 19 to 33. It also added many sites which cannot be visited in one day, a factor which increases total travel costs. At the present time, RSPA estimates that the annual travel costs for site visits to all 33 centers will be approximately $28,000.

The direct costs of the site inspections are administrative expenses, some of which are charged against RSPA's administrative account for travel. The University Transportation Centers Program authorizes the use of 1 percent of funds available for grants to be used for coordinating research and conducting annual reviews and evaluations. The program's two funding sponsors, the Federal Highway Administration and the Federal Transit Administration, routinely retain a portion of that amount to defray the costs they incur in connection with the program. RSPA uses the balance to comply with the mandate to establish a clearinghouse for the program and to defray the travel costs of the annual site visits.

There are many reasons to conduct on-site evaluations of the centers. Written reports of progress are necessarily limited in their ability to convey the true status of a center. They cannot convey what is immediately apparent from an on-site inspection, e.g., whether the atmosphere of a center is one of positive and productive collegiality or fiercely disputative parochialism. A written report can document the number of students participating in research programs, but a site visit can confirm not merely that there are such students, but also their enthusiasm, diversity, and extent of involvement in education and research programs of the center. A site visit can disclose what might not have been included in a progress report, both positive and negative findings. For example, one center failed to report its outreach activities to pre-college students because they were unsure of whether this was an allowable activity under their grant. The site visit not only disclosed this activity, but also enabled DOT to highlight it so that similar undertakings could benefit from the lessons already learned in running such activities. Annual face-to-face meetings can improve communications between DOT administrators and the entire center staff. DOT administrators can give each center's staff guidance focused on those areas where the center needs to improve (e.g. tracking of costs and matching funds). One of the most important benefits of on-site evaluations is the cross-fertilization of ideas that occurs when DOT staff connect what they've learned at one center with what they observe at another.

RSPA can ensure that the universities respond to comments or directions because RSPA retains control of the flow of funding. Unlike many grant programs, the UTC grants provide funding to the universities only as reimbursement for costs already incurred. If a center failed to take action or provide information as directed, RSPA could suspend payment of the university's claims.

FISCAL YEAR 1997 OMNIBUS FUNDING

Question. RSPA received $2,500,000 in the fiscal year 1997 Omnibus to conduct a transportation system vulnerability assessment. Please summarize the findings of this assessment.

Answer. The Surface Transportation Vulnerability Assessment has been completed and is in the process of receiving a classification review by the Department and the National Security Council. Since the document may be classified, the key findings of the Assessment will be transmitted under separate correspondence once its final classification is determined. A September 1998 letter report from the National Academy of Sciences advisory committee on surface transportation security, which reviewed the Assessment, states that: "Even at this early stage of the study, it is clear that, as noted in the DOT vulnerability assessment, the security of the U.S. surface transportation system is a serious problem that deserves careful attention. The system has had many years of experience responding to natural disasters and accidents, and it has proven to be quite robust, but it has little experience with hostile attack. The committee believes that the wide variety of opportunities for attack on surface transportation is staggering, that the threat of attacks is incontestable, and that research and development opportunities that could address that threat must be examined."

Question. An amount of $500,000 was provided for a contract with the National Academy of Sciences for an advisory committee on surface transportation security. What are the accomplishments of this advisory committee? Please detail the committee's actions, schedule, and any initial findings or recommendations thus far.

Answer. The National Academy of Sciences advisory committee on surface transportation security has completed its review of the surface transportation vulnerability assessment and ongoing and proposed Federal security R&D. The Committee is led by the National Research Council's Commission on Engineering and Technical Systems (CETS) (i.e., National Materials Advisory Board) with participation from the Commission on Physical Sciences, Mathematics and Application (e.g., Computer Science and Telecommunications Board) and the Transportation Research Board (TRB). The committee has provided two letter reports summarizing its review and providing its preliminary observations. The committee's final report is in the process of being cleared by the National Research Council before its release in May.

ADVANCED VEHICLE TECHNOLOGIES PROGRAM

Question. RSPA will oversee the management of the AVTP program. Why is such a large increase in funding needed—from $14,000,000 in combined DOT and DOD funds in fiscal year 1999 to $20,000,000 in DOT funds requested for 2000? What is the empirical basis for that request?

Answer. TEA–21 authorized the Advanced Vehicle Technologies Program (a.k.a. AVP) at $50 million annually. Based on previous funding history for the DARPA Electric and Hybrid Vehicle Program, the Administration requested $20 million for AVP in the DOT fiscal year 1999 budget request. Congress appropriated $5 million for DOT.

In fiscal year 1999, the program management is undergoing a seamless transition from the Department of Defense (DOD) to DOT. DARPA will contribute $9 million and DOT will contribute $5 million for the joint awards, with a portion of the DOD funding covering administrative costs.

The DOT request for $20 million in fiscal year 2000 reflects the intention to fully transfer the program from DARPA to civilian agency management. This request was based on previous funding history and on demonstrated need.

The need for federal funding in this area is reflected in the value of the proposed projects that went unfunded, and the likelihood that additional worthy projects were not even proposed due to the funding limitations. In response to the fiscal year 1999 Advanced Vehicle Program call for proposals from the seven regional consortia, DOT and DOD received approximately 280 project white papers requesting about $140 million in Federal funding. The $140 million was matched by an equal amount in public and private sector share.

After a formal review and evaluation process by the Government, the seven consortiums were asked to develop full proposals for 100 of the proposed projects. These 100 proposals requested over $40 million in Federal funding with more than $40 million public and private sector match. After a formal review and evaluation process, the final projects are being selected to fit within the constraints of available Federal fiscal year 1999 funds of $14 million.

Question. The Federal Highway Administration budget includes $20,000,000 in contract authority from the highway trust fund for the Advanced Vehicle Technologies Program. This particular $20,000,000 in contract funds is authorized in TEA–21 for the Magnetic Levitation Technology Deployment program, but in the budget request, DOT proposes that, notwithstanding any other provision of law, these funds be made available for the Advanced Vehicle Technologies Program (AVTP). Is this the only instance in the President's budget request, other than the

treatment of Revenue Aligned Budget Authority funds, where a "firewalled" program's funds have been eliminated in order to fund a project that is authorized for general funds only?

Answer. Yes, AVTP is the only instance in the President's budget request, other than the treatment of Revenue Aligned Budget Authority funds, where a "firewalled" program's funds have been eliminated in order to fund a project that is authorized for general funds only.

Question. Did the Department of Energy contribute any funds to this partnership in fiscal year 1999?

Answer. The Department of Energy did not contribute any funds to the Advanced Vehicle Technologies Program in fiscal year 1999. DOE staff provided technical input into the review and evaluation of the full proposals submitted.

Question. Is any Department of Defense or Department of Energy funding requested for the AVTP program in the President's fiscal year 2000 budget request? If so, how much is requested in each budget, and from what agencies and accounts?

Answer. The Department of Defense has planned to transfer the AVTP program to civilian agency management in fiscal year 2000. As a result, the Department of Defense has not requested funds for this program in fiscal year 2000.

The Department of Energy has not requested funds for the AVTP.

Question. How much of the fiscal year 1999 and the fiscal year 2000 monies for that program will be allocated to RSPA or to any other DOT budget, and how much will be contracted to the partners?

Answer. For fiscal year 1999, none of the funds will be allocated to RSPA or any other DOT offices; all DOT funds will be awarded to the partners. DARPA is funding the technical and management support activities in fiscal year 1999. In fiscal year 2000, DOT will need to fund this activity, estimated at about $650,000.

Question. Please detail the agreements now in hand for industry matching funds for this program.

Answer. The "other transactions" agreements between DOT and the consortia are nearing completion. The agreements contain the requirement that a minimum 50 percent cost sharing on the consortium project will be provided by non-federal sources.

Question. What were the broad performance guidelines that influenced the initial concept papers for the solicitation? Which consortia received the initial awards?

Answer. The solicitation for the concept papers focused on technologies and projects that would help serve the following goals and performance objectives: (1) improving vehicle fuel efficiency (2) reducing vehicle emissions (3) fostering economic competitiveness in advanced transportation vehicle technologies and (4) enhancing public acceptance of advanced vehicles and infrastructure. Based on these objectives, the proposals were evaluated in terms of the technical merit of the concept and the application potential. The final recommendations for project selections have been identified by a Project Evaluation Team made up of representatives from the Department of Defense, Transportation and Energy. These recommendations have been transmitted to DOT and Defense Advanced Research Projects Agency for approval. Each of the seven consortia have several project awards that meet the performance criteria.

Question. Which types of technologies will be emphasized?

Answer. The emphasis is on electric and hybrid-electric vehicle technologies and associated infrastructure development for medium and heavy duty vehicles. This encompasses vehicle component technologies such as batteries, fuel cells, ultra-capacitors, flywheels and containment, electric drive trains, auxiliary power units, high efficiency motors, high power electronics, vehicle controllers, lightweight chassis developments, rapid chargers and infrastructure technologies such as rapid battery charging facilities and alternative fuel supply systems.

Question. Please summarize the scope and nature of the research proposals (white papers) that you received from each of the consortia.

Answer. The following are selected examples that represent the general scope and cross section of research proposal topics received from the consortia. They do not necessarily represent projects that will be funded.

Northeast Alternative Vehicle Consortia (NAVC).—Composite Hybrid Bus; Solectria motors and controllers; hybrid propulsion systems; hybrid ultra capacitor battery storage and inverters with PML capacitors; Mid Atlantic Regional Consortium for Advanced Vehicles (MARCAV): Extending range of hybrid electric vehicles; analytical techniques to simulate battery processes; high performance hybrids; brushless motor and alternator systems;

The Southern Coalition for Advanced Transportation (SCAT).—Flywheel systems and safety; electric bus systems; hybrid truck chassis; capacititive charging systems; Nickel-Cadmium batteries and Powered trailer systems;

ELECTRICORE.—Hybrid conversion systems; EV/HEV's for national park systems; Modeling and simulation; electric variable transmission and battery test methods;

CALSTART.—High efficiency turbo generation; hybrid electric truck; rapid recharging fly wheel systems; airport vehicle systems; micro turbines; magnetic bearings and fuel cells;

Sacramento Electric Transportation Consortium (SETC).—fuel cells exchange membrane; electric bus platforms; battery dominant hybrids; battery test laboratory; fast charging systems and Plastic Lithium-Ion batteries;

Hawaii Electric Vehicle Demonstration Project (HEVDP).—electric and hybrid vehicle national data center; rapid charging electric infrastructure systems; EV ready state projects and battery management systems.

Question. How does this program form an integrated or coordinated approach to research in this diverse area? Would it be worthwhile to prepare a strategic plan or outline of a five year research program for the joint partnership to ensure that an integrated and coordinated program is actually implemented?

Answer. AVTP is coordinating its activities with other agencies including DOD and DOE performing R&D on medium and heavy-duty vehicles to minimize duplication.

The National Science and Technology Council Transportation R&D Subcommittee, which is chaired by the Deputy Secretary of Transportation, is in the process of developing a strategic plan for all Federal medium and heavy-duty vehicle R&D programs. This will include AVTP. AVTP will also be incorporated as part of the DOT strategic planning process and DOT Transportation R&D Plan.

The NSTC Subcommittee on Transportation R&D has requested a review by the National Research Council (NRC) of Federal medium and heavy-duty vehicle technologies with the objective of ensuring coordination of programs across the federal agencies and with public and private sector entities and of establishing an appropriate merit review process for the programs.

EMERGENCY TRANSPORTATION RESPONSE

PERSONNEL INCREASE

Question. Please describe in detail the job description, responsibilities and GS ratings of the two new positions for this office contained in the budget request.

Answer. The two positions requested are for Emergency Transportation Specialists (GS–2101) at the GS–13/14 level. In 1998, OET received a number of critical new assignments centering around new Presidential Decision Directives (PDD), namely, PDD 62, 63 and 67. These PDDs place an extraordinary responsibility on a small office with department-wide responsibilities. To meet these responsibilities and workload, two additional staff positions are critically needed.

The incumbent of one position would provide high-level program management for the Department-wide Continuity of Operations (COOP) and Continuity of Government (COG), Weapons of Mass Destruction (WMD) and Critical Infrastructure Protection (CIP) programs.

Duties would be split between managing and directing operational activities and plans at HQ, along with the other DOT Operating Administrations, as well as at the DOT COOP alternate facility at the FEMA Mt. Weather Emergency Assistance Center (MWEAC). This position will maintain the DOT functional capability at MWEAC, conduct training, design exercises, maintain communications with the Operating Administrations and other Federal agencies and test and maintain equipment at that facility. Lastly, they will maintain call down lists, manage contractor support, maintain a close liaison with FEMA, and serve as staff link between DOT HQ and the COOP/COG sites.

The incumbent in the second position would serve as the technological/natural hazards project manager. The incumbent's duties concern operational crisis management issues, and the performance of research and analysis on special projects. In addition, the incumbent would prepare transportation plans for a major earthquake affecting the 7 States of the Central United States Earthquake Consortium (CUSEC), maintain emergency plans, and work directly with State DOT's and emergency services agencies in the multi-State area in the central U.S. as well as the four FEMA and DOT regions in the area. This unprecedented tasking came to DOT from FEMA. Additionally, the incumbent will provide guidance to the Regional Emergency Transportation Representatives (RETREPs) in earthquake planning efforts.

Lastly, the incumbent will work on Project Impact disaster mitigation activities which include contact with State officials, collection and analysis of information from a variety of sources, attendance at related FEMA regional meetings, collabora-

tion with States and local governments and the identification of DOT related mitigation projects. DOT serves as a centralized information exchange for the other DOT operating administrations on Project Impact.

Question. How much of the $197,000 PC&B increase is associated with ½ year funding for these two new positions, and how much is associated with merit increases and colas?

Answer. The Office of Emergency Transportation requires $104,000 to fill 2 half-year new positions at the 13/14 level to handle the new responsibilities resulting from Presidential Decision Directives 62, 63 and 67. The remainder of the total $197 thousand increase is necessary for time-in-service and annual pay raises, as well as for merit increases, promotions and overtime.

CRISIS MANAGEMENT CENTER

Question. How much of your budget request supports the maintenance of the Crisis Management Center?

Answer. In fiscal year 2000, $37,000 would be available for Crisis Management Center maintenance and repair (i.e., ensure computer systems and audio-visual equipment work properly at all times).

Question. How many times in fiscal year 1998 was the Center activated and for which reasons? How many times thus far in fiscal year 1999 has the Center been activated and for what reasons?

Answer. During fiscal year 1998, RSPA's Office of Emergency Transportation, in coordination with the other DOT Operating Administrations, responded to 31 separate disaster incidents. During these disaster activations, the CMC was used to produce and disseminate 224 reports and studies. These included: ice storms in the Northeast; the Midwest snow storm; Operation Desert Thunder efforts in the Persian Gulf; wildfires in FL, TX and Mexico; several typhoons; flooding in TX and TN; Hurricanes Mitch, Georges, Pauline, Bonnie and Danielle, and other seasonal storms. With its available technology and usefulness as a training environment, the CMC is essentially used on a daily basis.

To date, in fiscal year 1999, we have activated the CMC approximately 9 times for tornadoes in AR, winter storms in the Pacific Northwest, blizzards in the Midwest and in the NE, severe cold weather in AK, DC snow storms, TX fall flooding, landslides in ID and winter storms in New York. In addition, the CMC is used daily by the Office of Emergency Transportation Staff in seeking information on ongoing disasters and in preparing reports.

The CMC was also activated in association with the White House Information Coordination Center for a trial run of possible Y2K events with the turnover of the Julian Calendar on April 9. The CMC will also be used as the Y2K Emergency Response Center for DOT on other significant Y2K events throughout the year, and as a link to the FEMA Operations Center during late December 1999 and early January 2000.

EMERGENCY TRANSPORTATION BUDGET

Question. Please specify what research and development activities the Office of Emergency Transportation plans to accomplish with a budget of $235,000. Why is it judged critical to increase funding at this time?

Answer. In fiscal year 2000, OET will continue ongoing research projects ($50,000)and will initiate R&D efforts to support our new COOP/WMD/CIP assignments under PDD 62, 63 and 67. We need contractor assistance to research reliable, realistic and cost-effective ways of meeting and updating our COOP/WMD/CIP plans ($110,000). Research assistance is necessary to complete the technical portions of a multi-State transportation plan for responding to what could be the most catastrophic event in history, involving air, surface, rail and waterway elements. Portions of the plan are heavily dependent upon technical data gathered from and in association with research institutions concerning the possible seismic effects on the transportation infrastructure. In addition, assistance is needed in developing topic related Annexes to the Federal Response Plan. ($75,000). The new PDD requirements placed on RSPA/OET are extensive, both in size and scope, and while they will be overseen and managed with the help of the two additional FTEs, portions of these directives are very extensive and too technically complex for in-house personnel to develop without contract support.

The new requirement to develop a multi-state transportation plan requires the technical expertise of a contractor.

The new work specified in the PDDs requires the completion of highly technical portions of the DOT COOP Plan, developing a counter terrorism strategy to address preparedness and consequence management matters related to WMD and cyber

warfare. These are significant long-term, large scale programs, some with short deadlines requiring extensive research and interaction among DOT operating administrations, Federal and State governments, industry groups, and research institutions.

Question. For the Crisis Response Management program, please provide a breakdown of how the fiscal year 1998 and fiscal year 1999 funds were or will be used. Please include a description and rationale for the reprogramming of fiscal year 1998 funds.

Answer:

Appropriation/Obligation	Fiscal year	
	1998	1999
Contract Program: Crisis Response Mgmt	[1] $450,000/$200,000	
R&D: Response Mgmt Support	[2] 50,000/61,000	
Grant: Supplemental-Arab, AL)	[3] 1,000,000/	
Contract Program: Crisis Response Mgmt		[4] $382,000/$632,000
R&D: Response Mgmt Support		[5] 50,000/65,000
Grant: Supplemental-Arab, AL		[6] 1,000,000/975,000

[1] Unused funds carried over; includes $250,000 resulting from Supreme Court override of line-item veto.
[2] Used fiscal year 1996 and 1997 carryover funds.
[3] Unused funds carried over.
[4] Estimated obligations (include Y2K supplemental and fiscal year 1998 carryover).
[5] Estimated obligations; used fiscal year 1998 carryover.
[6] Estimated obligations; unused funds carried over.

The reprogramming effort in fiscal year 1998 came about because of a grant to the City of Arab, AL for the construction of a tornado emergency center and a mobile emergency vehicle to travel throughout the state responding to a disaster. The grant amount was $1 million and is retained as a separate item. Also in fiscal year 1998 we reprogrammed $250,000 from the Supreme Court override of the line-item veto for use in upgrading some of the hardware/software in the Crisis Management Center and to begin the CUSEC work effort.

This reprogrammed amount raised our initial Crisis Response Management appropriation of $200,000 to $450,000.

PROGRAM SUPPORT

Question. Two new positions are requested for management and administration: a chief Information Officer, and a Senior Contracting Specialist. Of the two new positions requested, which is more important to the agency, and why?

Answer. For two very different reasons, both positions are key to RSPA's success. Efficient use of resources and accomplishment of RSPA's performance goals depend on our ability to maintain adequate support staffing.

As IRM and IT funding within the program offices increases to support growing and more complex programs, RSPA cannot afford to risk mismanagement (e.g. inefficiencies, overlap, electronic incompatible design) of its $8 million, and growing, IRM program. This is particularly critical concerning information and database systems within Pipeline Safety and Hazardous Materials Safety, and RSPA-wide automation systems. RSPA's CIO will be dedicated to ensuring that a consolidated, leveraged, customer-focused, and forward thinking program is developed and implemented. The CIO will bring agency focus to a disparate RSPA-wide IRM/IT program that currently addresses individual program needs. RSPA's CIO will be able to review past program accomplishments in order to link budget requests to performance and make adjustments or foresee the need for internal analysis before formal requests are made.

The One DOT vision requires a cross-modal IRM perspective in order to ensure maximized communications between modes and to ensure cross-modal programs are appropriately linked. A CIO will be able to provide an empowered single IRM/IT voice to ensure RSPA is heard and that databases and other electronic systems within our cross-modal programs are appropriately developed.

Significant increases in RSPA's Research and Safety programs will require a skilled, senior procurement professional to execute and manage complex state of the art agreements and contracts. The Advanced Vehicle Program (AVP), National Pipeline Mapping System (NPMS), and new R&D programs are highly visible projects of national significance. Effective implementation of these programs will require the

contract management expertise of a Senior Contracting Specialist on a full time basis.

The Advanced Vehicle Program (AVP) is just one of RSPA's major new high dollar value (requested at $20 million in 2000) research programs that was authorized in the Transportation Equity Act for the 21st Century. We will manage that program in partnership with other federal agencies, private companies, research institutions, and state and local governments. The AVP program includes innovative contracting mechanisms such as "other transactions authority". This nontraditional, industry-driven, cost-shared approach to federal contracting increases the commitment of the partners, leverages valuable research funding, strengthens the likelihood for success, and reduces risk to the federal investment.

There will be other significant workload created by other research projects, such as the Remote Sensors and Advanced Instructional Technology programs. These R&D programs will also require an experienced and skilled contracts professional to award and manage multiple complex R&D contracts, involving multiple contractors and complex contractor teaming arrangements.

The National Pipeline Mapping System (NPMS) is a new major safety program that also directly supports the DOT Strategic Plan by accomplishing the promotion of our goals (Safety, Mobility, and Economic Growth and Trade) for the American people. The NPMS encompasses the management of a complex Architect and Engineering (A&E) Support Services contract and the awarding and administration of multiple cooperative agreements with state agencies.

Question. An Increase of $235,000 above the enacted level is requested for RSPA's information support center. Why is an increase of this magnitude needed? Please specify what activities were performed with these funds in fiscal years 1998 and 1999, and what activities are planned for fiscal year 2000 under the budget request.

Answer. In previous years, RSPA has been able to operate its IRM program using available financial alternatives. Those alternatives no longer exist. This request simply covers the costs for existing operations—it does not provide for new initiatives or provide increased levels of effort for existing activities.

Basic IRM contract support for information technology and automated systems is essential to the Agency's ongoing operations. RSPA has a very small contract support organization that must keep up with the demands (e.g., development of HTML materials for our public websites; maintenance of financial and incident reporting systems; maintenance of e-mail, calendaring and other management support protocols) that sophisticated users and other customers require in order to remain productive.

Finding and retaining qualified technicians requires offering competitive salaries in today's job market. The public has expectations that we will maintain our accessability and that we will continue to provide them with information through our websites. They also expect us to continue to be responsive to their Internet inquiries and continue to support information tools such as broadcasting live discussions of regulatory issues.

The skill level of our contracted technicians must be maintained to provide sufficient support for other user service demands as well. We must continue to maintain the existing demands for support of the hardware and software used in RSPA.

Question. Is there a current or projected shortage of transportation engineers or professionals? If not, please explain the scope and nature of and justification for your commitment to the Garrett A. Morgan Technology and Transportation Futures Program. Why is funding critical at this time, especially given the progress made to date?

Answer. In 1998 the unemployment rate for engineers was 1.5 percent, which is tantamount to full employment. Within the past five years, demand for engineering skills has skyrocketed with actual engineering employment growing almost 20 percent. The Bureau of Labor Statistics predicts continuing growth in engineering jobs in the coming century. With this much demand for engineers as well as for other transportation professionals, it is critical to attract workers who have the knowledge and skills to design, develop, deploy and maintain the transportation systems of the future. Without this knowledge base, the national transportation system will not be able to operate at peak efficiency.

Question. Department-wide, how much money was allocated for the Garrett A. Morgan Technology and Transportation Futures Program during fiscal year 1998 and how much will be allocated during fiscal year 1999? Please specify the exact source of those funds.

Answer. While all DOT agencies are involved in the Morgan program, they have been asked to build on existing programs. During fiscal year 1998 and fiscal year 1999, USCG and FAA both contributed $100,000 to RSPA for the Morgan program.

Question. How much of the GSA rent increase of $280,000 is associated with headquarters and field office space to be utilized by the additional RSP staff in hazardous materials, emergency transportation, and management and administration?

Answer. None of the $280,000 increase is associated with the increase in staff for RSP. We plan to absorb our office space needs for the new employees through a more efficient use of existing space. RSP's request for rent is the Administration's best estimate for the cost of square footage authorized for RSPA. The increase of 280,000 provides for increases for RSP's new leases nationwide. New leases were required as a result of renewing several expiring leases, and the departmental mandatory requirements for co-locating offices nationwide. Additionally, the increase provides for GSA's rent increase nationwide (inflation) of 2.6 percent.

Question. Why is the TASC Working Capital Fund budget estimate so much higher than the enacted pro-rata share?

Answer. The amount for TASC funding requested in our fiscal year 2000 submission is based on an estimate (provided by TASC) of anticipated RSPA obligations that are incurred as part of the TASC revolving fund. The estimates are developed by TASC officials, who consult with Operating Administration staff. We prorate that estimate between the RSP and Pipeline Safety appropriations.

The charges that flow through TASC are either mandatory or directly impact our safety and R&D programs.

RSPA's fiscal year 2000 request increased significantly over the fiscal year 1999 enacted level due to several factors.

—The amount enacted for RSPA's TASC payment in fiscal year 1999 will not fully cover the fiscal year 1999 TASC billing estimate. We have requested the full amount of the fiscal year 2000 TASC estimate in our budget request for fiscal year 2000.

—The fiscal year 1999 enacted level was based on a TASC estimate developed during a period when RSPA had many vacancies, but in the Spring of fiscal year 1998, when the TASC estimate for fiscal year 2000 was developed, RSPA was at nearly full staffing. Since a number of the TASC charges are based on a proration of modal on-board staffing levels, RSPA's share of total TASC estimate for fiscal year 2000 increased.

—The total estimate for the fiscal year 2000 TASC revolving fund increased slightly, thereby increasing RSPA's share.

—The fiscal year 1999 enacted level cut $524,000 (general provision 320) from the original fiscal year 1999 TASC estimate. The combination of those actions caused an overall fiscal year 2000 TASC increase that has impacted RSPA's request.

EMERGENCY PREPAREDNESS GRANTS

Question. Has the agency determined how the increased level of hazardous materials shipper and registration fees will be assessed? Will the universe of registered shippers be increased, the fee structure changed, or enforcement of current fee assessments improved? When do you expect to complete a rulemaking on this subject?

Answer. RSPA plans to propose a fee structure that will retain a relatively modest fee for the majority of registrants that are small businesses. We believe that an equitable assessment of fees that is easy to understand and implement, but which will also provide increased funding for the training and planning grants, will be acceptable to industry. We fully intend to seek industry input as the rulemaking proceeds. The new fee schedule would be effective July 1, 2000, the start of the hazmat registration year. In anticipation of that date, it is expected that a final rule would be published not later than March 1, 2000.

Question. Will the increased emergency preparedness grants program go into effect if the new or additional hazardous materials transportation registration fees are not authorized?

Answer. Yes. RSPA has authority to modify the fee structure to raise approximately $14.3 million for emergency preparedness grants in fiscal year 2000.

Question. The budget request includes an increase of $6,400,000 for hazardous materials emergency preparedness grants—$7,800,000 for training grants, and $5,000,000 for planning grants. This represents a 100 percent increase over the amount let in grants in fiscal year 1999. The bill language provision regarding charging user fees and depositing such fees an offsetting collection to the Research and Special Programs appropriation assumes the collection of $4,575,000 in user fees. Would the $6,400,000 additional fee funding for emergency preparedness grants be assumed in addition to the $4,575,000 for activities of the Office of Hazardous Materials Safety in the fourth quarter of fiscal year 2000? Does this mean

that RSPA anticipates collecting an additional $10,975,000 in registration fees and other user fees in fiscal year 2000?

Answer. RSPA will propose to modify the registration fee structure to raise approximately $14.3 million in fiscal year 2000 for the HMEP Grants program. If legislative authority to fund RSPA's entire HMS Program from the registration fee program is granted, we will initiate an additional rulemaking action to collect approximately $35 million annually. We would fund the fourth quarter of the HMS Program in the amount of $4,575,000 from these fees. On an annual basis, we would use the $35 million to fund both the HMEP Grants program ($15 million) and the HMS Program ($20 million).

Question. Please prepare a table showing the amount allocated to each of the states for each of the last three years and display the increase that would be provided if the full request was allowed.

Answer. Increasing the registration fee would double the amount available for the grants.

STATES	AMOUNT ALLOCATED IN EACH FISCAL YEAR 1996, 1997, 1998	INCREASE IN FULL REQUEST ALLOWED
ALABAMA	$117,942	$117,942
ALASKA	41,180	41,180
ARIZONA	81,763	81,763
ARKANSAS	72,907	72,907
CALIFORNIA	485,207	485,207
COLORADO	83,356	83,356
CONNECTICUT	75,144	75,144
DELAWARE	44,913	44,913
DISTRICT OF COLUMBIA	37,448	37,448
FLORIDA	216,353	216,353
GEORGIA	142,701	142,701
HAWAII	44,789	44,789
IDAHO	58,847	58,847
ILLINOIS	316,505	316,505
INDIANA	152,033	152,033
IOWA	104,755	104,755
KANSAS	117,072	117,072
KENTUCKY	90,198	90,198
LOUISIANA	103,884	103,884
MAINE	53,871	53,871
MARYLAND	94,179	94,179
MASSACHUSETTS	108,362	108,362
MICHIGAN	169,076	169,076
MINNESOTA	129,639	129,639
MISSISSIPPI	88,831	88,831
MISSOURI	134,987	134,987
MONTANA	58,847	58,847
NEBRASKA	92,313	92,313
NEVADA	58,723	58,723
NEW HAMPSHIRE	52,252	52,252
NEW JERSEY	155,142	155,142
NEW MEXICO	73,776	73,776
NEW YORK	252,183	252,183
NORTH CAROLINA	151,533	151,533
NORTH DAKOTA	77,385	77,385
OHIO	264,376	264,376
OKLAHOMA	94,553	94,553
OREGON	91,941	91,941
PENNSYLVANIA	210,132	210,132
RHODE ISLAND	46,281	46,281
SOUTH CAROLINA	91,692	91,692

STATES	AMOUNT ALLOCATED IN EACH FISCAL YEAR 1996, 1997, 1998	INCREASE IN FULL REQUEST ALLOWED
SOUTH DAKOTA	61,708	61,708
TENNESSEE	123,044	123,044
TEXAS	321,605	321,605
UTAH	70,169	70,169
VERMONT	41,927	41,927
VIRGINIA	121,177	121,177
WASHINGTON	99,033	99,033
WEST VIRGINIA	71,786	71,786
WISCONSIN	129,761	129,761
WYOMING	49,890	49,890

Question. Does the application package for the emergency planning and training grant program include a needs assessment section which OHMS previously indicated would be used as a baseline to measure the effectiveness of the program? In addition, did OHMS indicate that as a part of the curriculum development effort, qualitative and quantitative state assessment procedures would include state level peer groups to assist in monitoring and evaluating the program?

Answer. Grantee applications include need assessment sections at the beginning of each project period. These needs assessments show a need far in excess of available resources. Each grantee has made substantial progress against identifying training needs. So far, 694,000 responders and others have been trained, in part, with HMEP Grants.

State level peer groups qualify courses for inclusion in the national list of courses. The process in each state, using the national curriculum guidelines, identifies areas needing improvement. State training officers modify courses to conform to national standards. In many cases course material from states having excellent programs is shared with states needing assistance, thereby realizing economies of scale.

Question. What is the role of the OHMS training office in the emergency planning and training grant program meetings, conferences, training and outreach activities? What is the role of the training office in the development of training curriculum that training courses must comply with in order to receive funding under the grant program?

Answer. The OHMS training office is responsible for providing training materials to the broad spectrum of the hazardous materials community, including industry, enforcement personnel, and emergency responders. It also develops, publishes and distributes the NAERG. The grants program is an interagency grants program designed to assist public sector emergency responders in planning for and training to respond to incidents involving hazardous materials.

The training office participates in development of the curriculum guidelines for the grants program and has provided valuable information for curriculum development efforts. Training office expertise is primarily in awareness, compliance and enforcement training. Since the HMEP grants program is an interagency program, the expertise of the Federal Emergency Management Agency's Emergency Management Institute (EMI) is utilized in coordinating the national author team responsible for preparing and updating the curriculum guidelines. EMI has the expertise in the higher levels of response training, and is the premier Federal facility with the knowledge and experience to take the lead to support guideline development and course preparation.

Question. How could OHMS better merge the activities of the training office with those of the grant program to realize increased cost sharing and synergistic benefits?

Answer. The grants unit and the Office of Hazardous Materials Initiatives and Training work closely together in areas of common interest to improve the capabilities of the emergency response community. Grantees and local responders attend training office sessions funded as grant eligible activities, providing cost sharing and synergistic benefits. Joint meetings are planned to bring together grantees and the traditional regulatory, compliance and enforcement audience served by the training office. Coordination of meetings will improve the communication and information flow between the grantees and other state agencies served by the training office and its outreach activities. Cost savings are realized by reducing the number of meetings and sharing costs for existing activities to reach a larger, more diverse audience.

OFFICE OF PIPELINE SAFETY

Question. What are the current unobligated balances in the various sub accounts pertaining to the appropriation for the Office of Pipeline Safety? What will be unobligated at the end of fiscal year 1999? Will any unobligated funds be returned to the pipeline safety fund?

Answer. As of April 21, 1999, the total unobligated balance for the Office of Pipeline Safety was $23.6 million. This includes $5.8 million for operation expenses; $2.7 million for contract program activities (one year funds); $1.5 million for R&D program activities (three year funds); and $13.6 million for grants. We plan to obligate all contract program and grant funding by close of fiscal year 1999. We estimate that our 3-year funding that was enacted in fiscal year 1999 for R&D will have an unobligated balance of approximately $600,000.00 at the end of fiscal year 1999. At this time, we are estimating a lapse of less than $100,000 of one year operating expenses. By law, unobligated "one-year" funds for a given fiscal year are returned to the Pipeline Safety Fund 5 years after the close of the fiscal year in which they were appropriated.

Question. What activities can be funded with the monies that are available for three years?

Answer. Three year funding availability is requested in our fiscal year 2000 President's Budget as follows. We have indicated the funding sources and note that an activity may be funded by more than one source (e.g. State Pipeline Safety Grants).

Program Activity	*Amount*
Funding Source: Trust Fund Share of Pipeline Safety	$4,248,000
Activity:	
Operating Expenses:	
Personnel Compensation & Benefits	260,000
Administrative Expenses	45,000
Contract Programs:	
Information & Analysis	400,000
Risk Assessment & Technical Studies	400,000
Compliance	100,000
Training & Information Dissemination	100,000
OPA: Implementing the Oil Pollution Act	2,443,000
Grants: State Pipeline Safety Grants	500,000
Funding Source: Pipeline Safety Fund	
Activity: Research and Development	2,144,000
Information Systems	400,000
Risk Assessment	300,000
Mapping	800,000
Non-Destructive Evaluation	219,000
Pipe Locating and Monitoring Technology	425,000
Grants	15,519,000
State Pipeline Safety Grants	13,019,000
Risk Grants	500,000
One-Call Grants	1,000,000
Damage Prevention Grants	1,000,000

Question. Why is the TASC working capital fund budget estimate so much higher than the enacted pro rata share?

Answer. The amount for TASC funding requested in our fiscal year 2000 submission is based on an estimate (provided by TASC) of anticipated RSPA obligations that are incurred as part of the TASC revolving fund. The estimates are developed by TASC officials, who consult with Operating Administration staff. We prorate that estimate between the RSP and Pipeline Safety appropriations.

The charges that flow through TASC are either mandatory or directly impact our safety and R&D programs.

RSPA's fiscal year 2000 request increased significantly over the fiscal year 1999 enacted level due to several factors.

—The amount enacted for RSPA's TASC payment in fiscal year 1999 will not fully cover the fiscal year 1999 TASC billing estimate. We have requested the full amount of the fiscal year 2000 TASC estimate in our budget request for fiscal year 2000.

—The fiscal year 1999 enacted level was based on a TASC estimate developed during a period when RSPA had many vacancies, but in the Spring of fiscal year 1998, when the TASC estimate for fiscal year 2000 was developed, RSPA was at nearly full staffing. Since a number of the TASC charges are based on a proration of modal on-board staffing levels, RSPA's share of total TASC estimate for fiscal year 2000 increased.

—The total estimate for the fiscal year 2000 TASC revolving fund increased slightly, thereby increasing RSPA's share.

—The fiscal year 1999 enacted level cut $524,000 (general provision 320) from the original fiscal year 1999 TASC estimate. The combination of those actions caused an overall fiscal year 2000 TASC increase that has impacted RSPA's request.

Question. What could be done in fiscal year 1999 and fiscal year 2000 to expedite implementation of some of the objectives of the one-call provisions of TEA–21?

Answer. In fiscal year 1999, RSPA is doing everything possible to expedite implementation of the one-call provisions of TEA–21, including analyzing best practices, establishing cooperative relationships with all parties to construction around underground utilities, and planning the grant process contemplated by TEA–21. RSPA is working with 160 federal and state government and private sector experts to identify best practices in preventing damage to underground facilities. The Team meets regularly and plans to complete its report to Congress by the end of June 1999. We are working with several constituencies to determine how best to ensure that the findings of this effort are understood and put to use. We will broadcast an interim report via satellite and Internet in early May. A public meeting will be held, jointly with the NTSB, on June 30, 1999 to announce the results. In fiscal year 2000, we will be ready to execute the TEA–21 grants to encourage implementation of best practices identified in the report.

USER FEES

Question. Please prepare a comparative historical table displaying the per mile user fee assessed to gas transmission and liquid pipeline operators, and the total collected in user fees from each industry in fiscal years 1996 through 1998 and anticipated for fiscal year 1999.

Answer. A table follows which shows the per mile rate and the total collections for fiscal years 1996 through 1998. We are currently in the process of collecting for fiscal year 1999. Therefore, the amounts shown below indicate the assessment made to the gas and liquid operators. We estimated the fiscal year 1999 figures based on the amount of $29,771,259.86. This includes the President's Budget Request for the Pipeline Safety Program of $34,648,000, less funds derived from the Oil Spill Liability Trust Fund of $4,248,000 and $1.4 million derived from existing user fees, plus an offset to the Research and Special Programs Appropriation for labor costs to support the Pipeline Safety Program. Other variables include the offset from previous year collections. The law allows RSPA to collect 105 percent of the appropriation and changes for pipeline mileage.

Gas Transmission	Per Mile Rate	Total Collected
Fiscal Year 1996	$77.49	$22,475,000
Fiscal Year 1997	67.46	18,927,423
Fiscal Year 1998	67.98	20,050,437
Fiscal Year 1999	70.47	[1] 20,793,000

[1] Fiscal year 1999 based on assessment.

Liquid	Per Mile Rate	Total Collected
Fiscal Year 1996	$49.67	$7,683,000
Fiscal Year 1997	61.27	8,869,716
Fiscal Year 1998	59.59	8,864,335
Fiscal Year 1999	57.88	[1] 9,077,066

[1] Fiscal year 1999 based on assessment.

Question. How did you allocate the user fee between gas transmission lines and product lines for fiscal year 1997 and fiscal year 1998? Does this accurately reflect the true allocation of your efforts and resources? Please document your answer.

Answer. In fiscal year 1997 and fiscal year 1998, RSPA charged gas operators 55 percent of program costs and 87 percent of grants. We charged liquid operators 45 percent of program costs and 13 percent of grants. These percentages closely reflect the allocation of our efforts and resources, as shown in the table that follows.

Program Activity	Fiscal year 1997 Gas/ Liquid	Fiscla year 1998 Gas/ Liquid
PC&B [1] for the Inspectors (Regions)	50/50	50/50
PC&B for HQ personnel	67/33	60/40
Administration	50/50	50/50
Information and Analysis	50/50	50/50
Risk Assessment & Technical Studies	50/50	50/50
Compliance	50/50	50/50
Training & Information Dissemination	75/25	75/25
Emergency Response (NRC)	50/50	50/50
Public Education Campaign (One-call)	50/50	50/50
Research & Development	50/50	50/50
Average Apportionment	54/47	54/47
Actual Apportionment	55/45	55/45
Grants	87/13	87/13

[1] Personnel, Compensation & Benefits.

PIPELINE SAFETY RESERVE FUND

Question. What is the current balance in the pipeline safety reserve fund? Please provide a historical table displaying the annual unappropriated balance in the fund from the end of fiscal year 1988 through fiscal year 1999 with an estimated level for fiscal year 2000, assuming your full request was approved. Please describe how much of the unobligated balance could safely be drawn down.

Answer. The current balance in the Pipeline Safety (reserve) Fund as of April 1, 1999 is $15,367,538. The historical table requested is provided as follows. It replaces the table on page 174 of our budget request which is in error and is corrected as follows to match the balance reflected in the U.S. Treasury:

DEPARTMENT OF TRANSPORTATION RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
PIPELINE SAFETY UNAVAILABLE COLLECTIONS [1]

[In thousands of dollars]

	Fiscal year		
	1998 Actual	1999 Enacted	2000 Request
Balance, start of year	17,354	16,748	15,348
Receipts	28,964	29,364	34,584
Total: Balances and collections	46,318	46,112	49,932
Pipeline safety (appropriation)	−29,421	−30,190	−33,939
Research and Special Programs	−574	−574	−645
Total appropriations	−29,995	−30,764	−34,584
Unobligated balance returned to receipts	354	.....	.....
Other adjustments	71	.....	.....
Balance, end of year	16,748	15,348	15,348

[1] Identification code 69–5172–0–2–407.

A recent analysis confirms that, as of the end of fiscal year 2000, the amount held in the fund—in excess of the $11 million needed to sustain OPS operations—is projected to be about $4 million. This $4 million is far less than the general fund appropriations that this program had to rely upon in 1986 and 1987 while the pipeline safety fees were disputed in court. Therefore, we consider the fiscal year 1999 and fiscal year 2000 estimated reserve fund level of $15.4 million to be justified.

Question. Please recalculate your answer from last year regarding the minimum dollar amount that should be retained in the pipeline safety fund balance in order to maintain the integrity of the pipeline safety program. What is the justification for the recalculated amount?

Answer. The following table shows funds entering and leaving the Pipeline Safety Fund from October 1, 1998 through March 30, 1999.

Pipeline Safety Fund (PSF) Balance

[dollars in millions]

Starting Balance—Oct. 1, 1998	$16.7
Amount warranted out for program costs—Mar. 30, 1999	−30.9
Collections through Mar. 30, 1999	32.2
Remaining Balance—Mar. 30, 1999	15.4

Additional collections and adjustments to collections (overpayments/under payments) will impact the balance through September 30, 1998.

At the beginning of each fiscal year, OPS needs a balance in the fund of at least $11 million to sustain operations until fees can be collected to replenish the fund. Because appropriations were passed early in fiscal year 1999, fee assessments were able to be sent out much earlier in the fiscal year than usual—December 1998. Fortunately, OPS was able to bill the fee assessments early in fiscal year 1999. Since the fee assessments are based on the level of appropriations, it would be too risky to assume that we would receive appropriations in October each year, as we did in fiscal year 1999.

As of the end of fiscal year 2000, the amount held in the fund—in excess of the $11 million needed to sustain OPS operations—is projected to be about $4 million. This $4 million is far less than the general fund appropriations that this program had to rely upon in 1986 and 1987 while the pipeline safety fees were disputed in court. Therefore, we consider the fiscal year 1999 and fiscal year 2000 estimated reserve fund level of $15.4 million to be justified by both operational needs ($11 million reserve needed to sustain operations) and as a partial "reimbursement," in effect, to the General Fund.

OIL POLLUTION ACT EXPENSES AND OTHER ENVIRONMENTAL ISSUES

Question. Please allocate and describe all OPS expenses that legally could be associated with the Oil Pollution Act requirements in fiscal year 1999 and anticipated in fiscal year 2000. How does this compare in each fiscal year with the amount derived from the Oil Spill Liability Trust Fund? For fiscal years 1999 and 2000, what were the Oil Spill Liability Trust Fund transfer levels requested by RSPA prior to the OMB passback?

Answer. The table below depicts those expenses that legally could be associated with the Oil Pollution Act requirements for fiscal years 1999 and 2000, and compares the fiscal year 1999 enacted and the fiscal year 2000 request.

Activity	Fiscal year 1999	
	Allocation	Enacted
PC&B	$729,000	$260,000
Administrative Costs	145,000	45,000
Program	1,071,000	1,000,000
Implementing OPA [1]	2,433,000	2,443,000
R&D	1,134,000	.....
Grants/Liquid Programs	1,700,000	500,000
Total	7,442,000	4,248,000
Fiscal year 1999 RSPA request prior to OMB passback	7,442,000	.....

[1] Plan review, approval, and exercises.

Activity	Fiscal year 2000	
	Allocation	Enacted
PC&B	$906,000	260,000

Activity	Fiscal year 2000	
	Allocation	Enacted
Administrative Costs	150,000	45,000
Program	2,491,000	1,000,000
Implementing OPA [1]	2,433,000	2,443,000
R&D	800,000	.....
Grants/Liquid Programs	2,024,000	500,000
Total	8,814,000	4,248,000
Fiscal year 2000 RSPA request prior to OMB passback	8,814,000	.....

[1] Plan review, approval, and exercises.

A description of resources and activities used in support of the OPA program follows:

Positions and FTE

Seven (7) FTE address environmental policy, regulatory development, spill response plan review and exercise, pipeline inspection and spill response technical monitoring; special task force/studies of oil pipeline company risk management programs and operations.

Travel

More than 360 hazardous liquid inspections, including accident investigations and pipeline construction.

Three (3) area exercises and 20 table top drills.

Information and Analysis

Over half the incident reporting, data collection, analysis and labor.

Identifying accident cause and consequence, evaluating and acting on environmental impacts, particularly related to protecting drinking water sources.

Risk Assessment and Technical Studies

Systematically identify hazardous liquid risks, and compare relative likelihood and consequences of an adverse event.

Monitor, report and expand the Risk Demonstration and System Integrity Inspection Pilot programs.

Increase public awareness about potential risks from liquid pipelines.

Compliance and Spill Response Monitoring

Technical field engineering support for monitoring major spills and remediation.

Dedicated personnel for integrating public and private sector incident coordination and decision support for protective actions.

Training and Information Dissemination

Computer-based training (CBT) to update safety evaluations of hazardous liquid pipeline systems.

Classes and seminars specifically provided to address hazardous liquid risk and system integrity concerns.

National Pipeline Mapping Systems Operations and Maintenance

Collecting and digitizing more accurate liquid pipeline location information as it becomes available. Location data are used in conjunction with data on population, drinking water intakes, and terrain to set priorities for prevention and response actions.

Non-Destructive Evaluation

Detect mechanical damage to liquid pipelines.

State Grants for Hazardous Liquid Programs

Fund 13 states oversight of intrastate pipeline operations and maintenance, construction, repairs.

Question. Please describe progress made in the environmental indexing effort. What was accomplished with funding provided in fiscal year 1998? How much is being spent in fiscal year 1999 for this activity, and for what purposes? What new initiatives will be conducted during fiscal year 2000 and how much will that cost?

Answer. RSPA has been working with the Environmental Protection Agency (EPA), as mandated by statute, and the Departments of Interior (DOI), Agriculture (USDA), and Commerce (DOC), environmental organizations, technical experts, and the pipeline industry to identify and locate resources that are most susceptible to a hazardous liquid release, or for which consequences would be most adverse if affected by a release. RSPA is working on databases that will provide the information necessary to locate unusually sensitive areas, once we have a completed definition.

As a first step, RSPA has used fiscal year 1998 funding to create a catalog that tells how we determined what drinking water resources are most susceptible to contamination from a hazardous liquid release, and how to locate these resources. We have placed the catalog on the RSPA Internet site http://ops.dot.gov.

RSPA has also used fiscal year 1998 funding to gather drinking water data and to process this data in a geographic information system (GIS)in several states. In addition, fiscal year 1998 funds were used to create agreements with the agencies responsible for drinking water data to verify that the final maps truly depict the most unusually sensitive drinking water resources. Because the data are not created and maintained by a single government agency, RSPA is collecting the data and putting it into a common format.

RSPA expects to spend $400,000 in fiscal year 1999 to continue to obtain and process drinking water data, and to begin collecting and processing ecological data. Ecological data includes threatened and endangered species, species at risk of global extinction, and areas where a large percentage of the world's migratory birds congregate. All of the location data on threatened and endangered species and species at risk of global extinction are created and maintained at the state level by State Heritage Programs or State Nature Conservancies. RSPA is establishing agreements with each agency to access the data. RSPA is also working with several agencies and environmental organizations to co-fund standardizing this data, converting the paper data on the sensitive resources to digital data, gathering the digital data into a common national database, and making the data available to the public and other government agencies at various mapping scales.

RSPA anticipates that $800,000 will be needed in fiscal year 2000 to continue gathering and processing drinking water and ecological resource data in the top thirty states, based on pipeline mileage. The data will be in the format of maps that the hazardous liquid pipeline industry can use to apply additional prevention and response measures where it is determined that a pipeline release could affect an unusually sensitive area.

Question. Please summarize the results of last year's review of pipeline operators' emergency response plans. Include the number of plans reviewed, the number accepted, and the number of plans which required corrective measures.

Answer. In fiscal year 1998, OPS reviewed 59 new response plans and 292 revisions to existing response plans. Of the 59 new plans we reviewed, all 59 had at least one deficiency requiring correction. Of the 292 revisions to existing plans, 89 of them had at least one deficiency requiring correction. When OPS finds a deficiency in a response plan, we send our findings to the operator with guidance on how to bring the plan into compliance. We work closely with operators to help them improve their plans, providing them examples of how to address difficult response issues, such as getting people and equipment to remote areas. OPS usually gives operators 90 days to submit their revised plans. Most plans require more than one iteration to correct all of their deficiencies.

Question. Please discuss the amount of funds spent on spill response exercises during each of the last three years. How much do you expect to spend during fiscal year 1999 and during fiscal year 2000? What is the continuing value of those expenditures? Given the lessons learned, could the number of drills be reduced during fiscal year 2000?

Answer. In fiscal year 1996, OPS spent $545,000 on spill response exercises, $443,000 in fiscal year 1997 and $567,000 in fiscal year 1998. These amounts include contractor support for exercise design, conduct, and evaluation. These figures also include an estimated $15,000 per year for travel costs of OPS staff to participate in exercises.

We expect to spend $525,000 on exercises in both fiscal year 1999 and in fiscal year 2000. The value of conducting exercises is evident in the improvement of pipeline operators' spill response capabilities. Indicators of better performance are increased oil recovery rates, more rapid response times, and diminished environmental damages. In addition, Federal, state, and local environmental and emergency response agencies, have built working relationships with one another and have performed better during an actual spill response following an OPS response exercise.

The 20 tabletop exercises each year are a small sample of the 1,350 facility response plans for facilities under our jurisdiction. We select operators based on risk factors, as identified in our review of their response plans and as suggested by our OPS regional staff. Until we reach a point of diminishing returns, it would be premature to begin reducing our exercise program.

Question. Please update us on the implementation of the Alyeska memorandum of agreement regarding valves and corrosion. Are there any new issues in this area?

Answer.

Coupon Monitoring Program

In March 1996, Alyeska began a long term, comprehensive study to specifically determine if corrosion coupons could be used to evaluate cathodic protection on the large diameter pipeline. Alyeska has now completed all action items contained within the Corrosion Coupon Agreement. The results of the study indicate that, although corrosion coupons represent an important contributor to the monitoring of the cathodic protection system on Alyeska, they cannot be used as a stand alone method for determining adequate cathodic protection. However, coupons may be used in conjunction with other acceptable engineering practices such as internal inspection tools, close interval surveys, and local knowledge of environmental conditions. Alyeska will submit their final Corrosion Coupon Report in early 1999. We will meet with Alyeska to review the final report and determine whether the proposed comprehensive corrosion monitoring program is effective as an alternative to current regulatory requirements.

Corrosion at Transition Joints

We have ordered Alyeska to evaluate and, if necessary, repair all aboveground fiberglass coating at transition joints to ensure that water does not penetrate the external pipeline coating. The fiberglass coating helps prevent corrosion where the pipeline transitions from belowground to aboveground. This action was supported by reports of corrosion at several of the transition areas.

Mainline Valve Program

We closely monitor Alyeska's maintenance of the large mainline valves used to shut off the pipeline if an accident occurs. In 1995, we became concerned that many of these valves did not seal properly and initiated action to assure that public safety and the environment were not placed at risk. In 1996, Alyeska began a system-wide review of these valves and in January 1997, agreed with the Joint Pipeline Office on a plan for assessment of valves on the TAPS. During 1997, Alyeska conducted a risk assessment on mainline valves in order to prioritize these mainline valves for testing, and to establish performance standards for internal leak through. Fifty (50) valves were tested in 1996 and 1997. Forty-six (46) valves were tested in 1998. The remaining seventy-six (76) valves will be tested by year 2000.

Alyeska is in the process of rehabilitating or replacing many of its valves. One valve in an environmentally sensitive area near the Yukon River will be replaced in 1999. Alyeska has revised its valve testing, repair and maintenance program. The program now provides for extensive maintenance and testing beyond what is required by the pipeline safety regulations.

Fuel Gas Pipeline

We have ordered Alyeska to take steps to protect their fuel gas pipeline from future detrimental movement and external forces, such as frost heave. The fuel gas pipeline, originally buried, has become exposed and is experiencing considerable bending stresses.

Overpressure of the Pipeline

We have ordered Alyeska to take corrective actions to prevent future overpressure of the pipeline. These actions include SCADA system examination and adjustment, evaluation of the pipeline control system and personnel training. This action follows two overpressure situations in 1997 and 1998.

RISK ASSESSMENT AND TECHNICAL STUDIES

Question. The Office of Pipeline Safety is requesting a $275,000 increase in the risk assessment program, primarily for the system integrity inspection pilot program and for risk management communications activities. What are the primary distinctions between system integrity inspection (SII) practices and the risk management demonstration and pilot programs that are already underway? What portion of the requested increase is associated with SII and what portion is associated with risk management communications activities?

Answer. In the System Integrity Inspection program, OPS requires compliance with regulations, only the approach to inspection is changing. OPS and the operator will address a broad set of system-wide safety and integrity issues, instead of the standard regulatory compliance inspection. These inspections will focus on areas of greatest risk so that OPS and operators can work together to find and fix problems related to significant risk at the earliest possible stage. Discussion will focus on corrosion control, hydro testing and internal inspection, natural hazard-related programs and use of new technologies for risk identification and control. OPS expects to discuss integrity related information that would not normally be addressed in a standard inspection and to address safety issues, like training, more systematically throughout a company's operations.

In the Risk Management program, OPS allows operators to propose alternatives to the regulations that can demonstrate risk reduction and superior safety performance. Justification of superior safety performance can focus on several factors such as strengthened pipe condition; enhanced damage prevention; and increased inspection, repair and replacement in high risk segments. In preparing these justifications, operators usually employ advanced risk analysis techniques, including root cause analysis or better quantification of risk. As an example, OPS may approve different inspection techniques and schedules based on the risks found, and different repair and test processes.

We plan to allocate equal proportions of the fiscal year 2000 increases to SII and communications activities. We are providing additional opportunities for public involvement in the Risk Management Program though interactive communication technologies, including the Internet and satellite broadcasts that include field interviews at demonstration project sites.

Question. Who are the current participants in pipeline risk management demonstration projects? What progress has been made in each of those projects?

Answer. Ten companies are working with OPS in the risk management demonstration program, at various stages of project maturity. Chevron Pipe Line Company, Equilon Pipeline Company (formerly Shell Pipe Line Corporation), Mobil Pipe Line Company, Natural Gas Pipeline Company of America, and Phillips Pipe Line Company are operating under approved risk management work plans. RSPA is close to reaching agreement on demonstration project provisions with two more companies, Columbia Gas Transmission Corporation/Columbia Gulf Transmission Company, and Northwest Pipeline Corporation, whose applications will be open to a public comment period in the near future. RSPA is working with three other companies, Duke Energy, Enron Gas Pipeline Group, and Tennessee Gas Pipeline/East Tennessee Natural Gas, who have met the program criteria, and whose proposals may be reviewed and approved later this year. The ten operators with whom RSPA is working in the risk management program have produced a report which documents the progress they have made to date in each of these projects, which will be available on the OPS Web site shortly.

Question. How much funding was associated with those demonstration projects in fiscal year 1999, and how much is requested for these projects in the fiscal year 2000 risk assessment program?

Answer. A total of $855,000 was associated with the demonstration projects in fiscal year 1999. Of this amount, $735,000 provides for continued evaluation, approval, and monitoring of the projects; $95,000 provides for maintenance and continued development of the information system used by regulators, the companies, and the public to stay abreast of project status; and $25,000 provides for development and distribution of newsletters and prospectuses to all interested parties.

For fiscal year 2000, RSPA has requested about $900,000 for continued support of these projects. The balance of funding covers our investigation of the feasibility of applying risk management to distribution systems and to administrative support, and the requested increase for implementing the System Integrity Program and instituting additional communications activities.

COMPLIANCE PROGRAMS

Question. For each of the last three fiscal years, please provide data on all enforcement actions taken by OPS, including the number of enforcement cases opened, closed, and the amount of civil penalty assessments collected. Please compare these data with the number of reportable events, number of deaths and injuries, and any other measures of pipeline safety for both hazardous liquids and gases.

Answer. The following table is provided:

	CY		
	1996	1997	1998
Enforcement:			
Measures:			
Cases Opened	185	179	218
Cases Closed	167	186	273
Civil Penalty Assessments Collected	$46,750	$228,170	$316,846
Reportable events:			
Incidents Reported:	374	362	379
Deaths	20	11	19
Injuries	85	93	74
Property Damage (in millions)	64	65	104

Question. How many of those companies provided with technical education were reinspected? Did you find those companies still out of compliance? If so, how many enforcement actions were taken against those companies?

Answer. Fifty-four (54) of the companies that were inspected and received enforcement actions in fiscal year 1997 were inspected at different locations in their system during fiscal year 1998. Enforcement action was initiated on eighteen (18) of the companies in fiscal year 1998. However, it should be noted that the concerns found in fiscal year 1997 were not necessarily the same items found in fiscal year 1998.

Question. Please prepare an updated table indicating the number of pipeline safety inspectors on board and the number of pipeline safety inspector positions authorized for each of the last three fiscal years. Please explain whether the number of authorized positions has or has not increased relative to congressional directives. If not, why not?

Answer. The total number of filled inspector positions varies during the year due to personnel turnover and hiring of new inspectors.

NUMBER OF INSPECTORS ONBOARD

Region	Authorized/onboard		
	1997 [1]	1998 [1]	1999 [1]
Eastern	7/5	8/8	8/8
Southern	8/8	8/7	8/8
Central	12/11	12/11	11/11
Southwest	11/11	11/11	12/12
Western	13/13	13/13	12/12
Total	51/48	51/50	51/51

[1] These numbers do not include the Region Director or headquarter inspector positions that supply technical support to all five regions. We are currently in the process of hiring nine additional regional inspectors, two each in the Eastern, Southwest, Central Regions and three in the Western Region. These were included in the onboard numbers above. Some of the authorized inspector positions have been moved between regions and the headquarters technical support as part of a risk-based allocation effort.

The number of authorized positions is consistent with congressional directives allowing for internal promotions and personnel turnover.

Question. How many accident investigations were conducted during each of the last three fiscal years? Please include information on the number of follow-up accident investigations and the results.

Answer.

ACCIDENT INVESTIGATIONS

	1996	1997	1998
Number of Investigations	64	51	50
Follow-up Investigations	58	65	43
Accident Reports Generated	6	5	[1] 4

[1] Additional reports are forthcoming.

DAMAGE PREVENTION/PUBLIC EDUCATION CAMPAIGN

Question. Please describe what steps OPS has taken in considering commissioning production of a TV public service announcement for the national damage prevention campaign. What will the related costs be for such a PSA. Has OPS approached interested excavators and underground utility representatives about cost-sharing?

Answer. The OPS Damage Prevention Quality Action Team (DAMQAT) has been considering commissioning a TV public service announcement (PSA). We have consulted with our advertising agency for the Dig Safely campaign who estimated that producing a TV PSA would cost between $50,000 and $100,000. We have also investigated the likelihood of getting air time since many PSAs compete for time on TV broadcast airwaves. We did commission a radio PSA for the pilot campaign which ran for six months in Virginia, Tennessee, and Georgia. Despite the best efforts of the public relations staff of our advertising agency, the PSA was only aired a handful of times.

By contrast, print media for the campaign was highly successful. The staff of the advertising agency and members of the Damage Prevention Quality Action Team both recommended that the campaign focus on distribution of print media and the training video.

OPS did approach excavators and underground utility representatives about sharing costs of the campaign. While these groups did provide the expertise of their staffs and paid their travel expenses, we were generally unable to generate funds from these sources for production purposes at this stage of the campaign. The American Petroleum Institute allocated $5,000 so the Office of Pipeline Safety could purchase rights to the art work that was produced for the Dig Safely campaign.

OPS will revisit this issue following our public meeting scheduled for June 30, 1999, and a full consideration of next steps in public education among the entire utility industry, Federal and state governments. A commitment to a broadcast campaign will require a comprehensive and concerted effort of the utility industries and government to make use of and evaluate the effectiveness of the media materials.

Question. To date, what has been the Damage Prevention Quality Action Team's assessment of its national education campaign? What improvements have been recommended?

Answer. The Damage Prevention Quality Action Team (DAMQAT) conducted a six-month pilot campaign of its national education, Dig Safety, campaign materials from May through October 1998 in three states (Virginia, Tennessee and Georgia). The campaign elements included a training video, point of sale brochures, bill inserts, press kits and other print media as well as radio PSA's. Prior to the pilot, we conducted a survey to collect baseline data about damage prevention awareness and practices in the pilot states. After the pilot, a second survey was conducted to measure the impact of the campaign. The results far exceeded our expectations.

We identified four key practices in damage prevention: call before you dig; wait the required time; respect the marks; and dig with care, i.e., hand dig around exposed facilities. Use of the first practice, call before you dig, was already quite high prior to the campaign, but still showed an increase. Use of the other three practices (wait the required time; respect the marks; and dig with care), increased dramatically, almost doubling in all three states. The post pilot survey indicated that all components of the campaign were very well-received. RSPA worked with the Associated General Contractors of America (AGC) to revise the video. Given the limited effectiveness of the radio PSA in reaching the target audience during the pilot, we have decided not to use it in the national campaign. The radio PSA ran only a few times due to intense competition for PSA air time. We will reconsider use of the PSA at a later time.

Question. What is the status of your work regarding the "best practices" employed by one-call systems in operation in the states? How are you encouraging states to adopt those "best practices?" How much is planned for this activity in fiscal year 1999 and in fiscal year 2000? What are the total costs of this project?

Answer. RSPA is working with 160 federal and state government and private sector experts to identify best practices in preventing damage to underground facilities. We have been presenting early concepts of best practices at national and regional meetings of professionals in the field. We will broadcast an interim report via satellite and Internet in early May. A public meeting is planned for June 1999 and the Team plans to complete its report to Congress by the end of June 1999.

We are also working with several constituencies, including state agencies to determine how best to ensure that the findings of this effort are understood and put to use. By Fall, we will be ready to execute the TEA–21 grants this fall to encourage implementation of best practices.

We encourage States to adopt the best practices in damage prevention in several ways. First, we have enlisted their assistance in the best practices study. We have eleven State pipeline safety and highway organization representatives in various task teams. Their participation is key to the success of the best practices study, as well as promoting their understanding of other issues and interests in preventing damage to underground facilities.

Second, we are looking forward to implementing the damage prevention grants authorized in TEA–21 in fiscal year 2000 and fiscal year 2001. At the June 30th meeting we will solicit input on the means to most effectively encourage adoption of best practices in one-call notification systems and other means of damage prevention.

RSPA expects to spend $250,000 for the best practices study in fiscal year 1999. In fiscal year 2000, there are no planned expenditures for the best practices study. The budget calls for $1,000,000 for a damage prevention grant program to the States.

Question. Since last year, what have you done to motivate states to improve their one-call notification systems and excavation damage prevention activities? How much is planned for that activity in fiscal year 2000?

Answer. OPS made one-call grant funds available to States. For fiscal year 2000, OPS is requesting the same amount as last year, $1 million in grant funds for State pipeline safety. For the past few years, many States have significantly improved their one-call notification systems and damage prevention activities by strengthening State one-call legislation, increasing enforcement efforts, and continuing public education. This considerable increase in one-call efforts has occurred since agency one-call program activities began.

Since last year, State pipeline safety representatives were invited to serve on the damage prevention "Best Practices" study authorized by the Transportation Equity Act for the 21st Century (TEA–21). Through their participation, they are becoming more knowledgeable on how to improve and enhance all aspects of one-call system operations and how to minimize risks of third-party damage. We plan to conduct this separate grant program authorized under TEA–21 at the $1 million level in fiscal year 2000. This separate grant funding would improve operational efficiency of one-call systems, including marking, locating, planning and design activities and would support States electing to implement best practices developed by the damage prevention study.

Question. What are your views on establishing a foundation to advance damage prevention activities and to continue the work and funding authorized by TEA–21 regarding damage prevention? Would it be appropriate for the Department to provide seed monies to help establish such a foundation? If so, how much would it cost to establish such a foundation? Would the private sector likely continue those activities once federal support ended?

Answer. We expect, that when implemented, the recommendation of the One Call System Best Practices study (also known as "Common Ground") will greatly advance the effectiveness of national damage prevention efforts. The work of the Common Ground team has not only identified areas that require further investigation but has also highlighted the need for sustained efforts to encourage appropriate damage prevention. However, these efforts are beyond the scope of the grants program established by Congress in TEA–21.

A foundation or other nonprofit organization may be an appropriate vehicle for finding and encouraging best practices. Maintaining a high level momentum in this initiative is central to the Department's strategy to achieve damage prevention and improve safety and environmental protection. Given the importance of these activities, resources could be allocated from within RSPA's Office of Pipeline Safety requested budget for fiscal year 2000 to stimulate the formation oif such an organization by providing "seed" resources for temporary executive staff or other related activities.

Question. What is the status of your national one-call campaign? How would you evaluate the pilot tests? What lessons were learned?

Answer. We have completed development of materials for the national Dig Safely campaign. We expect to launch the campaign in June 1999. The campaign included these elements: print media such as, point of sale brochures, bill inserts, press kits; a training video; and radio PSA's. The post pilot survey showed that the campaign materials were very effective. The OPS Damage Prevention Quality Action Team (DAMQAT) had identified four key damage prevention practices for protection of underground facilities: call before you dig; wait the required time; observe the marks; and dig with care, i.e., hand dig around exposed facilities. Use of call before you dig, i.e., one-call was already quite high prior to the campaign, but still showed an increase. Use of the other three practices increased dramatically, almost doubling in

all three states. The post pilot survey indicated that all components of the campaign were very well-received. The Associated General Contractors of America (AGC) made recommendations to improve portions of the training video. We have worked with AGC to address these concerns. We have also decided not to use the radio PSA in the national campaign due to intense competition for available air time to runs PSAs limits their effectiveness. We will reconsider the use of PSA at a later time.

Question. How did you use the additional funds provided last year to improve damage prevention programs. What would you do with additional funds if a similar increase were provided in that program for fiscal year 2000?

Answer. Funds were allocated for production of additional campaign materials and revision of the training video. There is great variation in the sophistication of damage prevention programs conducted by one-call centers, public works departments, facility operators and excavators. Some were prepared to use the materials produced for the pilot; others needed help to implement the campaign. To address this issue, funds were used to produce a comprehensive training manual. The Office of Pipeline Safety will also conduct regional training sessions for all interested parties in the use of these materials. The first session is scheduled for May 20–21,1999, in Mobile, AL.

Funds were also used to provide administrative support for meetings of the Damage Prevention Quality Action Team and to underwrite the cost of the One-Call Systems Best Practices Study, known as Common Ground. In particular, funding was used to facilitate the meetings of the many task teams investigating all damage prevention functions. Additional costs include assembling a broadcast production of a report on interim findings, a public meeting, and publishing a final report. This effort is identifying practices which are most effective in damage prevention and preventing disruption to services provided by underground facilities.

Question. What was accomplished in the area of leveraging private sector funds and conducting a new joint public meeting with the NTSB on one-call systems? How are you working with NTSB to advance damage prevention strategies?

Answer. Private sector funds are contributed by the various industry and government organizations participating in RSPA's damage prevention efforts including the Damage Prevention Quality Team and Best Practices Study Team. Each initiative involves planning for and attending meetings at locations around the country. Team members from private sector organizations travel at their own expense. In addition, several private sector organizations have hosted various meetings, and contributed to the costs of promotional items for the damage prevention campaign.

RSPA continues to work with NTSB to improve pipeline safety by improving damage prevention to underground facilities. RSPA recently responded to 14 NTSB Safety Recommendations regarding damage prevention issues resulting from an NTSB Safety Study titled, "Protecting Public Safety Through Excavation Damage Prevention." As required by the Senate Appropriations Committee Report for our fiscal year 1999 budget, RSPA is preparing a joint public meeting with NTSB, scheduled for June 30, 1999. RSPA Administrator Kelley Coyner and National Transportation Safety Board Chairman James Hall are expected to participate in this meeting which will focus on national damage prevention efforts. The meeting agenda will include progress reports on:

—the One-Call System/Best Practices Damage Prevention Study;
—Damage Prevention Quality Action Team's work products;
—the One Call Systems International (OCSI) "call before you dig" decal program; and
—the OCSI national 1–800-one-call number.

An open discussion by attendees on next steps and comments on the implementation of the Damage Prevention Grant Program to States in fiscal year 2000 is expected.

A Federal Register Notice concerning this meeting will be published in the near future.

Question. What specific commitments for cost-sharing have you gotten from the private sector to help pay the one-call/damage prevention outreach effort? Please quantify cash and in-kind contributions.

Answer. The private sector has contributed to the one-call damage prevention effort in many ways by providing staff experts to serve on the Damage Prevention Quality Action Team, meeting space and administrative support services, and by underwriting staff travel expenses for the past two and a half years. RSPA does not have a record of contributions in quantifiable terms. In addition, the groups represented on the Team have supported the effort by producing articles in association newsletters, promoting the campaign on their web sites and in speeches across the country. The Utility Protection Center of Georgia has paid for the production of pro-

motion items for the campaign. Southwest Bell Corporation is also prepared to fund production of promotional items.

RESEARCH AND DEVELOPMENT

Question. Which industries and research organizations have demonstrated an interest in partnering with OPS to advance pipeline locating and monitoring technologies? Do you have any firm cost-sharing commitments? How far do you anticipate being able to leverage the $450,000 in the fiscal year 2000 request?

Answer. RSPA is exploring conducting research in the area of real-time monitoring for third-party damage with PRC International, the research organization administratively associated with the American Gas Association. PRC International represents both the oil and gas industry worldwide. Third-party damage is the leading cause of gas and hazardous liquid pipeline failures in the U.S.

This would involve an innovative approach to contracting as the research would be co-funded by PRC International, ourselves, and other partners from the pipeline industry and perhaps other underground utilities. The funding level of each partner has not been established but the total project cost is likely to run in the multimillion dollar range. We would use our cooperative agreement authority to implement an agreement to conduct this proposed research. The research would first define the nature of the problem of third-party damage, identify technologies which could be explored, including past research conducted, and finally fund the development of one or two technologies identified. A comprehensive research proposal is being produced by PRC International with research scheduled to begin in fiscal year 2000. It is contemplated that the research would take five years to complete.

In addition, we plan to commence a new initiative to identify and evaluate location equipment for buried plastic gas mains and service lines.

Question. Please describe the progress made in your mapping initiative since last year. When will the project be completed? How much was appropriated and spent on this effort in fiscal years 1997 and 1998 and planned for fiscal years 1999 and 2000? What are the remaining challenges? Will there be a need for funding over the long-term?

Answer. Over the past year, RSPA and the Joint Government/Industry Pipeline Mapping Quality Action Team (MQAT) have created, pilot tested, and revised the standards, computer templates, and model for the National Pipeline Mapping System (NPMS). Two Commerce Business Daily Announcements were published to determine which State agencies and pipeline mapping vendors are interested in, and qualified to become, State repositories and the National repository. Contracts were awarded to nine state repositories (Texas, Kansas, Louisiana, Minnesota, Oklahoma, California, Kentucky, New Jersey, and Pennsylvania) and the NPMS National Repository. These repositories are now operational.

RSPA, the American Petroleum Institute, the Interstate Natural Gas Association of America, U.S. Geological Survey, Department of Energy, and Federal Energy Regulatory Commission held five public workshops on the NPMS in Houston, TX; Chicago, IL; and San Francisco, CA; Washington, D.C.; and New Orleans, LA. RSPA also held a repository workshop to familiarize state repositories with the revised standards and to discuss outstanding issues. RSPA created and released a mapping video to familiarize pipeline operators, Federal and state agencies, private industry, and the public on our mapping initiative.

RSPA met with EPA Region 5 to discuss a joint mapping effort of hazardous liquid pipelines and EPA has agreed to collect and help fund this initiative. RSPA has discussed similar efforts with the Department of Defense.

RSPA and MQAT have also developed a rollout implementation strategy for the NPMS. RSPA, the American Petroleum Institute, and the Interstate Natural Gas Association of America will send notices to pipeline operators by May asking them to submit pipeline data. We will target the interstate and larger intrastate operators first.

$400,000 was appropriated in fiscal year 1997 and 1998. This money has been spent on accomplishing the items listed above. $800,000 was appropriated in fiscal year 1999 and the same amount was requested for fiscal year 2000. RSPA will use this money to collect and process pipeline and liquefied natural gas facility data. RSPA expects to complete 70 percent of the NPMS by the end of the year 2000. Remaining challenges include creating a seamless pipeline map from the multitude of pipeline data that operators have in various formats, sustaining communication between the repositories and EPA to avoid multiple requests for the same data and duplication of effort, and working with the states and other agencies that have already obtained pipeline data to use these data to the extent possible.

RSPA anticipates that additional funds will be needed in the future to update and maintain the NPMS.

Question. What progress has been made on the memorandum of understanding (MOU) with the Gas Research Institute in nondestructive evaluation technology? What are the accomplishments to date on this partnership? Are there any unobligated balances? What are the challenges associated with this cooperative research?

Answer. The laboratory work has revealed a multilevel magnetization signal is needed to fully characterize the two components of mechanical damage, which is the change in pipe geometry and changes in the properties of the pipe metal resulting from mechanical damage. A procedure to distinguish the difference using the multiple magnetization level approach has been proven. This work may allow a mechanical damage detection capability to be added to existing corrosion pigs. If testing, to be completed in fiscal year 1999 at the Gas Research Institute's Pipeline Simulation Facility, located near Columbus, Ohio, proves this concept in actual pigs, only one pig survey would be needed to identify corrosion and mechanical damage in operating pipelines. In fact, a domestic pig vendor, Tuboscope Vetco Pipeline Services, is assembling a mechanical damage pig using data obtained as a result of this research.

Since completing its report on magnetic measurements in March 1998, the research team has begun to determine the effects of pipe stress and mechanical damage on the magnetic fields induced in the pipe wall by magnetic flux leakage pigs. A number of advanced engineering approaches have been used, including finite element analysis of manufactured dents and gouges in a 24-inch pipe. The research team continues to evaluate alternative methods of classifying and characterizing mechanical damage using neural networks and nonlinear harmonics.

At the Pipeline Simulation Facility, the research team upgraded the pig that serves as the Test Bed Vehicle with state-of-the-art sensors and a new data acquisition system, and has upgraded the magnetizers to produce higher magnetization levels. The team has fabricated 38 controlled dents, scrapes, and gouges that simulate real-world pipe conditions, including some that resemble pipe damage from backhoes and other construction equipment. These are being used for testing the instrumented pig.

A final report on the first two years of the project has been completed and is available on the Office of Pipeline Safety's Internet web site, http://ops.dot.gov.

RSPA has obligated all prior year funds for this research.

Comprehensive characterization of mechanical damage due to examination with the magnetic flux produced only along the pipe's longitudinal axis is a challenge in this current research. A project to include examination with the magnetic flux along the pipe's circumference also is being considered for additional funding in fiscal year 2000. Because of possible funding limitations for the circumferential analysis, we decided to seek co-funding from our industry partners. GRI agreed to co-fund the circumferential analysis. We received a proposal from GRI dated March 8 to conduct the study and are presently analyzing the proposal.

GRANTS

Question. For fiscal year 1998 and 1999, please list the states that participated in your hazardous liquids and natural gas state grant programs. For each participating state, display the amount requested by state, the amount of federal grant funds received, and the percentage of federal contribution to total costs represented by that grant. What efforts were taken to increase participation in the grant program?

Answer. Attached are the allocations for fiscal year 1998. As soon as the allocations for fiscal year 1999 are complete, we will forward them to the Congress.

RSPA has encouraged further intrastate jurisdiction and improvements to state one-call damage prevention programs. In addition, RSPA has enhanced participation by the states on risk management and industry committee meetings-all of which increase the amount of money available to the states.

Question. RSPA and the states have agreed to attempt to provide 50 percent of the states' pipeline safety program funding from the federal government. As an aggregate, what percent of the states' pipeline safety program funds were appropriated through the OPS state grant program in fiscal years 1997, 1998, and 1999?

Answer. The funding level for fiscal years 1997 and 1998 were 44 percent and 41 percent. The funding level for fiscal year 1999 will be 42 percent.

Question. Part of the original justification for the increase in the pipeline grant program was that with increased funds the states would be encouraged to expand their enforcement responsibilities. Please provide quantitative data on a state-by-state basis indicating whether that has happened.

Answer. The states have expanded their enforcement jurisdiction in the past few years by adding new intrastate gas and liquid programs and new areas of Municipal, LPG or master meter operators jurisdiction in their particular state and enhanced one-call compliance.

Question. Please provide an assessment of your monitoring of the state grant program. How has OPS improved various state programs?

Answer. Field evaluation scores and other performance measures are used to determine the grant allocation for each State. Each year, OPS evaluates the states pipeline safety programs based on current performance measures. OPS monitors state inspections to ensure that the Pipeline Safety Regulations are being appropriately enforced. The annually submitted State certifications contain data on such factors as adequacy of one-call efforts, field inspection days, the number of regulations adopted, and inspector qualification.

Over the last five years, OPS has taken steps to improve our oversight of the state pipeline safety programs including the full-time designation of an inspector in each region office to monitor and evaluate their activities.

These inspectors, the state liaison representatives, have worked together to improve the monitoring and evaluation process so that areas of needed improvement can be more readily identified and corrected. When OPS identifies a potential weakness in a state pipeline program, we work closely with the program manager to correct the circumstances and provide technical support.

Question. How are the states using funds for risk management and assessment activities? What challenges do the states face and how is OPS providing technical assistance?

Answer. The states may draw on $500,000 in Risk Management Grants to participate in the evaluation and monitoring of risk management projects, and related support initiatives such as communications, training associated with risk analysis and risk control decision making, developing and tracking performance measurement, damage prevention evaluation and improved mapping of pipeline location and environmental factors. State participation brings the most site-specific, geographic, and socioeconomic information into the risk evaluation process.

To ease some of the challenges states face participating in a new regulatory approach, RSPA factored state concerns into the development of protocols, evaluation criteria, and other program elements. RSPA includes states in briefings provided to staff before meetings with demonstration companies to provide them with current information. RSPA also includes affected states in the same risk-related training activities it provides for its own staff.

Question. In the fiscal year 1999 transportation appropriations Omnibus, the conferees appropriated $1,000,000 to be made available for one-call grants to states. How much was requested by the states in fiscal year 1999?

Answer. Thirty-three states requested a total of $1,482,800 for one-call grants.

Question. Please update past data provided on the status of one-call systems, their completeness, effectiveness, legislative status, and enforcement capabilities of the states. How many, and which, states have utilized one-call grant funds to establish one-call programs?

Answer. Within the past four years, sixteen States have passed or improved one-call legislation: Kentucky, Montana, North Dakota, Nebraska, New Mexico, New York, Oregon, Puerto Rico, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia and Wyoming. Since the incident in San Juan, Puerto Rico in 1996, we have been working closely with Puerto Rico (PR) for legislation to create a one-call center. This legislation was passed in September 1998. There is also a growing number of States with a strong one-call enforcement mechanism (Arizona, Connecticut, Massachusetts, Minnesota, New Hampshire, New Jersey, Tennessee, and Virginia) that include:

—A specific agency with jurisdiction over excavators and facility operators

—Authority to issue immediate citations and the power to collect penalties

—Administrative encouragement and staff assigned to enforce the law.

Eleven States do not require all underground facility operators to belong to one-call organizations. We expect several state legislatures to enact or modify one-call legislation for this purpose.

More than 30 States have emergency service available on a 24-hour basis. In States without 24-hour emergency service, excavators have to notify operators of impending excavation after business hours.

OPS also utilizes one-call grant funds to support States to establish one-call programs. This past year, the following 31 State programs have requested one-call grants to further one-call activities: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Illinois, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Montana, Nevada, New Jersey, New York, North Carolina, North

Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, and Washington.

Question. OPS is requesting to use $1,000,000 of fiscal year 2000 funds for damage prevention improvement grants. Will those funds be obtained from general revenues? How will that grant program be coordinated with other similar OPS and private sector activities?

Answer. RSPA proposes to use pipeline safety user fees to finance damage prevention improvement grants. Reducing outside force damage has long been our top ranked solution to improve pipeline safety. The expenditure of pipeline safety user fees for the purpose of promoting best practices to prevent damage to pipelines is consistent with RSPA's priorities.

We will be announcing a public meeting on June 30, 1999, to solicit input on criteria for award of the Damage Prevention Improvement Grants and on the means to most effectively encourage adoption of best practices in one-call notification systems and other means of damage prevention. We also will enlist the help of the Grant Allocation Committee of the National Association of Pipeline Safety Representatives in integrating state pipeline program activities to improve damage prevention efforts.

VOLPE NATIONAL TRANSPORTATION SYSTEMS CENTER

Question. For fiscal year 1997 and fiscal year 1998, what percent of funds were contracted out? For fiscal year 1999 what percent of funds do you plan to contract out?

Answer. For fiscal years 1997 and 1998 about 76 percent and 77 percent percent, respectively, of the Center's obligations were contracted to the private and university sectors. The percentage is expected to remain stable for fiscal year 1999.

Question. What percent of your personnel costs are for contract administration, technical program direction, and in-house research?

Answer. About 4 percent of personnel costs are for contract administration. About 70 percent is tied to specific technical project work, including both technical direction and technical performance. No funds or staff were devoted to in-house research (i.e. independent research and development not tied to a client project) in fiscal year 1998 and none is planned for fiscal year 1999–2000. The remaining 26 percent of personnel costs covers facility operations, staff development, stakeholder reporting, managerial process improvements, and outreach.

Question. In which areas do you propose to use the additional FTE?

Answer.

VOLPE CENTER FTE CORE TECHNICAL SKILL AREAS

	Fiscal year request	
	1999	2000
System Planning, Analysis & Simulation	160	166
Vehicle Guideways & Terminals	45	46
Communication, Navigation & Surveillance	56	59
Information System Engineering	85	89
Human Factor	10	12
Environmental Analysis & Engineering	41	45
Transport System Security	15	19
Administration & Clerical	114	114
Total	526	550

Question. Please break out, in tabular form, obligations by each of the DOT modal administrations to the Volpe Center for each of the last three fiscal years. What is the significance of these funding trends?

Answer. The following table shows obligations of DOT Modal Administrations to the Volpe Center in millions of dollars.

	Fiscal year		
	1997	1998	1999 (est)
FAA	85.1	84.5	85.6
FHWA	13.9	11.8	12.0
USCG	7.4	6.8	7.5
FRA	9.6	10.9	11.5
FTA	4.8	7.5	7.8
NHTSA	8.5	8.8	9.0
RSPA	6.4	6.6	6.7
OTHER DOT	2.5	2.3	2.4
OST	1.0	2.6	0.8
Total	139.2	141.8	143.3

Note: Each amount includes that customer's participation in DOT's SBIR program, which the Volpe Center manages.

The trends generally reflect changes in our customers' program emphasis or changes to DOT's appropriations.

Question. What are the performance goals and measures related to service delivery at Volpe? How have you done so far? What are the key challenges that remain?

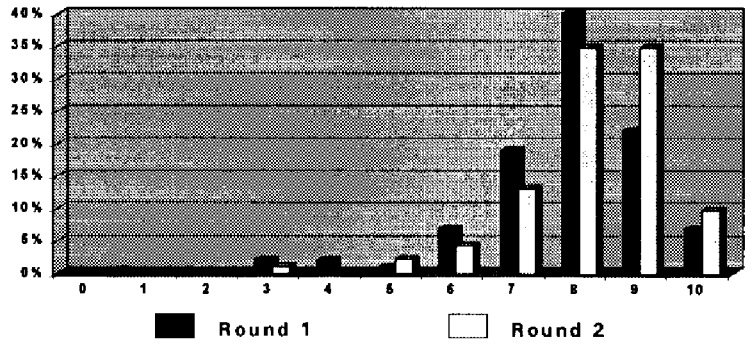
Answer. There are 10 Volpe Center service delivery measures:

—Project Initiation
—Project Definition
—Administrative Process of Project Definition (Start Work)
—Availability of Staff
—Competence of Staff
—Working Relationships
—Project Management
—Content & Quality of Deliverables
—Best Value
—Overall Satisfaction

The goal is to have an accurate, multi-dimensional understanding of Center customers views to facilitate continual improvement in overall service delivery. Results to date, shown graphically below, indicate this goal is being achieved.

Project-level Interviews ~ Results to-date

Overall Satisfaction - Round 1 vs. Round 2 Comparison



Scale: "0" means "extremely dissatisfied" and "10" means "extremely satisfied"

These formal measurements are taken through structured interviews with each Center customer every two years. The Center is midway through the second cycle of interviews.

The challenge is to continue to improve given the excellence of results already achieved.

Question. Please prepare a table showing the percent of the Volpe work that has been conducted for non-DOT agencies for each of the last four years.

Answer. The following table shows Volpe Center Obligations for Non-DOT Agencies.

[In percentages]

	Fiscal year			
	1996	1997	1998	1999 (est)
DOD	12	12	10	12
Other Non-DOT	16	20	18	18
Total	28	32	28	30

Question. What are the Volpe overhead charges and how have you tried to reduce these charges? Please provide a detailed explanation and dollar figures of all overhead costs for each of the last three fiscal years.

Answer. Following is the distribution of the Center's indirect expenses (in millions of dollars obligated):

Indirect Activity	Fiscal year		
	1997	1998	1999 (est)
Facility Operations	4.5	3.4	3.7
Business Services	8.3	9.8	9.5
Line Management	2.5	2.5	2.5
Center-wide Services	1.2	1.5	1.8
Computer & LAN Services	2.3	3.8	3.3
Industry Outreach	0.4	0.3	0.3
Capability Development	0.3	0.3	0.5
Plans & Pgm Development	0.8	0.9	1.2
Chief Counsel	0.6	0.3	0.3
Executive Management	0.6	1.0	1.0
Total Indirect	$21.5	$23.8	$24.1
Total Obligations [1]	$204.3	$196.1	$197.0
Indirect to Total	10.5	12.1	12.2

[1] Net of recoveries of prior year obligations.

The estimated fiscal year 1999 indirect expenses reflect increases for salaries, benefits, negotiated contract price adjustments and other normal cost growth plus an amount for depreciation of prior year capital investments and increased investment in staff training and recruitment. Increases have been partially offset by continuing cost reduction efforts with major emphasis on process simplification, improved automation and introducing current energy conservation technology.

Question. Please provide a detailed listing of all fiscal year 1998 and fiscal year 1999 new start reimbursable agreements that the Volpe Center has with other Federal agencies. Include all costs that are paid out to contractors hired by the Volpe Center.

Answer.

Fiscal year 1998

Planned Digital Video Storage System, DOD Air Force, $90 Thousand, 72 percent.

The Volpe Center will assess and evaluate state of the art security and digitized video technology. Tasks include: review and validation of design documentation, evaluate options for interface/integration at Eglin AFB, FL.

Aircraft Noise Prediction Model Support, NASA Langley, $24.3 Thousand, 0 percent.

Support will be provided in the area of improved aircraft noise prediction algorithms. Technical support involves a comprehensive field-noise measurement pro-

gram to take place in the vicinity of Logan International Airport, followed by subsequent laboratory data reduction and analysis to produce improved noise propagation algorithms for inclusion in aircraft noise prediction models.

Transportation and Organizational Systems Support, DOI/NPS, $30 Thousand, 0 percent.

Develop and implement a water transportation plan for Boston Harbor. This will involve working to help clarify and work through critical water transportation issues; assist in writing the water transportation portion of the master plan for Boston Harbor.

Organizational Systems Support, EPA/OSEC, $20 Thousand, 0 percent.

Provide organizational systems support to EPA/OSEC in its South Florida Urban Initiative, an EPA project intended to complement a federal-state-local partnership currently working to restore the Everglades ecosystem. A major thrust of these efforts is to redirect a substantial portion of the region's future population growth away from the region's remaining ecologically sensitive resources. Viable solutions must include and address a broad range of transportation issues.

Support to EPA/Office of Information Resources Management, EPA/ORIM, $200 Thousand, 0 percent.

Assist OIRM in moving toward a more strategic use of information technologies in accomplishing its core missions, tasks significantly influenced by transportation systems infrastructure and operation.

NRC Transportation Survey Of Radioactive Material, NRC, $35 Thousand, 0 percent.

The Volpe Center will identify and compile existing sources describing nuclear materials movements in the U.S. The Center will also conduct all of the tasks necessary to develop and pre-test a data collection instrument for nuclear materials movements that cannot be tracked through government or publicly available data sources.

Coast Guard Polar Research vessel (CGC Healy), USCG, $100 Thousand, 80 percent.

Restructure the configuration data received with the new Coast Guard Polar Research Vessel (CGC Healy) from the Navy's Real-time Outfitting Management System (ROMIS) format to the USCG's CMPlus data format. CMPlus was developed, and is being implemented, by the Volpe Center for the USCG. Fiscal year 1999

Aviation Mail Hazmat Support Services, USPS, $1.6 Million, 40 percent.

The Volpe Center will support the Aviation Mail Security group by assisting in the planning, development, and implementation of policies and training supporting HAZMAT acceptance, handling, transportation, and delivery.

EPA, Region 8 Site Assessment and Remediation, EPA, $1.5 Million, 68 percent.

To provide environmental support services in the assessment, design, remediation, restoration and oversight of contaminated sites in Region 8.

Question. The Committee has been concerned that almost all of the funds provided for RSPA's research and technology activities were being allocated to the Volpe Center or to the Transportation Research Board. Please provide quantitative evidence that you have expanded the universe of companies and institutions participating in your contract program.

Answer. In fiscal year 1999, the RSPA research and technology activities have or will fund the following organizations or contractors to assist it in supporting the strategic planning process for Federal transportation R&D and the Department's technology transfer program, and to maintain the Department's membership on various roundtables and conferences:

ACTIVITY	*Fiscal year 1999*
STRATEGIC PLANNING:	
Volpe Center	$550,000
National Research Council/Transportation Research Board (TRB)	100,000
Civil Engineering Research Foundation	50,000
National Science Foundation	50,000
Library of Congress	50,000
National Research Council/Standing Committee to Review the Research Program of the Partnership for a new Generation of Vehicles	50,000

ACTIVITY	*Fiscal year 1999*
RESEARCH AND TECHNOLOGY COORDINATION AND PARTNERSHIPS:	
Volpe Center	810,000
Council on Competitiveness	50,000
TRB (RSPA Annual Fee)	50,000
National Academy of Sciences Government-University-Industry Research Roundtable	125,000
DOE Office of Scientific and Technical Information (R&D Tracking)	100,000
Arrowhead Space and Telecommunications (Technology Sharing/Technology Transfer)	100,000
INTERMODAL AND MULTI-MODAL RESEARCH AND EDUCATION:	
Small Business Innovation Research Program	150,000

Question. Who are the new registrants that will be impacted by RSPA's proposed rulemaking to change the Registration program fee structure?

Answer. The new registrants that would be impacted by RSPA's proposed rule are persons that offer or transport shipments of hazardous materials that require placarding. These persons primarily include companies that offer or transport hazardous materials in (a) bulk containers with capacities less than 3,500 gallons or less than 468 cubic feet, or (b) other than bulk containers in shipments of between 1,000 and 5,000 pounds. Please refer to the discussion on page 18791 of the Notice of Proposed Rulemaking (NPRM) published in the Federal register on April 15, 1999 (attached).

Question. What efforts has RSPA made to fully enforce the current rule?

Answer. RSPA, other DOT administrations, and state and local enforcement offices share the responsibility of enforcing the Hazardous Materials Regulations. All of these conduct compliance inspections to determine compliance with all aspects of the regulations, including the registration requirements. FHWA conducts about 2,000 inspections of hazmat trucking companies annually; RSPA conducts about 1,000 inspections of hazmat shipping companies. Results of these enforcement efforts indicate a compliance rate of over 95 percent. We believe that compliance among other modes is similarly high. Additional information is contained in the discussion on pages 18789–90 of the NPRM (attached).

RSPA also conducts extensive outreach to inform the hazardous materials community of the registration requirements. Last year, RSPA mailed registration information to approximately 48,500 companies. RSPA has increased its follow-up mailings to companies previously registered or newly identified as possible registrants. These actions identified approximately 1,000 new registrants and raised an additional $500,000, including collections from prior years.

Question. Will RSPA be able to collect $14.3 million by the end of fiscal year 2000?

Answer. We will complete the steps necessary for this rulemaking as expeditiously as possible. If, after review of comments, we adopt the proposed rule, then we will conduct a public information program to inform the regulated community of the changes in the regulations. If the proposed rule is adopted in time to be implemented for the 2000–2001 registration year, we expect to begin collection of fees at the higher rate before the end of fiscal year 2000.

Question. Please estimate the amount of registration fees that the following companies would be required to pay under the proposed rule: Davidson Oil Company, Cooper Oil Company, Allen Companies, Max Oil Company, and Morgan Oil Company. How is this fee determined?

Answer. We have proposed a two-tiered fee schedule, as discussed on page 18791 of the April 15, 1999 NPRM (attached). A small business, as defined by the Small Business Administration's (SBA) criteria, would pay a the minimum fee of $300. A company which is not a small business would pay the maximum fee of $2,000. The SBA criteria for a small business for retail fuel oil dealers (SIC 5983) is gross annual revenue of less than $9.0 million. The companies identified above are retail fuel oil dealers (SIC 5983), but RSPA has no information on the annual gross income of these specific companies. Therefore, we cannot determine the amount of their fee.

[From the Federal Register, Apr. 15, 1999]

PART IV—DEPARTMENT OF TRANSPORTATION, RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

49 CFR PART 107—HAZARDOUS MATERIALS TRANSPORTATION; REGISTRATION AND FEE ASSESSMENT PROGRAM; PROPOSED RULE

[DOCKET NO. RSPA–99–5137 (HM–208C)], RIN 2137–AD17

AGENCY: Research and Special Programs Administration (RSPA), DOT.

ACTION: Notice of Proposed Rulemaking (NPRM).

SUMMARY: RSPA is proposing changes to the current registration and fee assessment program for persons who transport or offer for transportation certain categories and quantities of hazardous materials. The proposed changes would increase the number of persons required to register and increase the annual registration fee for shippers and carriers who are not a small business under Small Business Administration criteria. The proposed changes are intended to raise additional funds to enhance support for the national Hazardous Materials Emergency Preparedness Grants Program.

DATES: *Written Comments:* Comments must be received on or before June 14, 1999.

Public Meeting Date: A public meeting will be held on May 25, 1999; from 9:00 a.m. to 4:00 p.m. An additional meeting may be scheduled if there is substantial interest.

ADDRESSES: *Written Comments:* Address comments to the Dockets Unit, U.S. Department of Transportation, Room PL 401, 400 Seventh St., SW, Washington, DC 20590–0001. Comments should identify the docket number RSPA–99–5137 (HM–208C) and should be submitted in two copies. Persons wishing to receive confirmation of receipt of their comments should include a self-addressed stamped postcard. Comments may also be submitted by e-mail to: http://dms.dot.gov, or by fax to (202) 366–3753. The Dockets Unit is located on the Plaza Level of the Nassif Building at the U.S. Department of Transportation at the above address.

Public dockets may be viewed between the hours of 10:00 a.m. and 5:00 p.m., Monday through Friday, except Federal holidays. Internet users may access all comments and related background materials by using the Universal Resource Locator (URL) http://dms.dot.gov. An electronic copy of this document may be downloaded using a modem and suitable communications software from the Government Printing Office Electronic Bulletin Board Service at (202) 512–1661.

Public Meeting: The public meeting will be held in room 3200–3204 at the U.S. Department of Transportation's Nassif building, 400 Seventh Street SW, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Mr. David Donaldson, Office of Hazardous Materials Planning and Analysis, (202) 366–4484, or Ms. Jodi George, Office of Hazardous Materials Standards, (202) 366–8553, RSPA, Department of Transportation, 400 Seventh Street SW, Washington, DC 20590–0001.

SUPPLEMENTARY INFORMATION:

I. Background

A. Current Registration Program

In 1990, amendments to Federal hazardous materials transportation law, now codified at 49 U.S.C. 5101 et seq. (the law), required the Secretary of Transportation to establish a registration program. The Secretary delegated this authority to the Administrator, Research and Special Programs Administration (RSPA). 49 CFR 1.53(b)(1). The purpose of the registration program is to gather information about the transportation of hazardous materials and to fund a grants program to support hazardous materials emergency response planning and training activities by State and local governments. Under 49 U.S.C. 5108, each person who transports or causes to be transported in commerce one or more of the categories of hazardous materials listed below must file a registration statement with RSPA and pay an annual registration fee:

(1) A highway-route controlled quantity of Class 7 (radioactive) materials;

(2) More than 25 kilograms (55 pounds) of a Division 1.1, 1.2, or 1.3 (explosive) material in a motor vehicle, rail car, or freight container;

(3) A package containing more than one liter (1.06 quarts) of a hazardous material the Secretary designates as extremely toxic by inhalation, which has been identified as a material meeting a criterion of a Zone A material that is toxic by inhalation;

(4) A hazardous material in a bulk packaging, container, or tank if the packaging, container, or tank has a capacity equal to or greater than 13,248 liters (3,500 gallons) or more than 13.24 cubic meters (468 cubic feet); or

(5) A shipment in other than a bulk packaging of 2,268 kilograms (5,000 pounds) or more of a class of hazardous materials for which placarding of a vehicle, rail car, or freight container is required.

In addition, 49 U.S.C. 5108(a)(2) permits RSPA to require registration by each person who:

(1) Transports or causes to be transported hazardous material in commerce but does not engage in the activities listed above; or

(2) Manufactures, fabricates, marks, maintains, reconditions, repairs, or tests packagings that the person represents, marks, certifies, or sells for use in transporting in commerce hazardous materials.

Section 5108(g) allows RSPA to set the registration fee at an amount between $250 and $5,000, based on one or more of the following factors:

(1) The gross revenues from the transportation of hazardous materials;

(2) The types of hazardous materials transported or caused to be transported;

(3) The quantities of hazardous materials transported or caused to be transported;

(4) The number of shipments of hazardous materials;

(5) The number of activities which a person carries out for which filing a registration statement is required;

(6) The threat to property, individuals, and the environment from an accident or incident involving the hazardous materials transported or caused to be transported;

(7) The percentage of gross revenues which are derived from the transport of hazardous materials;

(8) The amount of funds which are made available to carry out the emergency response planning and training grants program; and

(9) Such other factors RSPA considers appropriate.

Section 5108(i)(2) specifically excepts the following persons from the registration requirements:

(1) A department, agency, or instrumentality of the United States Government;

(2) An authority of a State or political subdivision of a State;

(3) An employee of a department, agency, instrumentality, or authority carrying out official duties; and

(4) An employee of a hazmat employer, which for the purposes of registration includes the owner-operator of a motor vehicle that transports in commerce hazardous materials, if that vehicle at the time of those activities, leased to a registered motor carrier under a 30-day or longer lease as prescribed in 49 CFR part 376 or an equivalent contractual agreement.

Section 5108(a)(4) permits RSPA to waive the registration requirements for a person not domiciled in the United States that solely offers hazardous materials for transportation in commerce to the United States from a place outside the United States if the country of which such person is a domiciliary does not require persons domiciled in the United States who solely offer hazardous materials for transportation to the foreign country from places in the United States to file registration statements, or to pay fees, for making such an offer. In 1995, this exception for foreign offerors was incorporated into the regulations at 49 CFR 107.606(a)(6).

In establishing the registration program, RSPA chose to require registration by only those persons under a statutory obligation to register and to impose the minimum $250 fee on those persons, plus an additional fee, currently set at $50, to pay for the costs of processing the registration statements, as authorized by 49 U.S.C. 5108(g). All registrants pay the same registration fee, regardless of their size, their income, or the extent to which they engage in hazardous materials transportation activities.

The current regulations, in § 107.608(a), require the annual submission of a registration statement. Section 107.620 requires each registrant to maintain a copy of its registration statement and the certificate of registration issued by RSPA at its principal place of business for three years. In addition, each highway carrier and vessel operator is required to keep a copy of the current registration certificate or another document bearing the registration number on board each vehicle or vessel carrying the types and quantities of hazardous materials that require registration.

In each of the seven years since 1992, when offerors and transporters were first required to register, RSPA has received approximately 27,000 registration statements and an average of $6.9 million to support the HMEP Grants Program.

B. Hazardous Materials Emergency Preparedness (HMEP) Grants Program

1. Purpose and Achievements of the HMEP Grants Program

The HMEP Grants Program, as mandated by the law, establishes a role for the Federal government in providing financial and technical assistance, national direction, and guidance to enhance State, local, and tribal hazardous materials emergency planning and training. The HMEP Grants Program is designed to build upon existing programs and to support the working relationships within the National Response System and the Emergency Planning and Community Right-To-Know Act of 1986 (Title III). 42 U.S.C. 11001 *et seq*. The grants are used to develop, improve, and implement emergency plans, to train public sector hazardous materials emergency response employees to respond to accidents and incidents involving hazardous materials, to determine flow patterns of hazardous materials within a State and between States, and to determine the need within a State for regional hazardous materials emergency response teams.

The grants program was designed to encourage the growth of hazardous materials planning and training programs of State, local and tribal governments. To ensure this growth, Sections 5116(a)(2)(A) and 5116(b)(2)(A) of the law require a State or Native American tribe applying for grants to certify that the amount it expends on hazardous materials planning and training, not counting Federal funds, will at least equal the average amount spent for these purposes during the last two fiscal years. The HMEP grants therefore represent additional funds that supplement the amount already being provided by the State or tribe. To further encourage growth in planning and training funds, Section 5116(e) limits the Federal share of the costs of the additional activity for which the grants are made to 80 percent, thus requiring the State or tribe to provide 20 percent of these additional costs. By accepting an HMEP grant, the State or tribe commits itself not only to maintaining its previous level of support, but increasing that level by an amount representing 20 percent of the funds newly expended on grant-supported activities each year. For example, an HMEP grant of $100,000 requires an additional commitment of $25,000 in State or tribal funds over the average amount expended by the agency during the previous two years. These additional State or tribal funds may be provided in the form of direct fiscal support or through the provision of in-kind resources.

Effective responses to hazardous materials incidents depend on the extent and quality of planning and training. Generally, a State Emergency Response Commission (SERC) coordinates the activities of the Local Emergency Planning Committees (LEPCs). The nation's more than 3,000 LEPCs prepare and, in the case of an emergency, implement emergency plans that delineate how responders coordinate activities at the scene of an incident. Emergency plans include: (1) commodity flow studies to determine the materials most likely to create an emergency; (2) exercise plans to test the effectiveness of emergency response; and (3) training requirements for responders. RSPA awards grants to agencies designated by a State or territorial Governor or tribal leader. These agencies are primarily emergency response and environmental protection agencies and Native American tribal governments. The designated agency distributes funds within the State, territory, or Native American tribe in accordance with HMEP grant rules and required certifications. Each grant is made in two portions. Under 49 U.S.C. 5116(a), the first portion of grant funds is awarded for developing, improving, and implementing emergency plans under Title III; conducting commodity flow studies; and determining the need for regional hazardous materials response teams. In each year, RSPA allocates approximately 40 percent of the grant funds for emergency preparedness planning purposes.

The second portion of the grant is designated for training. RSPA allocates approximately 60 percent of the grant funds for emergency preparedness training purposes. This portion is used to train public sector employees to respond safely and efficiently to accidents and incidents involving hazardous materials. The people trained include paid and volunteer firefighters, police, and emergency medical service providers. The designated agencies distribute the major portion of the grants to local emergency response organizations. This system promotes representation of many interests within a State or territory.

The States are also required by Section 5116(a)(2)(B) to pass at least 75 percent of the planning grant amount to LEPC's to develop emergency plans, and by Section 5116(b)(2)(C) to make available at least 75 percent of the training grant amount for training public sector employees employed or used by a political subdivision of the State. These provisions ensure that funds are provided to the local emergency response teams for planning purposes, and that training is provided to first responders.

Since 1993, all States and territories and 35 Native American tribes have been awarded planning and training grants totaling $38.6 million. These grants, which were supplemented by funds from States, tribes, and local agencies, were used to:

—Train 576,000 hazardous materials responders;

—Conduct 1,825 commodity flow studies;

—Write or update more than 1,000 emergency plans during the first grant period, 1,200 in the second, 4,475 in the third, and 5,775 in the fourth;
— Conduct 2,850 emergency response exercises; and
—Assist 1,200 LEPCs during the first year, 2,225 in the second, 2,150 in the third, and 1,900 in the fourth.

In addition, over the past six years, HMEP Grants Program funds have been used to support the following related activities in the total amounts indicated:

—$2.1 million for development and periodic updating of a national curriculum of courses necessary to train public sector emergency response and preparedness teams. The curriculum guidelines, developed by a committee of Federal, State, and local experts, include criteria for establishing training programs for emergency responders at five progressively more skilled levels: first responder awareness, first responder operations, hazardous materials technician, hazardous materials specialist, and on-scene commander. To date, there have been three major and many minor updates to the curriculum guidelines. The guidelines are used to qualify courses for inclusion in the list. In this way, a national list of courses is generated in full partnership with the States and other interested parties. In addition, RSPA used some of the registration fees to distribute more than 16,000 copies of the HMEP interagency-developed curriculum guidelines to grantees, LEPCs, SERCs, and local fire departments. A small portion of the funds is used for coordination with other Federal agencies through the National Response Team Training/Curriculum Sub-Committee, chaired by RSPA. The guidelines are available from the Federal Emergency Management Agency (FEMA) via its internet web site at http://www.fema.gov/emi/hmep or by calling FEMA at 301–447–1009.
—$1.7 million to monitor public sector emergency response planning and training for an accident or incident involving hazardous materials, and to provide technical assistance to a State or Native American tribe for carrying out emergency response training and planning for an accident or incident involving hazardous materials.
—$3.3 million for periodic updating and distribution of the North American Emergency Response Guidebook.
—$0.5 million for supplemental grants to the International Association of Fire Fighters (IAFF) to train instructors to conduct hazardous materials response training programs.
—$2.0 million for administrative costs of carrying out the HMEP Grants Program.

The HMEP Grants Program has allowed RSPA to support a wide array of emergency preparedness planning and training activities of States and Native American tribes, thereby enabling them to better respond to numerous hazardous-materials-related emergencies. The experiences of emergency response personnel in actual emergency situations during the last six years demonstrate the effectiveness of the grants program. A few representative examples attest to the benefits of this program:

—On October 25, 1995, a tank car containing nitrogen tetroxide ruptured in Bogalusa, Louisiana, causing evacuation of a large part of the town. The emergency plans of St. Tammany and Washington parishes, written and updated in part with HMEP grants funds, were implemented during this accident. Sergeant Robert Pinero of the Louisiana State Police said, "Twelve State and local agencies involved in the Bogalusa response received training because of the HMEP Grants Program and we were able to effectively respond to this accident."
—On April 21, 1996, an explosion at a chemical plant in Lodi, New Jersey, killed four people. Local emergency plans had recently been updated with HMEP grant funds to include a transportation perspective and updated mutual aid plans. According to Sergeant Lance Oram of the New Jersey State Police, "Mutual aid from surrounding communities, made possible by updated plans, was critical to limiting the effect of the accident, as was hazardous materials emergency training of local responders."
—The Commonwealth of Virginia has implemented a hazardous materials response team organization in part with HMEP funding. Steven Patrick, Hazardous Materials Officer for the Virginia State Department of Emergency Services, stated, "It would have been impossible to implement or maintain the response team organization without the training and planning grants provided by the HMEP Grants Program." Virginia's regional response team approach was used in Lynchburg, Virginia, on March 31, 1998, when a 61-car freight train carrying acetone derailed and an explosion and fire occurred, resulting in the evacuation of a 36-block area, including a school, and $1 million in damages to a nearby storage warehouse. Two regional hazardous materials teams trained to the technician level using HMEP grant funds responded to this accident. The availabil-

ity of trained teams was instrumental in minimizing the time and expense necessary to respond to the accident according to the Virginia Department of Emergency Services.

2. Increased Funding of the HMEP Grants Program

The HMEP Grants Program has accomplished much in a short period of time, but many needs are not being met. Between 1993 and 1998, the average of $6.4 million available for planning and training grants has been only 50 percent of the $12.8 million authorized by the law for these purposes ($5 million for planning and $7.8 million for training). The HMEP training grants are essential for providing adequate training of those persons throughout the nation responsible for responding to emergencies involving the release of hazardous materials, both through direct Federal financial assistance for such training and by encouraging the provision of additional state and local funds for this purpose.

In a recent review, RSPA estimated that 800,000 shipments of hazardous materials make their way through the national transportation system each day. These shipments range in size and type from single small parcels of consumer commodities, such as flammable adhesives and corrosive paint strippers, to bulk shipments of gasoline in cargo tank motor vehicles and flammable or toxic gases in railroad tank cars. Such shipments are transported in every State, every day of the year, and it is impossible to predict with any degree of certainty when and where an incident may occur. The potential threat requires the development of emergency plans and training of emergency responders on the broadest possible scale. Yet, RSPA also believes there are over 2 million emergency responders requiring initial training or periodic recertification training, including more than 250,000 paid firefighters, 800,000 volunteer firefighters, 725,000 law enforcement officers, and 500,000 emergency medical services (EMS) providers.

The continuing need for training for emergency response personnel, whether paid or volunteer, is partially the result of a relatively high rate of turnover. Emergency response personnel must be available at any time and at a moment's notice to respond to situations that by their very nature are unpredictable and pose a threat not only to the public in general but to the responder in particular. This turnover means that each year there is a significant number of recently recruited responders who must be trained at the most basic level. In addition, training at more advanced levels is not simply desirable, it is essential if emergency response personnel capable of effectively and safely responding to serious releases of hazardous materials are to be provided. For this reason, RSPA advocates advanced training at the first responder operations, hazardous materials technician, hazardous materials specialist, and on-scene commander levels in every emergency response team in the country. An increase in the funds available to the HMEP Grants Program will encourage the State, tribal, and local agencies to provide this more advanced, and more expensive, training.

The unmet needs of States and Native American tribes for financial assistance in emergency preparedness planning and training for transportation-related incidents involving hazardous materials are great. RSPA is determined to narrow the current gap between the authorized grant levels and the available Federal funds by its careful targeting of the additional funds collected as a result of this rulemaking. RSPA believes that it is essential to increase the awards for emergency planning and training grants to the full $12.8 million authorized by the law and, at the same time, maintain current funding of the additional activities supported by the HMEP Grants Program described above. We fully expect that the additional funds collected as a result of this rulemaking effort will enable us to achieve that objective. For FY–2000, RSPA is seeking Congressional appropriations of $14.3 million in support of HMEP Grants Program activities to permit funding for:

—Training and planning grants ($12.8 million);
—Grants/support to certain national organizations to train instructors to conduct hazardous materials response training programs ($250,000);
—Revising, publishing, and distributing the North American Emergency Response Guidebook ($600,000 per year average);
—Monitoring and technical assistance ($150,000);
—Continuing development of a national training curriculum ($200,000); and
—Administering the grants program ($300,000).

II. Meeting the Need for Increased Funding

A. Publicity Campaigns to Notify Affected Persons

RSPA has conducted extensive outreach efforts to increase awareness of the registration requirement. Approximately 780,000 informational brochures have been distributed through direct mailing campaigns and during presentations to industry. Those mailing campaigns targeted, among others:

(1) More than 60,000 carriers and shippers identified as carriers or shippers of hazardous materials by the Federal Highway Administration's (FHWA) Office of Motor Carriers (OMC);

(2) 6,000 motor carriers required to maintain financial responsibility in the amount of $1 million or $5 million in insurance;

(3) 700 railroad companies known to the Federal Railroad Administration (FRA);

(4) More than 22,000 generators and 13,000 transporters of hazardous waste identified by the Environmental Protection Agency;

(5) Over 16,500 carriers and shippers identified in RSPA's Hazardous Materials Incident Reporting System;

(6) Approximately 4,000 holders of hazardous materials exemptions issued by RSPA;

(7) Thousands of shippers and carriers who are members of trade associations with interests in the transportation of hazardous materials; and

(8) Thousands of carriers and shippers known to State agencies.

To avoid duplication of mailings when possible, RSPA has cross-checked its registration data base with other lists provided by the various Federal and State agencies and industry sources. Annually, RSPA mails registration brochures and forms to hazardous materials shippers and carriers newly entered into the OMC census of highway carriers and shippers and into the RSPA list of shippers and carriers named on the hazardous materials incident report form. The registration program has been publicized in trade magazines and industry newsletters. Seven notices of the registration requirements have been published in the FEDERAL REGISTER.

B. Measures to Enhance Compliance

Many commenters to Docket HM–208B (60 FR 5822, January 30, 1995) questioned whether a significant number of persons required to register failed to do so, and whether an accelerated enforcement program would raise sufficient funds to support the HMEP Grants Program fully. In 1994, to ensure compliance with the registration requirements, RSPA proposed that offerors and transporters verify the registration status of each other before transportation begins (Docket HM–208A, 59 FR 15602, April 1, 1994). Most commenters opposed this proposal. Commenters overwhelmingly believed that Federal and State agencies, and not industry, should be responsible for enforcing the regulations. Commenters opposing this proposal cited logistical problems, administrative burdens, and increased costs as reasons for their opposition. RSPA did not adopt the proposal in the final rule (59 FR 32930, June 27, 1994).

The DOT modal administrations have incorporated verification of registration into their normal compliance inspection routines. Enforcement efforts sponsored by FHWA indicate a relatively high compliance rate by motor carriers. Enforcement of the registration requirements was a key element of ROADCHECK–93, and ROADCHECK–95, nationwide inspection efforts led by FHWA. In ROADCHECK–93, of 2,300 placarded trucks that were checked for proof of registration, 88 percent were registered and had proof on board. Of the 12 percent that did not have proof on board, 80 percent were already registered. In ROADCHECK–95, 1,220 placarded trucks were stopped. Of these, 91 percent were registered and had proof of registration on board. Of the 9 percent that did not have proof on board, 60 percent were registered. This indicates a compliance rate among highway carriers of over 95 percent.

The safety compliance reviews conducted by FHWA (motor carriers) and RSPA (non-bulk shippers and other offerors) confirm high rates of compliance with the registration rule by industry. The following table contains a summary of compliance statistics.

SUMMARY OF COMPLIANCE REVIEWS—HAZARDOUS MATERIALS REGISTRATION RULE (1995–1997)

Period and agency	Number of inspections	Number of citations for failure to register	Percent of failures to register
Fiscal year 1995 FHWA	2,338	100	4.3
Fiscal year 1996 FHWA	3,215	79	2.5
Fiscal year 1997 FHWA	1,369	44	3.2
Fiscal year 1998 FHWA	2,032	35	1.7
CY 95 RSPA	586	19	3.2
CY 96 RSPA	610	15	2.5
CY 97 RSPA	875	20	2.3

SUMMARY OF COMPLIANCE REVIEWS—HAZARDOUS MATERIALS REGISTRATION RULE (1995–1997)—Continued

Period and agency	Number of inspections	Number of citations for failure to register	Percent of failures to register
CY 98 RSPA	1,053	26	2.5

FRA publicized the registration program through technical bulletins and informational brochures distributed to its regional offices and all FRA inspectors. FRA checks for registrations during compliance reviews and issues notices of defects for failure to register. FRA, FHWA, and 28 State enforcement agencies have issued more than 700 informal notices of the requirement to register, a form developed for use in ROADCHECK–93, but used beyond that operation. The majority of these notices were issued in 1993, 1994, and 1995.

RSPA's goal remains 100 percent compliance. Therefore, RSPA once again requests assistance from all interested persons to identify those elements of affected industries, or individual companies, that they suspect are required to file a registration statement and pay a fee, but have not done so. Suspected violations of the registration requirements, as well as other possible violations of the Hazardous Materials Regulations, may be reported by calling RSPA's Hazardous Materials Regulations Information Center at (800) 467–4922.

C. DOT Inspector General Recommendations

In 1996 the DOT Office of Inspector General performed a review of the hazardous materials registration program, concentrating on RSPA's efforts to inform the public of the registration requirements. The OIG issued a "Management Advisory" on April 3, 1998, as a result of this review, which made several recommendations, including one that called on RSPA to establish a graduated registration fee schedule based on the types and quantities of hazardous materials transported in order to increase the grants program funds. That recommendation is addressed in this notice. The other recommendations were related to increasing RSPA's efforts to encourage compliance with the current registration requirements through additional public information efforts.

To implement these recommendations, in May 1998 RSPA sent brochures to 42,300 companies that were identified as carriers or shippers of hazardous materials by the OMC. All of these companies had previously been sent information on the registration program since 1992. In October 1998 RSPA resent brochures to 33,000 of these companies in an effort to ensure that companies likely to be required to register had been informed of the registration program. RSPA also mailed registration information to 6,229 companies in the OMC insurance record database that are insured for $1 million or $5 million. RSPA estimates that approximately 800 companies registered as a result of the May 1998 mailing and approximately 200 in response to the October 1998 mailing. While these new registrations provide an additional $250,000 in annual fees to support the HMEP Grants Program, it is an amount far short of what is necessary to enhance funding for the program at the intended level. The results of this effort are consistent with RSPA's finding that at least 90 percent of the persons required to file a registration statement and pay a fee are complying with the current rule, and that little additional levels of revenue may be obtained by a more aggressive compliance enforcement effort.

D. RSPA's Past Proposal to Increase Funding the Grants Program

On January 30, 1995, RSPA published a notice of proposed rulemaking under Docket HM–208B (60 FR 5822) proposing a three-tier registration fee schedule. The proposed registration fee schedule was based on various factors related to the extent of a company's involvement in the transportation of hazardous materials. After considering over 300 comments from the public and other interested parties, RSPA concluded that it needed more time to assess the registration and grant programs and to reconsider fee equity based on the risks posed by various types and quantities of hazardous materials. A final rule adopting some minor revisions to the registration program, but maintaining a flat fee of $300, was published on May 23, 1995 (60 FR 27231). In the four years since that proposal, providing funds to support planning and training aspects of the HMEP Grants Program at the levels authorized by Congress has been an important goal for RSPA and the grant recipients.

E. Negotiated Rulemaking Convening Report

RSPA has considered advice, comments, and suggestions from the public and interested industry groups made in previous rulemakings, and at meetings, seminars, workshops, and discussions concerning the reauthorization of the hazardous materials safety program. In the Spring of 1998, in anticipation of this proposed rulemaking, RSPA awarded a contract to assess the feasibility of addressing this issue through a negotiated rulemaking. The convenor contacted approximately 40 representatives of the hazardous materials industry and State regulatory agencies affected by the registration and grants programs to ascertain issues of concern to these parties. The convenor recommended that RSPA should proceed to use the negotiated rulemaking process to develop an NPRM on the registration and fee requirements.

Although RSPA determined not to convene a committee, the convening report has been useful in formulating this current proposal. A copy of the Convening Report has been entered into this docket and is available for review through DOT's Docket Unit and via the Internet at the URL indicated in the addresses section of this document.

III. Proposal to Increase Funding of the HMEP Grants Program

In setting a registration fee, RSPA believes that its proposal should meet the following objectives: (1) Be simple, straightforward, and easily implemented and enforced; (2) employ an equity factor that reflects the differences between the risk imposed on the public by the business activities of large and small businesses; (3) ensure the adequacy of funding for the HMEP Grants Program; and (4) be consistent with the law.

Alternatives considered by RSPA for increasing the funds available for the HMEP Grants Program included: (1) Increasing the flat fee imposed on current registrants; (2) imposing a flat-fee on an expanded base of registrants; (3) imposing a two-tier fee schedule on the current registrants; and (4) imposing a two-tier fee schedule on an expanded base of registrants. RSPA has concluded that imposing a two-tiered fee schedule on an expanded base of registrants is the best approach to meet the objectives listed above. The preliminary regulatory evaluation prepared in support of this notice of proposed rulemaking contains a discussion of each of those alternatives. A copy of the preliminary regulatory evaluation was entered into the docket and is available for review by all interested parties.

A. Impose a Two-Tier Fee Schedule on an Expanded Base of Registrants

RSPA proposes to expand the number of persons required to register and to impose a fee schedule based on the size of the business. The base of registrants would be expanded to all persons offering or transporting a shipment of hazardous materials that requires placarding, with the exception of farmers, as discussed below. A two-tier fee schedule would be created, with the lower fee imposed on registrants meeting the U.S. Small Business Administration (SBA) criteria for a small business, also discussed below. This alternative would distribute fees according to a long-established measurement of business size and ensure the collection of sufficient funds to support the HMEP Grants Program at an enhanced level. Under this proposal, RSPA would achieve its goal of raising $14.3 million annually (exclusive of funds collected for administrative processing), by collecting a fee of $300 (which includes a $25 processing fee) from approximately 43,500 registrants that are small businesses and a fee of $2,000 (which includes a $25 processing fee) from an estimated 1,500 registrants not meeting the criteria for a small business. Should the amount actually collected exceed $14.3 million, the law, at § 5108(g)(2)(B), specifies that the Secretary of Transportation shall adjust the amount being collected to reflect any unexpended balance in the account. However, the Secretary is not required to refund any fee.

This alternative recognizes the risks posed to health and safety or property by the transportation of hazardous materials in significant quantities that require placarding. It would require that shippers, carriers and other persons involved in the shipment of a placarded load of hazardous materials bear a fair share of the financial burden that falls on State and local government agencies to develop emergency plans and to train first-on-the-scene responders.

EXPANDED BASE

RSPA proposes to expand the base of persons required to register to include, with one exception, offerors, carriers, and other persons who transport or cause to be transported hazardous materials in a bulk packaging, freight container, unit load device, transport vehicle, or rail car that must display a hazard warning placard,

under the provisions of subpart F of part 172 of the Hazardous Materials Regulations (HMR; 49 CFR parts 171–180).

The one exception is for those activities of a "farmer," as defined in § 171.8 of the HMR, that support the farmers farming operations. Absent this exception, the registration rule would potentially apply to a very large number of the nation's more than two million farms. If the actual number of affected farmers were only one percent of the total number of farms, *i.e.,* 20,600, that segment of the economy would nearly equal the current number of 27,000 registrants drawn from all segments of the economy. However, this is not a blanket exception for all farmers from the registration rule. If a farmer offers for transportation or transports in commerce a hazardous material that is specifically identified in § 5108(a)(1) of the law, that farmer must submit a registration statement and pay the required fee.

RSPA's proposal to expand the base of persons required to register by including all placarded loads is responsive to concerns raised by numerous persons who participated in earlier rulemaking proceedings on this topic and through the convening process discussed earlier in this preamble. This proposed expansion of the base to include all placarded loads incorporates three important elements. First, the classes and quantities of hazardous materials for which placarding is required pose a substantial threat to health and safety or property during transportation. Second, the application of generally well understood hazard communication criteria for placarding greatly simplifies the matter of whether a shipper, carrier or other person is required to register. Simplification of the regulations similarly makes the rule much easier to enforce, thereby further assuring a high rate of compliance. Third, by expanding the scope of the registration rule RSPA expects that it will have the financial resources necessary to increase funding of planning and training grants under the HMEP Grants Program to levels currently authorized by the law.

RSPA estimates that the proposed expansion of the universe of additional persons required to register will result in an additional 15,000 to 18,000 registrations, for a total of 42,000 to 45,000 annually. This is based on RSPA's review of the best available data from a number of sources, including the FHWA's Office of Motor Carriers (OMC) database of motor carriers and their shippers, the 1992 Truck Inventory and Use Survey conducted by the U.S. Census Bureau, and the 1992 Economic Census, also conducted by the U.S. Census Bureau.

While none of these sources discussed above contain the number of persons who offer or transport hazardous materials in shipments that require placarding, RSPA believes its estimate of the total number of registrants is conservative and reasonable. We request information on other sources from which to better estimate the number of persons who would be required to register under the proposed rule. If such new information suggests a number significantly larger than RSPA's current estimate, RSPA would consider adjusting the proposed registration fees to avoid collecting an amount in excess of the $14.3 million needed to enhance funding of the HMEP Grants Program.

In addition, RSPA is interested in public comments on the advisability of expanding the number of persons required to register as proposed above, especially in relation to the economic impact of adopting or not adopting this element of the proposal.

TWO-TIER SCHEDULE OF FEES

RSPA proposes a two-tier fee schedule based on information that: (1) Is readily available to potential registrants; (2) can be verified by inspection and enforcement personnel; and (3) is based on one or more of the fee determinants permitted by law. Although the registration statement is excepted by 49 U.S.C. 5108 from requirements of the Paperwork Reduction Act, RSPA seeks to avoid any approach that entails a large record keeping and accounting burden on industry and the government. For example, basing the annual registration fee on a person's hazardous materials shipments could require significant changes in the way a registrant handles its paperwork tracking and accounting procedures. Further, law enforcement personnel would have to verify this information in order to ensure that a person's annual fee is in fact commensurate with its activities.

RSPA believes that its goals are best met by establishing a two-tier fee schedule under which a company not meeting the small-business criterion established for it by the SBA at 13 CFR 121.201 pays a larger fee than that required for a small business. Upon careful review of census data concerning establishments identified by SIC codes corresponding to operations involving the likely manufacture, distribution, or sale (wholesale and retail) of hazardous materials, RSPA estimates that of the 27,000 current registrants, approximately 1,000 registrants do not qualify as a SBA small business. If the base of registrants is expanded to include all persons who offer or transport placarded shipments, RSPA estimates that 1,500 shippers,

carriers, and offerors of hazardous materials would not qualify as a SBA small business, while an estimated 43,500 registrants would meet the criterion established by SBA appropriate to their commercial activity.

RSPA believes this regulatory approach provides fee levels that reflect a key factor contained in 49 U.S.C. 5108(g)(2)(A), specifically, the relative size of a business. In addition, this proposal addresses the different levels of risk posed by smaller companies that are engaged in fewer and smaller shipments of hazardous materials as compared to larger companies that annually manufacture, offer, and transport thousands of tons of hazardous materials. RSPA maintains that five of the specific factors permitted by 49 U.S.C. 5108(g)(2)(A) as fee determinants were intended to be indications of the level of risk imposed by the registrant, and that two were intended to be indications of the size of the business (see the list of fee determinants above). Use of the SBA standards for differentiating small businesses offers a simple and direct factor that is commonly used and established by Federal regulation. The use of alternative size criteria, even though they could be defined to reflect, for instance, the relative percentage of specific hazardous materials related businesses, would impose additional and possibly significant record-keeping requirements on the registrants.

RSPA believes that the use of the SBA size criteria as a fee determinant will not impose any additional recordkeeping requirements on the registrants since existing personnel and payroll records can be used to substantiate the number of employees, and financial records subject to routine audits can be used to substantiate gross annual receipts.

The SBA size standards for small businesses are readily available and relatively simple to apply to a business. Each Standard Industrial Code is assigned a standard that is either the number of employees or the gross annual receipts of the business. If a registrant's number of employees or gross annual receipts is equal to or less than the standard assigned to the SIC category that best describes its commercial activities, it qualifies as a small business. In most instances a registrant will be able to immediately determine whether it meets the small business definition. For instance, the size standard for SIC Division D (Manufacturing) is the number of employees, and depending on the product manufactured can be 500, 750, 1000, or 1,500. Any registrant whose primary business is manufacturing that employs 500 persons or less, will qualify as a small business, and, again depending on the SIC code, may qualify as a small business with up to 750 or 1000 employees. Registrants whose primary business falls within the SIC Major Group "Motor Freight Transportation and Warehousing" are defined as small businesses if the gross annual receipts are equal to or less than $18.5 million, with two exceptions ("Garbage and Refuse Collection, without Disposal" has an upper limit of $6.0 million, and "Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation" has a limit of $5.0 million). Here again, RSPA believes that most motor carriers will immediately recognize whether they meet the SBA criterion for a small business.

The SBA size criteria in 13 CFR part 121 are applied to a "business concern" or "business entity." For the purposes of determining the appropriate registration fee, the SBA criteria are to be applied to the registering "person" as defined in 49 CFR 107.3, even if that "person" is substantively different from the SBA "concern" or "entity." For example, the SBA, at 13 CFR 121.103(a), sometimes looks beyond the specific operations of a legally organized business to consider whether its affiliation with another business concern or business entity through identical or substantially identical business or economic interests, such as family members, persons with common investments, or firms that are economically dependent through contractual or other relationships, may be treated as one party with such interests aggregated. In its application of requirements for registration RSPA makes no such distinction and each business concern or business entity subject to the registration regulation would be required to file a separate registration statement and pay the appropriate fee.

Under this proposal, a foreign carrier that transports a specified type and quantity of hazardous material within the United States would have to determine its small-business status by applying the criteria in 13 CFR 121.201, using the U.S. Dollar equivalent of annual receipts or the number of employees, as appropriate.

RSPA is interested in public comments on the advisability of imposing a two-tier schedule of fees as proposed above, particularly in relation to the alternative of maintaining the greater simplicity of a flat fee collected from all registrants regardless of their business size or amount and type of hazardous materials activities.

Lower Administrative Fee for All Registrants.

In this notice, RSPA proposes to reduce the processing fee to $25 in order to bring the aggregate amount collected closer to the amounts needed to process the registration statement and to issue the Certificate of Registration. All amounts collected by RSPA (including the processing fee) are deposited into the U.S. Treasury, and Con-

gress appropriates funds for RSPA to process registration statements, issue registration certificates, and perform the related parts of the registration program. In fiscal years 1996–99, the amounts needed by RSPA to administer the registration program, and appropriated by Congress, have been about one-half of the total processing fees collected. Although the current proposal would increase the number of persons required to register and pay a registration fee, RSPA estimates that a processing fee of $25 per registration statement will still be necessary and sufficient to administer the registration program at that level.

B. Registration Procedures

In connection with the proposed fee schedule, RSPA notes that additional information would be required on the Registration Statement submitted by persons subject to the registration requirements. The proposed new information includes the SIC Code and certification of whether the registrant meets the SBA standards for a small business. The SIC Code would replace the former indication of "Industrial Classification" on the Registration Statement.

At the request of various industry representatives, RSPA is also proposing to permit registration for one, two, or three years on a single registration statement. Registration for more than a single year would be strictly optional. Registrants that register for years in advance would not receive RSPA's courtesy mailing of registration materials in the years for which they have pre-registered, but would receive a notice to register when their current registration is about to expire. A single administrative fee of $25 would be collected for each registration statement submitted under this proposal, whether for one, two, or three years, and a single registration statement and number would be issued for the entire period.

IV. Fiscal year 2000 Budget Request and Hazardous Materials Transportation Reauthorization Proposal

The Administration's fiscal year 2000 Budget and the Hazardous Materials Transportation Reauthorization proposals to Congress include legislative authority to fund RSPA's entire Hazardous Materials Safety Program from the registration fee program, beginning with the fourth quarter of fiscal year 2000. If this authority is granted, RSPA will initiate additional rulemaking action to collect the approximately $32.5 million needed to adequately fund both the HMEP Grants program ($14.3 million) and the remainder of RSPA's Hazardous Materials Program ($18.2 million).

V. Rulemaking Analyses and Notices

A. Executive Order 12866 and DOT Regulatory Policies and Procedures

This proposed rule is considered a significant regulatory action under section 3(f) of Executive Order 12866 and was reviewed by the Office of Management and Budget. The rule is considered significant under the Regulatory Policies and Procedures of the Department of Transportation [44 FR 11034]. A regulatory evaluation is available for review in the public docket. This proposal is intended to collect annual registration fees in the amount of $14.3 million to support activities of the HMEP Grants Program. Because Federal hazardous materials transportation law mandates the establishment and collection of fees, the discretionary aspects of this rulemaking are limited to setting the amount of the fee within the statutory range for each person subject to the registration program, and to extending the registration requirements to persons who transport or cause the transportation of hazardous materials but who are not specifically required to register by law. The proposed fees are not related to the cost of RSPA's hazardous materials safety programs. The fees to be paid by shippers and carriers of certain hazardous materials in transportation are related to the benefits received by these persons from the sale and transportation of hazardous materials and from emergency response services provided by public sector resources, should an accident or incident occur. The fees are also related to expenses incurred by State, Native American tribal, and local hazardous materials emergency preparedness and response activities.

B. Executive Order 12612

This action has been analyzed in accordance with Executive Order 12612 ("Federalism"). States and local governments are "persons" under 49 U.S.C. 5102, but are specifically exempted from the requirement to file a registration statement. The regulations herein have no substantial effects on the States, on the current Federal-State relationship, or on the current distribution of power and responsibilities among the various levels of government. This registration regulation has no preemptive effect. It does not impair the ability of States, local governments or Native American tribes to impose their own fees or registration or permit requirements on

intrastate, interstate or foreign offerors or carriers of hazardous materials. Thus, RSPA lacks discretion in this area, and preparation of a federalism assessment is not warranted.

C. Executive Order 13084

RSPA believes that revised regulations evolving from this NPRM would have no significant or unique effect on the communities of Indian tribal governments when analyzed under the principles and criteria contained in Executive Order 13084 ("Consultation and Coordination with Indian Tribal Governments"). Therefore, the funding and consultation requirements of this Executive Order would not apply. Nevertheless, this NPRM specifically requests comments from affected persons, including Indian tribal governments, as to its potential impact.

D. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) requires each agency to review regulations and assess their impact on small entities unless the agency determines that a rule is not expected to have a significant impact on a substantial number of small entities. Based on its preliminary regulatory evaluation prepared in support of this proposal, RSPA certifies that this proposed rule would not have a significant economic impact on a substantial number of small entities.

This proposal would expand the number of persons subject to RSPA's registration and fee program to include all persons who offer for transportation or transport a shipment of hazardous materials required to be placarded. RSPA is also proposing to maintain at the current level the combined registration and processing fee in the amount of $300 as authorized by the Federal hazardous materials transportation law for persons meeting the Small Business Administration (SBA) definition of small business. In addition, RSPA is proposing a limited exception for farmers that offer for transportation or transport certain shipments of hazardous materials in support of their farm operations.

Approximately 27,000 persons registered with RSPA for each of the last two registration years, and these persons are expected to engage in hazardous materials transportation activities that require registration in the coming years. Approximately 65 percent (17,550) of these persons are carriers or carriers-and-shippers, the remaining 35 percent (9,450) being shippers or other offerors who do not transport hazardous materials. RSPA estimates that the proposed expansion of the universe of persons required to register will result in an additional 15,000 to 18,000 registrations, for a total of 42,000 to 45,000 annual registrations. This represents the least number of registrations that can be reasonably expected under the proposed rule.

The 1992 Truck Inventory and Use Survey (TIUS–92) conducted by the Bureau of the Census as part of the Census of Transportation indicates that there were 17 million trucks (not including pickups, vans, utility vehicles, and station wagons) in the United States. Except for a few specialized vehicle types, essentially all of those 17 million trucks may be used in the transportation of hazardous materials. With deregulation of the trucking industry there are essentially no economic barriers to entry into this field of transportation; carriers that are ready, willing, and able to transport hazardous materials are generally free to do so. The data indicate that only 360,000 of the 17 million trucks are actually used to carry placarded shipments of hazardous materials. The number of companies maintaining these trucks was not included in the census, but fleet sizes were provided. The number of fleets that included a truck that carried hazardous materials is estimated to be 40,000. This number contains an undetermined number of farmers who would be excepted under the proposed rule.

The number of persons who offer shipments of hazardous materials for transportation exclusively by rail, air, or water is thought to be quite small by comparison to multi-modal shippers, and probably does not exceed 500 to 1,000. An increase is expected in the number of motor carriers that would be required to register and in the number of persons that offer shipments of hazardous materials that require placarding for transportation. RSPA expects that the estimated 15,000 to 18,000 new registrants will be divided in approximately the same proportion as the current mix of registrants, i.e., 65 percent (9,750 to 11,700) would be carriers or carriers-and-shippers, and 35 percent (5,250 to 6,300) would be persons who never transport their own shipments of hazardous materials. Of the estimated 15,000 to 18,000 new registrants, RSPA estimates that all but 400 to 500 are small businesses.

RSPA believes the $300 in annual registration fees is so small as to not constitute a significant burden on any small business. For example, an independent owner-operator, i.e., a motor carrier not operating under lease to a registered motor carrier, probably represents the smallest of all small businesses potentially subject to requirements in this proposed rule. These owner-operators typically own one truck

and average 2,000 revenue-miles per week at an estimated cost per mile of $0.80 cents. Assuming the typical independent owner-operator is in service 40 weeks per year, the additional cost per mile attributed to $300 in registration and processing fees is $0.00375 cents. Stated differently, the independent owner-operator's increased cost of doing business would be less that one-half of 1 percent of current costs. That does not represent a significant impact on an independent owner-operator's cost of doing business.

As indicated above, there are nearly 17 million vehicles in either private commercial operations or for-hire service. Assuming, on the basis of census data, that one-truck-only operators comprise 28 percent of the national fleet, it follows that there are at least 4.25 million concerns that could, at their discretion, engage in the transportation of hazardous materials. In this analysis, RSPA notes that the estimated total number of 9,750 to 11,700 persons described as carriers or carriers-and-shippers that the agency expects would be subject to the requirement to register is less than one-half of 1 percent of the 4.25 million very small carriers that comprise the for-hire and commercial business services sector of the national economy. That is neither a substantial number of all potentially affected transporters, nor is it a substantial number of the 97 percent of those operators that RSPA believes meet SBA criteria for a small business.

E. Unfunded Mandates Reform Act of 1995

This proposed rule would not impose unfunded mandates under the Unfunded Mandates Reform Act of 1995. It would not result in costs of $100 million or more, in the aggregate, to any of the following: State, local, or Native American tribal governments, or the private sector. This proposed rule is the least burdensome alternative that achieves the objective of the rule.

F. Paperwork Reduction Act

Under 49 U.S.C. 5108(i), reporting and recordkeeping requirements pertaining to the registration rule are specifically excepted from information management requirements of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*)

G. Impact on Business Processes and Computer Systems (Year 2000)

Many computers that use two digits to keep track of dates may, on January 1, 2000, recognize "double zero" not as 2000 but as 1900. This glitch, the Year 2000 problem, could cause computers to stop running or to start generating erroneous data. The Year 2000 problem poses a threat to the global economy in which Americans live and work. With the help of the President's Council on Year 2000 Conversion, Federal agencies are reaching out to increase awareness of the problem and to offer support. We do not want to impose new requirements that would mandate business process changes when the resources necessary to implement those requirements would otherwise be applied to the Year 2000 problem.

This NPRM does not propose business process changes or require modification to computer systems. Because the NPRM apparently does not affect organizations' ability to respond to the Year 2000 problem, we do not intend to delay the effectiveness of the proposed requirements in the NPRM.

H. Regulation Identifier Number (RIN)

A regulation identifier number (RIN) is assigned to each regulatory action listed in the Unified Agenda of Federal Regulations. The Regulatory Information Service Center publishes the Unified Agenda in April and October of each year. The RIN number contained in the heading of this document can be used to cross-reference this action with the Unified Agenda.

LIST OF SUBJECTS IN 49 CFR PART 107

Administrative practice and procedure, Hazardous materials transportation, Packaging and containers, Penalties, Reporting and recordkeeping requirements.

Accordingly, RSPA proposes to amend 49 CFR part 107 as follows:

PART 107—HAZARDOUS MATERIALS PROGRAM PROCEDURES

1. The authority citation for part 107 would continue to read as follows:

AUTHORITY: 49 U.S.C. 5101–5127, 44701; Sec. 212–213, Pub. L. 104–121, 110 Stat. 857; 49 CFR 1.45, 1.53.

SUBPART G—REGISTRATION OF PERSONS WHO OFFER OR TRANSPORT HAZARDOUS MATERIALS

2. Section 107.601 would be revised to read as follows:

§ 107.601 Applicability

(a) The registration and fee requirements of this subpart apply to any person who offers for transportation, or transports, in foreign, interstate or intrastate commerce—

(1) A highway route-controlled quantity of a Class 7 (radioactive) material, as defined in § 173.403 of this chapter;

(2) More than 25 kg (55 pounds) of a Division 1.1, 1.2, or 1.3 (explosive) material (see § 173.50 of this chapter) in a motor vehicle, rail car or freight container;

(3) More than one L (1.06 quarts) per package of a material extremely toxic by inhalation (i.e., "material poisonous by inhalation," as defined in § 171.8 of this chapter, that meets the criteria for "hazard zone A," as specified in §§ 173.116(a) or 173.133(a) of this chapter);

(4) A shipment of a quantity of hazardous materials in a bulk packaging (see § 171.8 of this chapter) having a capacity equal to or greater than 13,248 L (3,500 gallons) for liquids or gases or more than 13.24 cubic meters (468 cubic feet) for solids;

(5) A shipment in other than a bulk packaging of 2,268 kg (5,000 pounds) gross weight or more of one class of hazardous materials for which placarding of a vehicle, rail car, or freight container is required for that class, under the provisions of subpart F of part 172 of this chapter; or

(6) Except as provided in paragraph (b) of this section, a quantity of hazardous material that requires placarding, under provisions of subpart F of part 172 of this chapter.

(b) Paragraph (a)(6) of this section does not apply to those activities of a farmer, as defined in § 171.8 of this chapter, that are in direct support of the farmers farming operations.

(c) In this subpart, the term "shipment" means the offering or loading of hazardous material at one loading facility using one transport vehicle, or the transport of that transport vehicle.

3. In § 107.608, paragraphs (a), (b), and (d) would be revised to read as follows:

§ 107.608 General registration requirements.

(a) Except as provided in § 107.616(d), each person subject to this subpart must submit a complete and accurate registration statement on DOT Form F 5800.2 not later than June 30 for each registration year, or in time to comply with paragraph (b) of this section, whichever is later. Each registration year begins on July 1 and ends on June 30 of the following year.

(b) No person required to file a registration statement may transport a hazardous material or cause a hazardous material to be transported or shipped, unless such person has on file, in accordance with § 107.620, a current Certificate of Registration in accordance with the requirements of this subpart.

* * * * *

(d) Copies of DOT Form F 5800.2 and instructions for its completion may be obtained from the Hazardous Materials Registration Program, DHM–60, U.S. Department of Transportation, Washington, DC 20590–0001, by calling 617–494–2545 or 202–366–4109, or via the Internet at http://hazmat.dot.gov.

* * * * *

4. Section 107.612 would be revised to read as follows:

§ 107.612 Amount of fee.

(a) *Registration year 1999–2000 and earlier.* For all registration years through 1999–2000, each person subject to the requirements of § 107.601(a)(1)–(5) must pay an annual fee of $300 (which includes a $50 processing fee).

(b) *Registration year 2000–2001 and following.* For each registration year beginning with 2000–2001, each person subject to the requirements of this subpart must pay an annual fee as follows:

(1) *Small business.* Each person that qualifies as a small business under criteria specified in 13 CFR part 121 applicable to the standard industrial classification (SIC) code that describes that person's primary commercial activity must pay an annual fee of $300 (which includes a $25 processing fee).

(2) *Other than a small business.* Each person that does not meet criteria specified in paragraph (b)(1) of this section must pay an annual fee of $2,000 (which includes a $25 processing fee).

(3) The processing fee is limited to $25 for each registration statement filed for more than one year, as provided in § 107.616(c).

5. In § 107.616, paragraphs (c) and (d)(2) would be revised to read as follows:

§ 107.616 Payment procedures.

* * * * *

(c) Payment must correspond to the total fees properly calculated in the "AMOUNT DUE" block of the DOT Form F 5800.2. A person may elect to register and pay the required fees for up to three registration years by filing one complete and accurate registration statement.

(d) * * *

(2) Pay a registration and processing fee of $350 (including a $50 expedited handling fee). For registration years 2000–2001 and following, persons who do not meet the criteria for a small business, as specified in § 107.612(b)(1), must enclose payment of $1,700 with the expedited follow-up material, for a total of $2,050 (including a $50 expedited handling fee); and

* * * * *

Issued in Washington, D.C. on April 12, 1999, under authority delegated in 49 CFR part 106.

SURFACE TRANSPORTATION BOARD

PREPARED STATEMENT OF LINDA J. MORGAN, CHAIRMAN

FISCAL YEAR 2000 BUDGET REQUEST

Chairman Shelby and Members of the Subcommittee, I am Linda J. Morgan, Chairman of the Surface Transportation Board (Board). It is my pleasure to submit the budget request for the Board for fiscal year 2000.

BACKGROUND ON THE BOARD

As you know, on January 1, 1996, the Board was established pursuant to Public Law 104–88, the ICC Termination Act of 1995 (ICCTA). Consistent with the trend toward less economic regulation of the surface transportation industry, the ICCTA eliminated the ICC and, with it, several regulatory functions that it had administered. The ICCTA transferred to the Board core rail functions and certain non-rail adjudicative functions previously performed by the ICC. Motor carrier licensing and certain other motor functions were transferred to the Federal Highway Administration within the Department of Transportation (DOT).

The Board is a three-member, bipartisan, decisionally independent, adjudicatory body organizationally housed within DOT. The rail oversight of the Board encompasses maximum rate reasonableness, car service and interchange, mergers and line acquisitions, and line constructions and abandonments. The important rail reforms of the Staggers Rail Act of 1980 are continued under the ICCTA. The jurisdiction of the Board also includes certain oversight of the intercity bus industry and pipeline carriers; rate regulation involving non-contiguous domestic water transportation, household goods carriers, and collectively determined motor rates; and the disposition of motor carrier undercharge claims. The ICCTA empowers the Board, through its exemption authority, to promote deregulation administratively.

THE BOARD'S FISCAL YEAR 2000 BUDGET REQUEST

The Board's fiscal year 2000 budget request totals $17.0 million and 140 FTEs, essentially adjusting the fiscal year 1999 level for inflation and pay raises. This request reflects the relatively constant workload that is expected and the statutory and regulatory deadlines associated with the resolution of the cases filed.[1] The workload of the Board at any given time, other than motor carrier undercharge cases, remains relatively constant because, even as cases are resolved, new cases are filed.

The Board is confronted with three concerns involving the resources necessary to adjudicate its constant workload and meet statutory and regulatory deadlines. The Board must have a way of ensuring that it can hire new employees in sufficient time to be prepared to replace the 38 percent of experienced employees who will be eligible to retire in the next 3 years. While some of these employees may wish to continue to work after their retirement eligibility date, many will not. Second, the Board must have the necessary resources to accommodate any legislative changes that Congress might approve. And lastly, the funding source must remain stable for

[1] Attached (Attachment # 1) is a table that presents in more detail the specifics of the Board's fiscal year 2000 budget request.

the Board to carry out its mandate. In this regard, a debate continues over whether the Board ought to be fully funded through user fees, and the Administration has included such a proposal in its fiscal year 2000 budget. Such an approach would require additional legislative authority and until Congress provides new direction, the financing mechanism of appropriations and offsetting collections is the appropriate way to proceed.

OVERALL GOALS OF THE BOARD

In the performance of its functions, the objective of the Board is to ensure that, where regulatory oversight is necessary, it is exercised efficiently and effectively, integrating market forces, where possible, into the overall regulatory model. In particular, the Board seeks to resolve matters brought before it fairly and expeditiously. Through use of its regulatory exemption authority, streamlining of its decisional process and the regulations applicable thereto, and consistent application of legal and equitable principles, the Board seeks to facilitate commerce by providing an effective forum for efficient dispute resolution and facilitation of appropriate business transactions. The Board continues to strive to develop, through rulemakings and case disposition, new and better ways to analyze unique and complex problems, to reach fully justified decisions more quickly, and to reduce the costs associated with regulatory oversight.

To be more responsive to the surface transportation community by fostering governmental efficiency, innovation in dispute resolution, private-sector solutions to problems, and competition in the provision of transportation services, the Board will:

—Continue to strive for a more streamlined process for the expeditious handling of rail rate reasonableness and other complaint cases, in an effort to provide additional regulatory predictability to shippers and carriers;

—Continue to reduce processing time for all cases before the Board, in particular to ensure that appropriate market-based transactions in the public interest are facilitated; and

—Continue to develop new opportunities for the various sectors of the transportation community to work cooperatively with the Board and with one another to find creative solutions to persistent industry and/or regulatory problems involving carriers, shippers, employees, and local communities.

FISCAL YEAR 1998 ACCOMPLISHMENTS OF THE BOARD

During fiscal year 1998, the Board issued 1,170 decisions, involving adjudications and rulemakings, dealing with rail and non-rail transportation issues. These decisions pertained to rail carrier consolidations; review of rail labor arbitral decisions; rail rates and service; line sales; line constructions; set terms and conditions for continued rail service; and abandonments. They also related to truck rate undercharge cases, intercity bus merger and pooling matters, motor carrier collective ratemaking oversight, and other non-rail matters such as pipeline rate cases.

With respect to rulemaking activity, the Board issued decisions exempting commodities, services, and other classes of transactions from regulation where regulation is not necessary. In addition, the Board initiated STB Ex Parte No. 575, Review of Rail Access and Competition Issues, in response to complaints by shippers dependent on rail service that, as a result of consolidation in the industry, competitive options have not been expanded, that rail service is inadequate, and that the available regulatory remedies are burdensome and unresponsive. Following two days of hearings during which approximately 60 witnesses testified, the Board initiated actions addressing rail revenue adequacy procedures, competitive rail access, product and geographic competition in market dominance rail rate reasonableness determinations, expedited relief for service inadequacies, the role of smaller railroads, and formalized discussions between the railroads and their customers.

With regard to specific cases, the Board made significant progress in resolving pending rail and pipeline rate complaints. In particular, the Board affirmed its decision in *Arizona Public Service Company* v. *Santa Fe Railroad* that certain rail rates for the movement of coal were unreasonably high, prescribing a rate that represents a 35 percent reduction from the rate earlier charged by Santa Fe. The Board also made progress in resolving other major rail and pipeline maximum rate complaints, including STB Docket No. 42022, *FMC Wyoming Corporation and FMC Corporation* v. *Union Pacific Railroad Company;* STB Docket No. 41295, *Pennsylvania Power & Light Company* v. *Consolidated Rail Corporation;* and STB Docket No. 41685, *CF Industries, Inc.* v. *Koch Pipeline Company, PL.*. In addition, STB Docket No. 41989, *Potomac Electric Power Company* v. *CSX Transportation Inc.*, and STB Docket No. 42012, *Sierra Pacific Power Company and Idaho Power Company* v. *Union Pacific*

Railroad Company, were resolved voluntarily by the parties; it is important to note, however, that the Board had done significant work on these cases by the time they were settled. Finally, the Board defended its decision on simplified evidentiary guidelines for determining the reasonableness of challenged rail rates charged on captive traffic where the Constrained Market Pricing guidelines cannot practicably be applied (Ex Parte No. 347 (Sub-No.2), *Rate Guidelines-Non-Coal Proceedings*); the United States Court of Appeals for the District of Columbia declined to review the Board's decision in this case as not being ripe, finding that it "would benefit from an actual application of" the simplified rate guidelines. Further, the Board set the terms and compensation for Amtrak's operations over tracks owned by the Guilford Rail System.

With respect to rail restructuring, the Board continued its annual oversight of the Union Pacific/Southern Pacific (UP/SP) merger, and specifically initiated a proceeding focused on rail transportation in the Houston area. In addition, the Board continued its proceeding dealing with the rail service emergency in the West until the rail emergency abated. Furthermore, the Board issued a decision approving the control of Conrail by the CSX and Norfolk Southern railroads, with various competitive, environmental, labor, and operational conditions, including a 5-year oversight condition and substantial operational reporting and monitoring. The Board also began its review of the merger application dealing with the acquisition of Illinois Central Railroad by the Canadian National Railway.

The Board issued decisions on various other rail matters, including 452 rail abandonment decisions, 42 rail line construction decisions, 138 decisions involving rail consolidations, and 185 short-line and non-carrier acquisition decisions. In particular, the Board adopted a procedural schedule for the construction and operation of a 281-mile segment of the Dakota, Minnesota & Eastern Railroad in Wyoming to be used to transport coal from the Powder River Basin to the Upper Midwest.

Regarding other matters, the Board issued a decision permitting Amtrak to transport express traffic over UP/SP lines provided that this transportation is ancillary to genuine passenger service (STB Finance Docket No. 33469, *Application of the National Railroad Passenger Corporation Under 49 U.S.C. 24308(a)—Union Pacific Railroad Company and Southern Pacific Transportation Company*). The Board also established a joint task force with the Department of Agriculture to address shipper and railroad information needs related to seasonal issues affecting grain transportation. Non-rail decisions included 119 motor carrier undercharge decisions and 34 decisions dealing with intercity bus merger cases and pooling agreements.[2]

FISCAL YEARS 1999 AND 2000

Attached is a table (Attachment #2) that shows workload trends and accomplishments, which form the basis for the Board's request to have its current level of funding relatively maintained in fiscal year 2000. As the table indicates, the Board believes that the number of decisions issued is the best measure of workload and performance. In accordance with the Board's continued commitment to resolving matters before it expeditiously, it anticipates a relatively constant workload and output through fiscal year 2000.

During fiscal year 1999 and 2000, the Board will continue to look for ways to streamline or otherwise improve applicable regulations and the regulatory process. The Board will entertain whatever exemptions from regulation might be appropriate and resolve as expeditiously as possible petitions for rulemaking filed by parties.

Regarding specific rulemaking activity, during fiscal year 1999, in rulemakings arising out of the rail access and competition hearings and proceedings, the Board eliminated the consideration of evidence of product and geographic competition in market dominance determinations and established procedures for obtaining temporary alternative rail service to provide relief from service inadequacies. The Board observed that removing the product and geographic competition evidentiary standards would expedite rail rate cases in accordance with Congressional intent, and would further level the playing field between railroads and shippers, thereby resulting in more private-sector solutions to rate disputes. With respect to service inadequacies, the Board established new procedures under which shippers or connecting railroads affected by service problems of an "incumbent" carrier can seek temporary service from an alternative rail carrier. Also, the Board will continue to monitor the implementation of private-sector agreements entered into in accordance with the Board's directive as part of the rail access and competition proceedings.

[2] These numbers are subsets of the decisions included in the workload summary table that follows.

With respect to rail carrier consolidations, workload is expected to remain constant for fiscal year 1999 and fiscal year 2000. In particular, the Board will continue to monitor the UP/SP merger and the Conrail acquisition pursuant to the five-year oversight conditions that the Board imposed as part of its approval of those mergers. During fiscal year 1999, the Board issued a decision regarding UP/SP service in the Houston area and general oversight of the UP/SP merger. In addition, the Board during fiscal year 1999 will decide on the merger application dealing with the acquisition by Canadian National Railway of the Illinois Central Railroad.

Regarding rail rates and services, the workload is expected to increase in fiscal year 1999 and then further increase in fiscal year 2000, due to an anticipated increase in the number of rate reasonableness complaints, as long-term coal transportation contracts continue to expire, as complaints are filed seeking application of the Board's recently issued non-coal rate guidelines, and as parties seek rate relief in accordance with the Board's recent bottleneck decision. These new cases will be complex and require significant staff attention as new standards are tested. In addition, the Board will continue to work on the various pending rate matters previously referenced.

In light of the ongoing major restructuring activity among larger railroads, other rail restructuring will continue. While rail abandonment filings continue to decline (as line sales continue at an increased level, providing an alternative to service abandonment), rail abandonment decisions are expected to decline in fiscal year 1999 and then remain stable through fiscal year 2000, because the increased complexity of abandonment filings may require more than one decision. The Board continues to handle complex line constructions, which involve significant environmental review issues, and projects that line construction proceedings will remain constant through fiscal year 2000. For example, the Dakota, Minnesota, and Eastern Railroad filed an application to build over 200 miles of new line and to upgrade 700 miles of existing line into the Powder River Basin as an alternative for the rail movement of coal out of that region (STB Finance Docket No. 33407, *Dakota, Minnesota, & Eastern Railroad Corporation Construction into the Powder River Basin*). In fiscal year 1999, the Board issued a decision on the transportation merits of this proposal and will continue its work on the environmental issues associated with the project. In addition, Tongue River Railroad has filed a new application for the proposed construction of an alternative route for a line already approved for construction (STB Finance Docket No. 30186 (Sub-No.3), *Tongue River Railroad Company—Construction and Operation—Western Alignment*). Other line transaction activity is expected to increase slightly in fiscal year 1999 and fiscal year 2000 as more carriers continue to sell unprofitable or marginally profitable lines as an alternative to service abandonment.

Truck rate undercharge workload is expected to decrease significantly during fiscal year 1999 from the fiscal year 1998 level, and then further drop off in fiscal year 2000. The reduction in undercharge decisions reflects the Board's commitment to resolving its undercharge docket, and specifically its handling of the docket in a more efficient way by consolidating cases with common issues. Other non-rail activities, including intercity bus merger and pooling proceedings and pipeline rate cases, are expected to continue during fiscal year 1999 and fiscal year 2000 at the fiscal year 1998 level. In accordance with a Board decision issued in early fiscal year 1999, during late fiscal year 1999 or early fiscal year 2000, the Board expects to finally resolve the circumstances under which motor carrier ratemaking antitrust immunity should be continued, taking into account any expression of Congressional intent during this period.

SUMMARY

The Board's budget request would ensure the resources needed for the Board to continue to implement its responsibilities expeditiously and effectively as Congress intends. I would be happy to answer any other questions that the Committee may have about the Board's fiscal year 2000 budget request.

ATTACHMENT 1—SALARIES AND EXPENSES

[Dollars in thousands]

	Fiscal year			Difference from enacted
	1998 Actual	1999 Enacted	2000 Request	
Permanent Positions	129	135	[3] 140	5

ATTACHMENT 1—SALARIES AND EXPENSES—Continued

[Dollars in thousands]

	Fiscal year			Difference from enacted
	1998 Actual	1999 Enacted	2000 Request	
Full-time Equivalents	129	135	140	5
Personnel Compensation and Benefits	$11,606	$12,671	$13,210	$539
Former Personnel	83	20	10	(10)
Travel	44	50	55	5
Other Costs	4,095	3,259	3,725	466
Total Budget Resources	$15,828	$16,000	$17,000	$1,000

[3] The requested increase in FTE will be absorbed within the current level of funding by allowing the Board to hire entry level staff to replace the tenured, retirement-eligible staff prior to their retirement dates. This would ensure the required transition for current staff to new staff, who can gain working knowledge and analytical and legal expertise necessary to process the Board's caseload and prepare decisions for the Board's adjudication.

Changes in Resources

For personnel compensation and benefits, $13,210,000 is requested to support the Board's permanent positions. This is an increase of $539,000 over fiscal year 1999, of which $102,000 is required to fund the annual cost of the January 1999 pay raise and $390,000 is required for the January 2000 pay raise estimated at 4.4 percent. The request also includes $48,000 for lump-sum leave payments to retiring employees.

Funding for costs for former personnel unemployment payments is requested at $10,000, which is a decrease of $10,000 from fiscal year 1999. This is due to a decrease in unemployment compensation payments to former employees who were separated from Federal service.

A travel budget of $55,000 is requested primarily for on-site visits to railroads to finalize audits and review public accountants' workpapers, for physical inspection of proposed rail abandonment and construction sites and verification of environmental data provided by parties to proceedings, for defense of the Board's decisions in courts across the country, and for the general presentation upon request of issues within the Board's jurisdiction.

Funding to cover other costs is requested at $3,725,000, a $466,000 increase over fiscal year 1999. Included in this number is a rental payment increase directed by the General Services Administration (GSA) and regular cost increases in telephone service, mail delivery, copier rental, office supplies, and reimbursable services acquired from other Federal agencies.

ATTACHMENT 2—FISCAL YEAR 2000 OMB BUDGET JUSTIFICATION WORKLOAD SUMMARY [4]

Workload category	Decisions issued		
	Fiscal year		
	1998 Actual	1999 Estimated [5]	2000 Estimated [5]
Rail Carrier Consolidations	138	155	155
Rail Rates and Service	77	114	119
Rail Abandonments and Constructions	494	473	473
Other Line Transactions	185	199	199
Other Rail Activities	75	97	108
Motor Carrier Undercharges	[6] 1196	78	52
Non-Rail Activities	82	87	87

ATTACHMENT 2—FISCAL YEAR 2000 OMB BUDGET JUSTIFICATION WORKLOAD SUMMARY [4]—Continued

Workload category	Decisions issued		
	Fiscal year		
	1998 Actual	1999 Estimated [5]	2000 Estimated [5]
Total Decisions	[6] 1,170	[7] 1,203	[7] 1,1937

[4] At this time, the Board believes that the number of decisions issued is the best measure of workload at the Board. Certain activities performed at the Board that provide direct and indirect support to rulemakings and decisions in specific cases are not reflected in these workload numbers. Such activities not reflected include: enforcement action; judicial review work; rail audits and rail carrier reporting oversight; administration of the rail waybill sample and development of the Uniform Rail Costing System; and case-related correspondence and informal public assistance.

[5] Estimated workload for fiscal years 1999 and 2000 are based on historical information regarding actual filings and best estimates of probable future filings by parties. Because the Board is principally an adjudicatory body, it does not directly control the level or Timing of actual case filings.

[6] The motor carrier undercharge decisions projected for fiscal year 1998 have decreased from previous estimates. This decrease is a reflection of the Board's consolidation of several undercharge case dockets into a single decision. The ''bundling'' of related undercharge cases into a single decision accounts for the decrease in the number of overall decisions by the Board.

[7] The decrease between fiscal year 1999 and fiscal year 2000 reflects what the Board expects to be a decrease of the overall undercharge docket from fiscal year 1998 offset by minor increases in some rail workload activities. The small percentage of the total FTEs allocated to undercharge cases will still be needed to ensure continued progress in resolving the remaining undercharge docket. Thus, the total FTEs needed in fiscal year 2000 would be the same as that anticipated for fiscal year 1999 and currently available in FY 1998.

QUESTIONS SUBMITTED BY SENATOR SHELBY

BOARD MEMBERS' TERMS AND STAFFING

Question. What is the current status of the Board membership. How long has the third Board member position been vacant? Is anyone nominated for the third Board position? What is the status of that nomination?

Answer. The ICC Termination Act of 1995 (ICCTA) provided that the term for each Member of the Board shall be 5 years and shall begin when the term of the predecessor of that Member ends. Also under the ICCTA, a Board Member can only be reappointed for one additional term and, if not reappointed, cannot serve more than one year past the expiration of his or her term. The Board currently consists of three members serving in various terms. There are no vacancies at the Board at this time.

Question. When do the terms of the current three Board members expire? Has Ms. Morgan been renominated for another term? What is the status of that nomination?

Answer. The membership of the Board and the expiration of the Board members' terms follow: Linda J. Morgan, December 31, 1998; William Clyburn Jr., December 31, 2000; and Wayne O. Burkes, December 31, 2002.

To date, the White House has not submitted a renomination for Chairman Morgan.

FUNDING HISTORY

Question. Please update the table found on page 835 of Senate hearing record 105–851, displaying the Board's funding request, the Administration's request, the enacted funding level, and the end of year staffing level for each fiscal year from fiscal year 1995 to that requested for fiscal year 2000. Please display both appropriated funds and offsetting collections.

Answer. The following table displays the funding history of the Interstate Commerce Commission (ICC) and the Board for fiscal years 1995 through 2000.

BUDGET REQUESTS AND ENACTED APPROPRIATIONS

	Fiscal year						
	ICC		STB				
	1995	1996 [8]	1996 [1]	1997	1998	1999	2000
Board:							
Appropriation	$45,069,000	$32,892,000	.....	$12,344,000	$12,753,000	$14,190,000	$15,821,000
Offsetting Collections	7,300,000	8,300,000	.....	3,000,000	3,100,000	2,000,00	1,200,000
Budget Request	52,369,000	41,192,000	.....	15,344,000	15,853,000	16,190,000	[9] 17,021,000
President:							
Appropriation	44,429,000	33,202,000	.....	.....	.....	.....	.....
Offsetting Collections	8,300,000	8,300,000	.....	15,344,000	14,300,000	16,000,000	17,000,000
Budget Request	52,729,000	41,502,000	.....	15,344,000	14,300,000	16,000,000	17,000,000
Enacted:							
Appropriation [10]	33,083,000	13,379,00	$8,414,000	12,244,000	13,850, 000	15,990,000	.....
Offsetting Collections [11]	7,738,000	3,200,000	652,000	3,000,000	2,000,000	[12] 2,600,000	.....
Budget Request	40,821,000	16,579,000	9,066,000	15,244,000	15,850,000	15,990,000	.....
End of Year:							
Staffing Level	402	[13] 317	132	127	130	135	140
FTE Level	416	[5] 86	106	131	129	135	140

[8] During fiscal year 1996, the ICCTA was passed, the ICC was eliminated effective December 31, 1995, and the Board was established effective January 1, 1996. The enacted funding levels for the ICC for fiscal year 1996 reflect ICC operational and termination expenses for one quarter of the fiscal year and the Board funding levels for fiscal year 1996 reflect Board operational expenses for three-quarters of the fiscal year.

[9] The Board's fiscal year 2000 budget request essentially represents the Board's current funding level (for fiscal year 1999) plus inflationary and personnel salary increases.

[10] Enacted appropriations less enacted rescissions.

[11] Actual offsetting collections. In fiscal year 1997, there was a carryover of $625,031 over the obligational limitation. In fiscal year 1998, there was a carryover of $315,586 over the obligational limitation.

[12] The fiscal year 1999 enacted appropriations provided that fees not to exceed $2,600,000 shall be credited to this appropriation as offsetting collections and that the sum appropriated shall be reduced on a dollar for dollar basis as such offsetting collections are received.

USER FEES AND OFFSETTING COLLECTIONS

Question. Please update the table on page 837 of Senate Hearing record 105–851, displaying in tabular form the level of anticipated user fee income in the Board's fiscal year 1997, 1998, 1999, and 2000 budget requests. Please also include columns displaying the President's budget assumptions for user fee income in each of these four fiscal years. In addition, please display the level of user fee offsets included in the appropriations legislation for the Board in fiscal years 1997, 1998, and 1999. Finally, please include columns displaying the actual amount of offsetting user fees collected in fiscal years 1997 and 1998, and projected through the end of fiscal year 1999.

Answer. The following table displays the offsetting collection of user fees for fiscal year 1997 through 2000.

	STB			
	Fiscal year			
	1997	1998	1999	2000
User Fee Anticipated Income in Budget Request	$3,000,000	$3,100,000	$2,000,000	$1,200,000
President's Budget Assumptions	15,344,000	14,300,000	16,000,000	17,000,000
User Fee Offsets in Appropriations Language	3,000,000	2,000,000	[14] 2,600,000	.....
Offsetting Collections Actual	[15] 3,625,031	[2 16] 2,315,586	[17] 400,895	.....
Projected end of fiscal year	.....	.....	799,105	.....

[14] The fiscal year 1999 enacted appropriation provided that fees not to exceed $2,600,000 shall be credited to this appropriation as offsetting collections and that the sum appropriated shall be reduced on a dollar for dollar basis as such offsetting collections are received.

[15] These figures include $2,360,400 in fiscal year 1997, and $67,050 in fiscal year 1998, in user fees associated with the Conrail acquisition.

[16] This figure includes $966,700 in user fees associated with the Canadian National Railway/Illinois Central merger.

[17] User Fees collected 10/1/98–03/31/99.

FISCAL YEAR 2000 USER FEE COLLECTIONS

Question. The Office of Management and Budget has proposed that the Appropriations Committees strike the fiscal year 1999 language providing that any fees collected by the Board be credited to the appropriation as offsetting collections. This provision holds the Board harmless from any shortfall in the collection of user fees. OMB argues that "such language reduces the incentive to collect fees" and that "the Board has been criticized for not fully collecting the fees required of it under current law." How would you refute these assertions? Why is this provision necessary?

Answer. The Board prefers the bill language as provided in the fiscal year 1999 appropriations law that allows the user fees to be credited to the appropriation as offsetting collections and to reduce the general fund appropriation on a dollar for dollar basis as the fees are received and credited. Since the submission of fee-related filings is unpredictable and can vary depending of the current business climate of the country and the rail industry or the business priorities of individual rail carriers or rail shippers, the Board has no certainty of collecting a specific level of offsetting collections. Prior to this provision, the Board was required to spend considerable staff hours tracking the user fees collected by category and forecasting the user fee categories monthly to derive an end of year projection to ensure that there were sufficient resources to supplement the appropriation. The financial forecasting relating to day-to-day operations hampered fiscal year planning due to the uncertainty of the total resources available for the Board's operation.

OMB asserts that "such language reduces the incentive to collect fees." The Board does not generate its offsetting collections. It only collects offsetting collections for user fee-related filings, in accordance with the Title V of the *Independent Offices Appropriation Act of 1952 (IOAA)*, 65 Stat. 290, recodified at 31 U.S.C. 9701, at the time the applications or other documents are filed with the Board. The Board annually updates its user fee schedule for changes in the costs of direct labor, overhead, and other attributable expenses. The Board has reviewed its user fee collection schedule and found that many of the services and functions it provides to the public cannot be assessed a fee because of language contained in the IOAA, which states: "[a] user charge will be assessed against each identifiable recipient for special benefits derived from Federal activities beyond those received by the general public."

Specifically, since the beginning of fiscal year 1999, the Board has identified 48 activities that it provides to the public for which no user fee is currently assessed. Many of the 48 services and functions entail activities that are done for the public good and do not pertain to a specific beneficiary, which is a prerequisite for assessing a fee (e.g., rulemakings, class I railroad audits, congressionally mandated industry studies and reports, etc.). The IOAA does not allow the Board to charge a user fee for these types of activities because they are for the public good. The Board has, however, earmarked approximately 20 of the 48 activities noted above and in the near future will be issuing a Notice of Proposed Rulemaking (NPR) to the public for comment, proposing that fees be adopted for the 20 activities. Additionally, for certain activities—including, among others, rate cases and cases involving Amtrak—the fees that the Board assesses are far below its costs, because fully cost-based fees would block access to the regulatory system. Under the current user fee program (bound by the IOAA) the Board will never be able to fully cover its budgetary needs through the user fee program.

Question. The budget request forwarded by OMB includes an assumption of $2,600,000 in user fees (the same level as fiscal year 1999)—your February 9, 1999, budget request from the Board assumes $1,200,000 from user fees. If you have updated the fee schedule for 1999 and increased some fees, why do you anticipate collecting less than half the level of fees in fiscal year 2000 that will be collected in fiscal year 1999?

Answer. The budget request forwarded by OMB assumes that the Board will collect $2,600,000 in offsetting collections for both fiscal years 1999 and 2000. The Board first projected in the summer of 1998 that offsetting collections in fiscal year 1999 would be about $1,200,000, with no large dollar fee-relating filings occurring during the fiscal year. Actual offsetting collection receipts for the six-month period ending March 31, 1999, are $400,895 and the Board estimates a total collection of $1,200,000 by September 30, 1999. Consequently, the Board included in its request for fiscal year 2000 the same figure of $1,200,000 in offsetting collections. The Board has not been apprised of the assumptions made by OMB to arrive at the figure of $2,600,000.

The Board's 1999 Update was effective on March 5, 1999, and increased 40 of the 113 fee items. The increases revised the direct labor cost to reflect the 1999 Government-wide salary and locality increase of 3.86 percent and the change in the overhead factors. While most of the fee increases for fiscal year 1999 are under $1,000, certain of the higher dollar increases are in fee-item categories for which the Board does not project to receive any filings during fiscal year 1999.

FISCAL YEAR 1999 USER FEE COLLECTIONS

Question. What is the current level of assessed user fees in fiscal year 1999? What is anticipated to be assessed in the remainder of this fiscal year? Please discuss the reasons for any delta above or below the enacted level of $2,600,000 in offsetting collections.

Answer. The Board estimates a collection of $1,200,000 by September 30, 1999. The Board revised its projection for fiscal year 1999 user fee collections to $1,200,000 in the summer of 1998 after the filing of the Canadian National/Illinois Central rail merger. At that time, the Board was averaging approximately $100,000 in non-merger related fee filings per month. In the two previous fiscal years, Class I rail mergers, with filing fees of approximately $900,000 each, provided the Board with offsetting collections to attain the respective $3,000,000 and $2,000,000 user fee levels.

The Board has collected $400,895 in user fees through March 31, 1999. The fiscal year 1999 appropriations act included the $2,600,000 level with the expectation that a Class I rail merger filing would occur. However, with only 8 Class I railroads remaining after the merger activity of the past two fiscal years, the Board does not envision any Class I merger filings during fiscal year 1999.

Question. What was the amount of carryover user fees from fiscal year 1998 which was available for obligation after October 1, 1998?

Answer. The Board collected $2,315,586 in fiscal year 1998, of which $315,586 was available to be carried over for obligation after October 1, 1998.

USER FEE SCHEDULE

Question. Has the Surface Transportation Board updated its user fee schedule for 1999? If so, please detail in tabular form the 1999 user fee update schedule, including all fee items or sub-fee items, including both the 1998 and 1999 fee amounts, with a column showing the amount of increase, if any (similar to the table found on pages 838–840 of Senate hearing record 105–851).

Answer. The 1999 User Fee Update was effective on March 5, 1999. The following table displays the fee amounts in the 1998 and 1999 user fee schedule and the increased amount of each fee item.

COMPARISON OF STB EX PARTE NO. 542 (SUB-NO.1) FEE SCHEDULE
TO STB EX PARTE NO 542 (SUB-NO.3) FEE SCHEDULE

	STB EP 542 (Sub-No.1)		STB EP 542 (Sub-No.2)		STB EP 542 (Sub-No.3)			
FEE DESCRIPTION	Current Fee Item	Current Fee Amount	New Fee Item	New Fee Amount	New Fee Item	New Fee Amount	Diff.	% Change
APPLIC. POOLING OR DIV. TRAF.NON-RAIL	1.0	2600.00	1.0	2800.00	1.0	2900.00	300.00	11.54%
APPLIC. PURCHASE, LEASE-MC PASSANGERS	2.0	1200.00	2.0	1300.00	2.0	1300.00	100.00	8.33%
APPLIC. APPROVAL NON RAIL RATE ASSOC. AGR	3.0	16500.00	3.0	17900.00	3.0	18100.00	1600.00	9.70%
APPLIC. AMEND NON RAIL RATE ASSOC.-SINGF.	4.1	2700.00	4.1	3000.00	4.1	3000.00	300.00	11.11%
AMEND NON-RAIL RATE ASSOC. AGREE-MINOR	4.2	60.00	4.2	60.00	4.2	60.00	0.00	0.00%
APPL. FOR TEMPORARY AUTHORITY MC PASSENG	5.0	300.00	5.0	300.00	5.0	300.00	0.00	0.00%
APPL. EXTENSION OR ACQUIS. OR OPERATION	11.1	4300.00	11.1	4700.00	11.1	4700.00	400.00	9.30%
NOTICE OF EXEMPTION 1150.31-1150.35	11.2	1100.00	11.2	1200.00	11.2	1200.00	100.00	9.09%
PETITION FOR EXEMPT. (EXCEPT CONSTRUCTION)	11.3	7500.00	11.3	8100.00	11.3	8200.00	700.00	9.33%
APPL. INVOLVING THE CONSTRUCTION OF A LINE	12.1	44500.00	12.1	48300.00	12.1	48800.00	4300.00	9.66%
NOTICE OF EXEMPTION 1150.36 CONSTRUCTION	12.2	1100.00	12.2	1200.00	12.2	1200.00	100.00	9.09%
PETITION FOR EXEMPT. CONSTRUCTION OF LINE	12.3	44500.00	12.3	48300.00	12.3	48800.00	4300.00	9.66%
FEEDER LINE DEVELOP. PROGRAM APPLICATION	13.0	2600.00	13.0	2600.00	13.0	2600.00	0.00	0.00%
APPL. CLASS II-III ACQUIRE OR EXTE LINE	14.1	3700.00	14.1	4000.00	14.1	4100.00	400.00	10.81%

NOTICE OF EXEMPT. ACQUIRE OR EXTE LINE	14.2	1100.00	14.2	1200.00	14.2	1200.00	100.00	9.09%
PETITION FOR EXEMPT ACQUIRE OR EXTE LINE	14.3	3900.00	14.3	4300.00	14.3	4300.00	400.00	10.26%
NOTICE OF MODIFIED CETIFICATE PC&N	15.0	1000.00	15.0	1100.00	15.0	1100.00	100.00	10.00%
APPLIC. TO ABANDON OR DISCONTINUE SERVICE	21.1	13200.00	21.1	14300.00	21.1	14500.00	1300.00	9.85%
NOTICE OF EXEMPTION ABANDON OR DISCONT.	21.2	2200.00	21.2	2400.00	21.2	2500.00	300.00	13.64%
PETITION FOR EXEMPT. ABANDON OR DISCONT.	21.3	3800.00	21.3	4100.00	21.3	4100.00	300.00	7.89%
APPLIC. TO ABANDON CRC-NE RAIL SERVICE	22.0	250.00	22.0	300.00	22.0	300.00	50.00	20.00%
ABANDONMENT FILED BY BANKRUPT RAILROAD	23.0	1100.00	23.0	1200.00	23.0	1200.00	100.00	9.09%
WAIVER REQUEST FOR FILING REQUIRE-ABANDONMENT	24.0	1000.00	24.0	1100.00	24.0	1100.00	100.00	10.00%
OFFER OF FINANCIAL ASSISTANCE (OFA)	25.0	900.00	25.0	1000.00	25.0	1000.00	100.00	11.11%
OFA - SET TERMS AND CONDITIONS	26.0	13500.00	26.0	14600.00	26.0	14800.00	1300.00	9.63%
REQUEST FOR A TRAILS USE CONDITION	27.0	150.00	27.0	150.00	27.0	150.00	0.00	0.00%
APPLIC. FOR USE OF TERMINAL FACILITIES	36.0	11300.00	36.0	12300.00	36.0	12400.00	1100.00	9.73%
AAPLIC. POOLING OR DIV. TRAFFIC (RAIL)	37.0	6100.00	37.0	6600.00	37.0	6700.00	600.00	9.84%
APPLIC. TO MERGE OR CONSOLIDATE - MAJOR	38.1	889500.00	38.1	966700.00	38.1	976500.00	87000.00	9.78%
APPLIC. TO MERGE OR CONSOLIDATE - SIGNIF	38.2	177900.00	38.2	193300.00	38.2	195300.00	17400.00	9.78%
APPLIC. TO MERGE OR CONSOLIDATE - MINOR	38.3	4700.00	38.3	5000.00	38.3	5200.00	500.00	10.64%

NOTICE OF EXEMPTION MERGE OR CONSOLIDATE	38.4	1000.00	38.4	1100.00	38.4	1100.00	100.00	10.00%
RESPONSIVE APPLICATION MERGE OR CONSOLIDATE	38.5	4700.00	38.5	5000.00	38.5	5200.00	500.00	10.64%
PETITION FOR EXEMPT. MERGE OR CONSOLIDATE	38.6	5600.00	38.6	6100.00	38.6	6100.00	500.00	8.93%
APPLIC. NON-CARRIER TO CONTROL - MAJOR	39.1	889500.00	39.1	966700.00	39.1	976500.00	87000.00	9.78%
APPLIC. NON-CARRIER TO CONTROL - SIGNIF	39.2	177900.00	39.2	193300.00	39.2	195300.00	17400.00	9.78%
APPLIC. NON-CARRIER TO CONTROL - MINOR	39.3	4700.00	39.3	5000.00	39.3	5200.00	500.00	10.64%
NOTICE OF EXEMPTION NON-CARRIER CONTROL	39.4	850.00	39.4	900.00	39.4	900.00	50.00	5.88%
RESPONSIVE APPLICATION NON-CARRIER CONTROL	39.5	4700.00	39.5	5000.00	39.5	5200.00	500.00	10.64%
PETITION FOR EXEMPTION NON-CARRIER CONTROL	39.6	5600.00	39.6	6100.00	39.6	6100.00	500.00	8.93%
APPLICATION TO ACQUIRE TRACK RIGHTS - MAJOR	40.1	889500.00	40.1	966700.00	40.1	976500.00	87000.00	9.78%
APPLICATION TO ACQUIRE TRACK RIGHTS - SIGNIF	40.2	177900.00	40.2	193300.00	40.2	195300.00	17400.00	9.78%
APPLICATION TO ACQUIRE TRACK RIGHTS - MINOR	40.3	4700.00	40.3	5000.00	40.3	5200.00	500.00	10.64%
NOTICE OF EXEMPTION ACQUIRE TRACK RIGHTS	40.4	750.00	40.4	800.00	40.4	800.00	50.00	6.67%
RESPONSIVE APPLICATION ACQUIRE TRACK RIGHTS	40.5	4700.00	40.5	5000.00	40.5	5200.00	500.00	10.64%
PETITION FOR EXEMPTION ACQUIRE TRACK RIGHTS	40.6	5600.00	40.6	6100.00	40.6	6100.00	500.00	8.93%
APPL. OF CARRIER TO PURCHASE PROP - MAJOR	41.1	889500.00	41.1	966700.00	41.1	976500.00	87000.00	9.78%
APPL. OF CARRIER TO PURCHASE PROP - SIGNIF	41.2	177900.00	41.2	193300.00	41.2	195300.00	17400.00	9.78%
APPL. OF CARRIER TO PURCHASE PROP - MINOR	41.3	4700.00	41.3	5000.00	41.3	5200.00	500.00	10.64%

NOTICE OF EXEMPTION CARRIER PURCH PROP	41.4	850.00	41.4	950.00	41.4	950.00	100.00	11.76%
RESPONSIVE APPLICATION CARRIER PURCH PROP	41.5	4700.00	41.5	5000.00	41.5	5200.00	500.00	10.64%
PETITION FOR EXEMPTION CARRIER PURCH PROP	41.6	3900.00	41.6	4300.00	41.6	4300.00	400.00	10.26%
NOTICE OF A JOINT PROJECT INVOLVE RELOCATION	42.0	1500.00	42.0	1600.00	42.0	1600.00	100.00	6.67%
APPLIC. RAIL RATE ASSOCIATION AGREEMENT	43.0	41600.00	43.0	45200.00	43.0	45700.00	4100.00	9.86%
AMENDMENT RAIL RATE AGREEMENT - SIGNIF	44.1	7700.00	44.1	8400.00	44.1	8500.00	800.00	10.39%
AMENDMENT RAIL RATE AGREEMENT - MINOR	44.2	60.00	44.2	60.00	44.2	60.00	0.00	0.00%
AUTHORITY TO HOLD POSITION OFFICER/DIRECTOR	45.0	450.00	45.0	500.00	45.0	500.00	50.00	11.11%
PETITION FOR EXEMPTION BY RAIL NOT OTHER CV	46.0	4800.00	46.0	5200.00	46.0	5200.00	400.00	8.33%
AMTRAK CONVEYANCE PROCEED. 45 USC 562	47.0	150.00	47.0	150.00	47.0	150.00	0.00	0.00%
AMTRAK COMPENSATION PROCEED. SEC. 402 (a)	48.0	150.00	48.0	150.00	48.0	150.00	0.00	0.00%
COMPLAINT FILED UNDER COAL RATE GUIDELINES	56.1	23300.00	56.1	27000.00	56.1	54500.00	31200.00	133.91%
COMPLAINT - ALL OTHER EXCEPT COMPETITORS ACC.	56.2	2300.00	56.2	2600.00	56.2	5400.00	3100.00	134.78%
COMPETITIVE ACCESS COMPLAINT	56.3	150.00	56.3	150.00	56.3	150.00	0.00	0.00%
COMPLAINT OR PETITION REQUEST INVESTIGATION	57.0	5200.00	57.0	5700.00	57.0	5800.00	600.00	11.54%
PETITION FOR DECLAR. ORDER - EXIST RATE	58.1	1000.00	58.1	1000.00	58.1	1000.00	0.00	0.00%
PETITION FOR DECLAR. ORDER - ALL OTHERS	58.2	1400.00	58.2	1400.00	58.2	1400.00	0.00	0.00%
APPLIC. FOR SHIPPER ANTITRUST IMMUNITY	59.0	4200.00	59.0	4500.00	59.0	4600.00	400.00	9.52%

LABOR ARBITRATION APPEAL REVIEWS	60.0	150.00	60.0	150.00	60.0	150.00	0.00	0.00%
APPEALS TO STB DECLAR. OR PETITION REVOKE EXEMPT	61.0	150.00	61.0	150.00	61.0	150.00	0.00	0.00%
MOTOR CARRIER UNDERCHARGE PROCEED	62.0	150.00	62.0	150.00	62.0	150.00	0.00	0.00%
APPLIC. - AUTHORITY RELEASED VALUE RATES	76.0	700.00	76.0	800.00	76.0	800.00	100.00	14.29%
APPL. SPECIAL PERMITS SHORT NOT. OR WAIVER	77.0	70.00	77.0	80.00	77.0	80.00	10.00	14.29%
TARIFFS, INCL. SUPLM. AND CONTRACT SUMMARY	78.1	14.00	78.1	16.00	78.1	16.00	2.00	14.29%
TARIFFS SUBMITTED BY FAX	78.2	1.00	78.2	1.00	78.2	1.00	0.00	0.00%
SPECIAL DOCKET APPL. INVOL. $25000 OR LESS	79.1	45.00	79.1	50.00	79.1	50.00	5.00	11.11%
SPECIAL DOCKET APPL. INVOL. OVER $25000	79.2	90.00	79.2	100.00	79.2	100.00	10.00	11.11%
INFORMAL COMPLAINTS ABOUT RAIL APPLICATION	80.0	350.00	80.0	350.00	80.0	400.00	50.00	14.29%
TARIFF RECONCILIATION PET. MC $25000 OR LESS	81.1	45.00	81.1	50.00	81.1	50.00	5.00	11.11%
TARIFF RECONCILIATION PET. MC OVER $25000	81.2	90.00	81.2	100.00	81.2	100.00	10.00	11.11%
REQUEST AVAILABILITY OR REASON. MC RATES	82.0	100.00	82.0	150.00	82.0	150.00	50.00	50.00%
FILING OF DOCUMENTS FOR RECORDATION	83.0	24.00	83.0	26.00	83.0	26.00	2.00	8.33%
INFORMAL OPINIONS RATE APPL. - ALL MODES	84.0	150.00	84.0	150.00	84.0	150.00	0.00	0.00%
RAILROAD ACCOUNTING INTERPRETATION	85.0	650.00	85.0	700.00	85.0	700.00	50.00	7.69%
AN OPERATIONAL INTERPRETATION	86.0	850.00	86.0	950.00	86.0	950.00	100.00	11.76%
ARBITRATION COMPLAINT			87.1	75.00	87.1	75.00	75.00	0.00%
ARBITRATION COMPLAINT ANSWER			87.2	75.00	87.2	75.00	75.00	0.00%

ARBITRATION 3RD PARTY COMPLAINT			87.3	75.00	87.3	75.00	75.00	0.00%
ARBITRATION 3RD PARTY COMPL. ANSWER			87.4	75.00	87.4	75.00	75.00	0.00%
ARBITRATION APPEAL			87.5	150.00	87.5	150.00	150.00	0.00%
MESSENGER DELIVERY OF DECISION - RR AGENT	96.0	19.00	96.0	20.00	96.0	21.00	2.00	10.53%
REQUEST FOR SERVICE FR NOTICE REQUIRED	97.0	14.00	97.0	15.00	97.0	16.00	2.00	14.29%
REQUEST CARLOAD WAYBILL NO FR NOTICE REQUIREMENT	98.1	150.00	98.1	200.00	98.1	200.00	50.00	33.33%
REQUEST FOR SERVICE FR NOTICE REQUIRED	98.2	400.00	98.2	400.00	98.2	400.00	0.00	0.00%
APPLICATION FOR THE STB PRACTIONER'S EXAM	99.1	100.00	99.1	100.00	99.1	100.00	0.00	0.00%
PRACTIONER'S EXAM INFORMATION PACKAGE	99.2	25.00	99.2	25.00	99.2	25.00	0.00	0.00%
URCS - INITIAL PC VERS PH III SOFT PROGRAM	100.1	50.00	100.1	50.00	100.1	50.00	0.00	0.00%
UPDATED PC VERSION CST FILE, DISK BY REQUEST	100.2	10.00	100.2	10.00	100.2	10.00	0.00	0.00%
UPDATED PC VERSION CST FILE, DISK BY STB	100.3	20.00	100.3	20.00	100.3	20.00	0.00	0.00%
PUBLIC REQUEST FOR SOURCE CODES - PH III	100.4	500.00	100.4	500.00	100.4	500.00	0.00	0.00%
PC VERS OR MAINFRAME VERS URCS PH II	100.5	400.00	100.5	400.00	100.5	400.00	0.00	0.00%
PC VERS OR MAINFRAME VERS URCS PH II	100.6	50.00	100.6	50.00	100.6	50.00	0.00	0.00%
PUBLIC REQUEST FOR SOURCE CODES - PH II	100.7	1500.00	100.7	1500.00	100.7	1500.00	0.00	0.00%
REQUESTS FOR PUBLICE USE FILE R - CD FIR YEAR	101.1	450.00	101.1	450.00	101.1	450.00	0.00	0.00%
REQUESTS FOR PUBLICE USE FILE R - CD ADD YEAR	101.2	150.00	101.2	150.00	101.2	150.00	0.00	0.00%

WAYBILL - STB OR ST. PROCEED ON R - CD FIR	101.3	650.00	101.3	650.00	101.3	650.00	0.00	0.00%
WAYBILL - STB OR ST. PROCEED ON R - CD DIFF	101.4	450.00	101.4	450.00	101.4	450.00	0.00	0.00%
WAYBILL - STB OR ST. PROCEED ON R - CD SAME	101.5	500.00	101.5	500.00	101.5	500.00	0.00	0.00%
USER GUIDE LATEST AVAILABLE CARLOAD WB	101.6	50.00	101.6	50.00	101.6	50.00	0.00	0.00%
CERTIFICATE OF THE SECRETARY	102.0	10.00	102.0	11.00	102.0	11.00	1.00	10.00%
EXAMINATION OF TARIFFS OR SCHEDULES - CERT.	103.0	25.00	103.0	25.00	103.0	26.00	1.00	4.00%
CHECKING RECORDS TO CERTIFY AUTHENTICITY	104.0	17.00	104.0	17.00	104.0	18.00	1.00	5.88%
ELECTROSTATIC COPIES TARIFFS, REPORTS, ETC	105.0	5.00	105.0	5.00	105.0	5.00	0.00	0.00%
SEARCH AND COPY SERVICES ADP PROCESS	106.0	44.00	106.0	45.00	106.0	46.00	2.00	4.55%

STAFFING INCREASES

Question. The STB has requested an increase of 5 FTEs for fiscal year 2000, from 135 to 140. Staffing levels have remained stable for the last two years (fiscal years 1998 and 1999). What workload increases are anticipated that would necessitate increases in the Office of the Secretary; the Office of the General Counsel; the Office of Proceedings; and the Office of Economics, Environmental Analysis, and Administration? (Please discuss each proposed staffing increase individually.)

Answer. While the number of cases pending at the Board has remained relatively constant because, as cases are resolved, new cases are filed, the Board is concerned that a large number of current Board employees are already eligible to retire under current regulations and that an even larger number of employees will become retirement eligible within the next 2–3 years. The requested authorization for 140 FTEs will provide the Board with the discretion to hire staff in specific offices to replace tenured, retirement-eligible staff prior to their anticipated retirement date. This is to ensure the required transition from current staff, who are becoming retirement-eligible, to new staff, who can gain working knowledge and analytical and legal expertise necessary to process the Board's caseload and prepare decisions for the Board. Between now and September 30, 2002, 38 percent of the Board's employees will be eligible for voluntary retirement. The following table reflects the retirement eligibility of Board employees.

	9/30			
	1999	2000	2001	2002
Eligible By	22	29	36	50

Question. If the workload will generally be increasing, necessitating a staff increase, why does the Board anticipate that the level of offsetting fees it collects will decrease so dramatically?

Answer. While the Board's workload and the number of cases pending at the Board have remained relatively constant, the requested staff increase is attributed to the Board's concern that a large number of current Board employees are already eligible to retire under current regulations and that an even larger number of employees will become retirement eligible within the next 2–3 years. With the constant number of cases being processed by the Board, and the probability that no major merger will be filed in the near future, the level of offsetting collections should also remain relatively constant at the estimated $1,200,000 level.

COMPARISON OF FISCAL YEAR 1999 AND FISCAL YEAR 2000 BUDGETS

Question. The Board's fiscal year 2000 request is for $17,000,000, $1,000,000 more than the enacted fiscal year 1999 level of $16,000,000. In the salaries and expenses detail table included with the Board's February 9, 1999, budget submission, it appears that $529,000 of this $1,000,000 increase is associated with "people costs", this is, personnel compensation, benefits, and reimbursable obligations. Please detail how much of this personnel-related increase is associated with:

—the increased fiscal year 1999 pay raise?

—inflation and the 4.4 percent fiscal year 2000 civilian pay raise?

—personnel costs for the five new FTEs that the Board plans to hire?

Answer. The following table provides a crosswalk between the fiscal year 1999 enacted appropriation of $16,000,000 and the fiscal year 2000 budget request of $17,000,000.

	EOY changes	FTE changes	Funding changes
Mandatory Increases:			
Annualization of fiscal year 1999 Pay Raise—3.68 percent	.....	.....	$102
Fiscal year 2000 Pay Raise—4.4 percent	.....	.....	390
Fiscal year 2000 Within Grade Increases	.....	.....	47
Subtotal, Mandatory Pay Adjustments	.....	.....	539
Staffing Increases to Offset Retirements	5	5	.....
Unemployment Compensation to Former Employees	.....	.....	(10)

	EOY changes	FTE changes	Funding changes
Subtotal Personnel Compensation and Benefits	.....	.....	529
Mandatory Increases:			
GSA Rental Increase	.....	.....	44
Non-Pay Adjustments (Inflation)—1.0 percent	.....	.....	21
Program Changes:			
Equipment Maintenance	.....	.....	(4)
Guard Service	.....	.....	17
Performance Awards	.....	.....	10
Travel	.....	.....	5
Telephone & Postage	.....	.....	26
Copier Rentals	.....	.....	22
Computer Support Services	.....	.....	25
Technical Interagency Services	.....	.....	270
Periodicals & Supplies	.....	.....	15
Software & Equipment	.....	.....	20
Subtotal, Non-Personnel Increases	.....	.....	471
Total Funding Increase	.....	.....	1,000

The requested increase in FTEs will be absorbed within the current level of funding by allowing the Board to hire entry level staff to replace the tenured, higher-salaried, retirement-eligible staff prior to their retirement dates. This would ensure the required transition for current staff to new staff, who can gain working knowledge and analytical and legal expertise necessary to process the Board's caseload and prepare decisions for the Board's adjudication.

MARKET DOMINANCE

Question. When the Board investigates a rate, the first question is whether the railroad has market dominance. The Staggers Act declared that if a rail rate is below 180 percent of the variable cost of serving a particular shipper, then the railroad does not have market dominance. There is not a presumption that a railroad charging a rate above 180 percent of the variable cost has market dominance, but it is a trigger for an inquiry to determine whether the railroad faces effective competition. The four types of competition concerned are: intramodal, intermodal, geographic, and product. Please describe each of these four types of competition.

Answer. "Intramodal competition" refers to competition between two or more railroads transporting the same commodity between the same origin and destination. "Intermodal competition" refers to competition between rail carriers and other modes for the transportation of a particular product between the same origin and destination.

Whereas intramodal and intermodal competition constitute direct, point-to-point competition, geographic and product competition are indirect. "Geographic competition" is the availability of the same product from alternative sources, or the ability to ship the product to alternative destinations, using different carriers. "Product competition" exists when other products, moving over different carriers, can be substituted for the product covered by the rail rate at issue.

As discussed in the response to the next question, in December 1998 the Board decided that it will no longer consider evidence of product and geographic competition in its market dominance analysis.

Question. Has the Board decided to drop the geographic and product competition determining factors?

Answer. Yes. In *Market Dominance Determinations—Product and Geographic Competition,* STB Ex Parte No. 627 (STB served Dec. 21, 1998), the Board decided that it will no longer consider evidence of product and/or geographic competition in determining whether a rail carrier has market dominance over the traffic involved in a rate complaint. The Board concluded that the consideration of these forms of competition unduly complicates and prolongs rail rate cases and discourages captive shippers from pursuing valid rate complaints.

The Association of American Railroads and its member railroads have filed a petition for reconsideration of that decision, and the Union Pacific Railroad has filed

a separate petition for clarification or reconsideration. These petitions are currently pending before the Board.

Question. A bill has been introduced in the Senate, S.621, which would simplify the standards for determining market dominance. Please describe how the simplified standard proposed in S.621 differs from the Board's current practices. Would this simplified process provide an adequate economic analysis of whether a railroad has market dominance?

Answer. The market dominance provision of S.621 would preclude the Board from considering product or geographic competition in its market dominance determination. By codifying the Board's decision in *Market Dominance Determinations—Product and Geographic Competition,* STB Ex Parte No. 627 (STB served Dec. 21, 1998), such a statutory provision would foreclose administrative or court challenges to the Board's decision. In its December 1998 decision, the Board concluded that an examination of inter- and intramodal competition provides an adequate basis for the short, practical analysis expressly called for by Congress when it enacted the market dominance requirement.

ROUTE REGULATION

Question. The Board can prevent the closure of routes, prevent abandonment or sale of track, or compel a railroad to open up a new route. It can also impose arrangements that impel one railroad to let another use its track and facilities. Please cite any Board decisions in the last three years to impose such arrangements, and give a brief description of the circumstances leading to the decision, any appeals and their results, and the length of time that the Board's decision is in effect.

Answer. The decisions fall in three general categories: (a) those involving service orders relating to rail service emergencies; (b) those associated with railroad merger or control proceedings; and (c) those involving actions to prevent line abandonments. As reflected in the question, the following does not include decisions rendered by the Commission (such as its approval of the merger of the Burlington Northern and Santa Fe railroads).

A. *Service Orders*.—During the summer and fall of 1997, prior to the implementation of the "Union Pacific/Southern Pacific" merger in Texas, many of the lines in and around Houston became severely congested, leading to a lengthy and damaging service breakdown dramatically affecting rail transport throughout the West. To address this crisis, the Board issued a series of unprecedented service order decisions pursuant to its emergency authority under 49 U.S.C. 11123, directing temporary changes to the way in which rail service was provided in the Houston area. *Joint Petition for Service Order,* Service Order No. 1518 (STB served Oct. 31 and Dec. 4, 1997, and Feb. 17 and 25, 1998). To help divert traffic off of affected Union Pacific Railroad Company (UP) and Southern Pacific Transportation Company (SP) lines and away from Houston, the Board authorized the Texas Mexican Railway Company (Tex Mex) to provide expanded service in and around Houston and directed UP to release certain Houston area shippers from their obligations under their transportation contracts so that they could use either Tex Mex or The Burlington Northern and Santa Fe Railway Company (BNSF) in addition to UP. The Board also permitted UP to modify some of its operations and directed it to cooperate with other carriers to help route traffic around Houston, and it required UP to provide, on a weekly basis, extensive data to help it assess the conditions on its lines, and, ultimately, the success of its service recovery. UP was also required to submit its plans to address the region's infrastructure needs.

The Board's remedies under the service order were purposely measured, designed to help free up traffic in the Houston area without further aggravating the congestion, inadvertently harming shippers in other regions in the West, or impeding UP's own efforts (including cooperative efforts with other carriers in the region) to work through the emergency and restore adequate service. This approach worked. Before the end of the service order period, operations in and around Houston became fluid, and service improved significantly. As a result, in an order issued in the summer of 1998, the Board allowed the emergency service order to expire.

In addition to the expansive service orders dealing with the emergency in the West, the Board has issued a number of more localized service orders to address rail service cessation caused by financial problems, safety concerns, or weather problems such as washouts.

B. *Merger Decisions. UP/SP Merger.*—In the summer of 1996, the Board approved the merger of the UP and SP systems. *Union Pacific Corp.—Control and Merger—Southern Pacific Rail Corp.*, Finance Docket No. 32760 (*UP/SP Merger*), Decision No. 44 (STB served Aug. 12, 1996) (Decision No. 44). On March 23, 1999, the

Board's decision approving the merger was affirmed by the United States Court of Appeals for the District of Columbia Circuit.

Decision No. 44 imposed numerous conditions to be met before the merger could be consummated, including several trackage rights conditions, that is, conditions that required one railroad to let another use its track and facilities. Some of these conditions were agreed to in advance by UP/SP, while some were not. The Board required the UP/SP applicants to give approximately 4,000 miles of trackage rights to BNSF, generally to establish BNSF as a competitive alternative to a unified UP/SP with respect to so-called "2-to-1" traffic (i.e., traffic that, prior to the UP/SP merger, had been open both to UP and to SP, but to no other railroad). It also required certain BNSF trackage rights over three segments of terminal track owned by The Kansas City Southern Railway Company (KCS), in order to enable BNSF to provide a competitive alternative to a unified UP/SP in the Houston, TX-Memphis, TN and Houston, TX-New Orleans, LA corridors. It provided for access by the Utah Railway Company (URC) to additional coal sources in Utah, in order to preserve the existing level of rail competition for western coal shippers dependent on originations of Utah/Colorado coal. The Board imposed trackage rights for the Tex Mex over UP/SP lines in Texas to ensure that Tex Mex could continue to provide a competitive option for international traffic moving via the Laredo, TX gateway. Finally, the Board required a few hundred miles of UP/SP trackage rights over BNSF lines, which had been agreed to by the involved carriers. These conditions will continue in effect for the foreseeable future.

The UP/SP applicants sought, in addition to approval of common control and merger of the UP/SP rail carriers, authority to abandon two lines in Colorado, collectively described as the "Tennessee Pass" Line. The Board allowed the discontinuance of operations over the Tennessee Pass Line, but required the carrier to keep the line intact for the time being in the event it is needed for operations in the future. The railroad has since indicated that it no longer expects to seek authority to abandon the line within the next 3 years. Any effort to abandon the line in the future would require a further request from the carrier and approval of the Board.

In approving the merger, the Board retained jurisdiction for five years to impose additional remedial conditions. In 1998, the Board exercised its retained jurisdiction when it imposed two additional conditions: (1) an efficiency-enhancing "clear route" condition pursuant to which the Joint Director of the dispatching center operated jointly by UP and BNSF in Spring, TX, was granted authority to route traffic through Houston over any available route, even a route over which the owner of a train does not have trackage rights; and (2) an Austin trackage rights condition pursuant to which UP was required to grant BNSF approximately four miles of additional trackage rights in the Austin, TX area so that BNSF could create a new interchange with a short-line railroad in the Austin area. *Union Pacific Corp.—Control and Merger—Southern Pacific Rail Corp. [Houston/Gulf Coast Oversight]*, STB Finance Docket No. 32760 (Sub-No. 26), Decision No. 10 (STB served Dec. 21, 1998).

Conrail Transaction.—In 1997, the railroads controlled by CSX Corporation (CSX) and Norfolk Southern Corporation (NS) sought authority to acquire and then divide the assets of Conrail. The Board approved the application, with certain conditions that are intended to continue in effect into the foreseeable future. *CSX Corp. and Norfolk Southern Corp.—Control and Operating Leases/Agreements—Conrail Inc.,* STB Finance Docket No. 33388, Decision No. 89 (STB served July 23, 1998) (Decision No. 89). Control was consummated on August 22, 1998, and the actual division of assets authorized in Decision No. 89 will take place on a date that is currently expected to be approximately June 1, 1999. Petitions for review of Decision No. 89 are presently pending before the United States Court of Appeals for the Second Circuit.

Decision No. 89 established several relevant conditions, which are summarized below.

1. It gave each of the acquiring carriers certain trackage rights over the other in order to maximize CSX vs. NS competitive options throughout the territory now served by Conrail.

2. To restore some of the intramodal rail competition that was lost in the financial crisis that led to the formation of Conrail in 1976, the decision required CSX to allow the Canadian Pacific rail carriers to participate in handling traffic over the Conrail line running between Selkirk, NY (near Albany, NY) and Fresh Pond, NY (in Queens, NY).

3. The decision imposed an agreement reached between the applicants and The National Industrial Transportation League (NITL), which the Board modified to enhance competition further. Among other things, it required the acquiring carriers to keep open reciprocal switching (an arrangement under which a carrier is required to honor certain shipper requests for access to carriers that cannot serve them di-

rectly) for 10 years, and it limited the charges for providing these services for five years.

4. To enhance competition, it limited reciprocal switching charges in the Buffalo/Niagara Falls area.

5. To preserve competition existing before the transaction, it required that CSX's trackage rights over a line of the former Buffalo Creek Railroad be transferred to NS.

6. To mitigate potential adverse impacts resulting from new routings that would have been instituted after the transaction is completed, and to preserve essential services and competitive options, the decision required the applicants to work out alternative routings, and provide trackage rights and other relief, to various small railroads, including the Livonia, Avon & Lakeville Railroad Corporation, New England Central Railroad, Inc., Wheeling & Lake Erie Railway Company (W&LE), and Ann Arbor Railroad.

7. The decision required certain routing changes or options to preserve preexisting competitive options available to Indianapolis Power & Light Company and PSI Energy, Inc.

CN/IC Merger.—In the summer of 1998, the Board received an application under which the Canadian National Railway Company (CN), and its affiliated carriers would acquire the Illinois Central Railroad Company (IC) and its affiliated railroads. In an open voting conference held March 25, 1999, the Board voted to approve, with certain conditions that are intended to continue in effect into the foreseeable future, the acquisition by CN of control of IC, and the integration of the rail operations of CN and IC. A written decision reflecting that vote is expected to be served by May 25, 1999. In its voting conference, the Board voted to impose certain relevant conditions. In particular, to protect against a reduction in competition, it required the CN/IC carriers to grant to KCS access to three shippers in Geismar, LA, in addition to three other Geismar shippers to which CN had already agreed to give KCS access. Additionally, to ensure that the Chicago gateway remains open for North Dakota's export commodities, the Board voted to require the CN/IC applicants to adhere to their representation that they will keep open and competitive their Chicago gateway with a Canadian Pacific subsidiary that the North Dakota shippers use to originate traffic.

C. The following decisions involved Board actions to prevent rail line abandonments:

1. On July 3, 1996, the Board denied a request by Western Stock Show Association (WSSA) to abandon 10,400 feet of rail line in the Denver Stockyards, which have been operated by other railroads under lease.

2. On August 28, 1996, the Board denied the request of the Denver and Rio Grande Western Railroad (DRGW) to abandon a 1.55-mile stretch of track in Salt Lake County, Utah.

3. On September 10, 1996, the Board denied an application by the Boston and Maine Corporation (B&M) to abandon a 3.39-mile rail line in Middlesex County, Massachusetts.

4. On December 31, 1996, the Board denied a petition by the Springfield Terminal Railway Company (ST) to discontinue service on and by the B&M to abandon a 9.5-mile section of B&M line known as the Canal Branch, which runs through Hartford and New Haven Counties in Connecticut. After a subsequent proceeding, in April 1998, the Board allowed the discontinuance of service and abandonment of the line.

5. On May 21, 1997, the Board denied the request of San Joaquin Valley Railroad (SJVR) to abandon an 18.1-mile line known as the Hanford Subdivision near Fresno, California.

6. On August 1, 1997, the Board denied a request by Owensville Terminal Company, Inc. to abandon its 22.5-mile Browns-Poseyville Line running between Browns, Illinois and Poseyville, Indiana.

7. On May 4, 1998, the Board denied the request of Central Railroad Company of Indiana (CIND) to abandon its 58-mile Shelbyville Line in Central Indiana. CIND petitioned for reconsideration, but ultimately, a new owner acquired the line and withdrew the petition.

8. In two related cases each decided on September 18, 1998, the Board denied requests by the Buffalo and Pittsburgh Railroad, Inc., to abandon two contiguous lines, one 43 miles long and the other 9.2 miles long, near Buffalo, New York.

9. On March 26, 1999, the Board denied the request of the Arkansas and Missouri Railroad Company (AMR) that it order the discontinuance of certain trackage rights operated by KCS over a 5.5-mile segment of AMR track that connects KCS's branch line from Heavener, Oklahoma, to the KCS yard at Fort Smith, Arkansas.

10. In 10 decisions issued between April 1996 and January 1999, the Board rejected various proposals for abandonment or discontinuance authorizations, without

considering them on their merits, because they were procedurally defective. These cases involved lines in Colorado, Iowa, Texas, Indiana, Connecticut, Wisconsin, Ohio, and Pennsylvania.

REVENUE ADEQUACY

Question. What factors does the Board consider in determining whether a railroad is revenue adequate?

Answer. To assess the adequacy of railroad revenues pursuant to 49 U.S.C. 10704(a)(3), the Board compares a railroad's return on investment (ROI) to the cost of capital in the rail industry. The ROI for a railroad is computed by dividing the net railway operating income (i.e., profits from railroad operations) by the carrier's net investment base (i.e., the value of the railroad's assets). The cost of capital (the rate of return that debt and equity investors demand to supply funds to the rail industry) is measured annually by the Board. See, *e.g., Railroad Cost of Capital—1997,* STB Ex Parte No. 558 (Sub-No. 1) (STB served July 16, 1998) (finding that the 1997 cost of capital for rail industry was 11.8 percent). If a railroad's ROI is less than the cost of capital, then that railroad is determined to be revenue inadequate. This revenue adequacy test has been judicially approved.

Question. Why is revenue adequacy a meaningful standard? What does it indicate?

Answer. The statute requires regulatory consideration of revenue adequacy [49 U.S.C. 10704(a)(2)] so that railroads will not be deprived of the opportunity to earn the income needed to cover total operating expenses plus a reasonable return on capital employed in the business. This opportunity is critical to the long-term viability of the rail industry. If regulatory policy were to cause railroad operations continually to lose money or railroad returns to continually underperform other investments of comparable risk, the industry would not be able to attract and retain the capital needed for continued and/or improved operations. Therefore, regulatory policy with respect to the rail industry must recognize the revenue needs of the industry. However, regulatory policy does not, nor could it, ensure that individual railroads are successful in meeting the revenue target represented by the Board's revenue adequacy standard.

As discussed in response to the next question, while a policy that affords the railroads the opportunity to be financially healthy is essential to the long-term viability of the Nation's rail system, an annual determination of which carriers are "revenue adequate" is not particularly meaningful.

Question. Please cite the pros and cons of repealing the revenue adequacy test.

Answer. The statutory requirement in 49 U.S.C. 10704(a)(3) that the Board make an annual determination of which carriers are achieving the target revenue level is not particularly necessary because that determination has no immediate regulatory consequences. A railroad that has not met the "revenue adequacy" target is not entitled to any special regulatory treatment. Most significantly, no carrier is allowed to charge unreasonable rates on captive traffic, whether or not its systemwide revenues are considered adequate. Thus, the requirement for an annual determination can safely be repealed.

In contrast, Congress should not repeal the revenue adequacy criteria of 49 U.S.C. 10704(a)(2), which articulate in general terms what the revenue needs of the railroad industry are. To ensure that regulation does not undermine the long-term viability of the Nation's rail system, regulatory action must not ignore railroads' revenue needs. Thus, regardless of whether the current procedures used to evaluate carriers' revenue needs are modified, the statute should retain a provision setting out the financial goals for a healthy rail industry that is capable of meeting shippers' needs.

STAND-ALONE COSTS

Question. Please cite ICC and STB decisions for the past five years on whether railroads charge shippers rates that exceed stand-alone costs. Is there a clear trend in these decisions?

Answer. Since 1994, the ICC/STB has issued final decisions in four cases where the stand-alone cost (SAC) test was used to evaluate the reasonableness of railroad rates. In two of these cases—*West Texas Util. Co.* v. *Burlington Northern R.R.,* No. 41191 (STB served May 3 and June 25, 1996), *aff'd sub nom. Burlington Northern R.R.* v. *Surface Transp. Bd.,* 114 F.3d 206 (D.C. Cir. 1997); and *Arizona Public Serv. Co.* v. *Atchison T.&S.F. Ry.,* No. 41185 (STB served July 29, 1997 and Apr. 17, 1998)—the Board concluded that the railroads rates were unreasonable and ordered substantial reparations. In the other two cases—*Bituminous Coal-Hiawatha, UT to Moapa, NV,* 10 I.C.C.2d 259 (1994); and *McCarty Farms, Inc.* v. *Burlington North-*

ern, Inc., No. 37809 et al. (STB served Aug. 20, 1997), *aff'd sub nom. McCarty Farms, Inc.* v. *Surface Transp. Bd.,* 158 F.3d 1294 (D.C. Cir. 1998)—the agency found that the challenged rates had not been shown to be unreasonable.

There is no trend in the outcome of these cases. Each proceeding was distinct and the outcomes were dependent on the specific factual situation presented in each case. However, the four decisions settled a wide variety of issues concerning how to apply the SAC test, and the precedent established has given both the shipper community and the rail industry guidance in predicting the results of a SAC analysis for other individual fact situations. This in turn has encouraged more settlements, rather than litigation, of rate disputes. Indeed, while the agency has issued only four final decisions in SAC cases, many other rate challenges have been resolved by negotiated settlements and the complaints withdrawn. It is, of course, impossible to know how many other disputes were resolved, based on SAC principles, without a complaint having been filed with the Board.

COMPETITIVE ACCESS

Question. Several shipper representatives have claimed that it is difficult, if not impossible, to show evidence of anti-competitive conduct on the part of a railroad. Is anti-competitive conduct difficult to prove? Why?

Answer. As described more fully in response to an upcoming question, the Board has limited authority to compel a railroad to make its facilities or services available to another railroad. The statute does not provide for access on demand. Therefore, a party seeking a "competitive access" remedy—whether terminal trackage rights or reciprocal switching under 49 U.S.C. 11102, or alternative through service under 49 U.S.C. 10705—must show a clear need for such action. In other words, it must show that the incumbent carrier is not fully meeting its common carrier obligations, but rather is abusing its market power—either by extracting unreasonable terms or by failing to provide adequate service.

Because the Board will consider a broad range of evidence to show such anti-competitive behavior, this "anti-competitive conduct" standard should not be difficult to meet where market abuse is occurring. As the Board explained in its Bottleneck decisions, it will be receptive to evidence that an incumbent bottleneck carrier is foreclosing more innovative, advantageous, and efficient service, especially where the less intrusive remedy of alternative through service is sought.

Question. Has the Board made any decisions to impose access to rail customers within an area served by the tracks of more than one railroad, based on positive evidence of anti-competitive conduct by the plaintiff railroad? If yes, please cite the decisions.

Answer. The Board has regularly imposed access conditions in the merger context to protect shippers that would otherwise lose competitive rail service as a result of the merger. For example, as a condition to its approval of the Union Pacific-Southern Pacific merger, the Board required the merging railroads to afford trackage rights to the Burlington Northern Santa Fe over almost 4,000 miles of the merged system to serve those facilities that could have been served by both UP and SP prior to the merger but would otherwise have no competitive rail options remaining after the merger. (These are commonly referred to as "2-to-1" facilities.) Evidence of anti-competitive conduct is not required in the merger context, but only that access is necessary to offset anticompetitive effects of the merger.

In addition, the Board issued an emergency service order providing UP shippers temporary access to other carriers (BNSF and the Texas Mexican Railway) in an around Houston, Texas, for the maximum period allowed under law (270 days), to address the unprecedented rail congestion in the West in 1997–98. Again, evidence of anticompetitive conduct was not required in this context, but rather evidence that there was a service emergency.

The Board has not, since its inception, considered evidence under the anticompetitive conduct standard to determine whether any "competitive access" relief is warranted. But in its Bottleneck decisions the agency made clear that such access will be afforded where innovative, advantageous, and more efficient competitive service is being precluded.

Question. Is this type of competitive access relief different from "open access"? If so, how?

Answer. The access that can now be imposed by the Board upon an appropriate showing—in merger cases, in temporary emergency service orders, and in "competitive access" cases (which include both direct physical access to another railroad's facilities and indirect access through switching or through-route arrangements)—represent varying forms of railroad access. In the ongoing policy debate regarding railroad access, the term "open access" is sometimes used to refer to one or more of

these forms of access. As we understand it, however, advocates of truly "open" access would like for direct physical access to a second railroad to be available upon demand, so long as that access is operationally practicable, without requiring a showing of need for this relief.

Question. Does the Board have the legal authority to impose open access on any or all of the nation's rail network?

Answer. Because freight rail service in the United States is provided by private-sector companies operating over privately owned and maintained rail lines, railroads, like other private businesses, do not have to make their facilities or services available to competing railroads on demand. However, the Board can compel such access in certain limited circumstances: as a condition to its approval of a railroad merger; in response to a rail service emergency; or when the existing "competitive access" remedies (terminal trackage rights, reciprocal switching, or alternative through routes) are shown to be warranted.

More specifically, the Board has the following authority to direct physical access to another carrier's lines:

—under 49 U.S.C. 11324(c), as a condition to the incumbent's merger with another railroad, to remedy anticompetitive effects of the merger;

—under 49 U.S.C. 11123(a), to serve any facilities for a limited period of time (not more than 270 days) because of the carrier's inability or failure to provide adequate service; and

—under 49 U.S.C. 11102(a), to serve the incumbent's terminal facilities, upon an appropriate showing of need, operational practicability, and that it will not impair the ability of the incumbent carrier to handle its own business.

In addition, when an appropriate need is shown, the Board may direct an incumbent railroad to afford access indirectly, either:

—by prescribing through routes under 49 U.S.C. 10705(a) (requiring the incumbent to interline traffic with another railroad over a designated interchange and thereby create alternative routes and rates for a shipper's traffic), or

—by requiring reciprocal switching under 49 U.S.C. 11102(c) (where, for a fee, the incumbent must switch cars to and from another railroad so that the latter, even though it cannot physically reach a shipper, can constructively offer alternative single-line service).

BOTTLENECK DECISION

Question. Please explain the ICC's 1995 bottleneck decision. Please give some examples (using real geographic locations) of how the bottleneck decision works. Why would shipper representatives claim that they have been "disappointed" by this decision?

Answer. Under longstanding principles of transportation law, rail rates ordinarily can be challenged only in their entirety from origin to destination. Thus, regardless of whether a shipper receives single-line or through (i.e. multi-carrier) service, the shipper can challenge only whether the total rate it pays from origin to destination is reasonable.

In the Bottleneck decisions—*Central Power & Light Co.* v. *Southern Pac. Transp. Co.*, Nos. 41242 et al. (Dec. 31, 1996), clarified (Apr. 30, 1997), *aff'd sub nom. MidAmerican Energy Co.* v. *STB*, Nos. 97–1081 et al. (8th Cir. Feb. 10, 1999)—the Board addressed three cases in which utility companies sought to avoid this well-established judicial precedent by treating through movements as if they were a series of independent movements, with a shipper-designated interchange point as an end point for each such movement, and demanding a segment rate for each leg that could be separately challenged. In each of the three cases, two rail carriers could serve the origin coal mine, but only one carrier (the "bottleneck" carrier) could serve the utility's destination generating plant. The utilities believed that, if they could obtain a Board-prescribed rate for the (shorter) destination leg and combine it with a competitive rate for the (longer) origin leg, they would be able to reduce (perhaps substantially) their total cost for the transportation.

After obtaining public comment and hearing oral argument on the broader legal issues and policy implications, the Board concluded that the utilities' approach conflicts with the well-settled right of carriers to determine, at the outset, the rates and routes they will offer for their services. Specifically, under 49 U.S.C. 10701(c), the carrier—not the shipper—chooses the type of rates to offer (a single-line rate or some form of through rate), and the Board may intervene, under 49 U.S.C. 11101 and 10701(d), only to insure that transportation is provided and that the rates are reasonable. Moreover, under 49 U.S.C. 10703(a)(1), the carrier—not the shipper—selects the routes over which through service is offered. While the Board may require additional through routes to be opened when there is a public need, 49 U.S.C.

10705(a)(1), the Board may not deprive a carrier of its "long-haul," 49 U.S.C. 10705(a)(2), unless the alternative route would be more efficient, 49 U.S.C. 10705(a)(2)(D).

Accordingly, the Board determined that the utilities in the three cases addressed in the Bottleneck decision could not, as a matter of law, insist that the bottleneck carrier provide separately challengeable segment rates. Nor could the shippers insist on a route that would "short-haul" the bottleneck carrier (i.e. limit its participation to less than the full length of haul that it is capable of providing) without first making the showing required to obtain an alternative through route under 49 U.S.C. 10705. Accordingly, the Board dismissed the three utilities' complaints on the grounds that the relief sought is not available under the statute.

The Board also took the opportunity in its Bottleneck decision to provide guidance on the availability of bottleneck-segment rates where (in contrast to the three dismissed cases) a shipper enters into a rail contract under 49 U.S.C. 10709 for transportation over the non-bottleneck leg of a through movement. Because the Board may not regulate transportation provided under such a contract, 49 U.S.C. 10709(c)(1), it can only review the rate applicable to the non-contract leg of such a through movement. Therefore, a separately challengeable bottleneck-segment rate would be available for use in conjunction with a contract rate over a through route involving an origin or destination not already served by the bottleneck carrier. Moreover, where the bottleneck carrier can provide origin-to-destination service, the contract may be used to obtain a new through route in order not to foreclose innovative, advantageous, and more efficient service.

Subsequently, in *FMC Wyo. Corp.* v. *Union Pac. R.R.*, Finance Docket No. 33467 (STB Dec. 16, 1997), *pet. for review pending sub nom. Union Pac. R.R.* v. *STB*, No. 98–1058 (D.C. Cir. filed Feb. 9, 1998), the Board ordered Union Pacific to establish separately challengeable bottleneck-segment rates for soda ash shipments from Westvaco, WY to interchanges in Chicago and East St. Louis, IL, from which the shipper had obtained a rail contract for movements to its ultimate destinations. In *FMC Wyo. Corp.* v. *Union Pac. R.R.*, STB Docket No. 42022 (complaint filed Oct. 31, 1997), the Board is now considering the reasonableness of the bottleneck-segment rates set by UP in response to that decision.

Similarly, in *Northern Indiana Public Service Co.* v. *Consolidate Rail Corp.*, STB Docket No. 42027 (complaint filed Mar. 6, 1998), an electric utility seeks a Board order requiring Conrail to establish a bottleneck-segment coal rate from an interchange with UP at Momence, IL to a generating station in Wheatfield, IN that it could use in conjunction with a contract with UP for transportation from the mine to Momence. Also, in *Minnesota Power, Inc.* v. *Duluth, Missabe & Iron Range Ry.*, STB Docket No. 42038 (complaint filed Dec. 31, 1998), another utility challenges the reasonableness of a bottleneck-segment rate from Keenan to Laskin, MN, to be used with a Burlington Northern contract for the connecting movement from the Powder River Basin of Wyoming to the Keenan interchange with DM&I.

Shippers have expressed disappointment that the Board did not afford them a right to bottleneck-segment rates on demand, even though, as explained, current law (as confirmed by the reviewing court) does not permit that result. Also, some shippers, fearing that they will not be able to obtain such contracts unless the Board first prescribes bottleneck-segment rates, have suggested that this relief is illusory. However, shippers clearly benefit from the Board's determination that separately challengeable bottleneck-segment rates are available where there is a contract covering the non-bottleneck leg of a through route, and as the cases cited above indicate, some shippers are pursuing relief under the Bottleneck decision.

Question. Please analyze the proposed amendment to Section 11101(a) of title 49, United States Code contained in S. 621, which would require rail carriers to quote a rate for transportation over a segment of line upon the request of a shipper, or if the carrier refused to quote such rate, then the STB shall establish the rate. What are the pros and cons of this amendment?

Answer. The proposed amendment would give shippers the rights they sought in the Bottleneckdecision, rights that are not available under current law. By requiring railroads to provide separately challengeable rates for any route segment designated by shippers, it could lead to lower rates for many shippers in the short-term by giving shippers that are now captive to one railroad a choice among competing railroads.

The long-term impacts, however, are questionable. The resulting revenue impact of a lower overall rate structure could affect carriers' ability to cover the costs of, and support reinvestment in, the existing rail system. This in turn could lead to potentially significant changes in the shape and condition of the rail system, as railroads may need to shed financially marginal lines and reduce new investment in the remainder of their systems. While some shippers might continue to benefit from

lower rates, others could see their rates increase over the long term to make up for a shrinking traffic base, or they could lose service altogether unless short-line or regional railroads were able to step in and provide service. In short, the potential winners and losers from a regulatory change of the kind proposed in S. 621 could depend upon geographic location and type of traffic. It is, of course, for Congress to decide whether the prospect of a smaller Class I rail system that would serve fewer, and a different mix of, customers than those that receive rail service today is desirable or acceptable.

There could also be a potentially significant, more immediate budgetary impact on the Board from this provision of S.621, as it would allow shippers to challenge such rates even when they are not ready to use that rate and in fact may never use the rate. By overriding current policy that limits rate challenges to rates being used and excludes hypothetical rate disputes, this provision could increase the workload of the agency significantly.

Question. This decision was recently upheld in the 8th District Circuit Court. Please provide a copy of that court decision for the record.

Answer. A copy of the court's decision in *MidAmerican Energy Co.* v. *STB*, Nos. 97–1081 et al. (8th Cir. Feb. 10, 1999), is attached.

UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

NO. 97–1081

MidAmerican Energy Company, Petitioner, *Western Coal Traffic League*, Intervenor on Appeal, v. *Surface Transportation Board, United States of America*, Respondents, *Norfolk Southern Railway Company; Union Pacific Corporation; Southern Pacific Transportation Company; Consolidated Rail Corporation; Association of American Railroads*, Intervenors on Appeal.

NO. 97–1284

Central Power & Light Company, Petitioner, *Western Coal Traffic League,* Intervenor on Appeal, v. *Surface Transportation Board; United States of America,* Respondents, *Norfolk Southern Railway Company; Union Pacific Corporation; Southern Pacific Transportation Company; Consolidated Rail Corporation; Association of American Railroads,* Intervenors on Appeal.

NO. 97–1331

National Industrial Transportation League, Petitioner, *Western Coal Traffic League,* Intervenor on Appeal, v. *Surface Transportation Board; United States of America,* Respondents, *Pennsylvania Power & Light Company; Norfolk Southern Railway Company; Union Pacific Corporation; Southern Pacific Transportation Company; Consolidated Rail Corporation; Association of American Railroads,* Intervenors on Appeal.

NO. 97–1332

Union Pacific Railroad Company; Southern Pacific Transportation Company, Petitioners, v. *Surface Transportation Board; United States of America,* Respondents, *Pennsylvania Power & Light Company; Norfolk Southern Railway Company; MidAmerican Energy Company; National Industrial Transportation League; Union Pacific Corporation; Consolidated Rail Corporation; Association of American Railroads; Western Coal Traffic League,* Intervenors on Appeal.

NO. 97–1333

Consolidated Rail Corporation, Petitioner, v. *Surface Transportation Board; United States of America,* Respondents, *Pennsylvania Power & Light Company; Norfolk Southern Railway Company; National Industrial Transportation League; Union Pacific Corporation; Southern Pacific Transportation Company; Association of American Railroads; Western Coal Traffic League,* Intervenors on Appeal.

NO. 97–1335

Association of American Railroads, Petitioner, v. *Surface Transportation Board; United States of America,* Respondents, *Pennsylvania Power & Light Company; Norfolk Southern Railway Company; National Industrial Transportation League; CSX Transportation, Inc.; Union Pacific Corporation; Southern Pacific Transportation*

Company; Consolidated Rail Corporation; Western Coal Traffic League, Intervenors on Appeal.

No. 97–1583

Western Coal Traffic League, Petitioner, v. *Surface Transportation Board; United States of America,* Respondents, *Union Pacific Corporation; Southern Pacific Transportation Company; Consolidated Rail Corporation; Association of American Railroads,* Intervenors on Appeal.

No. 97–2204

Western Resources, Inc., Petitioner, *Western Coal Traffic League,* Intervenor on Appeal, v. *Surface Transportation Board; United States of America,* Respondents, *Consolidated Rail Corporation; Union Pacific Railroad Company; Southern Pacific Transportation Company; Association of American Railroads; Norfolk Southern Railway Company,* Intervenors on Appeal.

No. 97–2206

Association of American Railroads, Petitioner, v. *Surface Transportation Board; United States of America,* Respondents, *Pennsylvania Power & Light Company; Norfolk Southern Railway Company; Western Coal Traffic League; National Industrial Transportation League; MidAmerican Energy Company; Western Resources,* Intervenors on Appeal.

No. 97–2260

Consolidated Rail Corporation; Petitioner, *Association of American Railroads,* Intervenor on Appeal, v. *Surface Transportation Board; United States of America,* Respondents, *Pennsylvania Power & Light Company; Norfolk Southern Railway Company; Western Coal Traffic League; National Industrial Transportation League; MidAmerican Energy Company,* Intervenors on Appeal.

No. 97–2303

Union Pacific Corporation; Southern Pacific Transportation Company, Petitioners, *Association of American Railroads,* Intervenor on Appeal, v. *Surface Transportation Board; United States of America,* Respondents, *Pennsylvania Power & Light Company; Norfolk Southern Railway Company; Western Coal Traffic League; National Industrial Transportation League; MidAmerican Energy Company,* Intervenors on Appeal.

No. 97–2328

Western Coal Traffic League, Petitioner, v. *Surface Transportation Board; United States of America,* Respondents, *Consolidated Rail Corporation; Association of American Railroads; Norfolk Southern Railway Company; Union Pacific Railroad Company; Southern Pacific Transportation Company,* Intervenors on Appeal.

No. 97–2462

National Industrial Transportation League; Petitioner, *Western Coal Traffic League,* Intervenor on Appeal, v. *Surface Transportation Board; United States of America,* Respondents, *Union Pacific Railroad Company; Southern Pacific Transportation Company; Association of American Railroads; Consolidated Rail Corporation,* Intervenors on Appeal.

No. 97–2464

MidAmerican Energy Company, Petitioner, *Western Coal Traffic League,* Intervenor on Appeal, v. *Surface Transportation Board; United States of America,* Respondents, *Union Pacific Railroad Company; Southern Pacific Transportation Company; Association of American Railroads; Consolidated Rail Corporation,* Intervenors on Appeal.

PETITION FOR REVIEW OF AN ORDER OF THE SURFACE TRANSPORTATION BOARD

SUBMITTED: NOVEMBER 18, 1997

FILED: FEBRUARY 10, 1999

BEFORE WOLLMAN AND HANSEN, CIRCUIT JUDGES, AND STEVENS,[1] DISTRICT JUDGE.

WOLLMAN, CIRCUIT JUDGE.

This is a consolidated action involving MidAmerican Energy Company (MidAmerican), Central Power & Light Company (CP&L), and Pennsylvania Power & Light Company (PP&L) (collectively the utilities). They petition for review of two orders of the Surface Transportation Board (the Board) dismissing their complaints against rail carriers. The carriers cross-appeal from the portion of the Board's decisions regarding reasonableness review of contractual shipping rates, arguing that the issue was not ripe for adjudication. We affirm the dismissal of the utilities' complaints. We dismiss the cross-appeal for lack of jurisdiction.

I.

MidAmerican ships coal approximately 750 miles from the Powder River Basin in Wyoming to its generating facility near Sergeant Bluff, Iowa. At the time it filed its complaint, MidAmerican was shipping the coal from origin to destination under contract with the Union Pacific Railroad (UP). This contract was scheduled to expire at the end of 1997. Anticipating the contract's expiration, MidAmerican began to compare UP's rates with those of other carriers to obtain the most favorable shipping rates. The only other carrier offering rail service originating in the Powder River Basin is the Burlington Northern Railroad (BN).

BN does not service the final 90 miles of the route, a stretch from Council Bluffs, Iowa, to the generating station. Such a rail segment is commonly termed a "bottleneck", because it is serviced by only one carrier. Thus, MidAmerican could not directly compare the rates of BN and UP, as UP is the only carrier capable of shipping all the way to the generating station. To obtain a competitive rate for the 660-mile stretch from Wyoming to Council Bluffs, MidAmerican requested that UP provide a rate for its service over the bottleneck.

UP refused to provide the rate. Instead, it provided a rate for the entire route from the Powder River Basin to the generating station. This precluded MidAmerican from using BN as a carrier from Wyoming to Council Bluffs, essentially extending the bottleneck over the entire 750-mile route. Consequently, MidAmerican brought an action before the Board requesting a rate prescription over the 90-mile bottleneck segment. Although MidAmerican could not challenge a local "unit-train" rate for the bottleneck service, it asked the Board to prescribe a reasonable rate for the bottleneck if it found the published "class" rate for the 90-mile stretch unreasonable.[2]

CP&L transports coal from the Powder River Basin in Wyoming to its Coleto Creek generating station in Texas. Although both BN and UP offer rail service originating at the coal mines, the Southern Pacific Railroad (SP) is the only carrier from an interchange point in Victoria, Texas, to Coleto Creek.[3] UP's lines run from Wyoming to Victoria; BN's lines run from Wyoming to Fort Worth, Texas, where SP's service to Victoria and Coleto Creek begins. Therefore, UP and BN directly compete

[1] The HONORABLE JOSEPH E. STEVENS, United States District Judge for the Western District of Missouri, sitting by designation. Judge Stevens died on December 18, 1998. This opinion is consistent with the views he expressed at our post-argument conference.

[2] A local unit-train rate is a published rate applicable to transport of a trainload of a specific good between two points on a carrier's line. A local class rate, on the other hand, is a published rate applicable to transport of a certain type of good in smaller quantities between two points on a carrier's line. Railroads must maintain class rates because of their common carrier obligation to transport goods to any point on their lines upon request by a shipper. See *Thompson* v. *United States*, 343 U.S. 549, 558 (1952); *Westinghouse Elec. Corp.* v. *United States*, 388 F. Supp. 1309, 1311 (W.D. Pa. 1975) (citing *New York* v. *United States*, 331 U.S. 284, 289–90 (1947)). Because it is more costly for carriers to offer service for unspecified quantities of goods, however, class rates are seldom used and are generally significantly higher over the same stretch of rail. See *Routing Restrictions over Seatrain Lines, Inc.*, 296 I.C.C. 767, 773 (1955); *Burlington Northern, Inc.* v. *United States*, 555 F.2d 637, 639 (8th Cir. 1977) (noting that a class rate for coal shipment was more than double the unit-train rate).

[3] Based on stipulations entered into by the parties prior to the Board's hearing, we will disregard the fact that SP and UP have merged since the initiation of this action, resulting in UP's ability to offer unit-train service from Wyoming to Coleto Creek.

on the portion of the route from Wyoming to Forth Worth. SP and UP directly compete on the portion from Fort Worth to Victoria. After both BN and UP indicated a willingness to offer competitive rates for their service, CP&L requested that SP provide it a local unit-train rate for the segment from Fort Worth to Coleto Creek, which represented SP's longest haul, or for the bottleneck from Victoria to Coleto Creek.

SP refused to provide either rate, offering instead to provide a joint rate with UP. CP&L chose to obtain a unit-train rate from UP for service from Wyoming to Victoria, and to ship from Victoria to Coleto Creek under SP's class rate.[4] It could thus take advantage of neither the competition between UP and BN from Wyoming to Fort Worth, nor the competition between SP and UP from Fort Worth to Victoria. Subsequently, CP&L brought a complaint before the Board challenging the class rate as unreasonable and requesting a rate prescription for the bottleneck segment.[5]

PP&L can transport its coal from either of two mines in central Appalachia to its four generating facilities on the eastern seaboard. One of the mines is serviced by the Norfolk Southern Railroad (NS), the other is serviced by CSX. Neither NS nor CSX offers service all the way to PP&L's generating stations. NS transfers its shipments to the Consolidated Rail Corporation (Conrail) at an interchange point in Hagerstown, Maryland; CSX transfers to Conrail in Lurgan, Pennsylvania. Conrail thus controls a bottleneck that services PP&L's four generating facilities. To obtain competitive rates for the portion of the route serviced by NS and CSX, PP&L requested that Conrail provide it local unit-train rates from the interchange points to the generating stations.[6]

Conrail refused to provide such rates. Consequently, PP&L filed a complaint challenging Conrail's class rates from the interchange points to the stations and requesting that Conrail be required to provide local unit-train rates instead.[7] Conrail maintained that class rates were inappropriate for the route in question and asked the Interstate Commerce Commission (ICC)[8] for an opportunity to provide unit-train rates. The ICC ordered Conrail to do so in a decision dated January 17, 1995.

Rather than providing the rates, however, Conrail negotiated a joint rate for origin-to-destination service with CSX and a proportional rate for similar service with NS. As a result, Conrail, rather than PP&L, took advantage of the competition between NS and CSX for service from the central Appalachian mines. PP&L then petitioned the Board for rate prescription on the bottleneck based on a renewed challenge to the class rates.

Although petitioners' cases involve distinct facts, they were consolidated by the Board for adjudication on common issues regarding "the extent to which bottleneck carriers may exert their market power over the routes and rates made available to shippers for needed rail service." *Central Power & Light Co.* v. *Southern Pac. Transp. Co.*, No. 41242, 1996 STB LEXIS 358, at *8–*9 (Surface Transp. Bd. Dec. 27, 1996) (Bottleneck I). Before reaching its decision, the Board solicited commentary on bottleneck regulation from all potentially affected shipper and carrier

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[4] SP's class rate for the coal shipment from Victoria to Coleto Creek was $19.95 per ton. At the Board's hearing, CP&L offered the testimony of eight expert witnesses that the highest reasonable rate for this stretch was $0.63 per ton, less than one-thirtieth of the actual class rate charged.

[5] Some shippers have eschewed the role of supplicant to the Board and have constructed connecting lines on their own. See Daniel Machalaba, *Tired of Costs, Delays of Railroads, Firms Lay Their Own Tracks*, Wall St. J., February 6, 1998, at A–1.

[6] As is by now well known, subsequent to the submission of this case the Board approved the division of Conrail between NS and CSX. See Bruce Ingersoll, *U.S. Approves Plan to Divide Conrail in Two*, Wall St. J., June 9, 1998, at A–3 ("This transaction, as conditioned, creates two strong competitors in the East that can handle the transportation needs of an expanding economy," said [Board] Chairwoman Linda Morgan). See also *Norfolk Southern, CSX assume control of Conrail*, Railroad NewsWire (Aug. 27, 1998) <http://www2.trains.com/trains/News/News.shtml>. What effect the NS's acquisition of Conrail's lines in Pennsylvania will have on PP&L's transportation needs remains to be seen.

[7] Although Conrail admits that PP&L sent test shipments from the interchange points to its generating stations prior to filing the complaint, it denies that such shipments were sent using a class rate.

[8] The ICC was subsequently replaced by the Board in the ICC Termination Act of 1995, Pub. L. No. 104–88, 109 Stat. 803 (Dec. 29, 1995). The Termination Act also substituted the new Interstate Transportation Act for the earlier Interstate Commerce Act, both located at Subtitle IV of Title 49 of the United States Code. Pub. L. No. 104–88 §§ 102, 103, and 106. Although most of the provisions of the Interstate Commerce Act were re-enacted in the Interstate Transportation Act, the parties have relied, and we will base our decision, on the provisions of the old act because these cases were initiated before passage of the Termination Act.

organizations. After oral argument and consideration of the submitted materials, the Board denied the utilities' requests for bottleneck relief.[9]

In considering the utilities' requests, the Board grappled with the tension between two competing policies expressed in the Interstate Commerce Act (the Act). Under 49 U.S.C. § 10701a(a) (1995) (now 10701(c)), rail carriers possess broad discretion in setting rates and routes. This reflects Congress's goal of deregulating the railroad industry and allowing railroads to achieve revenue adequacy by competing on a free-market basis. See *id*. § 10101a(3) (now 10101(3)) (providing for adequate revenues); *id*. § 10101a(1) (now 10101(1)) (allowing "the demand for services" to dictate reasonable rail rates). Under sections 10101a(6) and 10701a(b) (now 10101(6) and 10701(d)), however, some rate regulation is required when carriers possess monopoly power over a section of rail. These provisions codify railroads' common carrier obligations, which require them to provide service at reasonable rates to all shippers upon request.

The Board resolved this tension in favor of the "rate freedom" of bottleneck carriers. Specifically, it held that bottleneck carriers satisfy their common carrier duties and thus comply with the Act by providing origin-to-destination service that includes the bottleneck, as in MidAmerican's case, or by providing joint or proportional service with other carriers that includes transportation over the bottleneck, as in CP&L's and PP&L's cases. In addition, the Board held that shippers may not challenge class rates as an "indirect basis for obtaining prescription of a local unit-train rate" for bottleneck segments. Subsequently, the utilities moved for clarification and reconsideration of the decision. The Board responded by issuing a second decision, granting in part the motion for clarification and denying the motion for reconsideration. See *Central Power & Light Co.* v. *Southern Pac. Transp. Co.*, No. 41242, 1997 STB LEXIS 91, at *28 (Surface Transp. Bd. Apr. 28, 1997) (Bottleneck II). The utilities appeal from both rulings.

II.

Before we address the specific issues raised in these cases, we briefly review the relevant history of railroad regulation. From its passage in 1887 until the mid-1970s, the Interstate Commerce Act provided for a strict regulatory framework to govern the federal railroad industry. This legislative approach resulted in an industry chronically plagued by capital shortfalls and service inefficiencies. See H.R. Rep. No. 96–1035, at 33 (1980), reprinted in 1980 U.S.C.C.A.N. 3978, 3978; *Coal Exporters Ass'n of United States* v. *United States*, 745 F.2d 76, 81 (D.C. Cir. 1984).

To assure railroads greater freedom in establishing routes and rates, Congress modified the Act with the Railroad Revitalization and Regulatory Reform Act (4R Act), Pub. L. No. 94–210, 90 Stat. 31 (1976), and the Staggers Rail Act (Staggers Act), Pub. L. No. 96–448, 94 Stat. 1895 (1980). See H.R. Conf. Rep. No. 96–1430, at 79 (1980), reprinted in 1980 U.S.C.C.A.N. 3978, 4110. These acts were intended to end "decades of ICC control over maximum rates and to permit carriers not having market dominance to set rates in response to their perception of market conditions. *Midtec Paper Corp.* v. *United States*, 857 F.2d 1487, 1506 (D.C. Cir. 1988).

Underlying these reform efforts was the notion that market forces would operate in the rail industry as they do in other spheres. Congress believed that free competition for rail services would ensure that consumer demand dictated the optimal rate level, while facilitating enough long-term capital investment to maintain adequate service. Congress was also mindful, however, that the free market would protect consumers only if there was "effective" competition. Therefore, the new enactments included provisions allowing regulatory intervention where competition would not control prices. See 4R Act § 101(b), 90 Stat. 31, 33; Staggers Act § 101(a), 49 U.S.C. § 10101a(6) (now 10101(6)); Coal Exporters, 745 F.2d at 81 n.6.

Indeed, in bottleneck situations the Staggers Act actually "increased the ICC's regulatory power "by authorizing the agency to require railroads to enter into agreements to 'switch' other railroads' cars to and from shippers located along each other's lines * * *. *Baltimore Gas & Elec. Co.* v. *United States*, 817 F.2d 108, 113 (D.C. Cir. 1987); see 49 U.S.C. § 11103 (now 11102). After the 4R and Staggers Acts, the agency (previously the ICC, now the Board) is still required to use rate prescription and other remedies such as reciprocal switching arrangements to ensure reasonable

[9] The complaints of MidAmerican and CP&L were dismissed in full; that portion of PP&L's complaint requesting rate prescription over the bottleneck segments was also dismissed. PP&L had amended its complaint to also challenge the joint and proportional rates with CSX and NS; the Board allowed this challenge to proceed, and the parties subsequently reached a settlement on that issue. We will thus address only the utilities' requests for rate prescription on the bottleneck segments in this appeal.

shipping rates on bottlenecks. It is also responsible for ensuring that free competition is preserved to the greatest extent possible on non-bottleneck segments.

Congress's decision to deregulate the railroad industry has been largely successful. Experts for both sides in these cases have acknowledged that competition has led to more efficient routes, increased profits, better service, and an enhanced ability to attract capital investment. See, e.g., Verified Statement of William J. Baumol & Robert D. Willig at 6–7, J.A. at 1111–12; Verified Statement of Alfred E. Kahn at 15–16, J.A. at 2931–32. However, the experts dispute the role of bottleneck rail segments in increasing profits and facilitating the overall revenue adequacy of the railroad industry.

III.

We have jurisdiction under 28 U.S.C. §§ 2321 and 2341 (Supp. 1998), which provide for review of the Board's decisions. Because Congress has entrusted the Board with interpreting and administering the Act, in reviewing its decisions we ask only whether they are "based on a permissible construction of the statute." *Caddo Antoine & Little Missouri R.R. Co.* v. *United States*, 95 F.3d 740, 746 (8th Cir. 1996) (quoting *Chevron, U.S.A., Inc.* v. *Natural Resources Defense Council, Inc.*, 467 U.S. 837, 843 (1984)). Notwithstanding this narrow standard of review, we must thoroughly examine the record and inquire whether the Board correctly applied the proper legal standards. *City of Cherokee* v. *ICC*, 641 F.2d 1220, 1226–27 (8th Cir. 1981). We are obligated to overturn the Board's decisions if there are "compelling indications that the Board's interpretations were incorrect." *GS Roofing Prods. Co.* v. *Surface Transp. Bd.*, 143 F.3d 387, 391 (8th Cir. 1998).

As the utilities and shipper organizations assert, carriers are bound both at common law and under the Act to"provide * * * transportation or service on reasonable request" to any shipper. *GS Roofing*, 143 F.3d at 391. This duty not only requires carriers to provide service on their lines, but also requires rates for such service to be reasonable. See *Thompson*, 343 U.S. at 554; 49 U.S.C. § 10701a(b) (now 10701(d)).

As the Board and the railroads assert, however, there are significant limitations to the common carrier duties. It is usually at the discretion of the carrier how it wishes to satisfy its duty to provide rates and service. See 49 U.S.C. § 10701a(a) (now 10701(c)). Consequently, a carrier may in most circumstances provide service in the form of a joint rate with another railroad, such as Conrail did with CSX in PP&L's case, or a proportional rate, as Conrail did with NS. See, e.g., *Great Northern Ry. Co.* v. *Sullivan*, 294 U.S. 458, 463 (1935) (holding that a shipper may not recover damages based upon the carrier's portion of a rate if the carrier chooses to offer only a joint rate with another carrier, unless the entire joint rate is unreasonable); *Routing Restrictions*, 296 I.C.C. at 774 (stating that nothing in the Act requires carriers to establish routes over all possible interchanges).

Further, a carrier generally may provide common carrier service in a manner that protects its "long hauls." See 49 U.S.C. § 10705(a) (now 10705(a)). The Board may order a carrier to provide service over a shorter haul than it wishes only if the Board first makes specific findings under the Act. See id. § 10705(a)(2). Thus, a carrier such as UP may normally choose to provide service to a shipper such as MidAmerican over a route longer than the 90 miles from Council Bluffs to Sergeant Bluff, unless the longer route would be "unreasonably long" or inefficient. See *Thompson*, 343 U.S. at 559–60 (holding that the ICC was required to make findings regarding the short-hauling exceptions before compelling a railroad to provide service over a shorter portion of rail than it wished).

Therefore, the Act protects both shippers and carriers. It guarantees that shippers will receive rail service at reasonable rates, and it allows carriers to provide such service in a manner that achieves revenue adequacy.

The Board has recognized that an important part of achieving revenue adequacy is differential pricing. See *Consolidated Rail Corp.* v. *United States*, 812 F.2d 1444, 1453–54 (3d Cir. 1987) (citing *Coal Rate Guidelines, Nationwide*, 1 I.C.C.2d 520 (1985)). This is a practice by which carriers charge a higher mark-up on rail segments where demand elasticity is low, such as bottlenecks, to compensate for low mark-ups on competitive segments. See Coal Rate Guidelines, 1 I.C.C.2d at 526–27. Therefore, "services may be priced above their attributable costs according to observable market demand, but only to the extent necessary to cover total costs, including return on investment of an efficient carrier." *Id.* at 533–34. Accordingly, in reviewing the reasonableness of bottleneck rates, the Board allows bottleneck carriers to

charge up to stand-alone cost (SAC), a level that is significantly higher than marginal cost.[10] See *id*. at 526–29.

In the present case, the Board determined that exploiting bottlenecks by refusing to provide separately challengeable bottleneck rates also assists carriers in achieving revenue adequacy. Specifically, in the MidAmerican case, allowing UP to provide only an origin-to-destination rate enables it to charge up to SAC over the entire 750-mile route, rather than just over the 90-mile section from Council Bluffs to Sergeant Bluff. Were UP required to provide a separate bottleneck rate, it would be forced to charge lower competitive rates from the mine to Council Bluffs. Similarly, in the CP&L and PP&L cases, allowing the bottleneck carriers to negotiate through rates and joint rates for origin-to-destination service enables them, rather than the shippers, to take advantage of the competition between non-bottleneck carriers. After negotiating competitive rates for the non-bottleneck carriage, the bottleneck carriers will be able to charge the bottleneck shippers up to SAC for the entire route, rather than just over the bottleneck. See *Western Resources, Inc.* v. *Surface Transp. Bd.*, 109 F.3d 782, 787 (D.C. Cir. 1997) (describing the behavior of bottleneck carriers).

Based on these economic factors and extensive expert testimony, the Board concluded that the Act did not require carriers to provide separate bottleneck rates. Regardless of how we would resolve the tension in the Act if we were to independently rule on the utilities' claims, we cannot say that the Board's interpretation was incorrect. The Board's considerable expertise in the economic underpinnings of the railroad industry is entitled to a great degree of deference, and its decision to allow carriers to determine how they wish to fulfill their duties under the Act is consistent with the current national railroad policy of maximizing carrier discretion in setting routes and rates. Because the utilities have not demonstrated that the Board's rulings were incorrect, we affirm the Board's dismissal of the utilities' complaints.

We note that the Board's decisions explicitly provide the utilities three potential avenues of recourse. First, bottleneck shippers may obtain contracts for service over the competitive segments of rail. See Bottleneck I, 1996 STB LEXIS 358, at *30–*31; Bottleneck II, 1997 STB LEXIS 91, at *22. Once a contract is secured, the bottleneck carrier will be required to provide local service over the bottleneck in light of its common carrier obligations. Bottleneck II, at *22. Because such service will be actually "held out" to bottleneck shippers,[11] the Board will be required to review the bottleneck rate for reasonableness. See Bottleneck I, at *12–*14 (refusing to review class rates over the bottlenecks in these cases because the carriers did not hold out such rates for bulk coal shipments). For an example of the Board's willingness to review bottleneck rates that are held out to shippers, see *Burlington Northern Railroad Company* v. *Surface Transportation Board*, 114 F.3d 206, 215 (D.C. Cir. 1997) (West Texas II) (engaging in reasonableness review of a bottleneck rate, and finding a rate of $19.36 per ton for coal unreasonable).

Indeed, as soon as a bottleneck shipper obtains a contract for non-bottleneck carriage, bottleneck carriers would have no incentive to refuse to provide a local rate for bottleneck service. The Board's regulations clearly allow bottleneck carriers to charge up to SAC for bottleneck service, and carriers would not attempt to charge more than SAC because they would immediately be subject to rate reasonableness review by the Board. See *Western Resources, Inc.* v. *Surface Transp. Bd.*, 109 F.3d at 789–90 (noting that bottleneck carriers will likely negotiate reasonable rates with bottleneck shippers to avoid Board review of bottleneck rates).

Second, if the utilities can adequately demonstrate an absence of effective competition[12] over the entire origin-to-destination route, they may challenge the origin-

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[10] Stand-alone cost represents the minimum amount that a hypothetical carrier, or the shipper itself, would have to spend to build a new rail line to compete over the bottleneck segment. See *Coal Rate Guidelines*, 1 I.C.C.2d at 528–29. This measure better allows railroads to achieve true revenue adequacy, because it takes into account profits and the cost of long-term capital investment, while marginal cost does not. See *id*. at 526.

[11] Historically, a shipper could not challenge a rate unless the carrier held out service at that rate. See *Routing Restrictions*, 296 I.C.C. at 774–75 (stating that shippers cannot force carriers to ship over shorter rail segments than they wish unless carriers hold out such service to the public). If a carrier denied holding out service for a given rail segment, however, a shipper could show that the carrier implicitly held out service. Shippers did this by showing either that the carrier was required to provide such service under its common carrier obligations, or by demonstrating an "established interchange" for such service with another carrier. See *id*. at 774.

[12] Under the Act, effective competition exists if the complaining shipper cannot establish the existence of market dominance under the criteria set forth in 49 U.S.C. § 10709(d) (now 10707(d)). Under that provision, a carrier has market dominance if its revenue to variable cost percentage for the rail segment in question is greater than 180 percent. See 10709(d)(2); *Midtec*, 857 F.2d at 1504. If the shipper can make this showing, the carrier must respond by dem-

Continued

to-destination rate provided by the carrier. See Bottleneck I, at *38–*39 (noting that PP&L properly challenged the joint and proportional rates that Conrail negotiated with CSX and NS); Bottleneck II, at *9 (same). Although this would not allow the utilities to take advantage of the competition over the non-bottleneck segments, it would ensure that carriers will exploit bottleneck segments only to the extent needed to achieve revenue adequacy. For the Board's rate review authority was meant to ensure that "rail rate flexibility would not result in [captive] shippers bearing a disproportionate share of responsibility for the needed improvements in the railroads' financial position." *Midtec*, 857 F.2d at 1506 (quoting *Arkansas Power & Light Co.* v. *ICC*, 725 F.2d 716, 719 (D.C. Cir. 1984)). See also *Coal Rate Guidelines*, 1 I.C.C.2d at 523–24 (stating that a bottleneck shipper must not be forced to "subsidize long-term excess capacity" and pay for "facilities or services from which it derives no benefit").

Third, the utilities could request relief under the competitive access rules, 49 C.F.R. §1144.5 (1997), over the entire origin-to-destination route. See Bottleneck I, at *20–*26; Bottleneck II, at *6. To invoke these rules, the utilities would be required to show that the carrier engaged in "anticompetitive" conduct. See Bottleneck I, at *26; *Midtec*, 857 F.2d at 1507; 49 C.F.R. §1144.5(a)(1). Potential relief under the competitive access rules would include ordering the bottleneck carrier to enter into a switching arrangement with another carrier or prescribing a new through route over the bottleneck. 49 C.F.R. §1144.5(a). Admittedly, invoking these rules has proved difficult for shippers, but the Board has indicated an intent to enforce the rules to their fullest extent in the future. See Bottleneck I, at *22, *26.

The utilities rely on *San Antonio* v. *Burlington Northern*, 355 I.C.C. 405 (1976), *aff'd sub nom. Burlington Northern, Inc.* v. *United States*, 555 F.2d 637 (8th Cir. 1977), for the argument that they should be allowed to challenge class rates for the bottleneck segments. In that case, however, a utility brought an action to the Commission requesting rate prescription over a complete origin-to-destination shipment. See 555 F.2d at 639. Like the D.C. Circuit's recent decision in *West Texas II*, 114 F.3d 206 (1997), *San Antonio* simply demonstrates that the Act allows shippers to challenge origin-to-destination rates, regardless of how carriers choose to provide such service. In the present cases, the shippers did not challenge complete origin-to-destination rates, but challenged class rates over a segment of the route as an indirect means of preventing the carriers from exploiting bottleneck profits. That " creative rate reduction strategy" undermined the national railroad policy of deferring to carrier discretion in setting routes and rates.

Nothing in the Act explicitly requires carriers to provide separate local rates for bottleneck service. Furthermore, requiring carriers to provide separately challengeable rates on bottlenecks would prevent them from exploiting bottlenecks and charging rates up to SAC for complete origin-to-destination service. In the Board's view, this would impede the industry's efforts to achieve revenue adequacy, which is necessary for long-term capital investment and, ultimately, for a safe and efficient rail system. The Board therefore properly reconciled the competing policies of the Act when it deferred to carrier discretion in setting routes and rates and held that carriers are not required to provide separately challengeable bottleneck rates.

The Board's dismissal of the utilities' complaints is affirmed.

IV.

The railroads cross-appeal the Board's determination that it may assess the reasonableness of bottleneck rates as soon as the utilities obtain contract rates over the non-bottleneck segments. Under Article III of the Constitution, we may only rule on

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onstrating adequate "competitive alternatives" that provide effective competition. See *Metropolitan Edison Co.* v. *Conrail*, 5 I.C.C.2d 385, 410–16 (1989) (discussing and dismissing carriers' argument that intermodal, geographic, and product competition prevented it from having market dominance).

There is substantial evidence that bottleneck carriers possess market dominance. See, *e.g., West Texas II*, 114 F.3d at 211 (summarily affirming the Board's holding that there was an absence of effective competition over a bottleneck). Conrail was found to be market dominant over its bottleneck in a proceeding by PP&L nearly fifteen years ago. See *Pennsylvania Power & Light Co.* v. *Consolidated Rail Corp.*, No. 38186S (ALJ July 24, 1984). Numerous scholars have declared that consistent price discrimination is a strong indication that there is no effective competition in the market reaping higher returns, in this case, the bottleneck segments. See *Coal Exporters*, 745 F.2d at 91 (citing 2 P. Areeda & D. Turner, *Antitrust Law* 342; R. Bork, *The Antitrust Paradox* 395 (1978); R. Posner, *Antitrust Law* 63 (1976); and L. Sullivan, *Handbook of the Law of Antitrust* 89 (1977)). Indeed, the Board appeared to acknowledge that the bottleneck segments lack effective competition when it stated that its task in these cases was to ascertain the extent to which bottleneck carriers may "exert their market power * * * Bottleneck I, at *3.

existing cases or controversies. Because none of the utilities possesses a contract rate for non-bottleneck service, none has an existing claim for bottleneck rate review on this basis. As the railroads themselves point out, the Board's ruling on the contract issue presents no live controversy for adjudication. Thus, we dismiss the cross-appeal for want of jurisdiction.

A true copy. Attest: CLERK, U.S. COURT OF APPEALS, EIGHTH CIRCUIT.

STREAMLINING OF RATE COMPLAINT PROCESS FOR CERTAIN AGRICULTURAL SHIPPERS

Question. Please provide a brief analysis of section 6 of S. 621, "Simplified Relief Process for Certain Agricultural Shippers."

Answer. Section 6 of S.621 contains various special provisions that would apply only to grain facilities that are served by a single railroad, use rail for more than 60 percent of their traffic (inbound or outbound), ship no more than 4,000 carloads of grain or grain products per year, and pay rail rates (excluding any premium for special services) that yield revenues to the railroad of at least 180 percent of the railroad's variable costs of handling that facility's traffic. Based on the traffic volume criteria, most rail-using grain facilities in the country would appear to qualify for these provisions.

The first provision is that a railroad would not be allowed to charge such grain facilities rates higher than the 180 percent revenue-to-variable cost level. This 180 percent cap would be the same as the general regulatory floor (below which regulatory intervention is not permitted for the rail rates charged to any shipper for any commodity). The impact of such a rate cap would vary among individual facilities and grain-carrying railroads; for railroads with fewer grain operations, the revenue impact could be minimal, while, for those with more substantial grain operations, it could be substantial.

The second provision is that a railroad could not deny any requests by such grain facilities for service up to 110 percent of the facility's rail carloadings for the prior year. (Presumably, this would force railroads to allocate capital resources to increase their grain car fleets by up to 10 percent above the prior year's levels in order to be prepared to meet this requirement.) The railroad, however, could assess reasonable penalties for canceled service requests, provided that the railroad is not more than 15 days late delivering the car(s).

Under the third provision, if, in the majority of instances over a 45-day period, the railroad is more than 30 days late in providing cars that have been ordered or initiating service that has been requested, such grain facilities would be entitled to obtain the services of an alternate railroad. The alternate railroad would have to compensate the original carrier for use of the track, on a pro-rata usage basis. If the two railroads could not agree on that compensation within 15 days of the shipper's request for the alternate service, the dispute could be submitted to the Surface Transportation Board, and the Board would set the compensation within 45 days.

Whether an alternate railroad would be available, of course, would depend upon the capacity constraints of the alternate carrier, how close the facility is to another railroad, and whether there is enough traffic to justify the additional operations. If an alternate railroad were not available, the shipper would be entitled, under a fourth provision, to recover damages (including lost profits and other consequential damages), as well as attorney's fees. No finding of fault appears to be required, which suggests that a railroad could be fully liable for both damages and attorney's fees even where its failure to provide timely service was due to circumstances beyond its control.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2000

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

[CLERK'S NOTE.—The following testimonies were received by the Subcommittee on Transportation and Related Agencies for inclusion in the record. The submitted materials relate to the fiscal year 2000 budget request.

The subcommittee requested that public witnesses provide written testimony because, given the Senate schedule and the number of subcommittee hearings with Department witnesses, there was not enough time to schedule hearings for nondepartmental witnesses.

NONDEPARTMENTAL WITNESSES

FEDERAL AVIATION ADMINISTRATION

PREPARED STATEMENT OF STEPHEN A. ALTERMAN, PRESIDENT, CARGO AIRLINE ASSOCIATION

FUNDING FOR THE FEDERAL AVIATION ADMINISTRATION

Thank you for the opportunity to comment on the important issue of funding for the Federal Aviation Administration.

The Cargo Airline Association is the nationwide organization representing all-cargo air carriers providing expedited, time-definite, transportation services to businesses and individuals throughout the United States and the world. A copy of the current Association Membership List is attached hereto as Appendix A. Over the past twenty-five years, the all-cargo component of the air transportation industry has grown explosively in response to the needs of American business and individual shippers. Today, industry members have annual revenues in excess of $25 billion, employ upwards of half a million full-time equivalent individuals and operate over 800 large jet aircraft. To a very large extent, our operations and growth are dependent on the day-to-day activities of the Federal Aviation Administration (FAA). Moreover, future industry growth is contingent upon the ability of the FAA to continue to modernize the Nation's aviation infrastructure.

Although we are concerned with the entirety of FAA operations and budget requests, our comments today are limited to a single program—Safe Flight 21—which has the potential to significantly accelerate airspace modernization and thereby enhance aviation safety and operational efficiency. We not only fully support the FAA's requested $16 million for the Safe Flight 21 program in fiscal year 2000, we believe that this amount should be increased to $21 million to allow for added initiatives in the area of Conflict Detection and Resolution which will increase situational awareness in aircraft cockpits as we move toward Free Flight in the early years of the 21st Century. A portion of this additional funding could also be used to further address the issue of groundside safety—specifically the identified safety issue of runway incursions.

These programs are not a fantasy. They involve the practical application of existing technologies, some of which can be made operational before the sitting of the 107th Congress in 2001. The evolution of these projects is unique and a short history of their development will help put both the FAA Safe Flight 21 and Cargo Airline Association budget requests in context.

Several years ago, air cargo industry members began a major initiative to increase airline safety by modernizing surveillance tools. This project was designed to use an existing technology called ADS–B (Automatic Dependent Surveillance—Broadcast) to provide pilots in ADS–B-equipped aircraft with enhanced "see and avoid" capabilities in the short term, and with enhanced conflict detection and resolution tools by the end of 2002. When this program was described in Congressional testimony before the House Transportation and Infrastructure's Aviation Subcommittee in February 1997, skeptics said that the Cargo Airline Association initiative was "interesting", but not possible before the year 2010—at the earliest. We believe that we have proved these skeptics wrong. "As advertised" in that testimony, by the Fall of 1998 we were flying test aircraft equipped with ADS–B in the Pacific Northwest and had cooperated with FAA aircraft in tests of the technology in the crowded Los Angeles basin. We are now in the final stages of obtaining our first FAA Supplemental Type Certificate (STC) for installation of the equipment on large cargo aircraft. Within the next month we expect to began an In Service Evaluation of the first phase of this system—involving up to 12 aircraft drawn from the fleets of Airborne Express, Federal Express and UPS. We will then sponsor an Operational Evaluation in mid-July at which all equipped aircraft will operate at Airborne's hub in Wilmington, Ohio, to test various applications of the ADS–B technology. We hope and expect to begin permanent installation of this technology on the entire cargo fleet in early 2000. This progress could not have been made without the cooperation of the members of the Cargo Airline Association and the FAA. In addition, the support you provided in the form of $5 million for the installation of ground stations and the testing of several data links in the Ohio Valley has allowed us to move toward certification even more quickly.

To date, the Cargo Airline Association though its members, have made significant contributions by making aircraft available, retrofitting existing cockpit displays and "donating" management personnel, engineers, and pilots' time. It is roughly estimated that to date the private sector has contributed over $10 million to advance this valuable program. This commitment, both in terms of personnel and funding will continue well into the next century.

Significantly, the Cargo Airline Association project has expanded well beyond the original purpose of enhanced airborne surveillance. All possible uses of ADS–B technology are now "on the table". Perhaps more importantly, cargo carriers are no longer alone in this effort. A partial list of other participants (and their interests) are:

—1. The General Aviation community which is interested in affordable surveillance technology and the ability to uplink weather and traffic data to small aircraft;

—2. United Air Lines which intends to use ADS–B in tests of closely spaced parallel approaches at San Francisco International Airport;

—3. A consortium of Harris Corporation, Lockheed Martin and Sensis Corporation which is installing an air traffic management system which will fuse radar and ADS–B data for presentation to air traffic controllers at the Operational Evaluation at Wilmington, Ohio;

—4. MITRE Corporation which serves on the Association Steering Committee and which is installing Ground Stations, under contract with the FAA, in the Ohio Valley;

—5. SITA which will provide a telecommunications link between the various Ground Stations; and

—6. The National Air Traffic Controllers Association (NATCA) which has been invited to work with us and serve on our Steering Committee.

Perhaps even more significantly, the FAA itself, through the Safe Flight 21 office, is a major partner in our activities. Using the $5 million appropriated by Congress for fiscal year 1999, the FAA has contracted for the installation of Ground Stations in the Ohio Valley; has arranged for an independent evaluation of three separate data link technologies by Johns Hopkins University; and is outfitting a number of FAA aircraft with ADS–B technology to participate fully in the various tests to be conducted this year. Much of the funding requested by the FAA for Fiscal 2000 is for a continuation of this work. The results thus far have been more than promising and we fully expect that the ultimate result of this initiative will be to jumpstart airspace modernization and to accelerate the timetable for Free Flight implementation.

If Free Flight is the "end game" of the airspace modernization effort (and we believe it is), we urge Congress to provide an additional $5 million for the FAA's budget request for fiscal year 2000. Additional funding would be used to begin developing ADS–B technology to provide real-time conflict detection and resolution capabilities, a necessary component of any Free Flight scenario. A portion of this funding could also be used to test ADS–B on ground situations as a means of avoiding runway incursions.

By using ADS–B as a conflict detection and resolution tool, pilots will be able to track aircraft over 100 miles away and will be able to make early, minor adjustments in their flight plans to avoid conflicts with other aircraft. This technology will also permit the pilot to "see" exactly what the controller sees, thereby eliminating any misunderstandings. These functions are vital components of any new generation collision avoidance system. As we move toward Free Flight, these capabilities become crucial and a relatively small investment by Congress now will accelerate this entire process.

We appreciate the opportunity to brief the Committee on our progress and our funding needs for fiscal year 2000. We would be happy to answer any questions or to provide any further data the Committee deems necessary.

Thank you very much for your past support. We look forward to working with you in the coming year.

Thank you.

PREPARED STATEMENT OF STEPHANIE FOOTE, CHIEF OF STAFF, OFFICE OF MAYOR WELLING WEB, CITY AND COUNTY OF DENVER, CO

I. INTRODUCTION AND SUMMARY

Mr. Chairman, on behalf of Mayor Wellington Webb of the City and County of Denver, I want to thank you for the opportunity to submit this testimony and to be able to tell you that on February 28, 1999, Denver International Airport successfully completed its fourth full year of operations.

Mr. Chairman, if you or any of your colleagues on this Subcommittee have not seen DIA, I would like to extend an invitation to you to visit the airport and have Mayor Webb give you a personal tour of this state-of-the-art airport. With several major airports being built elsewhere around the world, they all come to Denver to see how to do it and we are very proud to display America's high level of expertise in airport technology.

DIA would not have been possible without funding appropriated by this Subcommittee for the Airport Improvement Program, which enabled the FAA to provide grants, and for FAA equipment and facilities for this nationally-important project. DIA was the first major airport built in the United States in over 20 years. It is a critical component of our national aviation system and our transportation infrastructure that you, Mr. Chairman, and your fellow Members are working so hard to improve. Without Congress, DOT, the FAA and the City of Denver, all working together closely, DIA would not have happened.

I also want to thank you for supporting the elimination of the statutory prohibition concerning DIA's sixth runway. The sixth runway was part of the original plan for DIA that was approved by the Federal Aviation Administration. This runway will give us a balanced airfield and, since it will be 16,000 feet long, it will be able to accommodate larger aircraft and enable us to expand our transatlantic and transpacific service. We had started the site preparation work several years ago, before the prohibition was imposed, and have finished this first phase of the runway. We greatly appreciate the lifting of the prohibition so that we can now proceed with completing this important airfield project.

There are three main reasons why DIA was built.

One was to provide a more efficient, cost-effective and user-friendly facility for the citizens of the City of Denver, the State of Colorado and the Rocky Mountain and Great Plains regions, and the millions of visitors who are so important to our economy. For them, DIA is the gateway to the rest of the country and the world.

The second, closely tied to the first, was to provide a more cost-effective and efficient hub by reducing the delays at the old Stapleton Airport that were severely and negatively impacting the nation's air transportation system and were keeping Denver from taking full advantage of its central geographic location.

Third, Stapleton was the source of serious noise problems that needed to be solved. Stapleton was located only seven miles from downtown Denver and was surrounded on three sides by residential communities. About 14,000 people lived within

the 65 dB DNL contour—the noise level which the FAA has determined is unsuitable for homes.

I can report to you today that DIA continues to exceed expectations as to each of these three goals. The Airport's revenues have exceeded its expenses in each of its four years of existence; it is highly efficient and one of the world's most user-friendly airports; it had the lowest percentage of delays among the nation's 20 busiest airports in 1998, which was good news not only for Denver but for the national system; and we have dramatically reduced the number of people within the 65 db DNL noise contour from about 14,000 to less than 200.

In sum, DIA has made a major contribution to the efficiency of the carriers operating at the Airport and to the national air transportation system through reduced flight delays and fuel savings and has dramatically improved the impact of noise on those who were most heavily affected.

Let me now turn to more specifics about the results of DIA's first four years of operation.

II. DIA IS FINANCIALLY SOUND

DIA's record of performance reflects the fact that the Airport is well-managed by the City and financially sound. For 1998, we handled 36.8 million passengers, a 5.3 percent increase over 1997 and the highest ever for Denver. This solid traffic level is evidence of Denver's strong origin and destination market and its central geographic location for east-west hubbing operations. For 1998, our net revenues, i.e., revenues less operating expenses and debt payments, are projected to exceed $28 million. Under our agreement with the airlines, 80 percent of these net revenues are provided to the carriers, which reduces their costs at DIA.

We have carefully managed our revenue sources, such as concessions and parking, as well as our costs, particularly through successful refinancing of our debt obligations, which has created important savings that are shared with the air carriers. Our strong financial performance has enabled us to reduce our costs per enplanement, which were projected to be $18.02 when we opened in 1995, to about $15.12 for 1998, a 16 percent reduction. In recognition of our solid financial condition, Standard & Poor's upgraded its rating on our senior airport bonds from BBB to BBB+. As we enter our fifth year of operations, we expect that DIA will continue to have an excellent financial record.

III. DIA HAS SUBSTANTIALLY REDUCED DELAYS

Our second major goal was to reduce delays. We have been tremendously successful in achieving this goal and we are proud to report that, for 1998, we had only 1.7 delays per thousand operations, the best percentage among the top 20 U.S. airports. In contrast, we suffered 14 delays per thousand operations at Stapleton, one of the worst records in the United States. Stapleton, a major connecting airport for travelers flying between the eastern and western parts of the country, was a terrible bottleneck during bad weather. While Stapleton could handle 88 air carrier jet arrivals per hour on two runways in good weather, it would be down to only one runway and barely 32 arrivals per hour in a storm, causing tremendous backups throughout our national system. That was one of the major reasons for then-Secretary of Transportation Skinner's strong support without which DIA would never have been built.

Since DIA opened, its benefits to the national system are dramatically reflected in the on-time statistics I just cited. In fact, on the day we opened, Denver was hit by a snowstorm that would have crippled Stapleton, leaving it with only one runway capable of handling 32 operations per hour. Yet, DIA had three runways operating simultaneously with a capacity to handle up to 120 flights per hour.

IV. DIA HAS SUBSTANTIALLY REDUCED AIRCRAFT NOISE IMPACTS

Our third major goal in building DIA was to reduce the impact of aircraft noise on the people of our communities. Mr. Chairman, Members of the Subcommittee, we have probably achieved more in reducing airport noise significantly for our citizens than any large airport in the nation. We did that by moving the airport from seven miles from downtown to 23 miles from downtown. That took us from a very high population density area to one with very low population density. We also acquired 53 square miles (34,000 acres)—twice the size of Manhattan—to give us a large buffer zone around the airport. As a result, the number of people who now live within an area defined as the 65dB noise contour, which Congress has deemed to be unsuitable for homes, is down from 14,000 at Stapleton to less than 200 at DIA, one of the best records of any major airport in the world.

V. CONCLUSION

In summary, Mr. Chairman, Denver International Airport has proven to be a tremendous success and has become an important component of our nation's infrastructure. We greatly appreciate the lifting of the prohibition on federal funding for our sixth runway so that we can complete DIA's airfield, as originally designed, and prepare the airport to meet the transportation needs of the 21st century.

Thank you, Mr. Chairman and Members of the Committee.

PREPARED STATEMENT OF EDWARD M. BOLEN, PRESIDENT, GENERAL AVIATION MANUFACTURERS ASSOCIATION

Mr. Chairman, Senator Lautenberg, and members of the Subcommittee, my name is Edward M. Bolen and I am President of the General Aviation Manufacturers Association (GAMA). GAMA represents 53 General Aviation aircraft, engine, avionics and component parts manufactured throughout the United States.

As everyone on this Subcommittee well knows, General Aviation is technically defined as all aviation other than commercial or military aviation. General Aviation aircraft range from small, single engine aircraft to intercontinental business jets.

These aircraft are used for everything from flight training to emergency medical evacuations to border patrols to fire fighting. They are also used by individuals, companies, state governments, universities and other interests to quickly and efficiently reach the more than 5000 small and rural communities in the United States that are not served by commercial airlines.

General Aviation is the backbone of our national air transportation system and the primary training ground for the commercial airline industry. It is also one of the segments of our aviation industry that helps drive our economy and contributes positively to our nation's balance of trade.

FUNDING THE FEDERAL AVIATION ADMINISTRATION

Mr. Chairman, I appreciate having the opportunity to comment on FAA funding for fiscal year 2000.

Because the public demands and the law requires the FAA to be deeply involved in all aspects of aviation, the overall quality, strength and efficiency of the U.S. aviation industry is inextricably linked to the quality, strength and efficiency of the FAA.

Given the tremendous impact aviation has on our nation's economy, our balance of trade and our quality of life, it is very much in our national interest to have an FAA that is adequately funded.

Before discussing the fiscal year 2000 appropriation, I would like to take a minute to recognize the subcommittee for the excellent job it has done making sure that the FAA has the resources it needs to retain its position as the world's preeminent aviation authority. Since fiscal year 1995,the FAA has received 99.8 percent of its budget request. Its appropriation has grown by 17.6 percent over the past three years alone.

In providing funding to the FAA, Congress has consistently utilized a combination of aviation revenues and general taxpayer funds. Given the public benefit inherent in a strong air transportation system, GAMA believes this combination of funding sources is entirely appropriate and should be continued.

GAMA would also like to recognize the subcommittee for its strong opposition to aviation user fees. As the members of the subcommittee well know, user fees have been very detrimental to general aviation in countries where they have been adopted. Rather than switch to harmful fees, we believe that general aviation should continue to contribute to the Airport and Airways Trust Fund by paying the federal tax on aviation gasoline and jet fuel. We are grateful this subcommittee has supported our view.

GENERAL AVIATION INDUSTRY

Mr. Chairman, I am pleased to report that after a long period of decline, the General Aviation industry has experienced tremendous growth since Congress passed the General Aviation Revitalization Act (GARA) in 1994. Since passage of the Act, sales of General Aviation aircraft have more than doubled, exports have increased significantly, production lines have opened and tens of thousands of high-tech, well-paying manufacturing jobs have been created.

Helping fuel the growth in General Aviation have been significant innovations in aircraft designs, propulsion systems, avionics, and materials. These innovations are

serving to make General Aviation even safer, more affordable and more environmentally friendly.

Because U.S. General Aviation manufacturers are investing heavily in research and development, we expect the current pace of innovation to continue well into the future. However, the ability of manufacturers to bring exciting, safe and environmentally friendly new products to the market is dependent upon whether or not the FAA can certify these new products in a timely manner.

CERTIFICATION OF AVIATION PRODUCTS FOR THE PUBLIC BENEFIT

Since 1926, the federal government has required manufacturers to have all of their products "certified" by the Federal Aviation Administration before they are allowed to enter the stream of commerce. The FAA becomes, in essence, a gatekeeper between manufacturers and the marketplace.

The government's legal authority to require private manufacturers to certify their products is a direct result of the public's interest in having aviation products not pose an unreasonable safety risk to people in the air and on the ground. Were it not for this significant public safety interest in aviation products, the FAA would not have the legal authority to require private manufacturers to undergo the certification process.

OFFICE OF REGULATION AND CERTIFICATION SHOULD BE FULLY FUNDED

Over the years, the FAA has performed its certification duties exceptionally well. However, during fiscal year 1999, funds that were earmarked for the Office of Regulation and Certification were redirected to other FAA programs. As a result, over 200 certification jobs have gone unfilled. This redirection of certification resources is beginning to have an impact on our manufacturers' ability to get their products certified and to the marketplace in a timely manner.

Mr. Chairman, the consequences of U.S. manufacturers not being able to get their products to the marketplace in a timely manner are serious. It may mean that consumers are unable to enjoy the safety and environmental benefits of new products. It may mean that foreign competitors are given an opportunity to capture the market before the U.S. companies have an opportunity to enter it. It may mean that investment dollars stop flowing into research and development because the time needed to achieve a return on that investment becomes too long for investors. None of these outcomes is acceptable.

GAMA views the Administration's request for the FAA's Office of Regulation and Certification as the absolute minimum amount necessary for the FAA to perform its certification duties. Frankly, we believe a 10 percent increase over the requested amount would be more in line with the actual needs of the Office of Regulation and Certification. We urge the subcommittee to at least fund this important function at the requested amount. We also urge the subcommittee to include language in the appropriations bill which will prevent resources earmarked for certification from being redirected to other FAA programs.

In making this funding request to Congress, GAMA acknowledges that the subcommittee is operating in an era of declining budgets and increasing demands. It is for that reason that we want to make Congress aware that industry and the FAA are working together to improve the certification process in a manner that will both improve safety and reduce costs.

I believe it is also important for Congress to understand that manufacturers currently assume approximately 90 percent of the costs associated with certification through the use of Designated Engineering Representatives. This means that the government investment in certification is well leveraged and concentrates on major safety issues and oversight. The resulting benefit to the public in terms of technological advancement is substantial.

WAAS

GAMA supports continued full funding for the Wide Area Augmentation System (WAAS). This program is the cornerstone of the NAS modernization effort and has the potential to provide tremendous benefits to general aviation. The recently completed Johns Hopkins study confirmed the validity of the FAA's WAAS program, and has given the industry confidence that this program should be pursued.

The WAAS system of satellites and ground stations can increase the margin of safety for all of aviation by providing instrument approaches with vertical guidance to over 1,500 airports that do not currently have this capability. GAMA realizes that the WAAS program has had its share of controversy. However, we believe the FAA has already made adequate allowances for risk reduction and every major user organization now supports completion of WAAS Phase I. In fact, we encourage the FAA

to rapidly refine its plan for WAAS Phase II, as recommended by Johns Hopkins. The WAAS program is an essential part of the FAA modernization effort, and GAMA urges that the program move forward.

CONCLUSION

Mr. Chairman, GAMA would like to again thank the subcommittee for its efforts to ensure that the FAA is adequately funded. Your efforts over the years are recognized and appreciated.

As we prepare for the next century it is important that the FAA continues to have the resources it needs to remain the leading aviation authority in the world. As part of that effort, GAMA urges Congress to fully fund the FAA's Office of Regulation and Certification and the Wide Area Augmentation System.

We appreciate the opportunity to submit testimony to the subcommittee and look forward to answering any questions you may have regarding our comments.

PREPARED STATEMENT OF THE GREATER ORLANDO AVIATION AUTHORITY

Chairman Shelby and distinguished members of the Senate Appropriations Subcommittee on Transportation and Related Agencies, The Greater Orlando Aviation Authority (the "Authority") is very grateful for the past support of your committee and will strive to maintain your trust and confidence.

The Authority is extremely pleased to submit written testimony regarding the following three points:

—1. The funding requirements Orlando International Airport faces in constructing critical capacity improvement projects, such as, Runway 17L/35R and the South Terminal Complex;

—2. the nature of the market that Orlando International Airport ("OIA") services; and,

—3. the importance of a well funded Airport Improvement Program ("AIP").

1. CRITICAL CAPACITY IMPROVEMENT PROJECTS FOR ORLANDO INTERNATIONAL AIRPORT

Past aggressive development efforts have enabled OIA to respond to a phenomenal growth rate over the last sixteen years. In August 1997, the Authority and its airline partners approved a $1.2 billion capital improvement program for the design and construction of a new airside building, expanded public parking facilities, existing and new terminal development, wetland removal for Runway 17L/35R, as well as a new Air Traffic Control Tower. Revenue bonds, Passenger Facility Charges (PFCs) and local funding sources were identified and approved for approximately 80 percent of the required funding.

OIA served approximately 28 million passengers and handled 363,285 flight operations in 1998. Forecasts indicate OIA will experience annual growth of 4–6 percent during the next five years. In order for OIA to meet future growth trends and to ensure the National Aviation Systems continued efficiency, federal participation is required to provide funding for Runway 17L/35R and the South Terminal Complex.

A. Runway 17L/35R

In 1988, the Federal Aviation Administration's "Airport Capacity Design Study" recommended that a fourth runway with the capability of triple flow approaches should be operational when OIA reached 400,000 annual operations.

Between 1990 and 1998 the Federal Aviation Administration ("FAA"), the Florida Department of Transportation, and the Authority committed $86,954,271 towards constructing Runway 17L/35R of which the Federal Aviation Administration contributed $52,486,012. This amount included the cost of land acquisition, mitigation requirements, initial site preparation, relocation of a high voltage power line, and 30 percent completion of design. Since the FAA issued the first grant for Runway 17L/35R in 1990, airline passenger traffic at OIA increased 54 percent and airline operations increased 32 percent.

The OIA Master Plan forecasts indicate aircraft operations at OIA in the year 2000 will exceed 400,000 and in 2002 will exceed 481,900. Runway 17L/35R is needed to avoid excessive local and system-wide delays.

On February 12, 1999 the Authority submitted a formal "Letter of Intent" to the FAA to complete construction of Runway 17L/35R at OIA. The estimated cost to complete the runway is approximately $115 million. The "Letter of Intent" is for a five-year period and commits entitlement funds and requests discretionary grant. The amount of the federal share is approximately $87 million.

The earliest Runway 17L/35R can be operational is March 2003. Completing Runway 17L/35R will avoid significant delays and will permit the National Aviation

System to realize systemwide cost savings estimated at $75 million by the year 2009 and even more significant savings by the year 2020. Federal participation will allow the Authority to complete Runway 17L/35R; thereby, greatly enhancing the efficiency of OIA and generating substantial savings locally as well as through the National Aviation System. The Authority would like the support of the Senate Transportation Appropriations Subcommittee for this project and respectfully request you to direct the FAA to give this funding request priority consideration.

B. South Terminal Complex

The North Terminal Complex at OIA is reaching full capacity. Recently, with Airline commitment the Authority has commenced the design and construction of the first phase of the South Terminal Complex. The first phase of the South Terminal is planned for international and domestic passengers and will have 12 gates. The Authority will maintain and operate approximately 6 gates to facilitate airline competition and competitive fares. When the South Terminal Complex is fully developed OIA will have the capacity to serve 70 million domestic and international passengers annually.

The first phase of the South Terminal Complex is expected to open in December 2002. The Authority anticipates that Phase 1 will cost $570 million. Approximately 87 percent of funding will be a combination of state grants, revenue bonds, PFCs, and local funds. FAA discretionary grant funds of approximately $56 million (13 percent) are needed for high priority apron and taxiway elements of this project. The Authority respectfully requests that the Senate Transportation Appropriations Subcommittee supports and directs the FAA to give funding priority to the critical airside elements of the South Terminal Complex.

2. THE MARKET THAT ORLANDO INTERNATIONAL AIRPORT SERVICES

Florida is the world's fourth largest market based on Gross Domestic Products. It is the Country's fourth largest state by population, home to almost 15 million residents, and considered the fastest growing state in the U.S. More than 7.4 million residents, or 50 percent of the population of Florida, lives within 125 miles of Orlando.

More than 1.4 million people live in Metro Orlando. Forecasts indicate that by 2005 the population will exceed 1.8 million. As the world's most popular tourist destination, Central Florida's economy requires affordable, convenient, and safe air transportation. The future growth of OIA is directly related to the expansion and development of theme parks and support services. Attractions account for 6 of the top 10 U.S. theme parks (Magic Kingdom, EPCOT, Disney-MGM Studios, Universal Studios Florida, Sea World of Florida, and Busch Gardens Tampa). Orlando's area attraction attendance is anticipated to exceed 70,000,000 per year by 2002.

Orlando also has become the most popular convention market in the world. In 1997, 4.17 million business travelers attended conventions, meetings, seminars, and trade shows in Central Florida. The Orange County Convention Center in Orlando is currently the second largest convention facility in the U.S.

Since 1996 Orlando International Airport has ranked among the World's fastest growing airports. Forecasts indicate Orlando International Airport will experience annual growth of 4–8 percent during the next five-years. OIA has scheduled nonstop service to 75 domestic and 23 international destinations, promoting increased airline service and competitive fares. By the year 2000, OIA will serve more than 30 million passengers and handle over 400,000 flight operations. OIA shares a unique relationship with the regional economy. A recently completed economic impact study determined OIA generates a $14 billion annual economic impact and is responsible for 54,000 direct and indirect jobs.

3. WELL FUNDED AIRPORT IMPROVEMENT PROGRAM

The future ability of the National Aviation System to ensure safe and secure air transportation depends on a well funded Airport Improvement Program (AIP) which provides the Federal Aviation Administration the financial resources needed to underwrite critical capacity improvement projects. The Authority respectfully requests the Senate Transportation Appropriations Subcommittee to fully fund AIP at no less than the current year's appropriation of $1.95 billion. Airfield improvements are intended to increase needed capacity, provide increased flight operation safety, and enhance the efficiency of the National Aviation System. The AIP is an essential component of the financial strategy to ensure airports have the resources necessary to design and construct basic airfield improvements.

CONCLUSION

Central Florida is extremely proud of Orlando International Airport and believes it represents a model for economic development. The success of maintaining this status requires federal participation in new airfield improvements. The timely completion of Runway 17L/35R and the South Terminal Complex is needed. As part of the National Aviation System, OIA has the potential to positively influence air traffic and limit future operational delays nationwide. AIP is an essential part of the airport's funding strategy and provides the Authority the ability to leverage local financial resources for maximum benefit to the National Aviation System. The full funding of this most important program will enable OIA to receive the federal assistance needed to complete the projects on time without unnecessary costs or delays.

Thank you for this opportunity to submit written testimony and for your Committee's past support.

PREPARED STATEMENT OF SERGIO MAGISTRI, PRESIDENT AND CEO, INVISION TECHNOLOGIES

FUNDING FOR AVIATION SECURITY

The certified explosive detection system (EDS) industry began after the tragedy of Pan Am flight 103 in 1988. At that time, viable EDS technology had not yet been developed and we lacked a clear understanding of what is required to effectively operate security equipment within airport environments. Today, there are over 400 security systems operational worldwide, including 150 Federal Aviation Administration (FAA) certified EDS systems that are screening higher quantities of luggage every day. The bootstrapping of the EDS industry from ground zero—from the development of EDS certification criteria and FAA-certified technology to the operational deployment of EDS systems—is an example of a successful partnership between private industry, airlines, airports and regulators and has resulted in increased security for the traveling public.

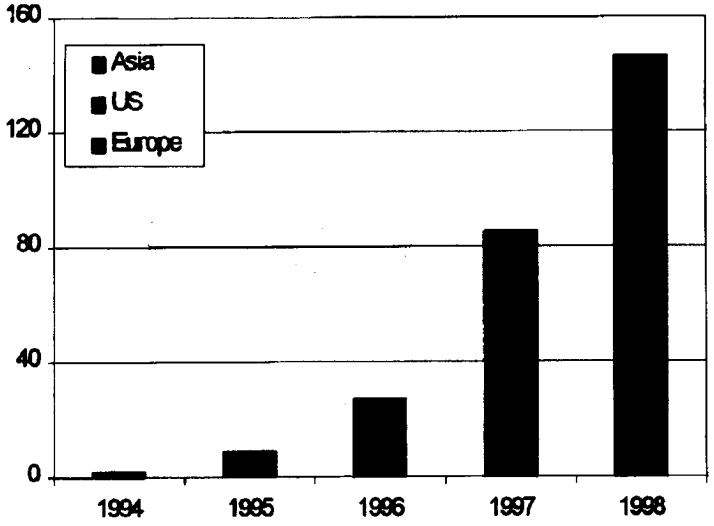

Figure 1 FAA Certified EDS shipments over time

Ten years after the Pan Am 103 disaster, we now face several questions. How will the utilization and development of EDS technology evolve over the coming years?

What are the constraints and what performance levels can we expect in the next millennium?

Outlook of Existing Technologies

Today, dual-energy x-ray and Computed Tomography (CT) systems, such as Invisions's CTX 5500, each have specific operational detection capabilities. We expect the same split of operational applications for these two technologies as has evolved during the past 20 years in the medical field. Currently, hospital x-ray systems are used to assess massive injuries such as a broken bone, while CT is used for more demanding diagnoses such as locating small tumors. We expect the role of CT as the primary screening and threat resolution technology to expand, due to its comprehensive imaging capabilities. Dual-energy x-ray technology will not be more widely deployed until it can demonstrate higher performance (i.e., higher detection rates and FAA certification).

CT systems will likely follow the evolution of medical CT, with its wider deployment dependent upon the cost of the detectors and of its computational power. Over the coming years, we should expect a moderate decrease in the cost of the detector technology and other hardware, combined with a sustained decrease in the cost of the computational power. (This statement is based on Moore's law: "the cost of computational power drops by a factor of two every two years.") For example the CTX 9000 DSi, currently undergoing FAA certification, is expected to provide up to 3 times the operational performance of the CTX 5500 and has been designed for integration with the airport conveyor system. The main objective of this development was to design an EDS capable of performing in a 100 percent screening scenario in which all passenger luggage is screened, rather than using a combination of passenger profiling and EDS screening as is done today.

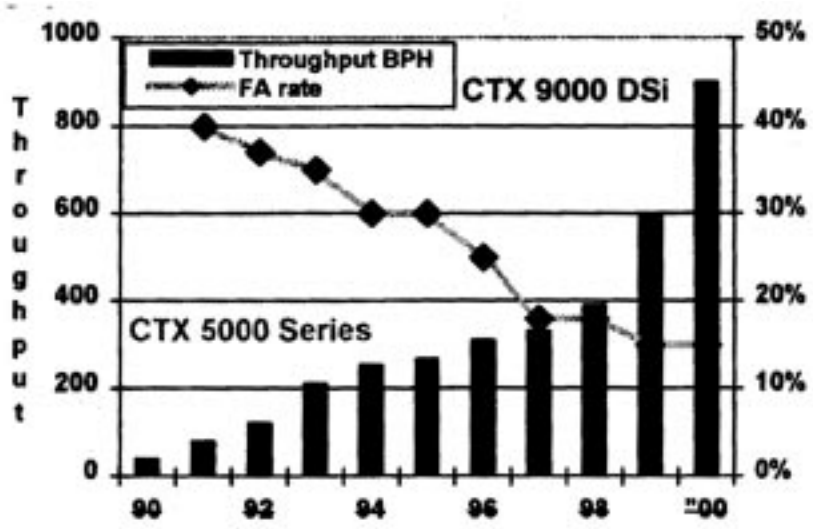

Figure 2 Performance of the CTX family of products over time

The limiting factor in the development of second- and especially third-generation EDS is the understanding of the operational requirements. The design for an EDS that screens 100 percent of passenger luggage is substantially different from the design for an EDS that screens only a small percentage of baggage after automated passenger profiling is performed. Once operational requirements are determined, we expect later-generation designs to be driven by improvements to the software, made possible by decreasing costs in computational power. Declining hardware costs will have only a minor impact on the total cost of the system. Specific software improvements will result in reduced false alarm rates, including operator and system per-

formance monitoring via Threat Image Projection (TIP) and Field Data Report (FDR) software, and enhancements to increase operator efficiency.

New Technologies

The beginning of the next century should bring additional "orthogonal" technologies, capable of improving x-ray and CT-based EDS. "Orthogonal" technologies use different physical principles to detect explosives and devices, for example radio waves versus x-rays. Examples of the technologies in development for these applications are Quadrupole Resonance (QR) and some of the newest vapor detectors. Over the coming years, QR and possibly vapor detection may be integrated with certified EDS systems with the purpose of reducing false alarm rates and increasing the overall performance of the systems. The benefit of these additions will be particularly significant for the screening of carry-on luggage, where size and cost of the screening equipment are very important. The addition of orthogonal technologies like QR will also allow for better detection of components of explosive devices and distributed charges, one of the additional requirements for carry-on screening.

Operational Performance Issues

Developments of EDS for aviation security over the past 10 years have been driven by technology. Vendors have learned how to master the technological side of the business. Now is the time for the industry to work with the FAA, the airlines and airports to resolve some of the operational issues. This includes the funding and management of security operators, as well as their continued training. During the coming years, the industry will recognize that these operational issues are not "technology driven" but rather human and management issues. Are the operators being trained properly? Are the operators properly managed with adequate incentives and rewards? How do we reduce high operator turnover? What are the prerequisites for becoming an EDS operator? Will we be able to develop certification standards for operators? These are just a few of the questions that must be addressed in order to increase the effectiveness of the security systems being deployed.

For these issues, technology can help but will not be the only solution. As the Gore Commission stated, "There is no silver bullet" for ensuring passenger security. InVision has recognized this challenge and has begun to devote a substantial amount of resources, in collaboration with the FAA, to support the training and monitoring of operators via software add-ons like TIP and FDR.

Substantial progress has been made but EDS technology still remains underutilized. From a recent IG report on security and EDS technology, it was reported that 2 years after initiating deployment of FAA certified systems, U.S. carriers are still under-utilizing these systems. For example, in Q4 98 the average system was screening only 1559 bags per week compared to a conservative estimate nominal capacity of 5250 bags per week, data from the IG report dated March 3, 1999.

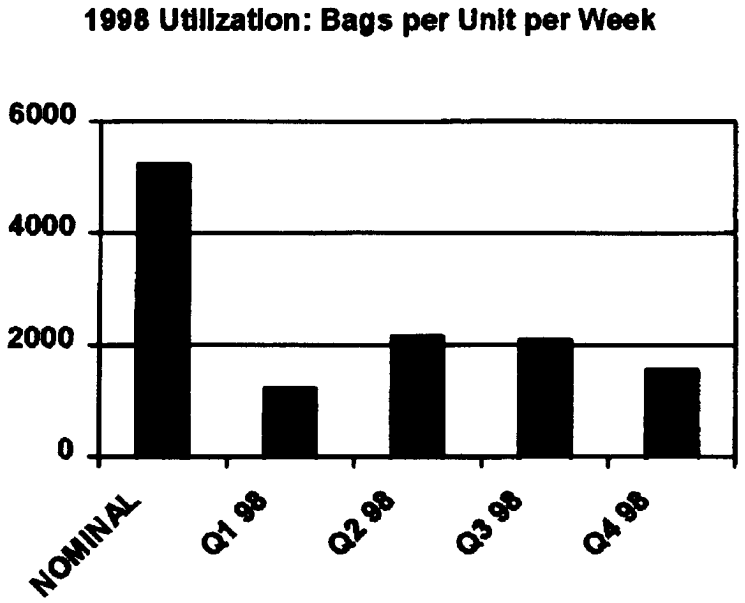

Figure 3 CTX 5500 utilization

Business Constraints of the EDS Industry

In general, most of the companies in this sector are well capitalized, and continue to invest in new technology and products. The industry's total gross research and development investment in EDS (including government grants) reaches $20–30 million dollars per year with a revenue stream of $150–200 million dollars. Competition for the second generation of FAA-certified systems is growing and will, over time, provide better and less expensive EDS systems to the air transportation industry.

However, a major concern in this area arises from business uncertainty. Government purchases are made with a one-year planning cycle and this short time horizon causes major management problems to small companies in the EDS arena. This uncertainty may start to limit the investments of private companies in the development of new EDS products and in the refinement of the existing ones.

To solve this problem, it is imperative that the regulators develop medium-term plans and commitments to correct the reactive nature of the security business. Currently, EDS equipment is purchased only after a tragedy occurs. Future plans should detail the EDS systems needed to prevent tragedies and regulators should make medium-term commitments to this magnitude of deployment (conditional upon meeting performance criteria). Without this approach, the progress of the EDS industry could be crippled over time and the US government could lose this very important industrial base.

Ten years ago we didn't have a high-performance EDS machine; we didn't have certification standards; we didn't have an EDS industry. Today, we have 150 FAA-certified EDS systems in operation worldwide and a viable industry operating under the leadership of the regulators. Tomorrow, we will have better EDS systems that are faster, less expensive, and easier to use with lower false alarm rates; dedicated EDS systems for both checked and carry-on baggage; and better operational utilization of the EDS technology. What will make the difference in the security of air transportation during the next century? A cohesive security plan containing performance requirements, budgets and operational commitments from the airports,

the airlines and governments, developed in partnership with the EDS industry. This is the condition for a viable EDS industry that is focused on improving the core technology to the advantage of the travelling public.

Administration's Funding Request

InVision supports the Administration's budget request for aviation security funding in fiscal year 2000. However, for real success in this program which means increased security coverage, more efficiency and a viable, healthy security industry, Congress must take a leadership role by acknowledging that the $100 million funding level should be increased. If the industry is going to increase utilization to approach the capabilities of current and future technology, it can only do so by integrating the technology into baggage handling systems. This can be an expensive proposition but it will have truly significant benefits. This integration provides the infrastructure for a comprehensive EDS security system.

For a true industry to develop, consistent, appropriate funding levels must be maintained, if not increased, so that the traveling public can benefit from the industry's substantial potential. The worthwhile goal of creating competition will never materialize if the realities of integration costs and appropriate, recurrent funding levels are not sustained and institutionalized.

Only when the creative and competitive efforts of the industry are unleashed on the aviation security challenge, will the expectations of the traveling public be met. Industrial development, however, requires opportunity. That opportunity must come in the form of significant markets for our industrial output and increased federal funding is the key to creating those markets. Our aviation system is critical to the economy, pursuit of freedom and quality of the American experience. We must protect it with total resolve.

We appreciate the opportunity to brief the Committee on our progress and our funding needs for fiscal year 2000. We would be happy to answer any questions or to provide any further data the Committee deems necessary.

Thank you very much for your past support. We look forward to working with you in the coming year.

PREPARED STATEMENT OF MAYOR ALEX PENELAS, MIAMI-DADE COUNTY, FLORIDA

AVIATION EXCERPTS

Fourth Runway, Miami International Airport

Miami International Airport is one of Miami-Dade County's most important economic assets, generating $13 billion each year in economic activity and accounting for one out of every six jobs. MIA is the nation's busiest international cargo and second busiest international passenger airport, handling nearly 2 million tons of cargo and 34 million passengers annually. Our airport was ranked the seventh-busiest airport in total operations for 1997. Aircraft operations have been on the rise, increasing more than 57 percent between 1983 and 1998. Passenger enplanements at MIA have increased more than 177 percent during this same time period. According to FAA projections, this growth at MIA will keep it on the list of airports experiencing over 20,000 hours of annual delay if no airfield capacity enhancements are made.

According to FAA's 1998 Aviation Capacity Enhancement Plan (ACE), MIA is projected to increase 97.3 percent in departing passengers and 42.5 percent in aircraft movements by the year 2012, placing MIA among the nation's fastest growing airports. Currently during peak hours the design capacity of the three existing runways is exceeded.

In 1989 and again in 1997, an FAA led Airport Capacity Design Team for MIA published recommendations for increasing capacity and reducing delays. The Design Team's analysis shows that delay costs and annual delays will continue to grow at a substantial rate as demand increases if no improvements in airfield capacity are made. The Team's recommendation, outlined in its 1997 Capacity Enhancement Plan Update, identified the need for a fourth air-carrier runway to provide "the greatest savings in average annual delays and delay costs." The proposed fourth runway will be a new, non-precision air carrier runway 8–26, parallel to and 800 feet north of existing Runway 9L/27R.

Airfield and airspace delays currently cost the airlines over $153 million a year. Without a new runway, these delay costs will escalate to $373 million annually by the year 2005, and Miami runs the risk of losing passengers and cargo to competing airports. By providing adequate capacity at MIA, the National Airspace System (NAS) benefits, as reducing congestion and delays at MIA also reduces delays at other key NIPIAS airports such as DWF, JFK, and LAX.

The proposed runway is part of MIA's $4.7 billion capital development program to modernize facilities and add new capacity. A fourth runway will extend MIA's airfield capacity to the year 2015 and possibly beyond with the implementation of operational and demand management techniques. As required by the National Environmental Policy Act (NEPA), an environmental impact statement (EIS), managed by the FAA, was conducted. On December 18, 1998, the FAA issued a positive Record of Decision, identifying no significant adverse environmental impacts.

The Miami-Dade Aviation Department has submitted to the FAA an application for a Letter of Intent (LOI), for the runway program, including the required cost/benefit analysis. The analysis clearly demonstrates the runway's merits for FAA funding. A minimum Benefit/Cost Ratio of 9:1 is obtained for the runway on the basis of aircraft operating cost savings alone and assuming that demand growth is limited at relatively modest levels. The total program including associated taxiways is currently estimated to cost $200 million. The Miami-Dade Aviation Department is seeking a Letter of Intent for $104.3 million over a five-year period from the Airport Improvement Program (75 percent of the cost of the eligible portion of the runway program). Miami-Dade County has awarded a contract for the design of the runway. The design is expected to be completed by summer of 2000, allowing for immediate bidding and award of a contract for the construction of the runway. The requested multi-year funding commitment is needed to assure the timely implementation of the program.

Mr. Chairman and Members of the Committee, I urge you to support Miami-Dade County's LOI request and ask that you direct the FAA to give our application priority consideration.

South Florida depends on the economic benefits of a thriving international airport and cannot afford to have its competitive position compromised by inadequate airfield capacity. Further, the national airspace system urgently requires the additional capacity that relieving congestion at MIA—one of the nation's 20 most congested airports—will provide.

Of course, I would be remiss to conclude my remarks before discussing appropriations for the Airport Improvement Program. The nation's airports have capital development investments needs exceeding $10 billion annually. We know the Subcommittee is aware of these needs and supports funding airport infrastructure. We also recognize that the Subcommittee has to make difficult choices between many worthwhile transportation programs. As Mayor of Miami-Dade County, I can well understand the difficulty of the Subcommittee's task in having to choose between so many worthwhile programs. We too are faced with shrinking budgets and increasing needs and have to make difficult choices in allocating scarce resources.

We were very appreciative last year of the Subcommittee's inclusion of a $1.9 billion funding level for the AIP. This funding level represented a significant increase over prior years and was very welcome by airport operators throughout the nation. Unfortunately, AIP was only reauthorized for six months, effectively cutting the appropriated level in half unless Congress takes immediate action to continue the program until the Aviation Investment and Reform Act for the 21st Century (AIR–21) is enacted.

As you begin your deliberations for fiscal year 1999 Appropriations, we ask that you once again make every effort to fully-fund AIP at the authorized level. Finally, we would like to associate ourselves with the testimony presented to this Committee by the Airports Council International—North America and the American Association of Airport Executives. We are in full support of the positions presented to you by our national airport associations.

Mr. Chairman and Members of the Committee, thank you once again for the opportunity to discuss our public mobility needs and our aviation infrastructure needs. We look forward to your favorable consideration of our request and would be glad to respond to any questions from the Subcommittee.

PREPARED STATEMENT OF MAYOR GEORGE PETTYGROVE, CITY OF FAIRFIELD, CA

FISCAL YEAR 2000 MILITARY CONSTRUCTION APPROPRIATIONS TRAVIS AIR FORCE BASE

Thank you, Mr. Chairman, and members of the committee for this opportunity to speak before you today in support of military construction projects at Travis Air Force Base. The Travis Air Force Base, located at the City of Fairfield, is in my congressional. I request that the committee view favorably the projects I will outline.

First, I request that the committee provide a $7.6 million earmark to construct a new Medical War Reserve Material (WRM) Warehouse at Travis Air Force Base in Fairfield, California. It is my understanding that this project is included in the

Department of Defense fiscal year 2000 Military Construction Appropriations request.

Travis Air Force Base is the preeminent U.S. Air Force airlift base on the West Coast, and arguably, in the world. Travis personnel, aircraft, and facilities are an integral part of the Department of Defense's force projection capability. One of the first needs of our men and women in uniform upon deployment is ready access to war reserve materials, such as bandages and drugs.

Travis must be ready to accommodate rapid surges in airlift of these materials, but current facilities at the base are entirely inadequate. In sum, existing facilities are not centralized, do not provide adequate protection for the WRMs, and negatively impact Travis's ability to successfully undertake this vital mission. This new facility will provide a central warehousing and mobilization facility, allowing Travis personnel to rapidly deploy essential WRMs to our soldiers in the field.

Second, I request the committee's support for a $7.5 million earmark to construct additions to physical fitness facilities at Travis Air Force Base located in Fairfield. It is my understanding that this project is also included in the Department of Defense fiscal year 2000 Military Construction Appropriations request.

As the members of the committee are aware, modern, adequately sized fitness center facilities are required to support the Air Force emphasis on mandatory fitness for all personnel. Physical well being and good morale, resulting in part from adequate fitness facilities, are essential to the development and retention of Air Force personnel.

There are three existing fitness facilities at Travis. One is a modern facility but is critically undersized. The other two facilities are substandard and cannot be economically upgraded. Without the new addition, physical conditioning will continue to be limited due to inadequate space. This will adversely affect the morale and well being of base personnel, and will adversely impact readiness as service members will not be able to maintain proper physical fitness.

The project funded by this earmark will radically improve fitness facilities at Travis and will pay dividends for many years to come in terms of both readiness and morale.

The City of Fairfield appreciates your assistance on these projects. As the committee members are aware, the strength of Travis Air Force Base is vital not only to the City of Fairfield, but also regionally and nationally. Your assistance is greatly appreciated on all of these projects. Thank you.

FEDERAL HIGHWAY ADMINISTRATION

PREPARED STATEMENT OF MICHAEL P. KENNY, EXECUTIVE OFFICER, CALIFORNIA AIR RESOURCES BOARD; BARBARA PATRICK, MEMBER, BOARD SUPERVISORS OF KERN COUNTY, MEMBER, CALIFORNIA AIR RESOURCES BOARD; MANUEL CUNHA, JR., PRESIDENT, NISEI FARMERS LEAGUE; LES CLARK, VICE PRESIDENT, INDEPENDENT OIL PRODUCERS AGENCY; CATHERINE H. REHEIS, MANAGING COORDINATOR, WESTERN STATES PETROLEUM ASSOCIATION

Mr. Chairman and Members of the Subcommittee: On behalf of the California Industry and Government Coalition on PM–10/PM–2.5, we are pleased to submit this statement for the record in support of our fiscal year 2000 funding request of $100,000 for the California Regional PM–10/PM–2.5 Air Quality Study.

The San Joaquin Valley of California and surrounding regions exceed both state and federal clean air standards for small particulate matter, designated PM–10/PM–2.5. The 1990 federal Clean Air Act Amendments require these areas to attain federal PM–10/PM–2.5 standards by December 31, 2001, and the proposed PM–2.5 standards by mid-2003. Attainment of these standards requires effective and equitable distribution of pollution controls that cannot be determined without a major study of this issue.

According to EPA and the California Air Resources Board, existing research data show that air quality caused by the PM–10/PM–2.5 problem has the potential to threaten the health of more than 3 million people living in the region, reduce visibility, and impact negatively on the quality of life. Unless the causes, effects and problems associated with PM–10/PM–2.5 are better addressed and understood, many industries will suffer due to production and transportation problems, diminishing natural resources, and increasing costs of fighting a problem that begs for a soundly researched solution.

PM–10/PM–2.5 problems stem from a variety of industry and other sources, and they are a significant problem in the areas that are characteristic of much of California. Typical PM–10/PM–2.5 sources are dust stirred up by vehicles on unpaved

roads, unpaved shoulders and dirt loosened and carried by wind during cultivation of agricultural land. Soil erosion through wind and other agents also leads to aggravation of PM–10/PM–2.5 air pollution problems. Chemical transformations of gaseous precursors are also a significant contributor to PM–2.5, as are combustion sources.

The importance of this study on PM–10/PM–2.5 is underscored by the need for more information on how the federal Clean Air Act Amendments standards can be met effectively by the business community, as well as by agencies of federal, state and local government whose activities contribute to the problem, and who are subject to the requirements of Title V of the Clean Air Act. There is a void in our current understanding of the amount and impact each source of PM–10/PM–2.5 actually contributes to the overall problem. Without a better understanding and more information—which this study would provide—industry and government will be unable to develop an effective attainment plain and control measures.

This research has direct applications to the Department of Transportation. Specifically, Federal Highway Administration research funds are available through Caltrans for a number of targeted proposals under discussion by officials of both Caltrans and the California Air Resources Board. Included among the priority research topics are:

1. Analysis of methodologies for estimating emissions of PM–10/PM–2.5 from California roadways; Significant emphasis on characterizing emissions from unpaved shoulders due to large amounts of heavy duty vehicle traffic through Central California, which is necessary to support California's economy;
2. Characterization of the sources and composition of PM–10/PM–2.5 emissions from roadway construction;
3. Tunnel study; and
4. Characterization of heavy duty truck activity.

These studies will explore the effects of roadway construction and use on ambient PM–10/PM–2.5 levels. Other proposals under review would address problems with unpaved road shoulders, roadway dust mitigation strategies and assessment of heavy duty truck travel patterns. Currently available data and other PM–10/PM–2.5 research efforts do not adequately address transportation concerns, so DOT support of this targeted research is essential.

Our Coalition is working diligently to be a part of the effort to solve this major problem, but to do so, we need federal assistance to support research and efforts to deal effectively with what is essentially an unfunded federal mandate.

Numerous industries, in concert with the State of California and local governmental entities, are attempting to do our part, and we come to the appropriations process to request assistance in obtaining a fair federal share of financial support for this important research effort. In 1990, our Coalition joined forces to undertake a study essential to the development of an effective attainment plan and effective control measures for the San Joaquin Valley of California. This unique cooperative partnership involving federal, state and local government, as well as private industry, has raised more than $24 million to date to fund research and planning for a comprehensive PM–10/PM–2.5 air quality study. Our cooperative effort on this issue continues, and our hope is that private industry, federal, state and local governments will be able to raise the final $4.6 million needed to complete the funding for this important study.

To date, this study project has benefited from federal funding through the United States Department of Agriculture's, the Department of Transportation's, the Department of Defense's, the Department of the Interior's and the Environmental Protection Agency's budgets—a total of $13.3 million in federal funding, including the $200,000 the Subcommittee provided in fiscal years 1998 and 1999 bills. State and industry funding has matched this amount virtually dollar for dollar.

With the planning phase of the California Regional PM10/PM2.5 Air Quality Study complete, a number of significant accomplishments have been achieved. These interim products have not only provided guidance for completion of the remainder of the Study and crucial information for near-term regulatory planning, they have also produced preliminary findings which are significant to the Department of Transportation's (DOT) interests.

The Study is significant to DOT interests for a number of reasons. The San Joaquin Valley experiences some of the most severe PM episodes in the nation. The information being collected by the PM study is essential for development of sound and cost-effective control plans. Both directly emitted particulate matter and gaseous precursor emissions from transportation sources play a significant role in contributing to PM exceedances. Direct PM emissions include contributions from on- and off-road tailpipe exhaust, brake- and tire-wear, and re-entrained dust from paved and unpaved roads. Gaseous exhaust and evaporative emissions from mobile sources

also contribute to the formation of secondary ammonium nitrate, sulfate, and organic carbon. Without a sound understanding of the role that transportation sources play in PM exceedances, these sources could be subjected to unnecessary or ineffective controls. Control plans for the San Joaquin Valley, based upon the results of the PM study, will help address the potential impacts of emissions from transportation sources and ensure an equitable and effective distribution of controls.

To this end, the PM study is expending significant resources to provide an improved understanding of emission sources within the San Joaquin Valley and surrounding regions and to define the impacts of these sources on ambient PM. A preliminary field monitoring program was conducted during the fall and winter of 1995/1996. Extensive air quality and meteorological measurements were collected. This database is being analyzed to address a number of questions including: (1) the sources contributing to elevated PM10 and PM2.5 concentrations, (2) the zone of influence of specific sources, and (3) wind flow patterns and transport routes between the Valley and surrounding areas. Additional research has addressed emissions from unpaved roads and evaluated the effectiveness of dust suppression methods. The results of this study suggest that current emissions factors are too low, and that emissions from unpaved roads are dependent upon road silt loading rather than on soil silt content. The study also identified polymer emulsion and non-hazardous crude oil products as the most effective for long-term dust suppression.

The results of these studies are being used to design large scale field monitoring programs to be conducted in 1999 and 2000. These field programs will address both the annual and 24-hour PM10 and PM2.5 standards. Surface and aloft monitoring of air quality, meteorology, fog, and visibility will be conducted at a cost of over $12 million. Final plans for these field studies are being developed, which will be carried out by numerous contractors over a broad area encompassing Central California, the Sierra Nevada Mountains, and the Mojave Desert. Substantial resources will also be devoted to developing improved emissions estimates. A database of the field study results will be completed in 2001, with air quality modeling and data analysis findings available in 2002. This timeline is ideally positioned to provide information for federal planning requirements as part of the new PM10/PM2.5 national ambient air quality standards.

The Department of Transportation's prior funding and participation have enabled these projects to occur. Continued support by DOT is essential to implement a full scope of emissions assessment and control method demonstration projects for transportation related sources, and to ensure that DOT concerns are met.

For fiscal year 2000, our Coalition is seeking $100,000 in federal funding through the U.S. Department of Transportation to support continuation of this vital study in California. We respectfully request that the Appropriations Subcommittee on Transportation provide this additional amount in the DOT appropriation for fiscal year 2000, and that report language be included directing the full amount for California. This will represent the final year of funding requested from DOT.

The California Regional PM–10/PM–2.5 air quality study will not only provide vital information for a region identified as having particularly acute PM–10/PM–2.5 problems, it will also serve as a model for other regions of the country that are experiencing similar problems. The results of this study will provide improved methods and tools for air quality monitoring, emission estimations, and effective control strategies nationwide.

The Coalition appreciates the Subcommittee's consideration of this request for a fiscal year 2000 appropriation of $100,000 for DOT to support the California Regional PM–10/PM–2.5 Air Quality Study. DOT's past contributions have helped ensure the success of the study. The coalition thanks you for your support of this important program.

PREPARED STATEMENT OF THE COALITION OF NORTHEASTERN GOVERNORS

The Coalition of Northeastern Governors (CONEG) would like to thank Chairman Shelby and Ranking Member Lautenberg for the opportunity to provide this testimony regarding the fiscal year 2000 U.S. Department of Transportation (U.S. DOT) Appropriations. We recognize the critical role the subcommittee plays in providing investments in the nation's vital intermodal transportation system. The Governors commend the subcommittee's efforts to provide increased levels of funding for highways and transit in the fiscal year 1999 U.S. DOT appropriations, and urge you to continue support in fiscal year 2000 to the levels authorized in the Transportation Equity Act for the 21st Century (TEA–21). We also urge the subcommittee to continue the important federal role in strengthening the nation's passenger and freight rail systems through continued investments in rail safety and capital investment in

Amtrak and other critical rail projects. Continued federal investment in transportation research and development is an essential element of public and private efforts to enhance the safety and capacity of the nation's transportation system.

An integrated, fully-funded national surface transportation system is a critical component in the economic, social, and environmental well-being of the Northeast region and the nation as a whole. The Northeast is a region that is at once the most densely populated area in the nation as well as the most rural; that has the oldest transportation infrastructure as well as some of the newest, fastest, and most innovative. Its transportation facilities are among the most heavily used, and are subject to the widest variation of seasonal changes. It is a region that makes the greatest use of public transit, that is the most dependent in the country on trucks for delivery of its freight, and that makes the shortest trips. As a consequence, the Northeast's transportation needs are unique.

The safety, preservation, and efficiency of the region's transportation assets are primary concerns of the Coalition of Northeastern Governors. As the subcommittee considers the fiscal year 2000 appropriations for the Department, the Governors call for the subcommittee's support of specific transportation investments which have national and regional significance. In addition, the Governors are pleased to provide examples from the Northeast states where state-federal partnerships and federal investments have contributed to a vibrant economy and improved quality of life for the region and the nation.

INVEST IN SAFETY

Safety has always been, and remains, of the utmost concern to the Governors. The tragic loss of 11 lives in the recent highway-rail crossing accident in Bourbonnais, Illinois, clearly demonstrates why safety continues to be the top priority for the CONEG Governors. Preliminary data shows that in 1998 there were 3,446 highway-rail crossing incidents resulting in 422 fatalities.[1] The Governors have exhibited a strong commitment to rail safety through their support for grade crossing improvements and education programs such as Operation Lifesaver. The Governors specifically and strongly support full funding for advanced development of high speed rail corridors by eliminating highway grade crossing hazards, as provided in Section 1103(c) of TEA–21. These are all excellent examples of successful programs that are working to reduce the number of highway-rail crossing fatalities.

Safety Remains the Primary Concern of the Governors

An at-grade crossing in West Mystic (Groton), Connecticut is the site of a Federal Railroad Administration/Connecticut Department of Transportation demonstration project of the nation's first quad-gates, where a system of four gates is used rather than the usual two, preventing waiting vehicles from starting to cross the tracks while permitting vehicles on the tracks to clear. A special crossing sensor system collects and transmits information about the operation of the grade crossing warning devices to the cab of an approaching train at a point where the train will have time to stop before reaching the crossing. In the event a vehicle is disabled or stopped between the gates, the advanced warning system will activate signals in the train cab and bring the train to a halt. Exit gates are left in a vertical position until the vehicle is off the crossing. The system will be monitored for approximately one year to demonstrate its reliability and effectiveness. If successful, the technology may be used at other rail crossings elsewhere in the country.

FULL FUNDING OF THE HIGHWAY AND TRANSIT PROGRAMS

As traffic volume continues to increase on the region's highways, the Governors recommend funding of highway programs to the levels authorized in TEA–21. The Northeast places unique demands on the highway system due to weather conditions, age of the system, and truck traffic. Increased funding for our highway system will help the region remain competitive in the international marketplace by facilitating the seamless flow of people and commerce through the gateways to the global marketplace.

The Governors also recommend full funding for the transit programs at the levels authorized in TEA–21. Transit plays a vital role in the lives of millions of residents in urban, suburban, and rural areas of the Northeast. It significantly decreases congestion on roads in metropolitan and suburban areas, mitigates isolation in the region's more rural cities and towns, and brings environmental benefits to the entire region by saving fuel and reducing air pollution. Transit is also the critical link in the region's welfare to work and reverse commute programs. In 1997, 8.6 billion

[1] Source: Federal Railroad Administration, Office of Safety Analysis.

passengers used public transit services, a 7.7 percent increase over the preceding year. Preliminary figures for 1998 show that transit ridership is up by an additional four percent to 8.9 billion riders—this is the highest level in the history of the federal transit program.[2]

Transit projects in the Northeast are uniquely large because the need to keep facilities open and operating during improvement and redevelopment contributes to high project costs. One example is the Long Island Rail Road (LIRR) East Side Access Project identified as a priority in the President's fiscal year 2000 budget. This project—on the busiest commuter rail system in North America—will use an unused level of the existing 63rd Street Tunnel to bring LIRR passengers directly into Grand Central Station. It will allow 50,000 riders to save over 30 minutes in their daily commute and reduce crowding at Penn Station while also increasing LIRR commuter ridership by an estimated 109,000 weekday passengers. The Governors are pleased that Congress has recognized the importance of the project, provided an authorization of a minimum of $353 million in TEA–21, and recommended that the project be given priority for funding under the Federal Transit Administration's New Start program. The Governors request $159 million for the project in fiscal year 2000.

Another proposed New Start program that merits prompt and close consideration is the extension of the Massachusetts Bay Transportation Authority (MBTA) commuter service line which currently terminates in Lowell, Massachusetts, to Nashua and Manchester, New Hampshire. The extension into New Hampshire will offer an alternative to single occupancy vehicles, providing air quality improvements and needed congestion relief on the region's roads and highways.

In the Northeast, as well as across the country, transportation is a vital tool for economic development: creating and preserving jobs, linking to North American trade, and invigorating local businesses. Throughout the Northeast, transportation investments are contributing to economic development and enhanced global competitiveness, improved air quality, innovative intermodal means to alleviate congestion, and improved quality of life.

Global Gateways.—An important example of needed investments in highways as global gateways is found in northern New England. The States of Maine, Vermont and New Hampshire have applied for federal funding for the construction of an East-West Highway corridor through this tri-state region, and improvement of border crossings with Canada which will serve this highway. Funding is being requested under the National Corridor Planning and Development Program and the Coordinated Border Infrastructure Program under TEA–21. The Northern New England Border Corridor is a vital trade route between the U.S. and Canada, linking five Canadian Provinces and three New England States, and serving as the global gateway to the entire U.S., by providing access and connections to the nation's major highways, railroads and ports. This project offers an excellent opportunity to fundamentally change the economic outlook for the struggling regions of Northern New England and Atlantic Canada. The region's existing border crossings are currently strained with increased freight and passenger traffic. At the Calais, Maine/St. Stephen, New Brunswick crossing alone, truck traffic has increased ten percent per year for the past several years. The project's goal is to accommodate existing traffic and stimulate further trade by creating corridors and crossings designed for the coming millennium. By facilitating cross border cargo and vehicle movement and contributing to the Nation's ability to compete in a global economy, the project has profound national and international significance.

The Commonwealth of Massachusetts is also requesting funding under the National Corridor Planning and Development Program for double stack rail service across Massachusetts between the New York border and the Port of Boston. This project will allow for uninterrupted double stack service across most of the United States providing for the more efficient distribution of goods throughout the rest of the nation. The project's benefits are numerous and far reaching: shippers and receivers in Massachusetts, as well as the Port of Boston, will benefit from the competitiveness afforded by double stack service and the decrease in truck traffic will improve air quality, reduce highway wear, and alleviate highway congestion. These objectives—economic competitiveness, intermodal modernization, improved air quality and extended highway life—will benefit the Commonwealth, as well as the entire nation when the project is complete.

Intermodal Connections Provide Economic Opportunity.—The region has developed numerous innovative intermodal projects to alleviate congestion on its heavily traveled interstate system and spur local and regional development.

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[2] Source: American Public Transit Association.

In Springfield, Massachusetts, the Union Station Intermodal Redevelopment Project is revitalizing the regional transportation connections for rail and transit. Funded with TEA–21 federal funds, matching state grants and additional private sector funds, the redevelopment of downtown Springfield's historic Union Station as a major intermodal facility will closely link rail and transit serving the entire Pioneer Valley of western Massachusetts. The "Historical Union Station" will house regional and local bus facilities, including Pioneer Valley Transit Authority and Peter Pan Bus Lines, as well as Amtrak. The project will preserve Springfield's architectural and social history by saving and reusing the Baggage Building as a transportation center and revitalizing the historic passageway as a convenient and active connector between Amtrak, the Station's concourse, and the transportation center.

In Connecticut, a recent Major Investment Study (MIS) investigated congestion on Interstate 84 from Hartford west to New Britain. Several advisory committees worked together to define the transportation problems and screen alternatives. Six strategies were evaluated to determine their effectiveness. The result was a hybrid package that combines the best features of the strategies and addresses the goals that were developed—Modal Choices, Congestion Reduction, Public Health and Safety, Economic Development, and Community Livability and Quality of Life. The cornerstone of this package is the recommendation of a busway on an abandoned rail line between Hartford and New Britain. The busway represents a new direction for the state in providing for intermodal use and development potential along the I–84 corridor.

The Rhode Island Department of Transportation has initiated an environmental assessment and conceptual design for a new Amtrak/commuter rail station on the Northeast Corridor, and automated people mover connection to the successful T.F. Green Airport in Warwick, Rhode Island located just 1,500 feet from the Corridor. Simultaneously, the city of Warwick has taken first steps toward an ambitious 70-acre economic redevelopment project that links the airport and the new rail station. The Rhode Island Economic Development Corporation and the Airport Corporation are also active partners in the project. The project offers numerous transportation and economic development benefits. The proposed rail station with facilities for Amtrak and commuter rail, will provide an important additional means of travel for area residents who work in Providence and Boston. The proposed people mover element will make the train station an intermodal facility. By offering airport users the option of shifting from single occupancy vehicles to using the rail station and people mover, the new intermodal station can help preserve capacity on local roads and streets and enhance air quality.

Rails-to-Trails Enhance Quality of Life.—Vermont, Rhode Island and Connecticut offer examples of transportation public-private partnerships which result in significant economic and quality of life improvements. The Missisquoi Valley Rail Trail in northwest Vermont has proven to be a model federal-state-local-private sector partnership. Funded with $1 million of Federal Highway Administration and Vermont Agency of Transportation funding, the trail serves as the centerpiece of economic development, outdoor recreation, and health and fitness for Franklin County. Although open for less than six months, the 26-mile multi-use trail is credited with significant economic benefits to local retail business, the lodging and restaurant industries, and the service sector. The trail is cooperatively managed by state agencies, a council of local municipalities, and a non-profit association. Local community partners and businesses have contributed time, money, and materials for maintenance and enhancements. The rail trail is also viewed as the centerpiece for a new county-wide health initiative "Fit for the Millennium."

A gubernatorial "challenge" resulted in unique teamwork among Rhode Island, Connecticut and the National Guard to turn an abandoned right-of-way linking Hartford, Connecticut and Providence, Rhode Island into a rails-to-trails project. Responding to a friendly challenge between Governor Rowland and Governor Almond, the states worked with local citizens and officials to obtain local support and full access to the trail before having National Guard troops clear and grade the trail. The new segment spanning the Rhode Island and Connecticut border is a major link in the East Coast Greenway which, when completed, will stretch 2,000 miles without break from Maine to Florida. This trail, which has been designated by the Rails-to-Trails Conservancy as the 1,000th trail in the national rails-to-trails system and the 10,000th rail-trail mile in the nation, is an example of effective rail-trail development for the entire nation.

CONTINUE CAPITAL INVESTMENT IN INTERCITY PASSENGER RAIL

The Northeast region's passenger and freight rail networks are unique assets critical to the economic life of the region. The Governors wish to thank the subcommit-

tee for the funding provided for Amtrak in fiscal year 1999, and urge that Amtrak be provided with the $571 million capital grant requested in the Administration's budget. With these capital funds, Amtrak can continue its progress on the glidepath to operating self-sufficiency.

The Governors also wish to thank the subcommittee for its continued support of the Rhode Island Rail Development project. This project, matched dollar-for-dollar by the state, will construct a third track between Davisville and Central Falls, Rhode Island, thus preventing the mixing of freight and high-speed passenger trains, and providing sufficient clearance for double stack freight cars. The Governors recommend funding at a $15 million level.

As the subcommittee considers funding for passenger rail, the Northeast offers numerous examples of rail investments which strengthen the transportation system and the economy.

Northeast Corridor Fuels Passenger Rail Development.—The Northeast Corridor is the financial linchpin in the national intercity passenger rail network. The Governors look forward to the timely completion of the electrification of the Northeast Corridor from New York City to Boston, and remain optimistic that the timetable for the introduction of high speed rail service on the Corridor will be met. This high speed rail service is expected to bring in net incremental revenues of $180 million annually by the end of 2002—money that will be used for the entire intercity passenger rail system. The increased speeds will make Amtrak a competitive alternative to air and road travel in this nationally significant corridor and help alleviate congestion in the nation's highways and airports. The progress toward high speed rail has also spurred economic growth across the country, creating jobs in towns where trainsets are being manufactured and assembled.

Growth of Passenger Corridors.—The Governors recognize the importance of this passenger rail asset off the Corridor, and support intercity passenger rail as part of a broader Atlantic Coast Corridor from Maine to North Carolina. In addition to capital funding for Amtrak, CONEG supports actions such as new service from Maine to Boston via New Hampshire. When the Surface Transportation Board issued a decision to set the terms and conditions for Amtrak's use of certain rail facilities owned by the Guilford Rail Systems, it cleared the way for the use of more than $40 million in federal funds provided for the rehabilitation of Guilford's lines between Plaistow, New Hampshire and Portland, Maine. Amtrak, Guilford, and the Northern New England Passenger Rail Authority have signed the necessary operating and rehabilitation agreements that will allow the restoration of Amtrak passenger service between Portland and Boston by mid-2000. This has rekindled interest in passenger rail service in southeastern New Hampshire. Passengers will be able to board Amtrak at new facilities in Exeter, Dover and the University of New Hampshire in Durham. Local station committees, regional planning agencies, and state transportation officials are working together to ensure that these facilities are ready for service in 2000.

The region's rail system supports important passenger and freight service to communities and businesses. The Northeast states are looking forward to the arrival of our new corporate citizens—CSX and Norfolk Southern. These two freight rail corporations will play a significant role in the region's complex transportation mix.

Partnerships for Transportation Services and Economic Development.—The CONEG states, under gubernatorial leadership, have created successful partnerships through agreements to support intercity passenger rail service. An innovative agreement between New York and Amtrak marries improved service with economic development and job creation, and offers a model for state-Amtrak relations. New York Governor George E. Pataki and Amtrak recently announced an historic high speed rail program that will invest up to $185 million into the state's rail system over five years and provide faster, more convenient passenger train service in New York. The initiative, part of a larger New York State High Speed Rail Plan, will allow passengers to travel from Albany to New York City in less than two hours and reduce the travel time between New York City and Buffalo. The five year agreement provides a dollar-for-dollar match to rebuild five Turboliner trains and make various infrastructure improvements along the Empire Corridor. New York is also pursuing high speed rail improvements outside the Amtrak agreement which will further improve service within the Empire Corridor. The Governors urge you to support federal funding for these broader state initiatives.

Vermont is in its fourth year of operating partnerships with Amtrak. Operations have grown from a single service, the *Vermonter*, to include the *Ethan Allen Express*, which travels north from Albany, New York to Rutland, Vermont. Both trains are extensions of the existing Northeast Corridor services from Springfield, Massachusetts and Albany, New York. Ridership has been growing steadily, with over

165,000 passengers boarding at Vermont stations between January 1997 and June 1998.

INVEST IN RESEARCH AND DEVELOPMENT

In many congested areas of the country, expanding existing or building new infrastructure is not an option. Technology can greatly enhance the safety and capacity of the existing highway and transit systems. The federal government must continue its investment in transportation research and development. The Governors support full funding for research and development, specifically the Federal Railroad Administration's Next Generation of High-Speed Rail programs which continue to make a valuable contribution to the development of the next generation non-electric locomotive. Intelligent Transportation System (ITS) research and deployment, particularly through institutions such as the I–95 Corridor Coalition, can effectively increase the safety and mobility of the transportation system in the region and across the nation.

The CONEG Governors thank Chairman Shelby, Ranking Member Lautenberg, and the entire subcommittee for the opportunity to present this testimony. We appreciate your dedication and support for the Nation's transportation investments.

PREPARED STATEMENT OF THE ADVANCED TRANSPORTATION TECHNOLOGY CONSORTIA

The Advanced Transportation Technology Consortia appreciate the opportunity to provide testimony to the Committee. This testimony is submitted in support of the Department of Transportation's Advanced Vehicle Program and is offered on behalf of the seven Consortium Leaders:

Sheila Lynch, Northeast Alternative Vehicle Consortium (NAVC), Boston, MA

Robert Swanson, Mid-Atlantic Regional Consortium for Advanced Vehicles (MARCAV), Johnstown, PA

John Wilson, Southern Coalition for Advanced Transportation (SCAT), Atlanta, GA

Ellen Engleman, Electricore, Indianapolis, IN

Michael Gage, CALSTART—WestStart, Pasadena, CA

Michael Wirsch, Sacramento Electric Transportation Consortium (SETC), Sacramento, CA

Thomas Quinn, Hawaii Electric Vehicle Demonstration Project (HEVDP), Honolulu, HI

In the landmark TEA–21 legislation approved in 1999, Congress authorized $50 million in funding per year for the Advanced Vehicle Program (AVP) of the Department of Transportation (DOT). The goals of the AVP are to build a globally competitive transportation industry while lessening the environmental impact from the transportation sector. In passing this legislation, Congress recognized that while the Federal Government has provided significant funding for light-duty vehicle development through its Department of Energy (DOE) managed Partnership for a New Generation of Vehicles (PNGV) with the Big Three Automakers, there remains a strong need to fund similar developments in the area of medium-duty and heavy-duty vehicles, which is the key focus of the DOT AVP effort.

The AVP began with a vision: that private talent and public goals could come together to make America a leader in advanced transportation. Originally launched from the 1992 ISTEA legislation as the Advanced Transportation Technology Consortium (ATTC) program, that vision is now a national reality and a recognized success. This partnership—based on collaboration, innovation and cost-effectiveness—has worked to develop advanced transportation technologies to reduce vehicle emissions, enhance U.S. competitiveness, and decrease the nation's reliance on foreign oil. Now, this vital model—partnering private companies, research agencies and the public sector in shared risk and shared cost technology development—is entering a new phase.

During the past six years, the ATTC effort has been augmented through six consecutive years of funding from the Defense Advanced Research Projects Agency (DARPA) within the Department of Defense. DARPA tapped the program as an effective, fast-tracked way to develop the next generation of combat vehicles using hybrid-electric drivetrains. The seven consortia funded under this program launched over 300 separate technology development projects with over 450 companies, ranging from large defense contractors to small, innovative businesses. All now stand ready to expand their efforts in a fully funded AVP.

The original reasons for launching the ATTC program remain today for supporting the AVP: reducing air pollution from transportation, cutting dependence on foreign oil, and promoting and maintaining American leadership in new technologies

and the highly competitive global transportation industry. Vehicle emissions—the bulk of air pollution causing smog—continue to seriously threaten public health, as well as create unfair and anti-competitive pressures on stationary sources of pollution such as manufacturing plants. Transportation is using 50 percent of America's energy, playing a growing role in the nation's economy and affecting its ability to compete with other countries. And, the nation's dependence on foreign oil, largely driven by vehicle fuel consumption, is at an all time high, a serious concern for national security and the economy. Environmental pollution is a concern that is clearly not going away, and transportation accounts for one-third of all emissions.

A wide array of solutions are being sought to resolve these transportation problems. The nation's advanced transportation consortia are the backbone making the AVP work. They help cost-effectively tap the talent and energy of America's technology community. Aerospace firms, high technology corporations, and start-up businesses are now recognizing that they can and must play a substantive role in solving our nation's transportation problems. The consortia link together these firms, not only creating leading-edge technology programs, but also helping companies find partners, share information, improve their technology, and find market opportunities. Through the ATTC these organizations are speeding the pace of technology development to compete in the rapidly growing, global, multi-billion dollar advanced transportation industry.

This novel program makes optimal use of the Other Transactions Agreement Authority, which provides for expeditious contracting that is milestone driven. If a project is not successful, it can be terminated early, unlike other government contracts. This authority contributes to a high level of success. The program retains the bottom-up, public-private partnership structure of the DARPA Program. Federal funding is awarded on a competitive basis to seven geographically dispersed, regional consortia representing private industry and other nonfederal government organizations, with a minimum 50 percent cost share by the consortia. That means for every federal dollar invested in the advanced transportation technology programs, there is at least one dollar invested by private companies and their partners.

Fiscal year 1999 was the transition year from DARPA to DOT. Proposal submissions totaling $120 million for fiscal year 1999 were competitively down-selected to $35 million of eligible, viable projects, with a matching contribution of $47 million from the private sector. However, the funding appropriation dropped to $14 million, leaving many valuable projects unfunded. DARPA funding for this program previously peaked at $46.5 million. Congress realized that a viable program requires a $50 million annual commitment, which is reflected in TEA–21. The ATTC respectfully requests your support for an appropriation for the full authorized amount of $50 million in fiscal year 2000.

SUCCESS STORIES

Following are a sampling of some of the many successful accomplishments by the ATTC through this public/private partnership program:

Composite Hybrid Bus

A Rhode Island company famous for its manufacture of sailboats has entered the bus market with a lightweight composite bus chassis and body. TPI Composites used a unique composite construction to develop a 30-foot transit bus that is 30 percent lighter than standard buses in use today; the significant weight reduction means greater fuel efficiency and reduced emissions. The composite material is also non-corrosive, so it won't rust. The prototype bus—powered with a hybrid electric drive system—was recently unveiled and will enter into demonstration service at Boston's Logan Airport. North American Bus Industries (NABI) signed an agreement with TPI to develop the composite body and chassis for commercial sale in the near future.

Hybrid Propulsion System in Medium and Heavy-Duty Platforms

Lockheed Martin Control Systems and Navistar International teamed up to convert three medium and heavy-duty platforms to hybrid propulsion systems. A package delivery truck, a cargo van, and a school bus are each being equipped with Lockheed Martin's HybriDriveTM system and placed into demonstration. UPS is evaluating the package delivery truck; Eby Brown will evaluate the cargo truck; and Laidlaw will evaluate the school bus. The evaluation will consider system reliability, fuel efficiency, emissions, and driveline performance, with the results being used to improve and refine Lockheed's hybrid propulsion system for medium and heavy-duty applications. Lockheed is the first company to bring hybrid propulsion to market in medium and heavy-duty applications.

Solectria Motors and Controllers

NAVC played a key role in the success of a technology leader in the EV industry, Solectria Corporation. Solectria is one of the primary EV component suppliers worldwide for many applications with approximately 1000 vehicles powered with Solectria components and with diverse partners including Advanced Vehicle Systems, GPE Batteries and Singapore Technologies. Over 350 Solectria vehicles have been delivered to customers in the U.S. and abroad, including electric utilities, government organizations, private corporations, universities and individual consumers. Solectria's success has lead to the creation of high-tech jobs in the Northeast, has helped seed the EV market by providing a source for reliable EV componentry, and has advanced the state of EV technology.

EV Commuter Programs

Electric vehicle commuter programs are designed to encourage public transit ridership, reduce congestion and pollution, and increase public awareness of electric vehicles. NAVC launched highly successful commuter programs in the Northeast, bringing together EV manufacturers and suppliers, utility companies, mass transit agencies and commuters. In Massachusetts, commuters leased an EV and used the car to travel from the train stations to their homes, or from the train stations to their offices. In Connecticut, commuters drove EVs as part of a Rideshare program. And, in Vermont, the program helped advance the technology through experimentation with advanced batteries in cold weather conditions. Altogether, over 200,000 miles were logged by commuters in these programs.

Inverters with Polymer Metal Layer Capacitors

Recent advances in Polymer/metal Multi-Layer (PML) technology, being developed by Sigma Technologies International, Inc., are advancing high performance battery and capacitor developments applicable to electric vehicles (EVs) and hybrid electric vehicles (HEVs). The PML capacitors will now be tested in EV and HEV inverters that are used to convert the DC bus power to AC power to drive the electric motors. The PML technology will enable inverters that are smaller, more efficient, lighter, and require less cooling than current inverters. Both commercial and military applications will benefit from the advanced technology.

Utility Electric Vehicle (UEV)

The Keystone Team has developed a composite, electric powered pick-up style truck. The composite structure is a toughened epoxy matrix with continuous glass fiber reinforcement. The vehicle is front wheel drive and incorporates standard automotive safety features in a styled body with a comfortable interior. The vehicle was first unveiled at the Environmental Vehicles 1997 Conference and Exposition in Detroit, MI on April 7–10, 1997. Under a project continuation, Concurrent Technologies Corporation will design and test a unique composite crash energy absorbing system for this vehicle. This energy absorbing system is based on patented NASA technology.

Integrated Simulation and Field Testing of Electric Vehicle Batteries

Advanced analytical techniques are being developed by the Pennsylvania State University to simulate the chemical processes in batteries. These modeling approaches have been used to identify design factors that limit battery performance, allowing battery manufacturers to improve their products. In addition, a new methodology to determine the state of charge for all battery chemistries will be developed. This methodology promises to provide an accurate vehicle state of charge meter.

Hybrid-Electric Bradley Fighting Vehicle

A hybrid electric propulsion system is being designed and installed into a Bradley Fighting Vehicle (BFV) by United Defense. The project objective is to demonstrate the automotive and operational advantages of hybrid-electric drive for tracked combat vehicles and to develop high power density electric drive components for heavy-duty applications, such as Class 8 vehicles.

Advanced Locomotive

The Advanced Locomotive Propulsion System (ALPS), funded by the Federal Railroad Administration and a team of rail industry/university partners, is designed to replace an existing dual locomotive diesel with a locomotive powered by an advanced turbine and flywheel battery. The combined system will provide up to 6000 HP in a locomotive capable of 125 mph passenger rail operation. The unit is expected to produce less than one fourth the emissions of current trainsets for the same amount of tractive work and is being designed for a new Bombardier locomotive under devel-

opment for the Federal Railroad Administration. The project is being led by the University of Texas Center for Electromechanics and includes the American Association of Railroads, AlliedSignal, the Volpe Center, Argonne National Laboratory, and the State of Texas.

Hybrid Electric High Mobility Multi-purpose Wheeled Vehicle (HMMWV)

SCAT has delivered a hybrid electric HMMWV to the U. S. Army's Tank Automotive and Armaments Command that exceeds the performance of the existing "stock" HMMWV used by the military. The vehicle, developed by PEI Electronics, McKee Engineering, Electrosource, and Unique Mobility, features four individual wheel drives with 280 HP (at the wheels) in the all-electric mode and 360 HP in the hybrid mode. The hybrid electric vehicle delivers twice the acceleration, 38 percent more range and 20 percent higher top speed than the standard internal combustion vehicle for half the fuel and one-quarter the emissions.

Flywheel Containment

A Flywheel Battery Safety Containment project is linking top flywheel development teams nationwide, including a state-of-the-art spin testing facility at Test Devices, Inc., which has been fully instrumented for flywheel burst testing. More that 30 "burst" tests have been completed for composite and metal flywheel designs destined for commercial production. NASA and the Air Force have recently initiated work with this group to explore certification procedures for flywheel rotors destined for space applications such as the space station, work that will proceed jointly with the group exploring "terrestrial" applications.

Electric Buses

Electric Bus efforts at SCAT include drive train development, auxiliary systems and complete vehicle demonstrations. Early projects led to the decision by Blue Bird to enter commercial production on electric school buses and transit buses. Other projects have helped Advanced Vehicle Systems improve on the reliability and performance of their lightweight transit buses, leading to shuttle systems from Maine to Miami Beach. Current projects are exploring improving battery performance, rapid charging, and testing alternative propulsion systems. Many of these buses were part of the FTA demonstration fleet in the all-electric transportation system in the Olympic Village during the Centennial Olympic Games in Atlanta.

Hybrid Propulsion Systems for Heavy Vehicles

Allison transmission, Division of General Motors, has successfully designed a series hybrid conversion of a 40 foot transit bus for New York City. Working in partnership with the New York City Transit Authority, Detroit Diesel, and TDM, the bus will be unveiled at the New York City Auto Show on March 30th. Allison is also working on developing its parallel hybrid propulsion system designed for heavy vehicles such as Class 7 and 8 trucks as well as military vehicles. Using an electric variable transmission, this propulsion system will revolutionize the heavy vehicle marketplace.

EVs Ready for Fast Charging

Electric trolleys, capable of rapid re-charge, are being delivered for transit application to Evansville, IN. Electricore is working with Ford Motor Company to provide near term, fast-charging electric pick up trucks for application in utility and commercial fleets.

Hybrid Trucks and Buses for Military Use

Electricore and TDM are successfully delivering the first hybrid electric trucks and buses for use at Robins Air Force base. Robins is home for the Alternative Fueled Vehicles Special Programs Office, which has oversight for vehicle purchases throughout the Air Force. This effort is a major step in assisting the military in meeting the EPAct guidelines

Electric Trams for National Parks

Electricore has developed electric trams to support clean transportation within the fragile environment of our National Parks. Electric trams are being used to transport thousands of annual visitors at Cape Cod National Seashore and Patuxent Wildlife Refuge. Other electric vehicles are being introduced at Channel Islands National Park and other National Park Service /Department of Interior sites.

High Efficiency Turbogenerator

The high-efficiency turbogenerator from Capstone Turbines is the key element in the successful AVS hybrid electric bus, operating in Chattanooga, Tennessee. The turbine generator uses compressed natural gas fuel to generate electrical power.

This popular, clean and quiet system has been dubbed by riders as the "hummingbird" for the silent hum it produces, and is leading to a new product line of capable, transit-quality hybrid buses.

CyberTran

A new generation of transit flexibility and mobility is being demonstrated by the CyberTran project—a technology developed at the Idaho National Engineering and Environment Lab (INEEL) and now being tested at a CALSTART/WestStart business incubator. The lightweight, demand-responsive automated vehicles can carry between 8 and 32 passengers along a high-speed network of stations that promise far lower cost to construct and support than conventional light rail. Next phase: a transit support test, such as an airport link.

Hybrid Electric Prototype Truck

ISE Research has developed the nation's first Class 8 hybrid electric truck, pushing the limits on technology for more efficient and cleaner heavy-duty drive systems. The project has replaced a diesel engine with a hybrid drive train consisting of a clean natural gas engine-generator, batteries and an electric drive system. Kenworth, a major truck manufacturer, will test the vehicle at its Washington state facilities.

Flywheels

Rapid recharging and more efficient transit and heavy-duty vehicles are some of the key benefits of the Trinity Flywheel energy storage system—one of six CALSTART/WestStart flywheel projects. Flywheels can quickly store and release tremendous amounts of power, allowing highly efficient recapturing of braking energy on large vehicles. It also will allow storage of electrical energy "off-line" so rapid charging does not cause havoc with electric utility system operations.

Fuel Cells

H Powers Systems' proton exchange membrane (PEM) fuel cell, and Hydrogen Burner Technologies' multi-fuel reformer, are being readied for demonstration on an electric shuttle bus by the end of 1999. This system can use gasoline, diesel or other fuels, yet operates at near-zero emission levels.

Advanced Fleet Vehicles

SETC companies are developing innovative and improved energy-saving structural composite components and subsystems for mass transit and over-the-road truck platforms, and demonstrating the resulting products in revenue service applications.

Electric Bus Development

Bus Manufacturing USA, Inc. (BMI) is designing its new generation of highly reliable electric and hybrid electric advanced transit and shuttle platforms at its factory in Sacramento. With over 18 years in the business, BMI is a leader in building state-of-the-art prototype and proof of concept fuel cell and battery-powered electric buses.

Battery Dominant Hybrid Electric Vehicle Systems Development and Evaluation

General Motors, SMUD and UC Davis are developing power train and CVT transmission systems for grid connected hybrid electric versions of the Chevrolet S–10 and Suburban, to help meet the growing demand for cleaner, more efficient sport utility vehicles Americans love to drive.

Rapid Charging System

HEVDP initiated a project to make Hawaii the first State to be EV Ready with rapid charging infrastructure. A joint venture involving the Hawaiian Electric Company and Hawaii Electric Vehicles, Inc., is installing the AeroVironment PosiCharge Rapid Charging System throughout the entire State of Hawaii. These systems set the industry standard for rapid chargers and are state-of-the-art, UL approved. This rapid charging infrastructure will allow motorists anywhere in the State to charge their electric vehicle in less than ten minutes. Hawaii will serve as the model EV Ready State. Under a parallel program these rapid chargers will also be installed in California.

Panther Drive System

U.S. Electricar has developed a family of drive systems to meet the needs of all vehicle manufacturers. Through the support of HEVDP they are operating 60 kW systems in pick-up trucks and 120 kW systems in buses. They have also developed a 90 kW drive system that has been selected as the electric drive system for a major

automobile manufacturer. Additionally, there is a 240 kW system under development for heavy vehicle application in either an all-electric or hybrid electric mode. This program has enabled US Electricar to partner with vehicle chassis manufacturers and serve as the drive system integrator for advanced transportation systems.

Plastic Lithium-Ion (PLI) Battery

PLI battery technology is being developed under HEVDP for use in electric vehicles. Utilizing the Bellcore technology, High Energy Technology, Inc., is applying their experience and high volume production capability in computer and cell phone batteries to develop PLI battery cells for vehicles with a minimum of 130 Whr/kg of energy storage. This will be integrated into a full vehicle pack with a 128 AHr capacity. Of the existing battery candidates, PLI offers the lightest, most electropositive metal, provides the largest energy content, is safe, and allows low cost production. PLI technology will triple the range of vehicles currently using lead-acid batteries.

Electric Trolley

Classic Trolleys, Inc. and Motorized Manufacturing, Inc. built an all-electric trolley powered by a heavy-duty 120kW drive system. This initial classic style trolley is operated by E Noa Tours and Travel and features an advanced battery pack that can be changed in less than five minutes. The successful demonstration of this technology has led to purchase decisions by transportation providers in tour and entertainment activities.

PARTICIPATING ORGANIZATIONS IN THE ATTC

Although regionally located, the ATTC collaborate in a national effort that touches on nearly every state in the country. The Consortium Leaders represent these organizations throughout the country, which participate in, benefit from, and provide matching contributions for the AVP.

NAVC PARTICIPANTS

State of Connecticut
State of Massachusetts
State of Maine
State of New Hampshire
State of New Jersey
State of New York
State of Rhode Island
State of Vermont
City of New York
Advance U.S.A.
Advanced DC Motors
Advanced Product Development
Advanced Vehicle Systems
Arthur D. Little
Atlantic Center for the Environment (QLF)
Bangor Hydro-Electric
Black Emerald Group
Boston Edison
Boston Gas Company
Brooklyn Union
Cart-A-Ways
Connecticut Municipal Electric Energy Cooperative (CMEEC)
Connecticut Department of Administrative Services
Connecticut Department of Transportation
DC Transformation
Design Evolution 4
Distrigas
Dow-UT
Dynapower Corporation
Electric Vehicles of America
ETS, Inc.
EVermont
Federal Fabrics-Fibers
Ford Motor Company
Green Mountain Power
H-Power
IBIS Associates
International Fuel Cell
Kaman Electromagnetics Corporation
Lightbody Technology, Inc.
Lockheed Martin Control Systems
Long Island Lighting Company (LILCO)
Mack Trucks Inc.
Maine Department of Environmental Protection
Massachusetts Division of Energy Resources (DOER)
Massport, Logan International Airport
M.J. Bradley Associates
Modine Manufacturing Co.
Montague Corporation
Natural Resources Defense Council of Maine
Navistar
New England Gas Association
New England Governors Conference
New Hampshire Governors Office of Energy & Community Services
New Hampshire Technical Institute
New Jersey Office of Sustainability
New York City Department of Environmental Protection
New York City Department of Transportation
New York City Metropolitan Transit Authority
New York Power Authority (NYPA)
Northeast Clean Power Campaign

Northeast States for Coordinated Air Use Management (NESCAUM)
Northeast Sustainable Energy Association (NESEA)
Northeast Utilities
Pepin Associates
Precision Magnetic Bearing Systems
Rhode Island Department of Environmental Protection
Rhode Island Department of Transportation
The Rideshare Company
Sanden International
Solectria Corporation
TASC, Inc.
Textron Automotive Company
Thermal Wave Imaging, Inc.
TPI Composites
Tufts University Fletcher School of Law & Diplomacy
Union City Body Company
United Illuminating Company
U.S. Army Cold Regions Research and Engineering Laboratory
U.S. Army Research Laboratory Electronics & Power Sources Directorate
U.S. Air Force Base, Hanscom Field
U.S. Naval Undersea Warfare Center
United Technologies
University of Connecticut
University of Massachusetts
University of Vermont
Vermont Public Power
Vermont Department of Public Service
West Virginia University
Williams International

MARCAV PARTICIPANTS

Advanced DC Motors
Advanced Composite Products, Inc.
Advanced Composite Products and Technology, Inc.
Advanced Materials Corporation
Advanced Modular Power Systems, Inc.
Aluminum Company of America
AMP Incorporated
Arbin Instruments
California Air Resources Board
Chattanooga Area Regional Transit Authority
City of Wilkes-Barre, PA
Clever Fellows Innovation Consortium, Inc.
Concurrent Technologies Corporation
Drake Associates, Inc.
Duquesene Light
Econd/Tavrima
Electric Transit Vehicle Institute
Ergenics, Inc.
General Electric—Corporate Research & Development
Hercules Incorporated
International Fuel Cells
Kaman Electromagnetics, Inc.
Lockheed Martin
Maxwell Advanced Energy Products
MagneTek Corporation
Mechanical Technology, Inc.
Michigan State University/AMEES
Moltech Corporation
MTA New York City Transit
Navistar International
New York City Transit
New York State Energy Research and Development Authority
Northrop Grumman ESSD
ONSI Corporation
PACCAR Inc.
Pennsylvania Department of Environmental Protection
Pennsylvania Energy Office
Pennsylvania Power and Light
Pennsylvania State University
Pennsylvania Transportation Institute
Pennsylvania Turnpike Commission
Peterbilt Motors Company
Sigma Technologies International, Inc.
Solectria Corporation
Southeast Pennsylvania Transit Authority
Southwest Research Laboratories
Synkinetics, Inc.
Transportation Design and Manufacturing Co.
Tribology Systems, Inc.
TRS Ceramics
Unique Mobility, Inc.
United Defense LP
Washington D.C. Department of Public Works
Westinghouse Electric Corporation—Electronic Systems Group
Westinghouse Electric Corporation—Naval Systems Division
West Virginia University

SCAT PARTICIPANTS

Aberdeen Test Center
Advanced Charger Technology
Advanced Lead-Acid Battery Consortium
Advanced Vehicle Systems
AeroVironment
Alabama Power Company
AlliedSignal Aerospace Systems & Equipment
American Association of Railroads
American Maglev Technology
Anniston Army Depot
Arbin Instruments
Argonne National Laboratory
Atlanta Chamber of Commerce
Austin Power & Light
Blue Bird Body Company
Bombardier Recreational Products
Central & Southwest Services

Chattanooga Area Regional Transit Authority
Clemson University
Dax Industries
Deere & Company
Delphi Energy & Engine Management Systems
East Penn Manufacturing Company
Electric Auto Corporation
Electric Transit Vehicle Institute
Electric Vehicles International
Electrosource
Energy Partners
Ferro Magnetics Corporation
Fisher Electric Technology
Florida Alliance for Clean Technologies
Florida Power & Light Company
Florida Solar Energy Center
Georgia Power Company
Georgia Institute of Technology
GM Advanced Technology Vehicles
Gulf Power Company
Houston Metropolitan Transit Authority
IXYS Corporation
John Eriksen and Associates Research
Johnson Research & Development Company
McKee Engineering
Maryland Department of the Environment
MEAG Power
MESA
Miami Beach Transportation Management Association
Neocon Technologies
New Generation Motors Corporation
North American Bus Industries
Northrop Grumman
Oak Ridge National Laboratory
PEI Electronics
PEZIC
Robins Air Force Base
Rockwell Automation
SAFT America
SK International
Solectria Corporation
Space Marketing
Tennessee Valley Authority
Test Devices
Trojan Battery Company
TUG Manufacturing
Unique Mobility
University of Texas
Virginia Power
Virginia Power Technologies
York Tech
Yuasa

ELECTRICORE PARTICIPANTS

Advanced Bus Industries, LLC
Advanced Vehicle Systems, Inc.
Advanced Vehicle Technology Center at Griffiss Business Park
Advanced Vehicle Technology Institute
AeroVironment, Inc.
Allied Signal
Allison Engine Company
Allison Transmission, Division of GMC
Baker Electromotive
Battery M.D.
Cape Cod National Seashore
Channel Islands National Park
Chattanooga Area Rural Transit Authority
CINergy Corporation, PSI Energy
City of Indianapolis
Defense Advanced Research Project Agency (DARPA)
Delco Remy America
Delco Remy International
Delphi Energy & Engine Management Systems, Inc.
Electric Power Research Institute
Electric Transit Vehicle Institute
Electric Vehicles International, Inc.
Ford Motor Company
General Dynamics
GLobal Electric Auto Association
Hudson Institute
Hughes Technical Services Corporation
Indiana-Michigan Power
Indiana University/Purdue University at Indianapolis
Indianapolis Power & Light
Nartron Corporation
NASA Lewis Research Center
Naval Surface Warfare Center, Crane Division
Navistar International
NeoCon Technology Corporation
Lockheed Martin
New York City Transit Authority
Northern Indiana Public Service Company
Northwest Diversified Services
Oak Ridge National Labs
Patuxent Wildlife Refuge
Premium Power Systems
Purdue University at West Lafayette
Russell Energy Corporation
Rutgers University
SatCon Technology Corporation
Shape Energy Resources, Inc.
Solectria Corporation
South Bend Public Trnasportation Corporation
Southern Indiana Gas and Electric Company
Southwest Research Institute
State of Indiana
Storage Battery Systems
TDM, Inc.
Tennessee Valley Authority
Transportation Research Center, Inc.
U.S. Army TACOM
University of Iowa
University of Missouri-Rolla
University of Wisconsin

CALSTART/WESTSTART PARTICIPANTS

ACT Battery Company
ABL, Inc.
AC Propulsion
AC Transit
A–Z Bus Sales
Advanced Projects Research, Inc.
Advanced Technology Group
Aeronautical Systems, Inc.
AeroVironment, Inc.
Air-O-Matic Power Steering
Alameda Chamber of Commerce
AlliedSignal Power Systems
Altamont Technologies, Inc.
Alternative Dual Fuels, Inc.
Alternative Electric
Alturdyne
Amerigon, Inc.
Analogy, Inc.
Ang'elil Graham Architecture
Ansaldo Ricerche SRL
APS Systems
ARA, Inc.
Ariel Technologies
Ashman Technologies
Avcon
Bank of America
Bay Area AQMD
Battery M.D., Inc.
Bachmon Engineering
Battery Powered Electric
Bell Vehicles Company
BMI
BOLDER Technologies Corporation
Bowles Langley Tech.
Bridgepoint Systems
Bronson, Bronson & McKinnon
California Department of Transportation (CALTRANS)
California Energy Commission
California Environmental Protection Agency
California Institute of Technology
California State University Institute
Calnetix
Capital Group Companies, Inc., The
Capstone Turbine Corporation
Clean Air Products Technology
Cruising Equipment Company
CCL & Associates, Inc.
Central EV Coalition
ChemTEK, N.A.
City of Alameda, Bureau of Electricity
City of Anaheim
City of Lancaster
CM International
Clean Air Vehicle Tech. Center, Inc.
CNGVC—California Natural Gas Vehicle Coalition
Collmer Semicondutor
Coriolis Corporation
CyroFuel Systems
CSLA School of Engineering & Technology
CTJ Corporation
Currie Technologies, Inc.
CyberTran International
Diversified Technical Services
DivTech
EBCRC—Workers to Business Owners Project
Edison EV
Electric Fuel Corporation
Electric Vehicle Information Service
Electric Vehicle Infrastructure, Inc.
El Dorado National
Electric Auto Association
Electric Auto Corporation
Elliott Energy Systems
Emfree Motors
Energy Conversion
Energy Research Corp.
Engine Corporation of America
ETAK, Inc.
FAS Engineering
FEV Engine Technology
Ford Motor Company
Freightliner Corporation
Gas Research Institute
Gillig Corporation
Glacier Bay, Inc.
Global Green Cars
Global Tech Services
General Motors ATV
Ginler Technologies, Inc.
Ginter Vast Corporation
Green Motorworks
Graphic Systems
Hattori & Associates
Helios International
HomeStead Enterprises
Howard, Rice, Nemerovski, Canady, Falk & HR Moore Consultant
Hewlett Packard
HUB Engineering
Intelligent Measurement, Inc.
International Rectifier Corp.
ISE Research
It's Electric
IXYS Corporation
IMPCO Technologies
Integrated Micromachines, Inc.
Intertrade SRL
IWON Motronics Corporation
Jet Propulsion Laboratory
Jinriksha
Jenkins Machinery Company
Kassabian Motors
Kilovac Corp
Lawrence Livermore National Lab
Kaylor Energy Products
Kitsap Transit
Kummerow Corp of North America
Lafayette County Car Co., LLC
Litton Industries, Inc.
Lockheed Martin IMS
Lockheed Missiles & Space Company
Lone Star Energy
Maxdem, Inc.
Metallic Power, Inc.
Modular Electrical Vehicles

Montgomery Securities
Mosaic Industries
Motorola
Maintenance Technologies, Inc.
Marinco Holdings SDN BHD
Moller International
Nevada Automotive Test Center
NEVCO
Next Century Power, Inc.
NAPTech Pressure Systems
NASA Technology Transfer Center
Natural Fuels Corporation
Natural Resources Defense Council
Naval Facilities Engineering Service Center
Next Century Energy
NGV USA, Inc.
Nova BUS
NRG Technologies, Inc.
Nth Power Technologies
Optima Batteries
Opus Technology
Oregon Office of Energy
Ovonics Battery/ECD
ODU–USA, Inc.
Pacific Electric Vehicles, LLC
Pacific Gas & Electric Company
PCI
Phasor Corporation
PIVCO
Positive Impact
Powers Design International
Pro Electric Vehicles, Inc.
Procyon Power Systems
Paccar
Pacific Enterprises
Panatec Associates
Pinnacle Mining N.L.
PolyStor Corporation
Port of Los Angeles
Possibilities Tech
Port of Los Angeles
PROE Power Systems
Raychem Corporation
REBAC
Rechargeable Battery Corporation
RLA Power & Electronics Group
Rockwell International
Rocky Research
REXXAR Corporation
Riverside County Transportation Commission
Rod Millen Special Vehicles
Sacramento City College
SAFT America—Advanced Technologies Division
San Joaquin Valley Unified APCD
Signal Processing Systems
Swanson Electric Vehicle Enterprise
Santa Barbara MTD
SAO Paulo Group
Scotland Group, The
SEQUEL
S–LEMNA, Inc.
SOLO Energy Corporation
South Coast Air Quality Management District
Southern California Edison
Southern California Gas Company
SRI International
Steve Duscha Advisories
Stuart Energy USA
Sturman Industries
SunLine Transit Agency
Taylor-Dunn
Terranomics/Metrovation
Toyota Motor Sales, USA
Trinity Flywheel Power, Inc.
Trojan Battery Company
Thermo Technology Ventures, Inc.
Thiokol Corporation
TNO Road-Vehicles Research Institute
Toucan Capital Corporation, LLC
Traffic Assist
TransCorp
ULTRAMET
Union of Concerned Scientists
Unique Mobility, Inc.
UCLA School of Engineering & Applied Sciences
UC Institute of Transportation Studies—PATH
University of California, Davis
University of California, Riverside
University of Colorado
University of Idaho
Union Motor Company
US Flywheel Systems, Inc.
Vairex Corporation
Ventura County APCD
Venture Management, Inc.
VOLTEK, Inc.
VoltAge, Inc.
Waste Energy Integrated Systems, LLC
Westport Innovations, Inc.
Whittaker Controls, Inc.
XCORP
ZAP Power Systems
Zebra Motors, Inc.

SETC PARTICIPANTS

AC Propulsion
Advanced Lead Acid Battery Consortium
AeroVironment, Inc.
AZ Bus Sales, Inc.
Battery M.D., Inc.
Bluebird Body Company
Bus Manufacturing USA, Inc.
California Energy Commission
California EPA—Air Resources Board
City of Chule Vista
Concept Development Group
Davis Electric Vehicle
Desert Research Institute
Electric Vehicle Infrastructure, Inc.
Electrosource, Inc.
Elk Grove Unified School District
EXtend Computer and Instruments
Fuel Cells for Transportation
Gear Chain Inc.

General Motors Advanced Technology Vehicles
H Power Corporation
Hawker Energy Products, Inc.
Hydrogen Burner Technologies, Inc.
Hexcel Structures
Los Angeles Department of Water and Power
Next Century Power
North American Power Products
Ovonic Battery Company
ProEV
Rio Linda School District
Sacramento County—Division of Airports
Sacramento Metropolitan Air Quality Management District
Sacramento Municipal Utility District
Santa Barbara Electric Transportation Institute
South Coast Air Quality Management District
Southwest Research Institute
UC Davis Hybrid Electric Vehicle Center
United Defense LP
US Fuel Cell Council
Yosemite National Park

HEVDP PARTICIPANTS

Advanced Charger Technology, Inc.
AeroVironment, Inc.
Aloha State Tours and Transportation, Inc.
Battery Automated Transportation, Inc.
California Air Resources Board
City and County of Honolulu
Classic Trolleys, Inc.
Compact Power, RLLP
Department of Business, Economic Development & Tourism (State of Hawaii)
Department of Transportation (State of Hawaii)
Detection Limit Technology, Inc.
E Noa Corporation
Electric Island International, LLC.
Electrosource, Inc.
Florida Power and Light Company
Hawaii Electric Light Company
Hawaii Electric Vehicle, Inc.
Hawaii Natural Energy Institute
Hawaiian Electric Company, Inc.
Hawker Energy Products
High Energy Technology, Inc.
High Power Research Laboratory
High Technology Development Corporation
Honolulu Public Transit Division
Hyundai Motor Co.
Kaman Electromagnetics Corporation
Kauai Community College
Kauai County
Kauai Electric Division
Kyung Won Battery Co.
Maui Electric Company, Inc.
Maxwell Technologies Energy Products, Inc.
Motorized Manufacturing, Inc.
Oahu Transit Services
On-Line Power, Inc.
Ovonic Battery Company, Inc.
Pacific Marine & Supply Company, Inc.
Pennsylvania State University
Pinnacle Research Institute, Inc.
PowerCell Corporation
South Coast Air Quality Management District
Taylor-Dunn, Inc.
TransMotive Technologies, Inc.
Trojan Battery Company
U.S. Air Force, Hickam AFB
U.S. Electricar, Inc.
U.S. Navy, Pacific Missile Range Facility
U.S. Navy, Pearl Harbor Naval Station
University of Hawaii at Manoa
Wyland Enterprises, Inc.

In conclusion, this program helped jump start the zero-emission vehicle industry, but the reduction in funding has slowed the pace and allowed foreign competition to catch up with US Industry in development and deployment of advanced vehicle technology. Funding the AVP at the authorized level will allow US Industry to resume the leadership role in this rapidly expanding arena. We must maintain our competitive edge; we must improve the transportation sector's devastating effect on our environment; and we must eliminate our dependence on foreign oil.

Thank you for this opportunity to provide testimony.

PREPARED STATEMENT OF HARRY HARRIS, CHAIRMAN, I–95 CORRIDOR COALITION, EXECUTIVE BOARD DEPUTY COMMISSIONER, CONNECTICUT DEPARTMENT OF TRANSPORTATION, NEWINGTON, CT

Thank you for the opportunity to submit this written testimony to the record of the Subcommittee on Transportation and Related Agencies, Committee on Appropriations, U.S. Senate regarding fiscal year 2000 U.S. Department of Transportation appropriations.

On behalf of the I–95 Corridor Coalition, I also want to thank the Subcommittee for its continuing support of the Coalition and its programs.

THE I–95 CORRIDOR COALITION

In 1993, pursuant to the Intermodal Surface Transportation Efficiency Act (ISTEA), the I–95 Northeast Corridor was named a Priority Corridor by the U.S. Department of Transportation. Subsequently, the I–95 Corridor Coalition was established to enhance mobility, safety, and efficiency across all modes and transportation facilities that serve the region. Last year the I–95 Northeast Corridor Program was reauthorized as part of the Transportation Equity Act for the 21st Century.

The Coalition is a partnership of the major public and private transportation agencies serving the Northeast Corridor of the United States from Maine to Virginia. Built on the foundation of cooperation and coordination, the Coalition serves as a unifying force for the members in our common mission to use technology to provide seamless transportation services in our Corridor. The transportation services on which we focus include all modes and facilities of movement for people and goods.

BACKGROUND

With more than 50 million residents, the Northeast Corridor is the most heavily burdened transportation network in the United States. The region has 13 major airports, more than two dozen major rail stations, 11 major seaports, and 30,000 miles of Interstate and primary highways. As these components become increasingly stressed, coordinated management and regional implementation of Intelligent Transportation Systems (ITS) across multi-jurisdictional lines become ever more important. The vision of a "seamless" transportation system in the Northeast is not an idle speculation; it is a necessity.

The greatest obstacles to widespread realization of ITS' benefits are institutional barriers. Given this, regional collaboration is key to effective implementation.

The Coalition, with its partnership of 27 transportation agencies, provides the formal opportunities for such collaboration. It does this to enhance ITS implementation and help create a seamless system by bringing its diverse members together to cooperatively address the transportation problems that affect the entire region. We strive to add value to the activities of our many member organizations by leveraging resources, sharing information, and coordinating programs.

RECENT ACTIVITIES

In the year that has passed since we last presented testimony to this Subcommittee, the Coalition has experienced some exciting developments. We have:

—seen dramatic results of our efforts to coordinate management of traffic incidents;

—refocused our efforts on our primary areas of need—coordinated incident management, inter-regional multimodal traveler information and commercial vehicle operations; and,

—worked to develop new programs in the areas of intermodal passenger and freight movement, electronic payment services, and improving member access to education and information.

CHESTER, PA TANK TRUCK EXPLOSION—AN EXAMPLE OF EFFECTIVE TRAVELER INFORMATION AND INCIDENT MANAGEMENT

Advanced technologies and increased interagency communications are the foundation of the I–95 Corridor Coalition's efforts. We have developed a shared information network that supports a regional intermodal traveler information and incident management system. The cooperative efforts of members mean ITS technologies deployed locally can be used to benefit agencies, and more importantly travelers, from Maine to Virginia.

The Coalition's Traveler Information and Incident Management program was truly put to the test on Saturday, May 23, 1998 when a tank truck exploded into flames in the wake of an accident on southbound I–95 in Chester, PA. This incident created enormous challenges for the transportation officials involved. Local officials had to scramble to reroute thousands of vehicles while work started immediately to repair a portion of the elevated roadway. Severe structural damage resulted in the complete closing of the highway in both directions for more than a day while alternate routing plans were put into place.

At the same time, this event presented a critical trial of our transportation management system and of the work the Coalition has done to enhance that system. We are proud to report to you that the system works and works well. Incident management activities kicked-in immediately through the I–95 Corridor Coalition's In-

formation Exchange Network (IEN). Within minutes, TRANSCOM, an independent group of agencies in the New York City metropolitan area that provides communication services for the Coalition, flashed the news of the accident up and down the eastern seaboard using the 52 work stations that make up the IEN. Coalition members were immediately notified of the incident's location, estimated duration, and the impact on traffic. Every available Highway Advisory Radio (HAR) installation, Variable Message Sign (VMS) and Information Service Provider throughout the Corridor was utilized to take the burden off PennDOT and those traveling in the Northeast. This real-time information exchange contributed immensely to timely response throughout the entire region. For the better part of two months, while repairs were made, the Coalition's IEN system allowed transportation officials to reroute traffic and prevent more severe delays.

The quick and effective reaction to the Chester incident provides one of the best possible examples of the return on investment to the public from Congress's wisdom in continuing funding for the I–95 Corridor program. It is through this program that the inter-jurisdictional relationships have developed that allowed for our success in coping with the Chester incident and others. Continual improvement of our incident management and traveler information systems is a central focus of Coalition activities and is reflected in a number of projects throughout the Corridor. This is one of the most important means in which the Coalition serves to help its members help each other when "things go wrong".

COMMERCIAL VEHICLE OPERATIONS

No region in the country is as dependent on truck traffic for freight movement as is the I–95 Corridor. The motor carrier industry plays a vital role in the economic life of our region. At the same time, ensuring truck safety is a primary concern of the Coalition's member agencies. For these reasons, the Coalition has placed renewed emphasis on improving both the safety and the efficiency of motor carriers operating in the Corridor. Through the Coalition's Commercial Vehicle Operations (CVO) program we are:

—Implementing a system that will provide commercial vehicle dispatchers and drivers with information on congestion, incidents, weather and routing that is necessary to meet the demands of businesses and consumers for fast, timely and reliable delivery of goods and services.

—Computerizing roadside communications, using automatic vehicle identification, mobile inspection cameras, and a national Motor Carrier Safety Program prototype that will help improve safety and streamline inspections.

—Developing a partnership of transportation, registration, toll, law and motor carrier groups designed to help implement an array of practical products and services.

—Creating a "credentials administration" initiative designed to reduce costs and red tape by streamlining the credential administration process.

INTERMODAL TRANSFER OF PEOPLE AND GOODS

As noted above, the Coalition has adopted a new focus on the intermodal transfer of people and goods. This issue was highlighted at an Intermodal Forum for Passenger and Freight Transportation sponsored by the Coalition last fall. The purpose of the Forum was to identify and examine intermodal transportation challenges in the Northeast, and begin to look at solutions. Following this event, the Coalition held the first meeting of its Intermodal Program Track Committee on January 19, 1999. The Committee will advise the Coalition on how it can best work to facilitate safe and efficient intermodal traffic in the region.

ELECTRONIC PAYMENT SERVICES

The Coalition and its member-agencies are making significant strides toward our goal of achieving electronic toll compatibility throughout the Northeast. We believe that the next several months will bring us closer to enabling users to have one tag per vehicle, one account per customer, and one set of credentials per commercial vehicle to permit seamless travel through toll facilities.

TRAVELERS ALERT MAP

One of the Coalition's most widely used services is the Travelers Alert Map. The map identifies major construction activity, upcoming events and typical holiday weekend bottlenecks. We have recently made major improvements in this service by providing greater detail in a more accessible and user-friendly format. The map is distributed to welcome centers, rest areas and truck stops along the Corridor, and

is just one of the ways in which we help travelers get to where they need to go. The map is also available on the Coalition's web page at www.I95coalition.org.

IMPROVING MEMBER ACCESS TO EDUCATION, INFORMATION AND TRAINING

One of the key functions of the Coalition is to help members help each other in areas of education, information and training. The Coalition has initiated several programs intended to enhance this service.

—Consortium for ITS Training and Education (CITE): The Coalition is partnering with the University of Maryland, the Federal Highway Administration, the Federal Transit Administration, ITS America and others in this effort to encourage and facilitate the creation of new ITS courseware using distance learning. CITE is focused on providing comprehensive ITS training and education to mid-career professionals who wish to enhance their knowledge and skills, and to graduate level engineering students pursuing a focus in ITS. The initial course, "Introduction to ITS" will begin in the spring of 2000. The Coalition is assisting in identifying needs throughout the Corridor and development of course content; and will help make the course materials accessible to our members.

—Information clearinghouse: The Coalition is developing a web-based clearinghouse designed to improve member access to the Coalition's own technical and policy resources as well as provide links to other sources.

—Information Exchange Forums: Another initiative involves the use of Information Exchange Forums to provide an opportunity for senior and mid-level managers to share experiences and "best practices" in development of ITS services and programs.

These efforts to improve member access to education, information and training are an important way in which the Coalition meets its central obligation to remove institutional barriers and facilitate regional collaboration.

CONCLUSION

Support by this Subcommittee and Congress for the I–95 Corridor Program has been instrumental to our success. Continued support for fiscal year 2000 and beyond will allow us to build on this success, and continue the work outlined above, particularly in the areas of incident management, traveler information, commercial vehicle operations, intermodal transportation, electronic payment services, and education and training. In this way we will continue to provide the means for the regional cooperation and coordinated efforts needed to achieve an integrated and seamless transportation system.

In closing, let me thank the Subcommittee again for its valued support.

PREPARED STATEMENT OF KIRK BROWN, SECRETARY, ILLINOIS DEPARTMENT OF TRANSPORTATION

Mr. Chairman and Members of the Subcommittee, we appreciate the opportunity to submit testimony concerning fiscal year 2000 US DOT appropriations on behalf of the Illinois Department of Transportation (IDOT) to the Senate Appropriations Subcommittee on Transportation and Related Agencies. We thank Subcommittee Chairman Shelby and the members of the Subcommittee for their past support for a strong federal transportation program and for taking into consideration Illinois' unique needs. Our recommendations for overall funding priorities and our requests for transportation funding for projects of special interest to Illinois are described below.

HIGHWAY FUNDING

IDOT urges the Subcommittee to set fiscal year 2000 obligation limitations for highway and highway safety programs that will allow full use of the anticipated Highway Trust Fund (HTF) revenues as per the Revenue Aligned Budget Authority (RABA) provision in the Transportation Equity Act for the 21st Century (TEA–21). As you are aware, TEA–21 set guaranteed obligation limitations for highway and highway safety programs based on estimated HTF revenues. The RABA provision automatically adjusts highway obligation limitations for fiscal years 2000–2003 according to estimates of HTF revenue. The new HTF estimates require an increase of $1.5 billion above the TEA–21 guaranteed funding. The appropriations bill should honor this TEA–21 adjustment. This additional funding should be fully utilized for greater highway and highway safety program spending.

In addition, IDOT is requesting specific earmarks for six highway construction projects.

The first of those earmarks is for the Stevenson Expressway reconstruction in Chicago. IDOT is seeking an earmark of $55 million in the fiscal year 2000 US DOT Appropriations bill to assist in financing the $567 million Stevenson Expressway reconstruction project. IDOT believes that this earmark is warranted because of the extraordinary cost of this project, because of the need to complete the project quickly and because the Stevenson Expressway is of national and international importance in the movement of people and freight. A special earmark of $55 million from general funds will aid in financing the work programmed for fiscal year 2000, the second year of major reconstruction.

The second earmark request is for the Wacker Drive reconstruction. IDOT and the city of Chicago are seeking an earmark of $50 million in the fiscal year 2000 US DOT Appropriations bill to assist in financing the $310 million reconstruction of Wacker Drive, located in downtown Chicago. IDOT and the city believe that this earmark is warranted because of the extraordinary cost of the project and because Wacker Drive is critically important to the city's transportation system. A special earmark of $50 million from general funds will aid in financing the Wacker Drive reconstruction project and completing it more quickly.

The other four earmarks which total $106 million are: $45 million for improvements to Illinois 64 in DuPage County; $22 million for improvements to Illinois 59 in Will County; $28 million to continue the extension of IL 336 and US 136 from Quincy to Macomb in western Illinois; and $11 million to assist in the completion of the Alton Bypass in the St. Louis Metro East area. This $106 million request from general funds will help fund these needed projects.

IDOT is also requesting an earmark of $7.4 million in fiscal year 2000 Intelligent Transportation Systems (ITS) Deployment funds for key projects in the Chicago metropolitan area, the St. Louis Metro East area and several other metropolitan areas. IDOT believes that this earmark is warranted because it will aid in implementing high priority projects that enhance the effectiveness and efficiency of the transportation system and improve mobility and safety for all highway users. The fiscal year 2000 earmark of ITS formula funding is especially important to IDOT because the department did not receive any ITS funding in either the fiscal year 1998 or fiscal year 1999 US DOT Appropriations bills.

TRANSIT MAJOR CAPITAL INVESTMENT

Bus Capital

IDOT, the Regional Transportation Authority (which oversees the planning and financing of transit in the six-county northeastern Illinois area), the Chicago Transit Authority (CTA) and Pace (which operates suburban bus service) jointly request an earmark of $26.7 million in fiscal year 2000 Section 5309 bus capital funds for Illinois. This joint request is a demonstration of our mutual interest in securing funding for essential bus capital needs throughout the state.

The joint request is for funds for four downstate facilities and to purchase 116 buses in order to replace overage vehicles and to comply with federal mandates under the Americans with Disabilities Act. All of the vehicles scheduled for replacement are at or well beyond their design life. Illinois operators have a total of 628 such buses—CTA has 263, Pace has 106, downstate urbanized areas have 194 and small urban and rural areas have 65. Illinois transit systems need discretionary bus capital funds since regular formula funding is inadequate to meet all bus capital needs.

New Systems and Extensions—MetroLink

IDOT supports the Bi-State Development Agency's (the bus and light rail service operating agency for the St. Louis region) request for an earmark of $50 million in fiscal year 2000 New Starts funding for the MetroLink light rail system which serves the St. Louis region. This amount is for ongoing construction of the eastward extension in St. Clair County, Illinois from East St. Louis to Belleville Area College. MetroLink service has been a tremendous success and ridership has far exceeded projections. The Administration entered into a Full Funding Grant Agreement for this extension in 1996 and construction began in 1998.

IDOT also supports an earmark of $32 million for funding the 8.6-mile MetroLink segment from Belleville Area College to the MidAmerica Airport. Bi-State Development Agency is seeking a revised Full Funding Grant Agreement from the FTA to incorporate the costs of this extension. Final design and construction of this extension is authorized in TEA–21.

New Systems and Extensions—Metra Commuter Rail

IDOT supports Metra's (the commuter rail operating agency serving the six-county northeastern Illinois region) request for an earmark of $75 million in fiscal year

2000 to continue New Starts funding for upgrading service on the North Central and SouthWest Lines and extending service on the SouthWest and Union Pacific-West Lines. These planned improvements are in areas where significant population and development increases have already been experienced and are projected to continue well into the 21st century. The projects will improve and extend commuter rail service which will in turn reduce highway congestion and contribute to attaining clean air objectives. TEA–21 authorized final design and construction of these three projects.

New Systems and Extensions—Chicago Transit Authority

IDOT supports the Chicago Transit Authority's request for an earmark of $95 million for rehabilitation of the Douglas Branch of the Blue Line and upgrading of the Ravenswood Line. The $77 million requested for the Douglas Branch rehabilitation project will begin construction to completely rehabilitate or replace track, structure, and ancillary systems to restore this 6-mile branch of the Blue Line to an acceptable level of service and to ensure its viability for the next 30 to 40 years. This rehabilitation is essential for preserving service on the line and reducing inordinately high maintenance expenses. The Douglas Branch serves an economically depressed area and provides transit service important to support welfare-to-work transportation needs. If the deterioration due to lack of adequate renewal funds is not addressed, the CTA will eventually be forced to close the branch. TEA–21 authorized $315 million for the Douglas Branch.

The $18 million requested for the Ravenswood Line project would begin construction to extend station platforms to handle longer trains that are needed to serve the increasing demand along this line. The line's market area continues to redevelop and potential riders are being discouraged due to crowded conditions. Lengthening all platforms to handle longer 8-car trains, straightening tight S-curves which slow operations and selected yard improvements will increase capacity by 25 to 30 percent. TEA–21 authorized final design and construction of the Ravenswood upgrade.

TRANSIT FORMULA GRANTS

IDOT urges the Subcommittee to set appropriations for formula grants programs at least at the guaranteed levels set in TEA–21. IDOT also supports funding the transit programs beyond the TEA–21 guaranteed levels, but we advocate that general funds, not HTF revenue, be the source for the additional funding.

Section 5307 Urbanized Area Funds

The Section 5307 formula grants program for urbanized areas provides vital capital and operating assistance for public transportation. In Illinois, these formula funds are distributed to 18 urbanized areas which provide approximately 560 million passenger trips a year. IDOT supports the continuation of operating assistance to the smaller urbanized areas under 200,000 population. Strong federal funding support for transit service in urbanized areas is necessary to enable transit to continue the vital role it plays in providing urban transportation service.

Section 5311 Rural and Small Urban Formula Funds

The Section 5311 program plays a vital role in meeting mobility needs in the nation's small cities and rural areas. Adequate federal funding assistance for this program is very important to transit systems in Illinois. The needs in these areas are growing yet their local revenue sources continue to be very limited. In Illinois, such systems operate in 45 counties and 7 small cities, carrying approximately 2.6 million passengers annually.

NEXT GENERATION HIGH SPEED RAIL

IDOT urges the Subcommittee to earmark $15 million in Next Generation High Speed Rail appropriations for a grade separation project to replace the at-grade Engelwood Interlocking near 63rd and State in Chicago. Two Metra tracks and three Norfolk Southern and Amtrak tracks cross at this high traffic grade crossing. Currently 131 trains cross each day (68 Metra trains cross 18 Amtrak and 45 Norfolk trains). Metra controls the crossing so the Amtrak and Norfolk trains must stop for or wait for the Metra trains. This causes large cumulative delays for both Amtrak and freight trains and is a potential safety hazard, particularly since the Metra trains are fast-moving commuter trains. More than 30 additional daily trains are expected to be rerouted through this crossing due to a related St. Charles Airline project south of the Chicago downtown area. The track involved is part of the corridor identified for high speed rail service from Chicago to Detroit, and removing the repetitive delay caused by this crossing is needed to achieve future high speed service. The total cost of the overpass is estimated at around $35 million. IDOT sup-

ports an appropriation of the full $25 million authorized in TEA–21 for high speed rail technology improvements.

AMTRAK APPROPRIATION

IDOT supports a fiscal year 2000 appropriation at least at the President's budget request of $571 million to support the nation's passenger rail system's capital improvements and equipment maintenance. IDOT also urges the Subcommittee to incorporate bill language similar to the President's proposal which allows capital funds to be used for the same range of purposes as transit capital funds.

Amtrak operates 50 trains throughout Illinois as part of the nation's passenger rail system, serving approximately 3 million passengers annually. Of the total, Illinois subsidizes 18 state-sponsored trains which provide service in four corridors (Chicago to Milwaukee, Quincy, St. Louis, and Carbondale) transporting nearly 652,000 passengers in fiscal year 1998. Amtrak service in key travel corridors is an important component of Illinois' multimodal transportation network, and continued federal capital and operating support is needed.

AIRPORT IMPROVEMENT PROGRAM (AIP) OBLIGATION LIMITATION

IDOT supports an fiscal year 2000 Airport Improvement Program (AIP) obligation limitation as close as possible to the authorization level to be set in the reauthorization bill for aviation programs which will be developed by the House and Senate authorizing committees (the Senate version authorizes $2.47 billion, the House bill $5 billion).

The AIP program provides federal funding support for airport preservation and improvements needed at general aviation and commercial airports—which served 630 million people flying on the nation's air carriers in 1997. Enplanements are expected to grow annually at 3.3 to 3.7 percent to nearly 1 billion by 2009, and airports must make improvements to safely and efficiently serve this rapidly growing demand.

Adequate AIP funding is especially important for general aviation, reliever, commercial service and small primary airports. Larger primary airports have been able to raise substantial amounts of funding with Passenger Facility Charges, but the smaller airports are very dependent on the federal AIP program.

This concludes my testimony. I understand the difficulty you face trying to provide needed increases in transportation funding given spending constraints in the balanced budget agreement. However, an adequate and well-maintained transportation system is critical to the nation's economic prosperity and future growth. Your ongoing recognition of that and your support for the nation's transportation needs are much appreciated. Again, thank you for the opportunity to discuss Illinois' federal transportation funding concerns.

FEDERAL RAILROAD ADMINISTRATION AND AMTRAK

PREPARED STATEMENT OF HARRIET PARCELLS, EXECUTIVE DIRECTOR, AMERICAN PASSENGER RAIL COALITION

Mr. Chairman and Members of the Subcommittee, my name is Harriet Parcells and I am the Executive Director of the American Passenger Rail Coalition (APRC), a national association of railroad equipment suppliers and rail-related businesses. Thank you for the opportunity to provide testimony on fiscal year 2000 appropriations for Amtrak and funding to advance high speed rail in key corridors of the nation. APRC members include companies that manufacture passenger rail cars and locomotives, rail engineering and planning firms, manufacturers of rail brakes and rail cable, companies that provide information and communications services and companies that build and repair railroad track. APRC member companies have manufacturing and service facilities in states and communities around the country and employ thousands of U.S. workers.

Amtrak is an essential part of the country's transportation system, providing efficient and affordable transportation for millions of Americans. In fiscal year 1998, 21.1 million people rode Amtrak trains for intercity travel; another 54 million relied on Amtrak trains operated under contract to regional transit authorities to commute to and from work.

AMTRAK IS MOVING IN THE RIGHT DIRECTION

All indications are that Amtrak is moving in the right direction. Under the direction of the Amtrak Board of Directors and President and CEO George Warrington,

Amtrak is taking strategic actions to reduce operating costs, improve the quality of service to its customers and generate increased revenues by entering into new partnerships and commercial business ventures. In October 1998, Amtrak's Board of Directors released a revised four-year Strategic Business Plan (SBP) that provides the vision and plan of action to guide Amtrak to improved financial health, increased nationwide ridership and improved service quality. The SBP identifies over $390 million in cost-cutting and revenue enhancing actions to be undertaken by Amtrak from fiscal year 1998-fiscal year 2003. The investments and actions Amtrak has been taking are yielding positive results. Some key indicators of this success in fiscal year 1998 include:

—Amtrak ridership increased by 4.5 percent—the largest ridership increase in a decade;

—Amtrak passenger revenues surpassed $1 billion for the first time in the corporation's history;

—Amtrak finished the fiscal year $4 million better than planned;

—On-time performance improved and is at the highest level in 13 years;

—Employee injuries decreased by 14 percent;

After reviewing these positive year-end results, Amtrak Board Chairman, Governor Tommy Thompson stated, "Amtrak's record-breaking achievements are further proof that Amtrak has turned the corner to become a more commercially-oriented, customer-focused corporation—As outlined in our new Strategic Business Plan (SBP), we're on the path to creating a more modern and financially sound national rail system."

FISCAL YEAR 2000 APPROPRIATIONS FOR AMTRAK

President Clinton presented his fiscal year 2000 budget to Congress on February 1. The budget includes $571 million in capital funding for Amtrak. The $571 million for Amtrak is consistent with the President's budget request of last year, which set forth specific out-year capital funding commitments to Amtrak.

Our association strongly supports $571 million in capital appropriations for Amtrak in fiscal year 2000 and urges the Subcommittee to fully fund the President's budget request. APRC also supports an expanded definition of capital, as provided in the President's budget request, that would provide Amtrak with the same definition of capital as applies to the nation's urban mass transit systems and other transportation modes. Amtrak has stated that full funding of the President's request and adoption of this definition of capital would allow Amtrak to achieve its Strategic Business Plan goals and stay on the path to operating self-sufficiency by the end of 2002.

Guided by its Strategic Business Plan, Amtrak is making great strides in cutting costs, expanding revenues, increasing rail ridership and improving other key performance indicators. Strong capital investment by Congress in fiscal year 2000 is essential to keeping Amtrak on the path to improved economic health and success.

The nation's investment in Amtrak is not merely the provision of capital to the railroad, but a source of economic activity that will filter throughout the nation's economy. The railroad equipment supply industry generates approximately $12–14 billion in annual sales and employs over 150,000 people. Products manufactured by APRC member companies and their subcontractors are produced in states and communities from New York to California. Utilizing the U.S. Commerce Department's analysis of economic multiples for the rail equipment industry, the $2.2 billion approved by Congress in 1997 for Amtrak strategic capital investments over the next several years will have a net economic impact of $3.3 billion. Investments to improve rail service and restore passenger rail stations are bringing new vitality and stimulating economic development in the downtowns of cities and communities nationwide.

AMTRAK'S NEW BUSINESS PARTNERSHIPS ARE KEY TO IMPROVED FINANCIAL HEALTH

Amtrak is entering into new business and commercial partnerships that are central to its plans to improve the economics of its long-distance trains and the corporation's overall financial health. After receiving the go-ahead from the Surface Transportation Board (STB) in May 1998, Amtrak's mail and express freight service is showing strong signs of growth. In fiscal year 1998, total revenues from Amtrak's mail and express business totaled $83 million, up 19 percent over fiscal year 1997. In the current fiscal year, Amtrak hopes to boost mail and express revenues to $107 million. While the bulk of the revenue comes from shipment of mail, revenue from express freight is showing strong growth. As it moves forward with its mail and express service, Amtrak is developing partnerships with freight railroads, such as shortline railroad Dallas, Garland & Northeastern (DGNO) in Texas and others.

Amtrak is entering into other business partnerships to speed the corporation's financial improvement. On January 20, 1999, Amtrak announced five new business partnerships that are initially expected to generate more than $20 million in added revenue annually and $28 million in long-term savings,with the potential for substantial future growth. Under a new partnership with Dobbs International Services, a leading transportation caterer, Amtrak expects to realize savings of $28 million. Dobbs International Services will take over operation of Amtrak's 11 food commissaries beginning in April which will not only improve Amtrak's finances but the quality of food service on trains nationwide. Other partnerships that Amtrak announced will expand Amtrak's mail and express services, with the U.S. Postal Service, United Parcel Service and other partners. Announcing the new ventures, Amtrak President George Warrington stated, "These partnerships [also] demonstrate that there is a tremendous untapped value embedded in our national rail system that can be leveraged to accelerate Amtrak's financial turnaround."

RIDERSHIP IS INCREASING ON AMTRAK TRAINS NATIONWIDE

Ridership is increasing on Amtrak trains nationwide. In heavily populated metropolitan corridors, travelers rely on Amtrak for efficient city center to city center intercity transportation and a relaxing alternative to congested highways and airports. Ridership on Amtrak's Metroliner trains between Washington D.C. and New York achieved a record level of 2.1 million riders in fiscal year 1998. Across the country, in the Pacific Northwest Rail Corridor between Portland, OR, Seattle, WA and Vancouver, BC, Amtrak ridership also reached an all-time high: 550,000 passengers in fiscal year 1998, up 13 percent over fiscal year 1997. Ridership in the Pacific Northwest has increased 137 percent since 1993. And, in the Midwest, on corridor routes radiating out of Chicago, 1.6 million trips were taken in fiscal year 1998, up 4 percent over fiscal year 1997. Some routes showed substantially higher gains: Chicago-Milwaukee Hiawatha ridership was up 12.5 percent; St. Louis-Kansas City ridership, up 14.5 percent and Chicago-Carbondale Illinois ridership, up 15.3 percent.

For residents of smaller cities and rural areas, Amtrak is often the only convenient, affordable and all weather means of intercity travel. A recent article in the "Toledo Blade" (11/26/98), "Iron road still acts as lifeline for many"-the first in a series of three articles on intercity rail travel-discussed the critical role that Amtrak's Empire Builder, which travels across the northern U.S. between Chicago and Seattle and Portland, plays in the lives of citizens and communities along its route.

> "In places like Devil's Lake, Minot and Cut Bank, MT-cities that have little if any airline service and are hundreds of miles from population centers-the train continues to fill a vital transportation role—And officials say Amtrak's value to their communities extends beyond transporting local residents to distant destinations or bringing relatives home to visit. The train is also a development tool—"It's one more selling point for economic development. It's something we have that some much larger cities don't," stated Paul Tuss [director of a local non-profit economic development agency]."

Underscoring the Empire Builder's value to communities along its route, the train carried 422,174 rail passengers in fiscal year 1998, a 22 percent increase over the prior year. Ridership on other long-distance and corridor trains such as the Chicago-New Orleans Crescent (+8 percent), the New York-Miami Silver Palm (+17 percent), the Charlotte-Raleigh Piedmont (+10.5 percent) and other trains also exhibited strong gains in fiscal year 1998.

STATES LOOKING TO IMPROVED INTERCITY RAIL PASSENGER SERVICE TO HELP ASSURE FUTURE MOBILITY

In regions around the country, states are working together and with Amtrak and the U.S. Department of Transportation to develop plans and make investments to achieve higher rail speeds and improve the quality of service in key corridors. State studies have found that investments to improve intercity rail passenger service in key corridors are cost-effective investments compared to alternatives such expanded highway capacity. And, there is strong public support for investments to improve Amtrak service, as demonstrated through polls, letters to the editor and, most significantly, through growing ridership on Amtrak trains. Newspapers around the country have expressed support for these investments as well. Attachment 1 of our testimony presents excerpts from newspaper editorials over the past year in support of improvements that have taken place and/or are planned for Amtrak intercity passenger rail service.

A new generation of high-speed rail service will begin operating along the Northeast Corridor, starting in November of this year, and yield substantial mobility and economic benefits for the entire Northeast and the nation. The introduction of Amtrak's new 150-mph high speed rail service between Washington D.C. and Boston is expected to attract over 2.6 million new riders annually to Amtrak and help relieve congestion at regional airports and on the highways. The new rail service will generate up to $180 million in net annual revenue for Amtrak by 20002 and is a pivotal part of Amtrak's strategy to improve its financial health. The high-speed rail service will create thousands of jobs and promote economic development throughout the region.

In the Pacific Northwest, new European-style passive tilt trains began revenue service on January 11, 1999 along the 466-mile rail corridor extending from Eugene, OR to Portland to Seattle, WA to Vancouver, BC, bringing a new quality of intercity rail passenger service to this region of the country. The new trains were purchased by Washington State and by Amtrak and have met with enthusiastic public support. Rail ridership in the Pacific Northwest Rail Corridor reached a record level in 1998 and is expected to continue to grow.

In the Midwest, nine state Departments of Transportation (WI, IL, MI, MN, MO, OH, IN, NB and IA), Amtrak and the FRA are developing a plan to improve Midwest intercity rail passenger service. The Midwest Regional Rail Initiative (MRRI) features more frequent rail service, utilizing new rail equipment operating at speeds up to 110 miles per hour (mph) on a 3,000 mile network. At a press conference in Chicago on January 28, Amtrak Board Chairman Governor Tommy Thompson announced Amtrak's commitment of $25 million to improve Midwest intercity rail passenger service and Secretary of Transportation Rodney Slater announced DOT funding to test rail equipment in the Midwest and announced an extension of the Midwest High Speed Rail service to Cincinnati.

Other regions of the country are also moving ahead with plans for improved intercity rail passenger service. In September 1998, New York State and Amtrak reached agreement on a five-year $185 million rail improvement plan that includes track improvements, rebuilding of five Turboliner trains and other improvements. When all work is completed, trains will be able to travel at top speeds of 125 mph between New York City, Albany and Buffalo. The improvements come as rail ridership in New York is achieving record levels.

On November 18, 1998, the Gulf Coast High Speed Rail Corridor was formally designated at a conference in New Orleans. The rail corridor extends from Florida along the Gulf Coast to New Orleans and Houston and north from New Orleans to Meridian, MS and Birmingham, AL. A rail connection to the New Orleans International Airport is part of the planning process. And, in the Southeast, the states of North Carolina, Virginia, South Carolina and Georgia are working together to greatly improve passenger rail service within and between their states and to connect to the Northeast Corridor in Washington D.C. At a conference on December 1, 1998 in Charlotte, two extensions to the Southeast High Speed Rail Corridor were announced by DOT Secretary Slater. The states of Vermont and California have committed substantial state funding to improve intercity rail passenger service and view rail as an integral part of their future. Oklahoma will see the start-up of Amtrak service this spring and Oklahoma, Kansas and Texas have formed a multi-state task force to examine rail improvements in their region.

Improvements to intercity rail passenger service in these and other key corridors are an integral part of Amtrak's plans to attract a growing national ridership and a greater share of the intercity travel market.

FUNDING TO ADVANCE HIGH SPEED RAIL AND RAIL SAFETY

In addition to $571 million for Amtrak in fiscal year 2000, APRC asks the Subcommittee to appropriate funding to advance high-speed rail in key corridors of the country and funding to promote rail safety through FRA's programs and Operation Lifesaver. The Transportation Equity Act for the 21st Century (TEA–21) authorized $10 million per year for high-speed rail corridor planning activities and $25 million per year for high-speed rail research and development (the Next Generation High Speed Rail Program). As mentioned in our testimony, states in the Midwest, Southeast, Pacific Northwest, Northeast and Gulf Coast are looking to increasing rail speeds and quality of service as a fundamental part of their strategies to assure future mobility and economic prosperity. They are working together on rail investments that will yield substantial benefits for their regions.

Our examination of the President's budget request indicates that the Administration is requesting $12 million in General Fund appropriations for the Next Generation High-Speed Rail Program. An additional $35 million to advance high speed rail

is requested in funds that would come from a portion of increased gas tax revenues above those assumed in the budget baseline. The Next Generation High Speed Rail Program provides valuable research and development work on positive train control, non-electric high-speed locomotives, highway-rail grade crossing hazard elimination and other R&D. We are disappointed in the reduced general fund appropriation requested by the Administration and that a significant portion of the funding requested for high-speed rail activities is expected to come from revenues on which agreement with Congress may or may not be reached. We ask the Subcommittee to provide strong funding for these activities to advance high-speed rail in key corridors.

Funding for highway-railroad grade crossing hazard elimination programs serves to maximize the safety of the nation's passenger and freight rail systems and is crucial to the development of high-speed rail. Federal Railroad Administrator Jolene Molitoris has made railroad safety a top priority at FRA. Our association applauds Administrator Molitoris for her leadership in the area of rail safety. On March 25, the Surface Transportation and Merchant Marine Subcommittee of the Senate Commerce Committee, chaired by Senator Kay Bailey Hutchison, held a hearing on safety at highway-rail grade crossings. APRC commends Senator Hutchison for her long record of leadership on safety at highway-railroad grade crossings. We urge the Subcommittee to provide strong funding for highway-railroad grade crossing elimination programs in fiscal year 2000. Finally, APRC also strongly supports funding for Operation Lifesaver's work with states to educate the public on safety at highway-railroad grade crossings.

APRC thanks the Transportation Appropriations Subcommittee for the strong support it has given to Amtrak, to programs to improve the safety of the nation's railroad system and to activities to advance high-speed rail in key corridors. Thank you for the opportunity to provide testimony on these important issues.

PREPARED STATEMENT OF MAYOR SHARPE JAMES, CITY OF NEWARK, NJ

Mr. Chairman and members of the Subcommittee, thank you for giving me the opportunity to submit testimony to you about projects under your jurisdiction which are critical to the people of Newark, New Jersey and the surrounding region. The support of this Committee has been critical in the past, and I wholeheartedly thank you for your aid to projects that have truly impacted on the people of Newark and our economy. Your help on a range of projects has enabled direct Interstate access to Newark's Emergency Medical/Trauma Care Center, our university campuses, and the emerging University Heights Science Park. Highway funding has improved access to the Newark Airport/Port Newark complex and our downtown business and arts district.

Newark is truly at a crossroads: we are a City with all of the problems of many major urban centers, but we are also a City with vast potential. We have begun to turn the corner—there is a renewed vitality and sense of optimism in Newark. As the physical crossroads of the Northeast Corridor, the future economic viability of Newark is inextricably dependent upon the continued modernization and expansion of our intermodal transportation system. Improvements to our roadway network, our rail system, and our port and airport facilities will directly translate into jobs and economic prosperity for our City, State and Region. Newark's transportation project needs are critical to enabling us to maintain our position as a regional center for commerce, education, government and entertainment.

Major downtown facilities have recently been completed or are under construction. The New Jersey Performing Arts Center, now in its second season, has been phenomenally successful. Our minor league baseball stadium—which will open this summer, and the Joseph G. Minish Passaic Riverfront Park and Historic Area—on which the Army Corps of Engineers will soon begin their construction phase, are exciting developments for our city. All of these activities are directly related to the proximity and effectiveness of our transportation network. The repopulation of older office buildings, and construction of new ones, is occurring in large part due to the ease of access for commuters. We are working to further capitalize on the existing transportation infrastructure by connecting these major facilities with a light rail line, the Newark Elizabeth Rail Link.

The first segment of the Newark Elizabeth Rail Link (NERL) will soon be under construction, thanks to your previous support. It is a planned 8.8 mile, fifteen station light rail transit line linking downtown Newark with Newark International Airport and the City of Elizabeth. The first operable segment will link downtown Newark's two train and bus transportation nodes. It will be a 0.94 mile connection between the Broad Street Station, where trains from the western suburbs enter the

City, and Newark Penn Station, on the Northeast corridor line and the central hub for New Jersey Transit trains and buses. There will be three new stations—Broad Street Station, Washington Park/Sportsplex, and NJ Performing Arts Center/Center Street—which connect sites mentioned above, as well as our renowned Newark Museum and Newark Public Library, that are crucial to Newark's economic and cultural growth. The line then will enter a tunnel portal where it will connect with the existing City Subway tunnel to access Penn Station.

The NERL is an important and central component of our overall transportation plan. We are proud that just last month, a full funding agreement for this first leg of the Newark Elizabeth Rail Link was signed, and the Administration has included funding for it in its budget. I respectfully ask this Committee to add its support to this $12 Million allocation.

An additional transportation issue has recently emerged which I would like to bring to your attention at this time. A central feature of Newark's downtown/riverfront area is the presence of AMTRAK facilities at Newark Penn Station. This station is the last northbound stop on the Northeast Corridor before New York City, and provides rail and bus linkages to the rest of New Jersey, and the region beyond. New Jersey Transit is doing an admirable job of renovating and modernizing the facility to accommodate increases in demand at the station, but the portion of the overall rail infrastructure that is owned and operated by AMTRAK is in great need of attention.

The renovation and upgrading of AMTRAK property to better serve the City of Newark, its residents and visitors is a key factor in the City's economic development and transportation initiatives. This property is at each end of Penn Station, and improvements to it will be a worthy investment.

The extension of the platforms at the southern end of Penn Station will enable passengers to exit the rail facility without having to exit through the station itself. This will enable the connection of a pedestrian walkway to a planned economic development project, the new downtown sports and entertainment complex. With this extension, an old abandoned railroad bridge and right of way will be transformed into a productive corridor, and help to revitalize the southern portion of Broad Street (Newark's main street), just as other transportation projects have facilitated the renaissance of the upper Broad Street area.

The AMTRAK bridge over the Passaic River, on the northern end of Penn Station, is the most prominent feature of the Minish Riverfront project area. In fact, it dominates the skyline view of the City, and is recognized as an architectural symbol of Newark's rich industrial heritage. However, it is sorely in need of restoration and enhancement.

Currently, lead paint is dropping from the bridge, adding to river contamination. Over the past few years, a great deal of progress has been made in cleaning the waters of the Passaic River, and the encapsulation or removal of the paint must be accomplished to eliminate this very real threat to public health. In addition, we have embarked on a program to light the bridges across the river, and would like to light the AMTRAK Bridge to highlight its significant structural elements. We would also respectfully request that the bridge be renamed in honor of retiring Senator Frank Lautenberg, who has been a strong advocate for transportation issues nationally, as well as for the City of Newark. The estimated cost for the platform extension and bridge restoration is $30 million.

The assistance of this committee in funding these projects is vital. The Newark Elizabeth Rail Link and the AMTRAK facilities improvements are critical links in Newark's transportation network, and your support for them is crucial to our continued economic development. Your attention and consideration of the needs of Newark, New Jersey are deeply appreciated.

LETTER FROM BRUCE BEAM

CONSUMERS UNITED FOR RAIL EQUITY,
Washington, DC, March 31, 1999.

Hon. RICHARD SHELBY,
Chairman, Subcommittee on Transportation, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: We are submitting this letter with the request that it be included in the hearing record of your March 4th hearing regarding appropriations to the Department of Transportation.

Consumers United for Rail Equity (C.U.R.E.) is a coalition of captive rail customers, which are those customers that have no option other than shipping with a single rail carrier. Because captive rail customers do not have access to competitive

rail transportation, we must rely on the protections embodied in federal law that are implemented by the Surface Transportation Board (STB). As we have in the past, C.U.R.E. continues to advocate full funding for the STB from appropriated funds. C.U.R.E. also supports a requirement that the Board charge only nominal fees for the filing of a complaint, protest, or other request for relief.

Captive rail customers are concerned that if the STB does not have adequate funding, it may seek additional revenue through increased filing fees. Further cuts in STB funding will only increase the pressure on the STB to raise user fees—a scenario that is intolerable to captive rail customers.

In fact, on February 3, 1999, the STB increased its filing fees separate and apart from the fiscal year 2000 user fee proposal. According to the STB's announcement, the fees were increased to offset the government wide salary increase and higher Federal Register publication costs. Under the STB's new fee structure, the fee for a formal complaint filed under the coal rate guidelines will increase from $27,000 to $54,500. For small rail customers, the fee for a formal rate complaint will increase from $2,600 to $5,400. Increasing user fees will deny captive rail customers access to the only forum in which they can seek rate relief.

Rail customers already are hesitant to file formal complaints due to the extreme expense associated with such complaints, the amount of time it takes for the STB to issue a final decision, and the low probability of success. A GAO Report, released on March 2, 1999, finds that a rate case at the STB can cost between $500,000 and $3 million, requiring from two to 16 years to complete.

Again, Mr. Chairman, we urge your Subcommittee to provide full funding for the STB from appropriated funds. We are disturbed that the President's Budget again this year requested zero funding for the STB. We hope that Congress will, as in past years, fully fund the Board. Thank you for your attention to this matter of importance to the many captive rail customers nationwide.

Sincerely,

BRUCE BEAM,
Chairman, Consumers United for Rail Equity.

PREPARED STATEMENT OF MARK R. DYSART, PRESIDENT, HIGH SPEED GROUND TRANSPORTATION ASSOCIATION

I am pleased and honored to submit the testimony of the High Speed Ground Transportation Association on the Administration's fiscal year 2000 proposed budget. HSGTA is an international membership organization comprised of Federal, State and Local governments and agencies, railway equipment manufacturers and suppliers, labor unions, engineering and construction firms and citizen activists. These organizations represent over 2.1 million working Americans.

Auto and air congestion plague our daily lives. Gridlock is estimated to cost the United States economy some $40 billion each year in lost productivity. High-speed ground transportation offers a viable alternative that can greatly reduce congestion. High-speed ground transport would also decrease airborne pollutants, decrease our dependence on imported oil, increase productivity and increase mobility. This reality has been recognized by governments throughout the world where high-speed intercity passenger services are being inaugurated and expanded, in countries like France, Italy, Spain, Germany, Switzerland, Belgium, Australia, Taiwan, Japan, China, Korea, Russia, and Great Britain.

The realization that high-speed intercity rail systems make sense as an alternative mode is not confined to the world outside our borders. States and regions throughout the Nation clamor for intercity surface transportation. The Intermodal Surface Transportation Efficiency Act of 1991 and its successor the Transportation Equity Act for the 21st Century both allowed promising high-speed rail corridors to be designated as suitable for Federal assistance. ISTEA designated five corridors. TEA–21 added six with three named in the legislation and three set to be selected by the Secretary of the Department of Transportation. These corridors now include the Northeast, Florida, Midwest, Northwest, Empire, Keystone, California, Gulf Coast, and Southeast. Together these encompass over half the states in our nation. Those with programs in place outside the Northeast Corridor include Virginia, North and South Carolina, Georgia, Florida, Mississippi, Alabama, Louisiana, Texas, Pennsylvania, New York, Ohio, Michigan, Indiana, Illinois, Minnesota, Wisconsin, Missouri, Nebraska, Iowa, Oregon, Washington and California.

The High Speed Ground Transportation Association's recommendations encompass four specific areas:

Highway-Railroad Grade Crossing Hazard Elimination Program

There are 158,782 public at-grade crossings and 100,769 private at-grade crossings in the United States. Section 1103(c) of the TEA–21 allows for the number of designated high-speed rail corridors to more than double. Current funding is woefully inadequate for grade crossing elimination which is both a cornerstone of rail safety and a critical component in the development of high-speed rail service. HSGTA urges the committee to increase funding for grade crossing hazard elimination. We propose the committee appropriate $20.25 for fiscal years 1999 and 2000 of which TEA–21 provides $5.25 million in contract authority and an authorization of $15 million for grade crossing hazard elimination.

The unfortunate truck/rail accident in Illinois last month clearly illustrates the need to eliminate hazardous crossings. Freight and passenger rail employees and customers as well as the general public are increasingly at-risk as rail traffic increases and greater demands are placed on the current rail-highway infrastructure interface. To maximize limited funds the HSGTA recommends the Committee explore opportunities for better coordination of grade crossing activities between the Federal Railroad and Federal Highway Administrations.

Maglev Deployment

The HSGTA strongly supports funding the full $20 million for the Maglev Technology Deployment Program in fiscal year 2000 as authorized by TEA–21. This is an essential element of the long-term government effort to implement a full range of high-speed ground transportation alternatives in the United States.

Section 1218 of TEA–21 provides a balanced and efficient program for states and localities to identify corridors that could implement this exciting new technology. The pre-construction planning activities that will begin this year will provide the technical and economic basis for Maglev deployment in the United States.

The Federal Railroad Administration has received applications for Maglev projects from several states around the country, including Alabama, California, Florida, Georgia, Louisiana, Maryland, Nevada, Pennsylvania, Tennessee, Virginia. We urge the Committee to allow the Maglev Infrastructure Deployment Program to go forward as intended by Congress in TEA–21.

Next Generation and Corridor Pre-construction Funds

Congress authorized $25 million per year in TEA–21 for the Next Generation program (also known as the Swift Act) and $10 million per year for corridor planning. The HSGTA strongly urges the Committee to support full funding of the Next Generation planning program as intended by Congress. Further, we would take this opportunity to point out that Next Generation program planning funds authorized for fiscal year 1998 and fiscal year 1999 were not appropriated.

TEA–21 directed the Department of Transportation to increase the number of designated high-speed rail corridors from 5 to 11. While the designations have been made, no funds are available to accomplish critically necessary pre-construction analyses. The HSGTA requests that this Committee support reinstatement of the $20 million not appropriated for fiscal year 1998 and 1999 in addition to fiscal year 2000 authorization for $10 million in planning funds for a total of $30 million. These funds are crucial to the success of corridor development in the United States.

Amtrak

The HSGTA supports funding Amtrak at the highest possible levels. We view Amtrak as the foundation from which future high-speed rail will be launched. Amtrak's introduction of new high-speed trainsets in the Northeast corridor will herald the beginning of a new era in passenger rail travel. The HSGTA supports Amtrak's request for $571 million and also recommends the Committee support a revision of the "capital funds" definition so that Amtrak has the flexibility to use a portion of these funds for maintenance of way and maintenance of equipment.

Summary

The High Speed Ground Transportation Association asks that this Sub-committee support the following:

—$20.25 million each for fiscal years 1999 and 2000 for hazard elimination and grade crossing improvements for a total request of $40.5 million.

—Full funding of the Maglev Technology Deployment Program at $20 million for fiscal year 2000.

—$25 million for fiscal year 2000 under the Next Generation Program and $30 million for fiscal year 2000 for pre-construction corridor activities.

—$571 million for Amtrak plus revision of the definition of capital expenditures.

Again, I thank the committee for allowing HSGTA to present the views of its 250 corporate and institutional members and their 2.1 million working families. The

High Speed Ground Transportation Association will be pleased to respond to any questions and offers the Committee the HSGTA's resources whenever needed.

PREPARED STATEMENT OF PHYLLIS M. WILKINS, EXECUTIVE DIRECTOR, MAGLEV MARYLAND

Chairman Shelby and Members of the Committee, I respectfully submit testimony regarding the funding for the Maglev Deployment Program. For eight years, the efforts by City of Baltimore and the State of Maryland to be the first site for Maglev in America have been represented by Maglev Maryland. Baltimore Development Corporation is the economic development agency of Baltimore City. The city government of Washington, DC is now actively participating in this effort. As a board member of the High Speed Ground Transportation Association, I would like to echo the Association's testimony to strongly support full funding of the Maglev Technology Deployment Program in fiscal year 2000. This program is an essential element of the long-term government effort to implement a full range of high speed ground transportation alternatives in the United States.

Those interested in the development of truly high speed ground transportation applauded the excellent blue print for the deployment of Maglev laid out in Section 1218 of TEA 21. This section provides a balanced and efficient program for states and localities to identify corridors that could implement Maglev technology. The funds that were allocated for preconstruction planning activities will provide the technical and economic basis for Maglev deployment in the United States. The legislators responsible for Section 1218 provided sufficient funds to allow for the further study of already identified corridors that demonstrate commercial feasibility.

I emphatically disagree with the Administration proposal to reallocate $20 million from the Maglev preconstruction activities to other purposes. The role of the Federal government in transportation has always been to provide the foundation for emerging modes.

The National Highway System Bill directed the Secretary of Transportation to select an eight-person committee to study near term applications of Maglev. In 1997 the Maglev Study Advisory Committee (MSAC) was impaneled with the charge to make a recommendation to the Secretary of Transportation based on their findings. After studying the issue, the Maglev Study Advisory Committee strongly recommended to Secretary Slater that he support funding for a Maglev deployment program.

In their research, the Committee found that every major mode has had significant support from the federal government. I would like to quote from their letter to Secretary Slater:

"Transportation in American has always been essentially privatized, much more so than in other nations of the world. Yet the national government has been the facilitator or builder of the infrastructure for every major mode:

—"construction and maintenance of the inland waterways,

—"eminent domain power and land grants for railroads, federal aid highway program (with federal shares of 75 percent, 80 percent and finally, for the Interstate program, 90 percent),

—"airport improvement program and provision of the airways created by the air traffic control system.

"Though these programs have each supported a different mode, and though they are different in many respects, they bear several important similarities. In each instance:

—"The federal program was a response to transportation needs unmet by existing transportation modes.

—"The federal program catalyzed—in fact, was the sine qua non for—development of a new mode.

—"The new mode, in addition to improving the nation's transportation system, was itself a source of major economic development and job creation.

—"The federal program was designed to allow for substantial private participation, generally private operation of the means of conveyance.

"Over and over again, the combination of federal leadership and private sector energy and creativity has produced efficient and technologically advanced transportation systems. That superior level of transportation has been a critical underpinning of the vigorous American economy."

The Maglev Study Advisory Committee hit upon several key items this Appropriations Committee should particularly note: (1) all other modes have received federal support; and (2) the federal government has always taken it as a responsibility to step in when transportation needs are not met by existing modes.

Despite the huge investment in roads, rail and air transportation, congestion nationally is at an all time high and increasing. Looking at only at highway congestion, the cost is $74 billion annually in lost time. Add to that the cost of six billion gallons of fuel wasted. The Maglev Study Advisory Committee advised Secretary Slater it is time for the introduction of a new transportation mode. Only a truly intermodal system that includes Maglev can deal with the congestion problem. The introduction of Maglev must be accompanied with the same type of federal investment accorded all the other modes.

To ignore the Committee's recommendation raises serious questions. Can our country afford not to invest in Maglev? Can we afford to continue the drain on our resources caused by congestion? Can we afford to lose the billions of gallons of gas each year from cars stuck in traffic while we are increasing the amount of oil imported? Can we afford to become excessively dependent on foreign fuel?

Many states like Maryland are looking seriously at issues caused by sprawl. Sprawl is creating livability issues that are now forcing local governments to rethink how the local transportation budget is allocated. Can the federal government afford to ignore the environmental and fiscal cost attributed to sprawl?

Maryland has many reasons for supporting the development of a regional Maglev system. One is the reduction of traffic congestion and air pollution. The entire Northeast corridor is faced with a great challenge in meeting air quality standards. With the population density in this area, it is mandatory that a new, safe, efficient, very fast system be implemented. That system, however, must also help to reduce pollution and improve air quality by removing autos from the road.

Released in 1994, the "Baltimore-Washington Corridor Magnetic Levitation Feasibility Study" predicted 9,000 cars would be removed from the daily traffic flow. It is anticipated that with Maglev preconstruction planning funds, we will be able to perform a more thorough analysis of the economic and societal benefits of a Maglev serving the Baltimore to Washington, DC market.

Maglev Maryland represents just one project among a field of projects competing for the preconstruction planning funds in the Maglev Deployment Program. In response to the call for proposals, the Federal Railroad Administration received applications from Maryland, Pennsylvania, Nevada, California, Florida, Alabama, Louisiana, Georgia, Virginia, and Colorado. The specific proposals came from:

—Maryland DOT for 40-mile system linking Baltimore to Washington, DC
—Port Authority of Allegheny County for 45-mile line linking Pittsburgh Airport with the City of Pittsburgh and eastern suburbs
—California-Nevada Super Speed Train Commission for 42 mile system that would eventually span 269 miles to link Las Vegas to Anaheim
—Southern California Association of Governments for 70 to 75-mile system connecting Los Angeles International Airport to March Air Force Base
—Florida DOT for 20 mile route connecting Port Canaveral to the Space Coast Regional Airport in Titusville
—City of Birmingham, Alabama for 160 mile corridor between Birmingham and Atlanta, Georgia
—University of Alabama, Huntsville for initial state of Huntsville and Decatur
—Atlanta Regional Commission for 40 mile portion of the 110 mile I–75 corridor between Atlanta and Chattanooga
—Commonwealth of Virginia for a system connection Hampton Roads and Richmond
—Colorado Intermountain Fixed Guideway Authority for initial stage of 160 mile system between Denver Airport and Eagle County Regional Airport along I–70 corridor

Across the country there is a growing number of regions that have seen the potential for Maglev as a transportation mode that can reduce congestion, pollution and dependence on foreign oil. At the same time, Maglev can be a great tool for economic development and job creation.

It should also be noted that proposed Maglev projects have taken very seriously the notion of a public/private partnership. Speaking only for the Maryland project, it represents a significant local investment. Maryland received federal funds for the initial feasibility study through ISTEA that were matched locally. Since then, other studies have been funded entirely with local funds. Today, the local public and private investment in the Maryland project is over 12 times the federal investment and totals millions of dollars. One-half of the total comes from private sources. It is not only the promise of improved transportation, but also the economic development potential of Maglev that has spurred private support for Maglev projects.

Now is not the time to short circuit this program. Two federal studies have recommended our country proceed with Maglev. TEA 21 provides an excellent framework for the Maglev Deployment Program. Very shortly, the Federal Railroad Ad-

ministration will announce the projects selected for further funding. To assess the true costs and benefits associated with the Maglev projects, we must have the full funding outlined in Section 1218. It is not possible for either the federal or local government to make an informed decision without the next level of study. More precise analysis of specific projects is the only way to provide everyone with the information necessary to make important transportation investment decisions. I urge you to preserve the $20 million included in the Maglev Deployment Plan for fiscal year 200.

PREPARED STATEMENT OF ROSS B. CAPON, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

AMTRAK AND HIGH SPEED RAIL APPROPRIATIONS FOR FISCAL YEAR 2000

Thank you for the opportunity to file this statement. Our non-partisan Association-whose members are individuals-has worked since 1967 towards development of a modern rail passenger network in the U.S.

SUMMARY

We support the $571 million request President Clinton has submitted for the Amtrak account. This is consistent with Amtrak's business plan and is what Administrator Molitoris promised in testimony a year ago.

We support full funding of high speed rail authorizations, including a total of $44 million authorized for fiscal year 1998 and 1999 but never appropriated.

We support giving states the right to use their flexible gasoline-tax funds for intercity passenger rail, consistent with the Senate-passed versions of both ISTEA (1991) and TEA–21 (1998), and with what Vermont alone was given last year (omnibus bill).

Usage of Amtrak trains is growing for the third straight year and revenues for the fourth straight year.

1. The "Consensus" Amtrak Budget Request: $571 Million

This is $38 million (6 percent) below the current level. We appreciate that Congress, responding to the Administration's premature declaration of an end to operating grants, gave Amtrak the flexibility to spend its "capital" appropriation on maintenance of equipment. We join with the Administration in supporting Amtrak's request that this flexibility be extended to maintenance of way and continued for maintenance of equipment, both at least through fiscal year 2002, consistent with the allowed use of Federal Transit Administration capital funds.

2. Developing Air-competitive High Speed Corridors

Nationwide corridor investments improve the economics of Amtrak trains using these corridors, and help Amtrak improve its bottom line. These improvements increase the abilities of the affected services to:

—expand transportation capacity where parallel road and air facilities are at or approaching capacity;
—give travelers an attractive way to avoid congested road and air facilities;
—realize "synergistic" benefits by feeding passengers to local transit;
—help revitalize urban downtown areas around stations; and
—provide environmental benefits.

Corridor work also benefits long-distance trains by giving them better connections (and by speeding up those long-distance trains that use corridor tracks). Last but by no means least, much corridor work improves safety at railroad/highway grade crossings, in some cases by eliminating the crossing. This improves safety and reliability for trains (including commuter and freight trains) and for motor vehicles. Indeed, as the table on page three shows, TEA–21 authorized $15 million a year in "non-guaranteed" funds for hazard elimination work on designated high-speed corridors, now including Mobile-New Orleans-Houston and Birmingham-Meridian-New Orleans. The recent Illinois tragedy underlines the importance of fully funding the hazard elimination appropriation.

Amtrak Funds.—Amtrak has earmarked a significant portion of its Taxpayer Relief Act (TRA) capital funds to upgrade air-competitive corridors. Some examples of funds already committed outside the Northeast Corridor are shown below.

On January 28, 1999, Amtrak announced a $25 million commitment to projects aimed at improving speeds and facilities for Midwest corridor trains, including:

—$5 million for a demonstration next year of "modern, premium trains and technology," involving equipment capable of 110 mph.
—$5 million towards the "Grand Crossing" connection on Chicago's south side that would significantly improve running-times on links both to Indianapolis-

Cincinnati and Champaign-Carbondale-Memphis-Jackson-New Orleans. [Chicago-Cincinnati and Chicago-Carbondale both are part of the Midwest Regional Rail Initiative; also, Secretary Slater has designated the former as a high speed corridor.]

—$2 million towards the St. Louis intermodal terminal, which also will serve the successful light rail line. We eagerly await the Amtrak ridership increase that should result from replacement of the isolated, 20+ year-old "temporary" Amtrak station.

—$2 million towards returning Amtrak to the impressive Kansas City Union Station from today's low-profile facility that Amtrak President Tom Downs said made Amtrak the proverbial "troll under the bridge."

—$1.5 million for Chicago-Detroit preliminary design and engineering.

—$1 million towards modernizing the Milwaukee station, which the January 15 Milwaukee Journal Sentinel termed "shabby" and "outdated."

Earlier, on February 18, 1998, Amtrak announced an order for eight new San Diegan train-sets of five cars each. This $100-million order is the largest-ever investment by Amtrak in California. The cars will be financed, but Amtrak is avoiding interest costs during construction by temporarily using TRA funds.

Federal "High speed rail" funds.—Continued federal high speed rail funding will be vital if we are to fully realize the benefits of Amtrak's investments in new rolling stock, stations and connections. There are substantial needs for improving tracks, signals and grade-crossings to permit increased track speeds.

The high-speed program has—or should have—three parts (see also table below):

(1) Planning is authorized at $10 million a year fiscal year 1998–2001. We favor $30 million for fiscal year 2000 ($10 million each authorized for fiscal year 1998, 1999 and 2000).

(2) Hazard elimination, which TEA–21 authorizes at $15 million a year fiscal year 1999–2001. We support $30 million for fiscal year 2000, including $15 million authorized for fiscal year 1999. [This is in addition to $5.25 million a year in "guaranteed" trust fund dollars.]

(3) Next Generation (technology improvements) are authorized at $25 million a year fiscal year 1998–2001. We support $34 million for fiscal year 2000, including a total of $9 million authorized for fiscal 1998 and 1999.

The result: total request for fiscal year 2000 of $94 million in appropriated funds ($44 million in prior-year authorizations as yet not appropriated).

HIGH SPEED PROGRAM—CURRENT, CLINTON BUDGET, OUR REQUEST

[In millions of dollars] [1]

	Fiscal year		NARP request
	1999 Actual	2000 Clinton	
Planning	[zero]	[zero]	30.000
Hazard-Elimination	[zero]	15.000 (RABA)	30.000
"Guaranteed" Hazard-Elimination	5.250	5.250	5.250
Next Generation	24.000	32.000 (20.000 RABA)	34.000
Total	29.250	52.250	99.250

[1] See also page 4: first paragraph, and note after table.]

In general, federal funding encourages states to invest in highways and aviation and discourages rail investments. Federal passenger-rail planning money keyed to state matches might be particularly effective in correcting this problem.

We would strongly support any request you receive for funding [not at Amtrak's expense] to continue work on the North Station-South Station Rail Link in Boston. This link is needed to dramatically improve the efficiency and usefulness of the local commuter-rail network, the planned Boston-New Hampshire-Maine Amtrak service and all Amtrak service to Boston including the forthcoming high-speed trainsets.

3. "Excess" Gasoline Tax Revenues, a.k.a. "Revenue-Aligned Budget Authority" (RABA), and the Aviation Investment Reform Act for the 21st Century (AIR–21)

We strongly support the Administration's proposal to devote a significant proportion of RABA to rail projects, transit and the Congestion Mitigation/Air Quality Program. Except for $12 million in "Next Generation" work, the Administration's entire

high-speed rail request is RABA. We think this is good policy, but we know it is controversial in Congress, even though the hazard-elimination program certainly benefits highways. We also strongly oppose the sharp cut in general funds going to intercity passenger rail (table below).

GENERAL FUNDS FOR PASSENGER RAIL: CURRENT AND PROPOSED

[In millions of dollars]

	Fiscal 1999	Clinton fiscal year 2000 budget
Amtrak	609.000	571.000
High Speed Rail	24.000	12.000
Total	633.000	583.000

Note: [This is an 8 percent ($50 million) reduction from 1999 to 2000. In both tables, we show the Fiscal 1999 high speed level as $24 million, the number shown in the Administration's budget. This number actually includes related FRA salaries and $3 million for the Alaska Railroad. The technically correct number thus is lower: $20.494 million.]

Particularly in the face of escalating federal investments in highways and aviation, and the DOT Inspector General's analysis of Amtrak's capital needs, we think there is strong public support for the investment levels we are requesting. Our belief also rests on public opinion polls commissioned by NARP and others which we have cited in previous years' testimony and which were taken when rail travel seemed to be in less favor than it is now.

We appreciate Chairman Shelby's initiative in educating colleagues and the public on the budgetary impact of AIR–21, both at the subcommittee's Amtrak hearing and in amendment #225 to the Senate Budget Resolution. This amendment notes that AIR–21 would result in firewalled transportation spending (aviation, highways, transit) exceeding total function 400 spending called for in the Senate's resolution.

AIR–21 contemplates increasing airport improvement funding from $2 billion to $5 billion a year and tripling air traffic control funding (to $3 billion a year). Outside the trust fund, AIR–21 contemplates continuation of the practice of funding 30 percent of the air traffic control system from general revenues. We do not believe AIR–21 serves the cause of balanced transportation. We consistently have argued against mode-specific trust funds, which work to insure that investments continue primarily in the already-dominant modes, and inhibit implementation of any analysis showing that rail could do a job more efficiently.

4. Flexibility for Intercity Passenger Rail

Arguably the most serious flaw in TEA–21 was Congress's failure once again to include intercity passenger rail as an eligible use for flexible gasoline-tax funds (for any state except Vermont!), even though the Senate voted for and the Administration endorsed this flexibility last year. On February 23, the National Governors Association approved a policy statement endorsing flexibility. We appreciate this subcommittee's support of flexibility. We urge Congress to fix this serious flaw in U.S. transportation law.

5. Amtrak in the Marketplace

Travel (passenger-miles) on Amtrak was up 2 percent in Fiscal 1997, 3 percent in Fiscal 1998 and 3 percent in the first five months of Fiscal 1999. (A passenger-mile is one passenger carried one mile.) Passenger revenues have risen more sharply and for a longer time: up 3 percent in Fiscal 1996; up 7 percent in fiscal year 1997; up 4 percent in fiscal year 1998; and up 8 percent in the first five months of Fiscal 1999. [These statistics reflect only the intercity business, not Amtrak's contract commuter operations.]

There is an interaction between travel volume and revenues. Consistent with Congressional and Administration pressure to achieve "operating self-sufficiency" by the end of Fiscal 2002, sharp fare increases in 1995 and 1996 helped the bottom-line but priced some potential riders out of the market.

In the Amtrak travel declines of fiscal year 1994–96, the passenger did not abandon Amtrak, Amtrak abandoned the passenger-by reacting to the Administration and Congressional mandate. Some services were withdrawn and others made more confusing, and fares increased sharply. The fact that these problems are—for now-behind us helps explain recent, positive trends. Growth would be even more impres-

sive if there were expansion-minded capital investments not limited by the quest for operating self-sufficiency.

Thank you for an excellent Amtrak hearing, and for the opportunity to submit these comments.

FEDERAL TRANSIT ADMINISTRATION

PREPARED STATEMENT OF WILLIAM W. MILLAR, PRESIDENT, AMERICAN PUBLIC TRANSIT ASSOCIATION

INTRODUCTION

The American Public Transit Association (APTA) appreciates the opportunity to testify on the fiscal year (FY) 2000 Transportation Appropriations bill. On behalf of our 1,200 member organizations we commend the Transportation and Related Agencies Subcommittee for its outstanding work on the fiscal year 1999 Transportation Appropriations bill, which increased the federal transit program to $5.4 billion, $25 million more than the level "guaranteed" for transit in fiscal year 1999 under the Transportation Equity Act for the 21st Century (TEA 21).

Growing investment in our surface transportation infrastructure is critical to the economic well being of the nation as we move into the 21st Century. This principle was affirmed last year with the strong bipartisan support for TEA 21, which calls for significant increases in transit and highway spending. TEA 21 authorizes $6.8 billion for transit in fiscal year 2000 and specifies that the program be funded at no less than $5.8 billion in that year.

APTA urges the Subcommittee in its fiscal year 2000 Transportation Appropriations Act to fund the federal transit program at the $6.8 billion level authorized in TEA 21. We strongly support the Administration's proposal to provide an additional $291 million in transit funding above the $5.8 billion guaranteed in TEA 21, but suggest that it be done within the existing TEA 21 budgetary framework.

An assured level of federal funding is critical to the transit program. It enables transit agencies to develop realistic multi-year capital programs, it fosters innovative financing for major construction projects, and it helps to maintain equity between highway and transit funding. In addition, the budgetary provision supports distribution of transit funding in a way that maintains balance between the formula and discretionary components of the program.

INVESTMENT IS BEING PUT TO USE

Across America transit systems are using the additional funding provided in last year's appropriations bill productively. Transit properties are wisely performing asset management and maintenance work on existing capital facilities. Older cities are reinvesting in aging bus stations and rail systems, making them safer and more efficient. Agencies are also investing in new transit projects, bus and bus facilities, and intelligent transportation systems. Projects under construction include 166 miles of bus fixed guideways, 106 miles of commuter rail, 63 miles of light rail, 43 miles of heavy rail, 8 miles for trolley bus service and 9 miles of automated guideway transit. All of this activity is happening in an environment that involves strong state and local support.

ACROSS THE NATION TRANSIT IS MAKING A DIFFERENCE

Transit Ridership at Record Levels

The increased investment in transit is reaping significant returns and helping transit make a difference in the lives of people across the nation. The additional funding is helping to fuel increases in transit ridership. Some 8.6 billion passengers used public transit services in 1997, a 7.7 percent increase over the preceding year. Preliminary figures for 1998 show transit ridership up again—an additional 4 percent to 8.9 billion riders, the highest in the history of the federal transit program.

Ridership increases were led by bus systems serving populations less than 50,000—up 8.5 percent; light rail—up 5.4 percent; and bus systems serving areas with more than 2 million people and demand response services—up 4.8 percent. Commuter rail ridership grew by 4.0 percent, and heavy rail showed an increase of 4.5 percent.

This growth in ridership occurred throughout the country. In Houston, transit ridership is up 9 percent and this is largely due to the addition of new park and ride lots in suburban Houston. In Kansas City, transit ridership is growing for the first time in 15 years. By taking advantage of the flexibility and additional funding pro-

vided in TEA 21 and the fiscal year 1999 transportation funding bill, the Kansas City Area Transit Authority was able to add 12 new routes and create two new innovative demand responsive services. These services have produced ridership increases of 3,000 to 4,000 daily. In San Diego, ridership is up 13 percent. In the New York City region, ridership is up 9 percent and in Minneapolis transit ridership is up 6 percent. These new riders are evidence that the public wants a transit option and appreciates the federal investment in more and better transit service.

Transit is Helping to Relieve Traffic Congestion

Transit is also making a difference by helping to relieve traffic congestion and reduce accidents. According to the 1997 Dollars and Cents report, 5 million more cars would be on the nation's roads without transit; 200,000 more auto fatalities, injuries, and accidents would occur annually; and Americans would spend another 365 million hours every year sitting in traffic, at a cost to them and the economy of $19 billion.

Transit is Moving People to Jobs

The additional investment also helps to move thousands of people from welfare to work. The nation's public transit systems already provide access to jobs for millions of commuters. Transit providers are now responding with innovative ways to provide job access for welfare recipients, including special reverse commute and suburb-to-suburb bus and van services to match center city residents with suburban jobs. Nationally, 3 million people have moved off welfare and into productive jobs, and transit played a big role in that regard since over 90 percent of welfare recipients who must move into the workforce do not own cars and must rely on public transit to get to work.

—In Hartford, Connecticut, The Greater Hartford Transit District has added several supplemental transit services to provide former welfare recipients with access to jobs. These services include new bus routes, additional late evening and early morning bus service, vans for small groups and guaranteed rides home in emergencies.

—In South Carolina, the Pee Dee Regional Transportation Authority has begun operating very long distance trips to an employment area in another county. The bus trips are offered at unusual times so that workers can arrive and depart at times that fit the schedule of entry-level service jobs. The transit system estimates that the return on every public dollar invested in their long-distance to work-travel service is 20 to 1.

In Lafayette, Indiana the Greater Lafayette Public Transportation Corporation provides work-related transportation services for welfare clients between any points in their county. The bus comes directly to the travelers' homes and will take them to any employment site in the country.

Transit and Economic Development

Transit is a $27 billion-a-year industry that employs more than 300,000 people. The additional investment is also helping to create jobs and spur economic development. Transit investment is a significant source of job creation. According to a soon to be released Cambridge Systematics Inc. report, 316 to 570 jobs are created for each $10 million invested in transit. Transit also attracts and focuses new development by providing needed capacity in congested corridors, enhancing property values and providing access to labor markets for both central city and suburban employers.

Transit is Making a Difference in Rural America

Not only is transit helping in metropolitan areas, but it is also making a difference in small towns and rural communities. A 1997 Transportation Research Board Report found that investment in transit creates significant benefits in rural areas. According to the 1997 study, a $375 million investment in rural transit by federal, state and local government produced national annual economic benefits equal to $1.26 billion—a three-to-one benefit cost ratio. The greatest benefits generated by transit in rural areas are transportation to employment and services that enable rural community residents to live independently.

MORE INVESTMENT IS NEEDED

While last year's funding increase was very helpful, transit users from across the country would reap the benefits of additional transit investment through improved and augmented services. Increased demand for transit is reflected in increased ridership numbers and the growing demand for transit services generally. Nationwide, transit investment needs far exceed the $6.8 billion authorized for fiscal year 2000

by TEA 21. The Department of Transportation finds that $14 billion needs to be invested each year just to maintain and improve transit conditions and performance.[1] A recent APTA survey indicates needs equal to $15 billion annually over a ten-year period, including:

—$38 billion for new vehicles, including 67,800 buses and 51,400 vans;
—$25 billion for new bus facilities including parking lots for bus passengers;
—$13 billion to modernize bus facilities and equipment;
—$23 billion to modernize and rehabilitate existing fixed guideway rail and bus facilities, stations, and maintenance facilities;
—$46 billion for additional fixed guideway services that respond to new customer demands; and
—$5 billion to rehabilitate more than 14,900 buses, rail cars, and other vehicles to extend their useful lives.

INFRASTRUCTURE NEEDS IN RESPONSE TO CONGESTION

We cannot afford simply to maintain existing systems because we cannot afford to lose ground to traffic congestion. Congestion is exacting an enormous toll on the U.S. economy. Recent Texas Transportation Institute research indicates that we lose $74 billion each year in lost productivity due to traffic congestion.

Look at any metropolitan region around the nation and it is clear that we can no longer build our way out of congestion. Investment in critical transit infrastructure needed not just to build new systems, but also to complete planned networks.

—Right here in our own backyard, the Washington region loses $3.6 billion annually due to congestion. Plans are in place to expand Metro bus service along the Dulles corridor to link the Dulles Airport with Washington Metro. Such express bus service is badly needed because the Dulles corridor is choking in congestion. We also note that there are plans to extend Metrorail service to Tysons Corner. However these solutions will not come cheap and they are only two examples of the strong demand for additional transit services in the Washington region.
—In Atlanta, the new Governor, Roy Barnes has drawn up plans to put in place a regional transportation authority. The metropolitan area is out of compliance with air quality standards and cannot build any more roads. In order to tackle air quality and congestion problems Governor Barnes has pledged to extend bus and rail services to Atlanta's northern suburbs. Needless to say, additional local, state and federal funding will be needed in order to help Atlanta get out of its traffic tangle.
—In Salt Lake City, Utah, officials are working to finish preparations for the 2002 Winter Olympic games. Yet these preparations would be incomplete without transit. Salt Lake officials know that transit goes hand in hand with successful sporting events. They are working to complete the North-South line that will open next year and plans are in place to build an East-West extension that would connect the airport, downtown Salt Lake City, and the University of Utah before the games begin.
—In San Diego, California, there is a pressing need to extend the trolley to serve neighborhoods east of San Diego, a major medical center and San Diego State University. The extension would link these communities to rail service going east and west.

Funds are Needed for ADA Compliance

Additional funding is also needed to help meet compliance with the Americans with Disabilities Act (ADA). Although transit agencies met the January 27, 1997 compliance deadline to make paratransit service comparable to fixed-route service, their ADA compliance capital and operating costs are as much as $1.4 billion annually for the next several years. Transit systems need increased formula capital funding to meet paratransit mandates, meet growing service demands, and continue their effort to make vehicles, transit stations and facilities meet federally mandated standards.

Access to Jobs

Funding is also needed to help transit agencies provide access to jobs. While our customers rely on many services, the fact of the matter is that most former welfare recipients depend on public transit to get to jobs. The task is not easy because many potential jobs are located in areas or during times not easily served by public transit.

[1] 1997 Status of the Nation's Surface Transportation System: Condition and Performance; U.S. DOT.

In October 1998, APTA released a Welfare to Work Survey Summary Report that found the addition of new transit services is very important to the success of welfare to work programs. Frequently described new services include: new routes to employment locations outside the existing service area; more direct service to reduce very long trip times where current service is indirect; service later at night and earlier in the morning to meet extended hours of entry-level service jobs; increased service in the opposite direction of existing peak service; and shuttles from rail stations and the ends of bus routes to dispersed employment locations.

However, the survey noted that the biggest difficulty for most systems in implementing these services is funding. The systems have proposals that would greatly improve welfare-to-work transportation services but cannot implement them until funding is available.

APTA SUPPORTS FUNDING PROGRAM COMPONENTS CONSISTENT WITH TEA 21

APTA supports funding the respective components of the federal transit program consistent with the authorization levels of TEA 21. Program funding levels specified in TEA 21 maintain an appropriate balance between bus and rail, rail construction and modernization, and urban and rural transit needs. We also support funding of the Federal Transit Administration's administrative needs and funding for all of the research components of the federal transit program including the Transit Cooperative Research Program (TCRP).

Through the TCRP program modest federal investments are leveraging significant contributions from the private sector and paying big dividends to the transit industry. For example, in a research project on electric rail vehicles, the federal investment serves as seed money for involvement by transit professionals and organizations to cooperatively develop vehicle system and subsystem standards. Over the 18-month life of the project, direct contributions by transit industry participants will total over $1.5 million—a leverage of $7.60 for every federal dollar. The standards will benefit taxpayers by lowering the cost for transit rail cars and replacement parts, and reducing inventory requirements. The research team has estimated that these improvements will produce a $119 million benefit from the $232 thousand federal investment made in the research.

THE ADMINISTRATION'S PROPOSAL

APTA applauds the President's fiscal year 2000 budget proposal to increase federal transit funding by 14 percent to $6.1 billion in fiscal year 2000. The proposed increase in transit funding is an important step forward in fulfilling the promise of TEA 21 and is recognition of the contribution that transit makes to improving the social and economic quality of life in communities throughout the country.

While we support the increase in funding, we urge that this be accomplished within the existing budgetary framework. APTA does not support revisiting TEA 21 to change the structure of the transit and highway funding guarantees. We believe that room should be found within the discretionary budget category to fully fund the Administration's request.

Lease Transactions

The Administration budget contains a proposal that would have the effect of prohibiting public transit agencies from entering into so-called lease/leaseback or "Pickle" lease transactions. The U.S. Treasury Department has also issued a ruling that would prohibit such transactions. These transactions typically involve the lease and leaseback, or sale and leaseback, of assets belonging to transit agencies, which are tax-exempt public bodies that cannot otherwise benefit from depreciation on their capital assets (i.e., vehicles or facilities). The Federal Transit Administration (ETA) reviews such transactions to ensure that they are tax positive over the life of the lease, and further requires that the transit system retain effective control of the leased asset. These transactions have been used by almost all major transit agencies around the nation to raise revenues that supplement federal, state, and local funding for much needed transit capital investments.

We are concerned that the Administration's action could have a negative impact on transit operations nationwide by precluding the use of an innovative funding technique that has been used frequently in recent years. We believe that the proposal would, at a minimum, prevent investors from taking any tax deductions in connection with transit assets until the end of the lease term, which would effectively eliminate the benefit to the investor. It is important to note that transit transactions represent only a small portion of all such lease transactions; in our view, their benefits well exceed their costs. Therefore, we ask the Subcommittee to

reject any proposal that would limit a transit system's ability to enter into such lease transactions.

CONCLUSION

APTA appreciates the opportunity to testify on the development of the fiscal year 2000 Transportation Appropriations Act. We urge the Subcommittee to fund the federal program at the $6.8 billion level authorized by TEA 21 and no less than the $6.1 billion requested by the Administration.

PREPARED STATEMENT OF SCOTT LANSING, EXECUTIVE DIRECTOR, CHATHAM AREA TRANSIT (CAT), SAVANNAH, GA

Mr. Chairman and Members of the Subcommittee, I am pleased to submit this statement for the fiscal year 2000 outside witness hearing record on behalf of Chatham Area Transit. This brief statement identifies CAT's specific funding needs for fiscal year 2000.

CAT is committed to quality service: We have restructured fares and routes that have resulted in increased ridership; we are serving the needs of the disabled community; and we have maintained a fleet of aging buses beyond their designed service life.

For fiscal year 2000, CAT respectfully requests $8 million for urgent system needs.

COMPLETION OF THE DOWNTOWN TRANSFER FACILITY

CAT is most appreciative to this Subcommittee for Federal funding provided in the fiscal year 1999 Transportation Appropriations Act. The funds you provided will assist CAT in moving along substantially in the development and construction of Savannah's Downtown Transfer Facility. The project is underway, but we lack the final portion for completion. CAT requests an appropriation of $1 million to complete this facility. This facility will assist CAT's public transportation responsibilities in a number of ways important to Savannah. The transfer facility will aid the commuting public, assist in our substantial tourist transportation needs, and encourage economic recovery and development in our downtown urban area.

BUS REPLACEMENT

CAT operates 63 vehicles. Almost 50 percent of these will have reached their useful life by fiscal year 2000. Although ridership is increasing, we do not seek funding for vehicle expansion. However, we need to replace vehicles that have mileage that exceed their designed service life. These vehicles are becoming too expensive to repair and maintain. CAT is unable to purchase the new vehicles. As maintenance costs escalate, we will be unable to maintain service routes essential to CAT's riding customers. (2) CAT's needs are for at least 33 new buses, but we believe we can phase in the replacement through careful marshaling of resources and the conscientious maintenance of our existing fleet. None of the 33 buses that need replacement are ADA compliant. Therefore, CAT is requesting $7 million for bus replacement, which will allow us to purchase 20 new buses with fiscal year 2000 funds. All of the replacement buses will meet ADA accessibility standards and criteria.

CAT appreciates your careful consideration of this relatively modest funding proposal.

Thank you again, Mr. Chairman, for this opportunity to present the case for CAT's request of $8 million for Bus and Bus Related Facilities for fiscal year 2000.

PREPARED STATEMENT OF MAYOR GEORGE PETTYGROVE, CITY OF FAIRFIELD, CA

Thank you, Mr. Chairman, and members of the committee for this opportunity to speak before you today in support of the City of Fairfield's transportation projects. Fairfield appreciates the support this committee has provided in past years, and we look forward to working with you in the future to ensure safe and efficient transportation systems and infrastructure in our City and our region.

First, the City requests an earmark of $1.2 million in the Bus and Bus Facilities funding category for purposes of purchasing of four fixed route buses. Fairfield/Suisun Transit operates bus services throughout Solano County, California, and provides connections to the Bay Area Rapid Transit (BART) system. Over the last five years ridership has increased more than 20 percent due in part to the tremendous and sustained population growth in the county. Funding constraints prevent Fair-

field/Suisun Transit from obtaining a sufficient number of new buses to increase the fleet size and meet this demand. Buses are overcrowded during peak usage and potential users are not accommodated, thus missing an opportunity to decrease traffic on the heavily congested I–80 corridor. Federal bus acquisition funding would allow Fairfield/Suisun to obtain four additional buses to provide fixed route service and help alleviate strain on the overburdened system. Additionally, new buses would help mitigate the negative impacts of breakdowns due in large part to the age of the existing fleet.

Second, the City of Fairfield requests a $750,000 earmark in the fiscal year 2000 Transportation Appropriations bill (Intelligent Transportation Systems) to fund the acquisition of an Emergency Vehicle Preemption System (EVP). The City of Fairfield's increase in population also is reflected in the significant increase in emergency calls placed to police, fire, and other emergency response entities. For example, medical calls alone increased over 58 percent from 1993 to 1998. Signal preemption is a technology that can recognize an approaching fire or other safety vehicle, and change the signal to "green." This insures emergency vehicles always have priority, allows cars blocking the intersection to be cleared safely using the same green light direction, and makes all other directions go to a "red" signal. Because a typical call will require the safety vehicle to go through several signals, total travel time will be reduced significantly. This project would equip at least 50 of Fairfield's 56 signals, and would equip all of the City's safety vehicles with the signal preemption technology.

Third, Fairfield requests an earmark of $5.1 to fund safety improvements to Air Base Parkway in Fairfield. Air Base Parkway is part of the National Highway System (NHS) network. Air Base Parkway is a high volume (42,000 Average Daily Traffic) arterial, and the primary connection between Travis Air Force Base and I–80. It also has the highest accident rate in the City of Fairfield. This rate (3.3 accidents/million vehicle miles) is more than double the State average (1.27 accidents/million miles), and over the past three years more than 5 persons have been killed and another 16 sustained serious injuries from vehicle accidents. The accident rate and severity of the accidents can be reduced by installing a number of safety related automobile, pedestrian, and bike traffic controls, improving the street lighting, and redesigning the intersections including acceleration and deceleration lanes. Federal funding will be used to these ends.

Fourth, the City requests an earmark of $3 million to improve access for disabled citizens as mandated by the Americans with Disabilities Act. Since 1990 when the Americans with Disabilities Act (ADA) was enacted into law by Congress, Fairfield has struggled to implement its requirements. This struggle is due in part to the heavy strain on the City's transportation budget in light of the recent and dramatic increase in the county's population. Many of the ADA requirements are related to providing basic access to public facilities and services, including sidewalk and handicapped ramp improvements for wheelchair users. Although Fairfield has a goal of 100 percent accessibility for all wheelchair and mobility impaired persons, and has an on-going program for improvements, many of the more than 1,500 intersections and their approaches remain incomplete. These inadequacies represent significant barriers to the wheelchair user and often force disabled citizens to travel in the street and in traffic. Federal funding at the requested level would speed compliance work significantly and likely allow the City to complete its work in five years.

Finally, the City requests an earmark of $3 million to fund critical links in the City's Linear Park Pedestrian/Bike Path Project. Over the past several years Fairfield has been developing an extensive network of bike lanes and bike paths. The "backbone" of this system is the Linear Park Pedestrian/Bike Path. The project is located along an abandoned railroad right-of-way that extends the entire east/west width of the City. The planned western terminus is the Red Top Park-and-Ride Lot at the junction of I–80 and Red Top Road, and the eastern terminus at the Fairfield/Vacaville train station. Located at the midpoint is the main transfer point for Fairfield/Suisun Transit (FST). The requested funds would provide improvements needed for critical links between North Texas Street and Pennsylvania Avenue. In addition, because FST's main transfer point will be located on N. Texas Street at the east end of this project, pedestrians and bicyclists will have direct access to all bus routes.

Mr. Chairman, the City of Fairfield appreciates your assistance on these projects. As you know, our city is one of the fastest growing communities in California. Fairfield's population continues to grow rapidly, and we continue to attract major corporate and industrial development. Fairfield faces new and difficult challenges in the areas of transportation and other infrastructure and flood control associated with this rapid growth. Your assistance is greatly appreciated on all of these projects. Thank you.

PREPARED STATEMENT OF MAYOR STEVE MIKLOS, CITY OF FOLSOM, CA

Mr. Chairman and distinguished members of the committee, my name is Steve Miklos and I am Mayor of the City of Folsom, California. I appreciate the opportunity to speak today regarding the City of Folsom's request for an earmark in the fiscal year 2000 Transportation Appropriations Bill in the amount of $5.5 million to complete funding for the Railroad Block Project.

Last year, the Transportation Appropriations legislation earmarked $1 million for the Folsom Railroad Block Project. This earmark brought the total federal funding level for the project to $2.5 million. The Folsom Railroad Block Project is a multi-use, transmodal hub, vital to the rapidly increasing public transportation needs of the City of Folsom. The two block area project links commuter rail, tourist rail, local inter-city and tourist bus, pedestrian, and bicycle movements via a central plaza featuring an historic interpretive site and the non-profit Folsom Children's Museum. The project provides a critical link to the region's light rail system and will serve as eastern terminus for Sacramento's light rail system on the Highway 50 corridor. The project encompasses the best components of community planning by linking together multiple forms of transportation with a high profile commercial, retail, and tourist center.

The project area consists of a two city-block area in the Historic District of Folsom consisting of approximately 6.7 acres. Several points included in the Railroad Block, including the Folsom Depot, the turntable site, and several pieces of rolling stock on-site are listed on the National Register of Historic Places for site and structure status. This project is part of the City of Folsom's broad planning process to help relieve local and regional transportation pressures from existing infrastructure and is designed to work in tandem with other infrastructure improvements. Additional infrastructure improvements include the new American River Bridge currently under construction with non-Federal funds, as well as the proposed Highway 50/Folsom Boulevard Project and the Light Rail Extension Project, both of which are currently under consideration as part of the ISTEA reauthorization process.

Mr. Chairman, on behalf of the City of Folsom, I thank you for the opportunity to testify regarding the City of Folsom Railroad Block Project. Our community and our region continue to appreciate the assistance your committee has provided in the past, and we hope the committee will view favorably our request to complete the funding for the project.

PREPARED STATEMENTS OF MAYOR PAULA DELANEY, CITY OF GAINESVILLE, FL

The Depot Avenue Project includes the reconstruction of approximately two (2) miles of Depot Avenue from SR 331 to US 441. The project includes the construction of two travel lanes, turn lanes, curbs, sidewalks and landscaped medians. Depot Avenue is located adjacent to the existing Depot Avenue Rail-Trail, which is an 8 ft. wide asphalt trail. It alternately connects residential areas, commercial areas, and industrial land uses along its length. The redesign of the road will address these varying conditions and also the involvement of the neighborhood residents it serves.

Depot Avenue traverses Gainesville from west to east, approximately 2 mile south of, and parallel to, SR 26 (University Avenue). Its western terminus is at the eastern edge of the campus of the University of Florida and its associated student housing development, and its eastern terminus is at SR 331 in Southeast Gainesville. It skirts the southern edge of downtown Gainesville at its mid-point, and its intersection with SR 329 (Main Street) is considered to be the southern "gateway" to Downtown.

The Depot Avenue project provides linkages to the Depot Avenue Rail-Trail that links with the Waldo Road Rail-Trail, the proposed Downtown Connector Rail-Trail that links with the Gainesville Hawthorne Rail-Trail, and the proposed 6th Street Rail-Trail. It provides access to the Gainesville Regional Transit System (RTS) Transportation Center as well as the proposed Depot Avenue Stormwater Restoration Park, which is in the planning stages as the centerpiece of a US EPA and Florida DEP-funded Brownfields pilot project.

The City of Gainesville's RTS Transportation Center is located on the north side of Depot Avenue directly south of the core of Downtown Gainesville. The Transportation Center is a multi-modal transportation hub for the Regional Transit System, Greyhound, Amtrak and the Bicycle Commuter Facility. On the south side of Depot Avenue across from the RTS Center is the Old Gainesville Depot, which has been recently acquired by the City for restoration. The Old Gainesville Depot was built in 1907, and was placed on the National Register of Historic Places in 1996. The City of Gainesville was founded as a rail hub linking Fernandina Beach on the east coast of Florida to Cedar Key on the west coast in the mid-1800's and uses a train

symbol as its official seal. The restoration of this building in conjunction with the restoration of the 22-acre Depot Park is expected to provide a major community destination and regional "eco-tourism" attraction for the community.

The City's proposed 22-acre Stormwater Wetlands Restoration Park will serve as the stormwater management facility for the Depot Avenue Project as well as the Central City District portion of the watershed that is located upstream of the facility. The Old Gainesville Depot will be located within the park area and will provide for activities associated with redevelopment in the Depot Area, the Depot Park, the rail-trail system, and the RTS Transportation Center. The enhancement of Depot Avenue will encourage increased utilization of mass transit, bicycle and pedestrian modes of travel and increase accessibility to a major public heritage and recreation destination for the community.

The enhancement of Depot Avenue will also provide infrastructure and improved access from downtown and the University of Florida area to the Porters Community, just west of SR 329 (South Main Street) and Southeast Gainesville. The Porters Community lies within Census Tract 2, which extends north of University Avenue, and Southeast Gainesville lies within Census Tract 7. Census Tract 2 is approximately 37.7 percent African American and Census Tract 7 is approximately 75.6 percent African American (Census, 1990). Approximately 35.1 percent of all families in Census Tract 2 are in poverty and approximately 31.6 percent of all families in Census Tract 7 are in poverty (Census, 1990). The socio-economic conditions of these areas include high crime rates, sub-standard housing, and lack of services and investment. The enhancement of Depot Avenue provides the potential for increasing access to the higher employment areas of Gainesville, including downtown and the University of Florida, improving physical infrastructure, including drainage improvements, lighting and streetscaping, and providing bicycle and pedestrian facilities that connect both east and west Gainesville to Downtown.

Along with the improvement of South Main Street, the Depot Avenue Project will provide for beautification, and encourage redevelopment and infill in the urban core of Gainesville and its adjacent areas. This enhancement will provide a region-based incentive for reducing sprawl development in the Gainesville Metropolitan Area by providing an alternative east-west corridor to SR 26 that allows for maximum use of alternative transportation. As a consequence, this project will increase mobility while minimizing pollution and congestion associated with the use of single occupant vehicles.

The City's Electric Utility is in the process of designing a repowering plan for the historic Kelly Power Plant located adjacent to the Transportation Center, Depot Historic Structure and the Stormwater Wetlands Restoration Park. The planning firm of Dover, Kohl and Partners has recently completed a community-planning process held in conjunction with the repowering project. This community-planning process included the entire Depot Avenue area adjacent to Downtown. The City encourages citizen participation in the community-planning process and actively provides opportunities for participation in the planning of public infrastructure such as the Depot Avenue Project.

The Depot Avenue Project will include property and right-of-way acquisition, design and construction activities at a cost of approximately $18.8 million. The Stormwater Wetlands Restoration Park includes property acquisition, design, remediation and construction activities at a cost of approximately $10.0 million.

The consideration of this Subcommittee is greatly appreciated. The City of Gainesville looks forward to working with you further on this vital economic development initiative.

EMS CRITICAL CARE INITIATIVE PROJECT

Mr. Chairman: On behalf of the City of Gainesville, Florida, I appreciate the opportunity to present this written testimony to you today. The City of Gainesville is seeking federal funds in the fiscal year 2000 Transportation and Related Agencies Appropriations bill for an advanced body-worn computer system for the field paramedic to use in patient care, decision-support, communications and record keeping. The impact for the entire region is considerable, since this county serves as the regional center for much of rural north Florida's medical care, disaster management, and criminal justice services. The estimated cost of the system is $1,000,000, to be spread out over the three years it will take to complete the project.

The provision of emergency medical services has been highly developed over the past two decades through research and assistance from the federal government. Through these developments there are many advanced life support systems in place, which are staffed with paramedics. The paramedics operate at the front line of every type of emergency in which people are at risk. These include vehicle accidents, fires,

chemical hazards, explosions, and terrorist events, up to and including weapons of mass destruction (WMD). The complexity of knowledge required of paramedics to perform effectively in this wide variety of circumstances continues to rise exponentially. Yet, throughout the federal government there are tools being developed which have immediate application to overcome the complexity facing the modern emergency medical system. What is needed is an integration of hardware, information technology, decision-support programming and advanced communications technology to support the paramedic in this wide variety of lifesaving interventions. Although there are various components of this project in development for other purposes, there is no known research that would provide a similar system with national application to emergency field services. There will be applications of this system for a number of national priorities, including anti-terrorist operations, trauma treatment, and enhanced rural medical care.

Paramedics in the field normally operate under direction of physicians at the emergency department. Caring for critical patients requires attempting to communicate a true picture of events to the physician. The paramedic must currently rely on a remote physician who is receiving limited information, to make an appropriate diagnosis and provide the correct treatment protocol. Yet, within the literature of emergency medicine there are hundreds of algorithms, akin to artificial intelligence, designed to correctly diagnose when complete information is provided in a specific sequence. These heuristic decision-support algorithms are complex and interact with each other. Computers are the only effective means to integrate the many complexities these interactions produce.

Computers could be used with great success in the field except for two primary shortcomings:

First of these is that the paramedic literally has his or her hands full with providing emergency care. (S)he cannot stop administering lifesaving care to enter data into a computer with a conventional keyboard, nor is the physician who is contacted by radio likely to either ask the questions in proper sequence or use the computer systems to furnish proper instructions. Handling hardware demands of a computer in this environment; outside, in all weather conditions, with poor lighting and dynamic events occurring, simply adds too much complexity to using this vital tool. Fortunately there have been recent developments in wearable computers. These are lightweight modules designed to fit in a belt-worn pack, which are then connected to a headset which has an eyepiece video display (which can also be equipped with a forward-looking video camera to record the wearer's eye view). The other components of the headpiece are a throat voice-activated microphone and earphone that allow two-way voice communication either with the computer or a radio system.

The second shortcoming is similar. Until recently there have not been speech recognition systems that could reliably accept voice input for decision-support or recording of vital information. Today, however, there are several inexpensive speech-to-text and text-to-speech engines for computers, which enabling direct communication with databases and artificial intelligence (AI) systems.

For the paramedic there is no transcriptionist. All records have to be reconstructed after the fact, from memory or from incomplete remote records from dispatcher reports and third parties. Sometimes a patient may be under the care of more than one service provider may. This can happen when a rural facility initiates care and the patient must be treated by first responders, followed by advanced providers and finally moved to a higher care level by a third caregiver, such as a helicopter flight crew. In this environment, the continuity of care may be maintained, but the records often become scattered, never reaching the final link in the chain. Incomplete or fragmented records mar most research into what works effectively in the field with paramedics. The use of a wearable computer, which is voice-activated, provides the ideal mechanism to review individual patient care to improve treatment proficiency, quality and training. The addition of a video cameral to that recording provides, literally, the complete picture.

There is the another problem for emergency care systems, probably the most difficult to solve and most in need of solution. When confronted with ambiguous data, indicative of a number of patient conditions, the paramedic must rapidly gather and sort volumes of information, develop a treatment plan and, with guidance from a physician, attempt to restore stability. There are certain situations that are high criticality and low frequency. This means that the paramedic is unlikely to see the condition often, so it is unfamiliar. Simultaneously, the patient condition requires immediate and effective treatment for a survivable outcome. A few of these events include toxic exposures, multiple system trauma, complex rescue situations, and any other accidental or intentional event which leads to rare but lethal injuries.

This is a request for $1,000,000 in project development money to demonstrate a wearable computer system for field medical personnel. It will integrate available ci-

vilian and military technologies. Its goal is effective information management, field diagnosis—especially for rare and complex disorders such as chemical toxin exposures or biohazard exposures—and finally a real-time record of the events. This prototype will provide the model for expert systems to be placed in every field medical environment in the nation. In rural regions it will provide access to the sophisticated support of trauma centers and specialty physicians. In the urban environment it will simplify and improve proper management of mass casualty events. These may be rare, but they require high readiness and complex handling. Such events could include biological terrorism, chemical weapons, or even significant accidental exposures to these agents. They also include medically challenging cases such as thermal burns, poison exposures, and quick-acting illnesses, which threaten vital organ systems. The federal government has already funded the research that created the technologies to be used. There are military educational applications of this technology in use for aircraft maintenance. There are other applications in commercial development for inventory and maintenance applications, which are primarily data gathering or information recall systems. There have not been applications to the field practice of emergency medical care—a discipline that can produce an impressive return on development funding.

The Gainesville Fire Rescue Department (GFRD) is the primary applicant. The department is a Florida licensed advanced life-support (ALS) provider for the municipality of Gainesville and a wide urban area surrounding the city. The total population served is approximately 145,000 with an annual emergency call load of 20,000 emergency incidents, 15,000 of which are for emergency medical services (EMS). The department has a Regional Hazardous Materials Response Team providing training and emergency response to an eleven county area of North Florida. Except for its home county of Alachua, these counties are primarily rural with limited critical incident response capability. In addition, the department provides direct medical response services for the Gainesville Police Department's Special Response Team and the Alachua County Sheriff's Special Weapons and Tactics Team (SWAT). Paramedics who have completed the Department of Defense CONTOMS course are utilized in this role for support of high risk warrants and arrests, along with hostage or explosive device crises.

The project will be a partnership with a research team from the University of Florida's Shands Teaching Hospital, Department of Anesthesiology. The project consists of hardware (wearable computer, micro-video camera, digital radio interface); and software (speech-to-text, text-to speech, heuristic decision support). These will be integrated into a body ensemble to be worn by field paramedics. Current medical and operational plans will be programmed into the computer to begin experiments with field use. This is a demonstration project to produce one limited use version of the device for continued experimental development. Results of the work will be shared as published research papers in medical journals, federal technology sharing publications, and journals common to emergency service providers.

This system is expected to greatly enhance the quality of treatment for critical trauma patients, mass casualties from all causes, including exposures to biological or chemical weapons, and complex medical illnesses. The potential for development of future uses is immense, following demonstration of successful integration. The benefits will be of national significance by making available a developed system that can be replicated at reasonable cost. It will create a standard platform for innovation and development among other users. The development team will make use of existing civilian and military technologies wherever possible.

The project will be divided into four phases. Phase one will involve research into existing technologies and development of a specification. Phase one will last 6 months and culminate in a document containing a detailed specification of the device to be developed and tested. Phase two will be development of a prototype system. Phase two will last 18 months. Phase three will be implementation and testing of the prototype and will last 9 months. Phase four will involve preparation of a final report and recommendations for further development and integration into EMS. It is quite possible that industry partners or further Federal funding will be obtained prior to completion of the project and that further development can continue uninterrupted.

The total cost of $1,000,000 will be spread over a three-year period, as follows: Year 1: $338,000, Year 2: $332,120, and Year 3: $329,880. The results (deliverables) will be:

—A prototype handheld or wearable computer with heads up display (HUD) with additional components containing communications software and capable of gathering vital signs information from monitoring devices, and/or controlling therapeutic devices.

—Medical algorithms for treating a variety of life threatening conditions and an advisory system as part of a user friendly intuitive interactive display with therapeutic options.
—Systems to bi-directionally communicate medical information and allow medical command to and from a remote location.

The system will be evaluated in actual emergency events and the results published in research journals along with emergency medical magazines.

Thank you for the opportunity of presenting a unique opportunity for the design of a nationally significant tool for crisis intervention and successful lifesaving care. In fact, this innovation will have international impact as its full potential is realized.

First, I would like to thank Chairman Wolf and the members of the Transportation Appropriations Subcommittee for earmarking $1.5 million of bus capital funds for Gainesville for fiscal year 1999. To accelerate delivery of the buses we are cooperating with Hartline in Tampa to purchase low-floor, hybrid-electric buses with the earmarked funds.

Second, I would like to bring you up to date on our efforts to improve transit in the Gainesville area. Our Regional Transit System gas just completed its best year ever; ridership on city bus routes increase by 1 million passengers in 1998 to 2.3 million passengers, up from 1.3 million in 1997. Total ridership, including the University of Florida Campus shuttle routes was 3.3 million passengers.

To meet the increased demand for transit in Gainesville, we had to acquire 10 used buses from Lynx in Orlando and 11 Used busses from PSTA in St. Petersburg this past year. The average age of our fleet of 62 buses is now 10 years old.

This year we are seeking the balance of the funds we requested last year or $6 million to purchase 20 ADA accessible, alternatively fueled buses.

We are continuing our efforts with our partners: Alachua County, the Florida Department of Transportation, The University of Florida, and the UF Student Government, to enhance bus service in the Gainesville metropolitan area. The UF Student Government has approved a doubling of the student transit fee, so that more transit service can be provided from the off campus student housing areas. Since UF students are now paying a transit fee, we are honoring UF student IDs as unlimited use bus passes. The program began in August, and we have already carried well over 1 million UF student passengers on our transit system.

Our weekday ridership on all routes on all routes is now in excess of 21,500 passengers, compared to 12,400 a year ago, and 11,238 two years ago. Gainesville is making transit work in an urbanized area of only 140,000 in population.

Your allocation of bus discretionary capital funds to Gainesville to replace overage buses will help us enhance the quality of life for our community. We also hope to show that public transit can play an important role in a sustainable transportation system, even in a medium-sized city, like Gainesville, Florida.

Thank you for your consideration.

PREPARED STATEMENT OF THE CITY OF MIAMI BEACH, FL

THE ELECTROWAVE SHUTTLE

Mr. Chairman and members of the transportation subcommittee: The City respectfully submits a transportation related program for a discretionary earmark through the Federal Transit Administration, within the Fiscal Year 2000 Transportation Appropriations Bill. The City proposed earmark of seven million dollars will be used toward the construction of an intermodal transit area that will support the existing electric shuttle service known as the "electrowave". This innovative and environmentally friendly local circulator has carried over 1.5 million passengers in the first year of service, operating only five (5) 22-passenger vehicles at any given time. Its success, popularity, and charm are unquestionable and unprecedented.

The "electrowaves" existing route operates in South Beach, a congested, urban-commercial and residential area, and national historic district of Miami Beach, which contains a convention center and is an international tourist destination. This intermodal, transit project will provide vital transportation collectors for the area, where commuters and visitors will have access to parking, information centers, local and regional, transit services, as well as a usable park and ride program. The first and largest of these centers will include a full scale facility for the "electrowave" service and its vehicles.

We see several advantages to adopting a multiple transit-site approach to the intermodal area.

1. These transit sites will be located on existing on public land.

2. They will fit the scale and character of the intermodal area.

3. The transit sites will act as hubs for hurricane evacuation activities, since Miami Beach is a barrier island; and

4. Multiple transit sites will serve a larger area and more people than one single intermodal center.

Looking into the future, one or more of these transit sites will also serve as a terminus of an east-west multi modal corridor—a regional transportation project which proposes to connect the mainland expressways with the Miami International Airport, downtown Miami, the seaport and Miami Beach.

The electrowave program is included in the five year transportation improvement program of Miami-Dade County and has the financial support of the City of Miami Beach, the Florida Power & Light Company, and other clean air and energy agencies.

A fiscal year 2000 discretionary FTA fund earmark toward these multiple transit sites is critical to the long-term effectiveness of the electrowave service and its park and ride component, as well as to a Miami Beach interconnection with a 21st-century east-west multi modal corridor.

Your consideration is sincerely appreciated.

PREPARED STATEMENT OF NORMA STANTON, CHAIRMAN, DALLAS AREA RAPID TRANSIT AUTHORITY

My name is Norma Stanton and I am Chairman of the Dallas Area Rapid Transit (DART) Board of Directors. It is indeed a pleasure to submit to the Subcommittee DART's fiscal year 2000 appropriation request of $70 million for the North Central Light Rail Transit (LRT) Extension. The request is for inclusion in the Federal Transit Administration (FTA) portion of the fiscal year 2000 Department of Transportation and Related Agencies budget.

The $70 million of New Start funds will be dedicated to the North Central LRT Extension of the 20-mile DART LRT Starter System. (See the attached map.) The funds will be used totally for construction elements, light rail vehicles, and real estate. Completion of the 12-mile North Central LRT Extension and the companion 12-mile Northeast LRT Extension (100 percent local funds) will more than double light rail coverage, to 44 miles, and penetrate the DART suburban cities of Richardson, Plano, and Garland.

WHY THE SUBCOMMITTEE SHOULD APPROPRIATE $70 MILLION TO DART

Full Funding Grant Agreement approval is imminent.

—DART will likely be the first agreement executed under TEA 21.

—DART and FTA are in the final stage of negotiations.

—It is expected these negotiations will be completed very shortly.

—FTA will then notify Congress of its intent to execute the agreement.

The North Central LRT Extension is under construction.

—The $70 million is needed immediately to meet cash flow requirements for contracts authorized under a FTA Letter of No Prejudice (LONP).

—DART has already awarded contracts totaling more than $200 million for the NC–3 Line Section, 21 new light rail vehicles, real estate, welded rail and fasteners, special trackwork, the vehicle maintenance facility, and yard expansion.

—By the end of fiscal year 1999, virtually all the contracts, valued at close to $1 billion for both the North Central and Northeast (100 percent local funds) LRT Extensions will have been awarded.

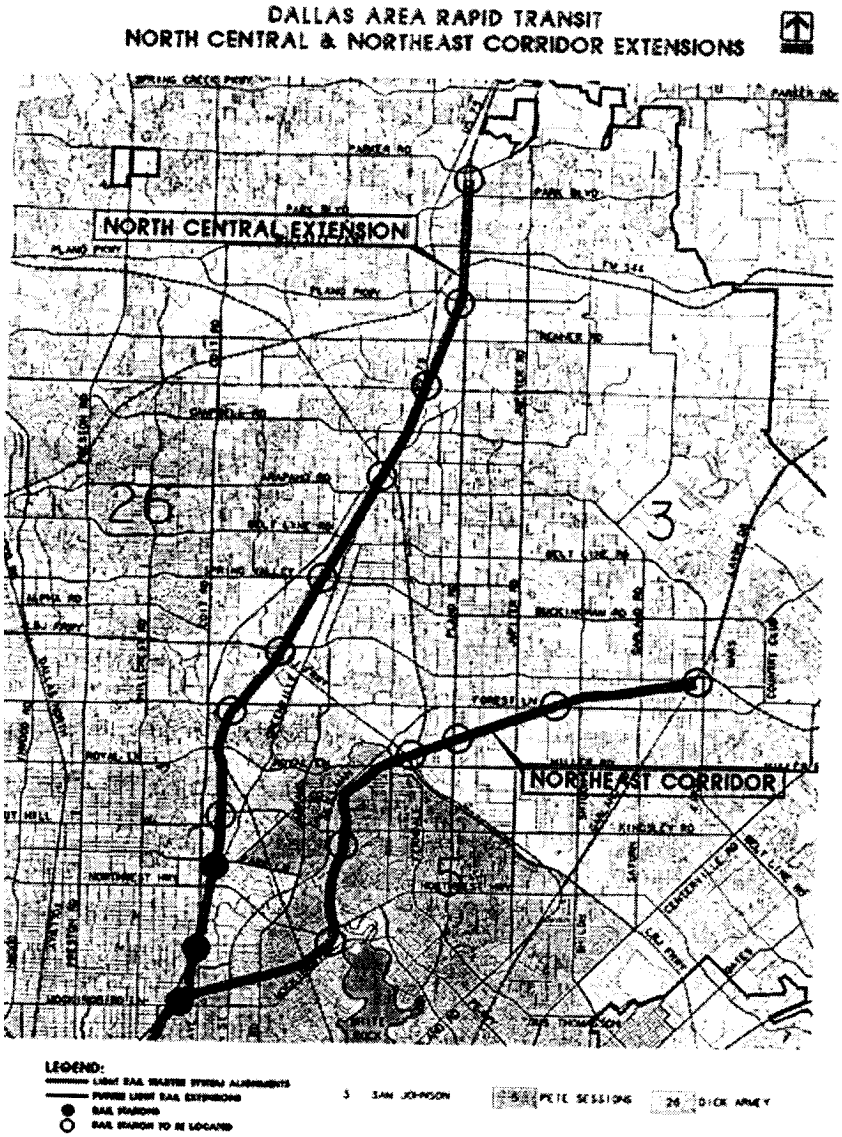
DART can initiate construction before executing the Full Funding Grant Agreement because of a citizen-approved sales tax.

—The citizens of the DART service area in 1983 voted to impose a 1 percent sales tax dedicated to DART for public transit.

—A total of $3.18 billion has been collected through December 31, 1998, with $314 million received in fiscal year 1998.

—DART uses sales tax receipts and short-term borrowing to finance the initiation of construction; but,

—The timely receipt of federal funds is critical to repaying these short-term notes and minimizing the additional expenses associated with borrowing funds before receipt of the federal funds.



DART continues to overmatch.

—The $860 million LRT Starter system was financed with 19 percent ($160 million) federal and 81 percent ($700 million) local DART funds.

—The combined $992 million construction cost of the two LRT extensions continues DART's philosophy of providing a substantial local overmatch, as was done on the LRT Starter System.

—DART local funds of $659 million represent 66 percent of the total project cost, with federal discretionary new start funds accounting for just $333 million, or 34 percent.

Solid elected official and business support.

—Richardson Mayor Gary Slagel, Plano Mayor John Longstreet, and several business executives from the North Central Corridor have met with most of the Del-

egation Members to voice their strong support for the investment DART is making to bring major mobility improvements to the corridor.

—DART member cities and service area chambers of commerce have shown their support by writing letters and passing supporting resolutions.

—DART, the City of Richardson, Hunt Petroleum, and Northern Telecom are incorporating a rail transit plaza in the Galatyn Park expansion of the Telecom Corridor.

DART is an economic engine to North Texas and the state.

—DART is providing a hefty boost to the North Texas and state economies, with a total regional impact estimated at $3.7 billion and more than 32,000 jobs through 2003.

—The new study prepared by the Center for Economic Development and Research at the University of North Texas looks at three separate DART economic engines: the current $1 billion light rail expansion, other capital projects, and ongoing DART operations.

DART has already demonstrated it can build on time and within budget.

—DART has shown that it can capably manage a large, multi-million dollar project, keep it on schedule and within budget through strong project management and strict cost control.

—DART has proven to be a cost-effective manager of both local and limited federal funds through conservative financial policies instituted and approved by the DART Board.

SUPPORTING INFORMATION

Milestones

Two very important milestones were achieved during the first week of February that significantly impact the status of the North Central LRT Extension. First, on February 1, the Administration's fiscal year 2000 budget proposal was released and recommended $70 million for the North Central LRT Extension of the 20-mile DART LRT Starter System. The $70 million is the largest funding recommendation of the seven new Full Funding Grant Agreement projects and the fourth highest among the 21 projects recommended for funding.

On February 2, Vice President Al Gore, Secretary of Transportation Rodney Slater, and Federal Transit Administrator Gordon Linton informed Dallas Mayor Ron Kirk and DART's President/Executive Director Roger Snoble of FTA's intent to enter into negotiations for a Full Funding Grant Agreement for DART's North Central LRT Extension. On February 5, Administrator Linton was in Dallas commemorating this important announcement. DART is currently in the final stage of negotiations with FTA on the Agreement.

Major Accomplishments

DART operates a highly successful 20-mile light rail transit system within Dallas, and a 10-mile commuter rail line between Dallas and Irving. In addition to the rail services, DART operates a variety of transportation alternatives including high occupancy vehicle (HOV) lanes, 130 bus routes, paratransit services for the mobility impaired, rideshare programs and corporate trip-reduction programs. (See the DART Capital Projects map.) These multi-modal systems are the result of thorough corridor planning and implementing the right mode to match the corridor characteristic and ridership. As seen on the Capital Project maps, a mix of high capacity systems is being implemented and operated in the Dallas area. This mix includes HOV lanes that are planned, designed, built, and operated in partnership with the Texas Department of Transportation.

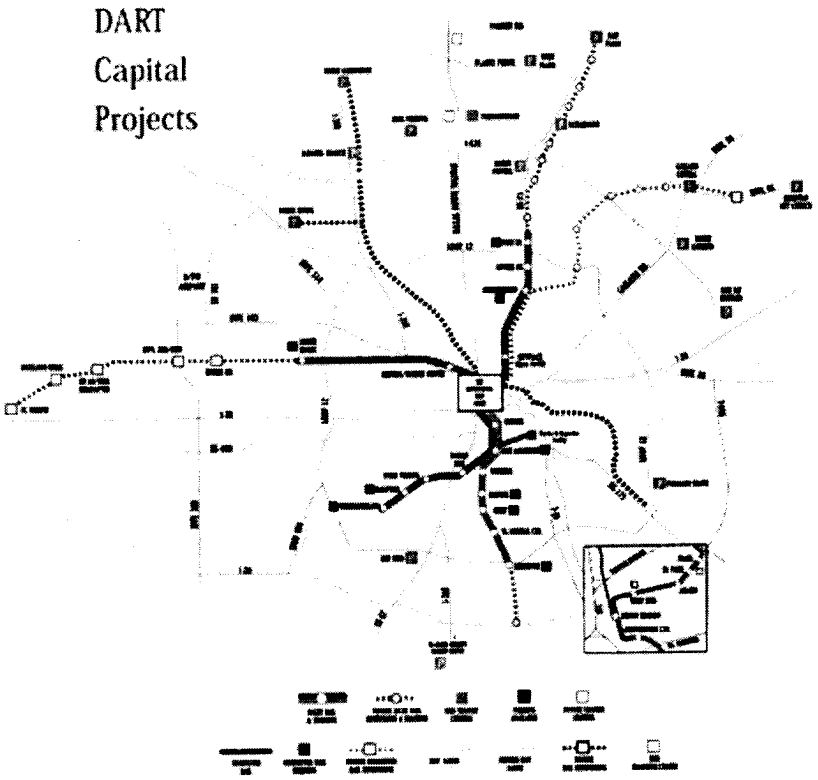
The introduction of rail and expanded HOV services, coupled with bus ridership gains, boosted total annual ridership by 22.5 percent to 85.7 million in fiscal year 1998, from 69.9 million in fiscal year 1997. Weekday ridership in fiscal year 1998 rose to 283,700, with peak days exceeding 310,000.

Exceeding Expectations

DART's new LRT and commuter rail services are generating ridership well beyond initial projections, with more than 41,000 passengers per day. DART rail is generating extensive economic development around stations and along rail corridors as it increases mobility choices for workers. Consequently, business and community leaders are actively supporting efforts to expand the rail system in a timely manner, in accordance with the DART Transit System Plan. The citizens of North Texas are eager for DART to complete these major transportation projects in a timely and fiscally responsible fashion.

Miles to Go

DART's Transit System Plan calls for the development of 58 miles of light rail, 37 miles of commuter rail, and 98 miles of HOV lanes. The Financial Plan portion of the fiscal year 1999 Business Plan projects the sources and uses of funds for DART's projects through the next 20 years. The Financial Plan projects $7.3 billion in locally funded operating expenses and a total of $4.6 billion in capital costs. Because of DART's one-cent sales tax, it has been Board policy to use the local funds for transit operations and DART has never sought or received Federal operating assistance. Therefore, federal funding accounts for only 19 percent of capital investments and 9 percent of overall expenditures. This significant local financial commitment by DART is shown graphically following the Capital Projects map.



DALLAS AREA RAPID TRANSIT 20-YEAR SUMMARY OF LOCAL AND FEDERAL FUNDING

[Dollars in billions]

	Amount	Percent of total
Local funds	$10.8	90.6
Federal funds	1.1	9.4

Source: DART fiscal year 1999 Business Plan.

Future Vision

With Subcommittee support, DART will be able to improve the transportation options for North Texas and help the region to remain a vibrant area to live and work. You may rest assured that the Delegation Members will continue to work closely

with DART to get these projects funded, built within budget, and in operation on schedule.

As previously stated, the North Central and Northeast LRT lines are under construction. DART is also looking to the future and is currently undertaking Northwest and Southeast Corridor Major Investment Studies. The table below highlights the status and implementation schedule.

PROGRAM OF RAIL PROJECTS—IMPLEMENTATION SCHEDULE

Line	MIS	PE/EIS or EA	Final Design	Start Construction	Open for Revenue Service
North Central	Completed June 1994	Completed April 1997	April 1997– Jan. 2000 (Staged).	Jan. 1999 (Staged)	2002/2003
Northeast	Completed Nov. 1995	Completed Dec. 1996 (EA)	Feb. 1997– June 1999 (Staged).	August 1998 (Staged)	2001/2002
Southeast	Feb. 1998–Late 1999.	2000–2001	2001–2004 (Staged).	2003 (Staged)	2005/2008
Northwest	Feb. 1998–Late 1999.	2000–2002	2002–2005 (Staged).	2004 (Staged)	2006/2007

DART is an economic engine to North Texas and the State of Texas.

According to a February 1999 study prepared by the Center for Economic Development and Research at the University of North Texas, DART is providing a hefty boost to the North Texas and state economies, with a total regional impact estimated at $3.7 billion and more than 32,000 jobs through 2003. The study looks at three separate DART economic engines: the current $1 billion light rail expansion, other capital projects, and ongoing DART operations. Quoting from the study, "By any measure, DART is a key economic engine for the North Texas region, generating jobs and economic activity just in the amount of money it spends on building new facilities and operating activities. If we factored in the benefits DART brings by providing inexpensive transportation to work and improved traffic and air quality, the number would be even higher." The charts below graphically illustrate the economic and job impacts to the North Texas region.

Five-Year Economic Impact of Dallas Area Rapid Transit's Capital Projects and Continued Operations Through 2003

[Dollars in billions]

North Texas Regional Economic Activity:	
LRT	$2.3
Other	$.25
Operations	$1.2
Total	$3.7
Number of Jobs Created in North Texas:	
LRT	27,558
Other	563
Operations	4,088
Total	32,209

Source: University of North Texas Center for Economic Development and Research, February 1999.

Regional Mobility

DART plays a significant role in meeting the challenging regional mobility needs. DART's Transit System Plan is contained in the approved North Central Texas Council of Governments' "Mobility 2020: The Metropolitan Transportation Plan" and is also programmed in the Regional Transportation Improvement Program for Discretionary funding. DART's rail projects relate directly to one of the more important Mobility 2020 Goals: "Develop a balanced, efficient and dependable multimodal transportation system which reduces demand for single occupant vehicle travel."

DART's rail program is an integral part of the regional, multimodal transportation system of light rail, commuter rail, HOV, and roadway improvements. Ele-

ments of the LRT Starter System are also a Transportation Control Measure for meeting air quality standards in this ozone non-attainment area.

CONCLUSION

The citizens of the DART service area have invested their sales tax dollars to implement the Transit System Plan. The $70 million request is realistic based on the Board-approved DART fiscal year 1999 Business Plan, which also has been examined by many of the finance directors of DART's member cities.

As the Subcommittee deliberates the hundreds of funding requests, remember:

—The Full Funding Grant Agreement is imminent.
—The North Central LRT Extension is under construction.
—$200 million in contracts have been awarded.
—DART can initiate construction before executing the Full Funding Grant Agreement, because of sales tax revenues.
—DART continues to overmatch (66 percent local, 34 percent federal).
—There is solid elected official and business support. DART is an economic engine to North Texas and the State of Texas.
—DART has demonstrated it can build on time and within budget.

These are very compelling reasons to honor DART's $70 million request that has our complete support. An appropriation less than $70 million could lengthen the project, delay the openings in the very cities that are strongly supporting this project, and undoubtedly increase overall costs to the taxpayers.

We urge your endorsement of DART's fiscal year 2000 funding request of $70 million in order to keep the momentum we have collectively gained. DART is planning, building, and operating transportation services now for the future mobility of the region.

PREPARED STATEMENT OF J. BARRY BARKER, EXECUTIVE DIRECTOR, TRANSIT AUTHORITY OF RIVER CITY (TARC)

Mr. Chairman, I am Barry Barker, Executive Director of the Transit Authority of River City in Louisville, Kentucky. I am pleased to submit this statement on behalf of Easter Seals in support of Project ACTION. I currently serve as the Chairman of the Project ACTION National Steering Committee. The National Steering Committee is comprised of members of both the transit and disability communities who support Project ACTION and are grateful for the Senate Transportation Appropriations Subcommittee's ongoing support for this vital resource.

As the Subcommittee is well aware, without access to transportation, people with disabilities cannot benefit from the promise of full participation in society that Congress envisioned when you passed the Americans with Disabilities Act (ADA). Yet, achieving the worthwhile goals of the ADA has not always been an easy process, particularly in light of the tight fiscal constraints under which many transit properties operate.

Those of us who provide transit services are earnestly working toward compliance with the ADA and providing the best quality service to all Americans—those with disabilities and those without. Our need for assistance and guidance on transportation accessibility issues is ongoing. This is where Project ACTION plays a vital role. With the support of this subcommittee in recent years, Project ACTION has become the principal resource of tools, training and procedures to make the ADA work. Since this subcommittee established Project ACTION, it has sponsored innovative research, funded demonstration projects, provided technical assistance to hundred of transit providers, and developed an impressive resource center with information on the most cost-effective ways to achieve accessibility.

Let me briefly describe some major initiatives that the Project will launch in the coming months. In June 1999, Project ACTION will host two National Technical Assistance Conferences, one in Dallas and the other in Portland, Oregon. These conferences are designed to provide transit operators with every available resource to implement cost effective ADA compliance strategies. Conference topics include:

—Reducing Paratransit costs by transitioning riders from paratransit to fixed route service.
—Solving Rural Transportation Issues.
—Ferry and other Water Vessel Accessibility.
—Issues involving Senior Citizens.
—Serving Passengers that use seeing eye dogs and other service animals.
—Training transit operators to make stop announcements.
—Dispute resolution principles.

This brief overview of these topics demonstrates that accessible transportation encompasses so much more than just bus lift operations for passengers in wheelchairs. Project ACTION has developed tools and resources in all areas of accessibility. These conferences will go a long way to getting these tools directly in the hands of the transit operators that need them.

The demand for Project ACTION information is strong and continues to grow. In the first quarter of fiscal year 1999, Project ACTION:

—Handled orders for 1713 documents.

—Responded to over 1032 calls for assistance of various kinds.

—Produced and distributed the Project ACTION Update to over 10,000 individuals and transit agencies.

—Received 35,942 visits to the Project ACTION Webpage.

In January, Easter Seals submitted its fiscal year 1999 federal application to the Federal Transit Administration. This document outlines how Project ACTION will spend the $3.0 million in support that this subcommittee approved in the fiscal year 1999 appropriation bill. The increased funding that you provided will enable us to greatly expand our activities. One new major area that Project ACTION will undertake is providing assistance to Over-the-Road Bus (OTRB) operators. Transportation Secretary Slater recently issued OTRB regulations to bring this industry into compliance with the ADA. Project ACTION will devote $200,000 to help this industry meet these ADA requirements, and in doing so, help open up cross-country and tour and charter travel to people with disabilities. In the near future we envision some start up problems because of the large number of private Over-the-Road-Bus operators who are coming under the ADA's reach. We plan to work with the American Bus Association and a core group of operators to conduct a needs assessment and to develop educational and training materials specifically tailored to the unique needs of the cross country and tour and charter bus operators.

As we approach the ADA's tenth anniversary in 2000, we should take note of the tremendous progress we have made in recent years in terms of transit access. The 1998 Survey conducted by Louis Harris & Associates polling firm for the National Organization on Disability demonstrated some of this progress. In 1986, 31 percent of people with disabilities who were unemployed stated that lack of access to accessible transportation prevented them from working. In 1998 this percentage dropped to 24. While it is too early to declare victory with one quarter of the affected individuals defining lack of access to transportation as an important reason they were not working, we are clearly headed in the right direction.

Accessibility is increasing all across America: bus fleet accessibility has grown; rail station access has increased; and most importantly the disability and transit communities have learned to work together instead of meeting only in street protests and in costly courtroom battles. Project ACTION is the singular, most positive force bringing the transit and disability communities together.

On behalf of the millions of people with disabilities who rely on public transit and the transit operators working to serve them, Easter Seals thanks this subcommittee for its past support of Project ACTION. As we look toward the future, Project ACTION's main focus will be to continue to find and implement creative and cost-effective methods to promote ADA compliance and to reduce the rising costs of paratransit. As the Executive Director of a transit authority, I want to emphasize how much my colleagues and I have come to rely on Project ACTION for help in this regard and on all aspects of accessibility. For example, at TARC we participated in developing Teamwork in Transportation, an interactive computer-based sensitivity training program funded by a $50,000 grant from Project ACTION which has since been shared with more than twenty transit authorities.

On behalf of Easter Seals, I respectfully request this subcommittee to provide $3.0 million dollars to fund Project ACTION in fiscal year 2000. This funding level will ensure that Project ACTION can continue to develop and disseminate workable solutions to the most critical issues facing transit operators as they implement the ADA. We understand the fiscal constraints under which this subcommittee operates. However, Project ACTION is a credible, cost-effective, and creative program that has strong support in both the disability and provider communities and with the Federal Transit Administration. The spirit of cooperation would not be possible without the leadership of this Subcommittee. Easter Seals is grateful for your support and we look forward to continued collaboration.

Thank you.

PREPARED STATEMENT OF THE ELECTRIC VEHICLE ASSOCIATION OF THE AMERICAS

INTRODUCTION

This testimony is presented on behalf of the Electric Vehicle Association of the Americas (EVAA), a national non-profit organization of electric utilities, automobile manufacturers, state and local governments and other entities that have joined together to advocate greater use of electricity as a transportation fuel. Recently, the EVAA consolidated with the Electric Transportation Coalition (ETC), and our new organization, headquartered in Washington, D.C. is now the single, united voice for the use of electricity in the transportation sector. A membership list of the newly combined EVAA and ETC is attached.

THE ROLE OF ELECTRICITY IN THE NATIONAL TRANSPORTATION SYSTEM

The Association believes that utilization of electricity as a fuel source can be an important factor in the national transportation system. Electricity offers significant advantages in transportation applications. From an energy security standpoint, electric transportation presents our nation with an important means for reducing our dependency on foreign petroleum and increasing the diversity of fuels relied upon in the transportation sector. A wide variety of transportation modes—individual passenger and light-duty vehicles; heavy-duty vehicles, like buses and trolleys; light rail; commuter rail; high speed rail; and heavy rail services—can be powered by an abundant, domestically produced energy resource generated from a variety of sources. That domestically produced energy resource is electricity.

In addition to diversifying sources of transportation "fuels," air quality considerations are requiring municipal transit operators to consider the use of alternative fuel technologies as a means to reduce emissions and achieve air quality goals. For many urban areas, electric transportation may be a particularly important means to substantially reduce emissions of mobile source pollutants, including volatile organic compounds and oxides of nitrogen, that are the precursors of smog. Electric vehicles (EVs) and electric buses, for example, are truly "zero emission" vehicles in operation. They produce no tailpipe emissions and generate insignificant operation emissions. Also, unlike other vehicles, EVs are not subject to emission system deterioration over time and there is no danger of tampering with emissions controls.

The Association urges the Subcommittee to consider support for the following two initiatives:

1. Electric and Hybrid-Electric Bus Information Sharing and Technology Transfer Initiative

In the Transportation Equity Act for the 21st Century (TEA–21), Congress authorized a $60 million electric and hybrid-electric bus deployment program as part of the Federal Transit Administration's (FTA) Clean Fuels Formula Grants program. During the fiscal year 1999 appropriations process, funding for the Clean Fuels Formula Grants program was merged with funding for the bus and bus-related facilities program. Combining these programs allowed Congress to substantially increase the pool of authorized funds available to spend on specific projects. Indeed, Congress decided to appropriate funds to specific projects and, as a consequence, a sought-after benefit of the electric-bus deployment program may not be realized. That benefit is information sharing and technology transfer. Electric and hybrid-electric bus technology, including fuel cell bus technology, is in the early stages of deployment and evaluation. Early experiences with some of these buses have evidenced the need for the technology to mature. Much could be learned about these cutting edge technologies if transit operators receiving federal funds to procure and operate these buses were to participate in a program specifically designed to disseminate and transfer information.

The Association believes it is important for the Federal Transit Administration to issue guidance on the implementation of the Clean Fuels Formula Grant as it pertains to electric and hybrid electric buses. The FTA guidance would define a set of common criteria to guide project sponsors who will seek to use these funds. The issuance of guidance documents for the Clean Fuels Formula Grant program and the electric bus sub-program would help to focus attention on the jeopardy to technology development if projects are designated and then implemented without consideration to standards, common goals or technology transfer. The Association is concerned that without attention to information sharing, the value of the program for the development and widespread use of electrified mass transit will be significantly diminished.

We have urged Administrator Linton to issue guidance regarding the electric bus program to insure that some uniformity in bus design and application is achieved

as this infant technology matures. In addition, to insure technology transfer and information sharing, the Association urges Congress to provide up to $1.0 million to fund an Electric and Hybrid-Electric Bus Information Sharing and Technology Transfer Initiative. Sharing information about operational know-how, mistakes, and the state of technology could help all entities interested in this mode of transportation. This knowledge, gained through experience, should be available to other potential operators and provided to those public and private entities interested in using these technologies. The information sharing and technology transfer program should include those transit operators actually using electric buses as well as other parties interested in this new form of transportation. The proposed Electric and Hybrid-Electric Bus Information Sharing and Technology Transfer Initiative would facilitate ongoing data collection and dissemination of technical information relating to operations and performance and maintenance of buses, in addition to providing for information exchange meetings and potential site visits.

2. Electrification of Airports

Airports are often one of the major sources of air pollution and noise in urban areas. The frequent idling and accelerating of diesel and gasoline-powered off-road, airport and airline service vehicles contribute to the airport pollution problem. Airport electrification could provide for the replacement of conventional, fossil-fueled vehicles now used for air-side baggage handling and airplane service, as well as a majority of the land-side shuttle vehicles, with electric, zero emission counterparts. The characteristics of airport vehicle use are well suited to electric transportation technology. The Association is supportive of efforts to bring the benefits of electric vehicles to our nation's airport facilities. The Committee is urged to support funding of projects and programs that specifically address use of electric vehicles or other low emissions vehicles at our nation's busiest airports.

The Association believes it is vitally important to fund transit programs which encourage innovative technological development with regard to electric and hybrid-electric vehicles, as well as other forms of electric transportation systems. Therefore, the Association urges funding—to the fullest extent authorized under TEA–21—of public transit programs. In particular, the Association encourages funding for the following:

Congestion Mitigation and Air Quality Improvement Program (CMAQ).—The CMAQ program provides money, through a TEA–21 formula, to the states to fund projects and programs that reduce transportation-related emissions in nonattainment and maintenance areas. An important, new dimension to the CMAQ program is the Public/Private Partnership Program that provides a mechanism through which the private sector may access CMAQ funding. The Association is supportive of full funding for the CMAQ program.

MAGLEV Program.—The Magnetic Leviation Transportation Technology Deployment Program (MAGLEV) encourages the development and construction of a high-speed rail system employing magnetic leviation technology. The Association supports continued funding of this important transportation technology program.

Joint Partnership Program.—Created by TEA–21, the Joint Partnership Program authorizes public/private partnerships to cooperatively implement innovative mass transportation projects. The Joint Partnership program would give private entities the potential to participate in Department of Transportation programs generally available exclusively to the public sector. The Association encourages the Committee to fund this program in fiscal year 2000.

Intelligent Transportation Systems.—TEA–21 created a new program which provides for the research, development, and operational testing of Intelligent Transportation Systems (ITS). The purpose of ITS is to solve congestion and safety problems, improve operating efficiencies in transit and commercial vehicles, and reduce the environmental impact of travel growth. The ITS also encourages public/private partnerships and private sector development. The Association supports continued funding for ITS deployment.

CONCLUSION

The Association appreciates this opportunity to make its concerns known to the Subcommittee and to submit for the record its funding priorities for the upcoming fiscal year. We look forward to working with the Subcommittee and the Congress to achieve these worthwhile goals.

PREPARED STATEMENT OF JULIE M. AUSTIN, EXECUTIVE DIRECTOR, FOOTHILL TRANSIT

Mr. Chairman, members of the Subcommittee, my name is Julie Austin, and I am the Executive Director of Foothill Transit (Foothill) in West Covina, California. Thank you very much for the opportunity to submit testimony to this subcommittee.

Mr. Chairman, I recognize the difficult tasks before this Subcommittee and commend your leadership in determining the allocation of available transportation resources during this congressional budget period. We are very appreciative of the overwhelming support provided to Foothill by this committee over the past four years toward the construction of our two operating and maintenance facilities.

WHY THIS BUS CAPITAL REQUEST?

Thanks to the support of our strong Congressional delegation, Foothill Transit has been extremely successful in achieving its capital goals. As Foothill celebrates its tenth anniversary, the majority of our buses have reached the end of their useful life. Many of our 40-foot, heavy-duty transit buses will have accumulated one million miles or more—well beyond the 500,000-mile FTA threshold for replacement. Our superior maintenance programs are designed to ensure that a twelve year-old bus is indistinguishable from a four year-old bus. The process of replacing Foothill's aging bus fleet needs to begin this year in order to continue this outstanding record which earned Foothill the designation of a "national model" in recent Congressional report language.

Foothill's new funding request for $10.32 million in Section 3 bus capital discretionary funding, to be applied toward 66 replacement buses, will ensure our ability to meet the demands of increased ridership while maintaining our commitment to quality customer service. Foothill Transit has put aside sufficient funds from other sources to purchase 20 advanced diesel buses for service expansion (our total order will be 86 buses). The remaining 66 replacement buses (including two hybrid electric vehicles) will require additional funding. Should the committee give favorable consideration to our funding request for fiscal year 2000, we will match these funds with an additional $9 million in local funds. This results in a 47 percent local match for the replacement buses. In addition, Foothill will obligate the funds immediately, and the procurement process has already been set in motion.

ABOUT THE HYBRID ELECTRIC VEHICLES

Undertaking a pilot project in which two HEV buses will be used in revenue service will allow Foothill Transit the opportunity to prove out this alternative fuel technology as a prudent step prior to any large-scale procurement of alternative fuel buses. A hybrid technology is desired to reduce engine wear, maintenance costs, and harmful emissions. Testing a hybrid drive train will also give us a platform for the advent of the fuel cell in a few years.

Due to the limited ability of manufacturers to produce hybrid electric/compressed natural gas buses, Foothill Transit's Executive Board adopted an interim step of ordering new, lower-emissions advanced diesel buses and two hybrid electric/diesel buses. Foothill's decision was made after an exhaustive evaluation of commercially viable alternative fuels. The purchase of advanced diesel buses will allow us to buy more buses, provide more service, significantly reduce emissions from the buses currently in service, and meet our goal of continuing to provide outstanding customer service.

ABOUT FOOTHILL TRANSIT

Foothill Transit started as an experiment and has evolved into a national model for public/private partnerships, providing cost effective, high quality transit service. This request for bus capital discretionary funds is the first request Foothill has made for revenue vehicle replacement. Our existing fleet of 259 buses has been financed with Certificates of Participation or paid for in cash. We believe you will agree from the audited information attached that Foothill Transit is one of the best investments of taxpayer dollars in these times of limited funds.

Foothill has established a reputation of providing outstanding customer service. In five separate customer surveys, Foothill Transit drivers have consistently received ratings above average or greater by more than 80 percent of our customers. Customers also rate Foothill Transit buses very highly on their cleanliness, comfort and graffiti-free appearance.

HISTORY OF FOOTHILL TRANSIT

The Foothill Transit Zone was created in 1987 as a public/private partnership. It is governed by an elected board comprised of mayors and council members representing the 21 cities and three appointees from the County of Los Angeles who are members of a Joint Exercise of Powers Authority. It provides public transit services over a 327 square-mile service area. Foothill Transit was initially established as a three-year experiment to operate 20 bus lines at least 25 percent cheaper than the Southern California Rapid Transit District (now MTA), with those savings to be passed on to the community through more service and/or lower fares. A three-year evaluation conducted by Ernst & Young showed that Foothill's public/private arrangement resulted in cost savings of 43 percent per revenue hour over the previous provider. Providing top quality, cost-effective service to its customers, Foothill charged only 85 cents as a base fare until July 1, 1997—the same fare charged by the RTD in 1986. The fare schedule was restructured in 1997 to raise the base fare by a nickel, reduce the complicated zone structure, and actually reduce fares for Metrocard users. Rather than discouraging customers, this restructuring resulted in a ten percent increase in ridership during the first six months of implementation. Forty percent of Foothill's operating costs are covered by farebox revenues (state law only requires a 20 percent ratio of fare revenues to operating costs).

Foothill has no employees. All management and operation of Foothill Transit service is provided through competitive procurement practices. The Foothill Executive Board has retained my employer, Forsythe & Associates, Inc., to provide the day-to-day management and administration of the agency. The management contractor oversees the maintenance and operation contractors to ensure adherence to Foothill Transit's strict quality standards.

Using this new approach to delivering transit services, Foothill Transit has been able to:

—Keep operating costs low while putting 96 percent more buses on the street;
—Increase revenue generated from the farebox by 58 percent;
—Increase service hours by 119 percent; and
—Increase ridership by 110 percent.

All of Foothill's operating funds were provided through bus fares and local sales tax until July 1, 1996, when Foothill Transit finally became eligible for state operating subsidies allocated to other transit operators. Proposition A and Proposition C are each a one half cent sales tax levied in Los Angeles County to support public transit. When the Foothill "experiment" began, no capital funds were made available to purchase buses. Therefore, buses were financed using innovative long-term financing over the 12-year life of the vehicles. Until recently, Foothill has paid for all of its buses out of its operating funds. Since fiscal year 1989, Foothill Transit has paid over $27 million in bus lease payments out of local operating dollars. Foothill did not receive any Section 9 capital funds to pay a portion of its annual bus lease payments until fiscal year 1995.

Appropriation of funds for this critical procurement will allow Foothill Transit to meet its commitment to our customers as outlined in our Strategic Master Plan. Also, service will continue to be expanded and enhanced to meet the demand for increased mobility throughout the rapidly growing San Gabriel and Pomona Valleys.

These funds will provide a significant contribution to continue the national model that has already been established to maximize the use of public funds.

Mr. Chairman, that concludes my statement. Please note the attached charts and tables that illustrate Foothill Transit's success. Thank you for this opportunity and your consideration of our request. Please feel free to contact me if we can be of any assistance.

PREPARED STATEMENT OF YVONNE BRATHWAITE BURKE, COUNTY OF LOS ANGELES, FIRST VICE CHAIR, BOARD OF DIRECTORS, LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (MTA)

Chairman Shelby and Members of the Committee, on behalf of the Los Angeles County Metropolitan Transportation Authority (MTA) Board of Directors, as the Vice Chair of the MTA Board of Directors and a member of the Los Angeles County Board of Supervisors, I am pleased to request fiscal year 2000 funding for the County's regional surface transportation projects. I commend you and the Members of this Committee for its federal investment in the MTA's transit programs and continued leadership in our efforts to support our multi-modal integrated transportation network. The Federal Government's investment in the County's transportation system is critical to the nation and California economy as we enter the 21st Century.

Over 9.6 million people reside in the County of Los Angeles. That makes Los Angeles County the nations most populous county and equivalent to the ninth largest state in the country. We have approximately 29 percent of all California's residents living in Los Angeles County. Geographically, the County remains one of the nation's largest, with 4,752 square miles—800 square miles larger than the combined area of the states of Delaware and Rhode Island. Los Angeles County is home to two of the most successful ports in the nation, the Port of Long Beach and the Port of Los Angeles. It is also the home of one of the nation's busiest airports, Los Angeles International Airport (LAX).

International trade is a major contributor to the area's economy. The $1.9 billion investment in the Alameda Corridor project represents a fraction of the investment being made in the region's ports and transportation facilities. The region looks forward to the completion of both the Alameda Corridor and Alameda Corridor East projects. Both projects will significantly increase the efficient and economic mobility of people and goods.

The federal investment in the region's transportation system has resulted in an extensive freeway system and wide array of transit options such as Metro Rail, Metro Bus and Metrolink. This investment supports the MTA's efforts in providing a transit system that offers multi-modal transit options for its residents and visitors.

FISCAL YEAR 2000 APPROPRIATIONS REQUEST

On behalf of the MTA, I respectfully submit the MTA's fiscal year 2000 Transportation Appropriations funding requests:

Metro Rail Red Line Segment 3 North Hollywood Extension.—The MTA is requesting $50 million of Section 5309 Fixed Guideway-Discretionary Funding for the construction of North Hollywood. This is the amount scheduled for fiscal year 2000 in the North Hollywood Full Funding Grant Agreement between the MTA and the Federal Transit Administration (FTA) and is also the amount recommended by the Administration's budget request for the New Starts Program.

East Side and Mid-City Corridors.—The MTA requests $9 million of Section 5309 Fixed Guideway-Discretionary Funding for preliminary engineering, design and environmental work for fixed guideway projects in the East Side and Mid-City corridors. These funds will permit the MTA to complete the environmental work commenced with last year's earmark of $8 million for development of transportation alternatives in these corridors and should also fund a portion of the preliminary engineering work on any revised locally preferred alternatives selected by the MTA Board.

Bus and Bus-Related Facilities Funding.—$15 million of Section 5309 Bus and Bus Related Facilities Program Discretionary Funding will assist the MTA in complying with the Bus Consent Decree and implementing the MTA's Accelerated Bus Procurement Plan. These funds will help the MTA address the significant maintenance and fleet reliability problems created by the age of the existing fleet which includes approximately 1,100 vehicles, or 40 percent of the entire fleet, that exceed FTA replacement/retirement guidelines.

Compressed Natural Gas (CNG) fueling facilities and Bus Technology Improvements.—$10 million in funding from the Section 5308 Clean Fuels Bus Program Funding will help the MTA fund the construction of additional CNG fueling facilities and bus technology improvements. The MTA's planned bus purchases are all CNG fueled buses. The MTA's fueling capacity will not meet the needs of the increased size of the CNG bus fleet. The MTA must therefore, construct several new CNG fueling facilities to meet this increased demand. In addition, the MTA is seeking funding for several important bus technology improvements.

THE MTA'S ON TRACK

1998 marked a year of accomplishments for the MTA. The Metro Rail Red Line projects to Hollywood and North Hollywood continued to move closer to completion. The MTA began implementation of bus system improvements to ensure that our Metro Bus system is more reliable.

The MTA Board voted to suspend three rail construction projects, the Board approved its second balanced budget under CEO Julian Burke's leadership, the MTA's Restructuring Plan was approved by federal agencies, Congress allocated additional funds for construction of the North Hollywood Extension, East Side and Mid-City corridors and Metro Bus purchases, and the agency strengthened its partnership with Federal, State and local elected officials.

In November, 1998 the MTA Board approved the CEO's recommendations from the Regional Transit Alternatives Analysis. The plan included $7.9 billion for bus

operations and purchases, $3.8 billion for rail/transit programs and $5.2 billion for highway-related projects through 2004. And in December 1998, the California Transportation Commission (CTC) voted to allocate $134 million to the MTA to complete the Metro Rail Red Line to North Hollywood. The CTC also programmed $151.1 million to accelerate replacement of aging MTA buses and designated $279.7 million for the construction of the Metro Blue Line to Pasadena once the new independent agency develops its own financial plan for the project.

This year, the MTA is successfully implementing its Restructuring Plan and ensuring that adequate resources are available to meet its transportation demands. The MTA is also implementing its Accelerated Bus Procurement Plan to increase the size and reliability of its bus fleet and enhance the quality of bus service. We are exploring fixed guideway options to meet the transportation challenges of the East Side and Mid-City corridors; corridors in which subway projects were suspended and transportation remains a significant problem.

On June 12, 1999 the MTA will celebrate the opening of Metro Rail Red Line Segment 2B to Hollywood. This will add five more stations and 4.6 miles of subway to the operating Metro Rail System. The Vermont/Hollywood Segment will connect the areas of Wilshire Center and Downtown Los Angeles to the communities along the Long Beach Blue Line and Green Line corridors. This segment also enables Metro Bus passengers to connect with the Metro Rail System and the Metrolink commuter rail system.

METRO BUS SYSTEM IMPROVEMENTS

The MTA Board of Directors and CEO Julian Burke have made bus system improvements our number one priority. MTA Board and MTA management continue to make improvements to our Metro Bus System while attempting to comply with the Federal Bus Consent Decree.

We are taking the following three steps to ensure that we do a better job at delivering bus service to our customers:

—we are improving bus fleet reliability through new bus purchases and better maintenance practices on our existing fleet;

—we are relieving overcrowding by improving and adding service to countywide educational, employment and health care centers; and

—we are ensuring that our buses run on time through technology improvements and better monitoring of our service operations.

The MTA has committed over half of its resources to improving our service. Our fiscal year 1999–2000 annual bus operating budget is projected to be $670 million. Our plan for replacing more than half of the aging bus fleet is aggressive. Between 1998–2004, we will purchase 2095 buses, 782 buses or a 60 percent increase. This purchase will replace over 1,200 buses between fiscal year 2000–2002. The MTA's bus purchases are second only to New York in terms of the number of new buses ordered and are 15 percent of the total amount of buses scheduled for manufacturing nationally over the next five years.

The MTA is also converting 333 unreliable alcohol fuel buses to clean diesel. A decision verified by a state audit that concluded that this is both cost effective and environmentally sound. By December 1999, these buses will be providing more reliable service on the road.

By 2004, the MTA will have added 454 buses, 1.5 million service hours and spent over $630 million to improve service. These additions are larger than the San Diego Regional Bus System.

In addition to improve fleet reliability, the MTA has increased the amount of bus service on Los Angeles County streets. The MTA added 9 new lines with over 200,000 hours of new service hours that provides transportation to schools, hospitals and employment centers. Next year, an additional 200,000 hours will be added.

As part of the Regional Transportation Alternative Analysis (RTAA), the MTA looked at the "rapid bus program" to operate countywide. The proposal includes a 16 line "rapid bus" plan to improve travel speed utilizing signal prioritization, low floor buses and limited stops. The three line demonstration program is scheduled for operation in 2000 and will serve the communities in the East Side, Mid-City and San Fernando Valley corridors.

To ensure quicker boardings and transfers, the MTA is developing a "universal fare system" throughout Los Angeles County. The MTA has significantly increased its security coverage by dedicating Los Angeles Police and Los Angeles County Sheriff's Departments on Metro buses.

CONCLUSION

Mr. Chairman and Committee Members, we thank you for your continued support and your leadership in resolving the significant transportation issues in our County. The federal investment in our vast array of transportation programs enhances economic competitiveness, promotes regional growth and moves thousands to work, educational, recreational and health centers.

Support from Congress this year will move us closer to the development of a balanced world class transportation system for the 21st Century. We urge the Subcommittee to fund the transportation appropriations bill at the TEA–21 levels. Again, we thank you for the opportunity to submit testimony on behalf of the MTA.

PREPARED STATEMENT OF PATRICK R. JUDGE, PRESIDENT, LOUISIANA PUBLIC TRANSIT ASSOCIATION

Thank you for the opportunity to present this statement to the subcommittee on behalf of the transit providers represented by the Louisiana Public Transit Association (LPTA). The LPTA is grateful for this committee's past support of projects and programs that help Louisiana's transit riders.

The Louisiana Public Transit Association (LPTA) represents over 120 transit providers in Louisiana including rural providers, specialized transit services, and the state's urban and suburban systems. The LPTA is requesting funding for a number of vital transit projects across Louisiana.

The LPTA is coordinating this statewide effort to assist Louisiana transit systems in meeting their need for basic capital equipment, such as replacement buses and facilities. Due to the difficulty in obtaining section 5309 funding (formerly section 3) for bus and bus related facilities through the Federal Transit Administration (FTA) application process, the LPTA presents its statement to this committee in an effort to meet the state's long-standing transit needs.

Before explaining our project requests, the LPTA wishes to thank the subcommittee for its role in appropriating $11,000,000 for the $53.4 million fiscal year 1999 request made by Louisiana's transit providers. That funding will go a long way in helping the Louisiana transit providers.

The total Louisiana request for fiscal year 2000 under FTA section 5309 bus and bus related funding is $35,700,000. The request is for 9 projects of varying size and cost from eight transit agencies.

Briefly, those requests are for:

The City of Baton Rouge, Capitol Transportation Corporation (CTC), is requesting a total of $2,100,000 for ten (10) thirty-five foot buses. The new vehicles will allow CTC to begin to replace some of its fleet originally purchased in 1988. Most importantly, the new buses will allow CTC to begin to expand its service to seven days a week and until 11:00 p.m.

Baton Rouge has been designated a non-attainment area under the Clean Air Act standards. The buses are critical to control costs, and are necessary to reduce the need for capacity intensive infrastructure projects in the Baton Rouge ozone non-attainment area. The service expansion program will also be utilizing congestion mitigation/air quality (CMAQ) funding.

Jefferson Parish, which funds and oversees two private transit systems on each side of the Mississippi River, Louisiana transit on the east and Westside transit on the west, is seeking funding of $240,000 for surveillance equipment. The installation of the video equipment is expected to prevent vandalism, and help the parish in defense of personal injury suits. While vandalism and crime is relatively low in the suburban systems, Jefferson transit recently experienced an increase in vandalism and personal injury suits.

The City of Lafayette, through the City of Lafayette Transit System (COLTS) is seeking the remaining $1,000,000 of federal funds needed to reconstruct and reconfigure a site currently operating as a postal facility adjacent to an Amtrak station. The Lafayette multimodal transportation center will serve as the terminal for the COLTS system, a Greyhound station, and as an enhanced Amtrak stop for the Sunset Limited. The postal service will also continue to use a portion of the site. Further, the transportation center will be connected to the airport via a presently operating COLTS line. The $3,500,000 project already has been designated with a positive environmental impact statement and is in the design phase with architectural plans being over 75 percent complete. Construction is scheduled to begin in March of 1999.

The fiscal year 1999, fiscal year 1998, and fiscal year 1997 transportation appropriations bills designated $425,000, $750,000 and $752,000, respectively, towards the Lafayette Intermodal Terminal Project.

The Louisiana Department of Transportation and Development, specifically the Office of Public Transportation, is in extreme need of another $2,500,000 of federal funding to allow the replacement of 62 vans for both rural and specialized transit providers across Louisiana. The application for this funding has been pending before the FTA for nearly four years. All the vans to be replaced are inaccessible under ADA, exceed the useful life standard of 5 years by 2–4 years, and are far beyond the 100,000 miles cited as the mileage standard. Obviously, safety and dependability problems with vehicles of this size is a growing concern for the rural, elderly and disabled community across Louisiana. Additional demands for vans are expected to meet the demands of welfare reform.

In order to meet the increasing demand for transit service in Louisiana's rural areas, the LPTA is requesting another $1,200,000 of section 5309 funding for expansion of the state's rural transit systems by 35 vehicles.

Currently, many of the state's rural parishes do not have rural transit providers due to the LA DOTD's backlog of replacement needs for existing operators. In addition, many current rural operators need to expand to meet the demands of welfare-to-work and other basic transportation needs as the population expands and ages in those rural areas. The program would be administered through the existing rural transit program of the Louisiana Department of Transportation & Development.

The City of Monroe, through the Monroe Transit System (MTS), is requesting funding to renovate, expand, and update their aging maintenance facility in the amount of $2,000,000 for the $2,500,000 project. MTS will renovate the 15 year old facility by adding bays to be dedicated to conduct cost saving preventative maintenance checks and to equip the facility with modern and safer equipment. In addition, MTS is planning to reconfigure the facility to allow for drive-through capability and space for added inventory. The facility is MTS's only maintenance garage and the work proposed will make it much more efficient and economical to operate.

The City of New Orleans, through the Regional Transit Authority (RTA), is requesting $24,000,000, which represents three years of payments under its innovative lease/maintenance program approved by the Federal Transit Administration in 1998. This program allowed the RTA to enter into a lease and maintenance agreement with a commercial leasing company for the lease and maintenance of 75 new buses. The agreement also allows the RTA to benefit from the recent changes that allow for the treatment of maintenance costs under a lease as an eligible capital expense. Penske truck leasing, through the RTA's RFP selection process, is the lessor of the buses as well as provides for the maintenance of the buses. The financing is by ABN–AMRO.

With 451 vehicles, the RTA operates the largest system in Louisiana by providing service to nearly 180,000 riders per day in a city that is 20 percent transit dependent. The buses leased will significantly reduce the operating expenses of the RTA and enhance its ability to provide dependable service.

In addition, as you are probably aware, the RTA has pending two new start rail requests, one for the Canal Street corridor project (about to begin final design) for $91,000,000 and another $39,600,000 for the reconstruction of the fabled Desire streetcar line (MIS expected to be complete by July of 1999). Extensive detail of those projects will be provided by the RTA in separate testimony.

The next request is on behalf of the City of Shreveport and its Sportran Transit System. Funding is requested in the amount of $2,300,000 to replace ten (10) transit buses that have exceeded their useful life of twelve years and are not accessible under ADA requirements. The new vehicles will lower maintenance costs and provide better passenger comfort. They will also allow Sportran to expand capacity to deal with welfare-to-work initiatives for evening service for late shift workers.

The last request is on behalf of St. Tammany parish which is requesting $360,000 for a park and ride facility to be located in Mandeville, a city located within western portion of the parish. St. Tammany parish is located directly north and northeast of the city of New Orleans across Lake Pontchartrain. It is the fastest growing area of the region.

The park & ride facility is to be located near the Lake Pontchartrain causeway and is expected to draw local residents which should help limit the expansive growth of traffic on the causeway. This project will be the second park & ride facility for the residents of St. Tammany parish.

Finally, the Louisiana Public Transit Association urges and requests that Congress appropriates to the highest levels possible under the terms authorized under tea 21. The administration's proposal to increase funding for transit, even beyond the guaranteed levels, is very much supported by the LPTA. The increases are sorely needed by all of transit. The LPTA sincerely hopes that Congress follows through on that promise made within TEA 21 by appropriating to the levels authorized.

Thank you for your time and consideration with these requests on behalf of Louisiana's transit systems.

For your reference, attached you will find additional information on the transit systems of Louisiana.

SUMMARY

New Start Rail, 49 U.S.C. Section 5309 (formerly section 3)

	Appropriations
New Orleans Canal Street corridor project	$91,000,000
New Orleans Desire Street streetcar	39,600,000

Bus and bus related facilities, 49 U.S.C. Section 5309 (formerly section 3)

	Federal [1]	Local	Total
Baton Rouge: Ten (10) thirty-five foot buses	$2,100,000	$525,000	$2,625,000
Jefferson parish: Surveillance equipment	240,000	60,000	300,000
Lafayette: Multimodal transportation center	1,000,000	250,000	1,250,000
Louisiana Department of Transportation & Development, public transportation:			
Replace 62 vans (rural & E&H)	2,500,000	400,000	2,900,000
Rural transit expansion (vans)	1,200,000	300,000	1,500,000
Monroe: Renovate maintenance facility	2,000,000	500,000	2,500,000
New Orleans: Lease maintenance program (3 years)	24,000,000	6,000,000	30,000,000
Shreveport:; Replace 10 buses	2,300,000	470,000	2,770,000
St. Tammany parish: Mandeville park and ride facility	360,000	90,000	450,000
Totals	35,700,000	8,595,000	44,295,000

[1] Amounts to be prorated should full funding not be realized.

PREPARED STATEMENT OF ROBERT D. MILLER, CHAIRMAN, METROPOLITAN TRANSIT AUTHORITY, HARRIS COUNTY, TX

INTRODUCTION

My name is Robert D. Miller. I am Chairman of the Board of Directors of the Metropolitan Transit Authority of Harris County, Texas, more commonly known as Houston METRO. Last year I made my initial presentation to you on behalf of METRO and I am pleased to return this year to submit METRO's fiscal year 2000 appropriations request.

1998 was a year of continued accomplishments for Houston METRO—METRO posted record ridership, rolled out a fleet of extremely popular rubber-tired trolleys circulating throughout Houston's burgeoning downtown area, undertook a Major Investment Study of transit options along one of the most heavily traveled corridors in the service area, and accelerated construction of our Regional Bus Plan projects.

1999, our twentieth anniversary as the Houston region's public transit agency, promises further additions to the list of successes and positive changes in the organization's management and programs.

One of METRO's most significant changes was occasioned by the retirement last December of our long-time General Manager, Robert MacLennan. Bob was well known to many of you and well respected in the industry for his knowledge, integrity and pioneering efforts in the application of intelligent vehicle technology to transit. Replacing Bob MacLennan was no easy task but I am pleased to report to you that we were able to entice the person I consider the premiere transit executive in the nation to assume our chief executive position—Ms. Shirley A. DeLibero. Ms. DeLibero brings many years of hands-on transit experience to our agency and a businesslike approach to its management. In fact, Ms. DeLibero has assumed the title of President & Chief Executive Officer, which reflects her view that transit agencies should be run like businesses. Ms. DeLibero is no stranger to the halls of Congress. She has worked in the transit industry for over twenty years, most recently as head of New Jersey Transit. This year she also assumed the role of chair of the American Public Transit Association. As METRO continues its growth as a multi-dimensional regional transportation provider, Ms. DeLibero brings a steady, experienced and energetic work ethic to meeting the challenges of serving the transit needs of the Houston region as we move into the next millennium.

Let me now address the reason for my presentation and that is to bring forward METRO's two-part request for fiscal year 2000 funding for our Regional Bus Plan and our Advanced Transit Program.

Regional Bus Plan—$62.5 million

The Regional Bus Plan, initially adopted by METRO's Board of Directors in 1992 as the comprehensive public transportation program for the region, continues toward its objective of implementing approximately 40 individual projects whose independent utility provide incremental improvements in facilities and services as projects are completed.

The success of this approach is illustrated by the continuing escalation in regional transit ridership and high occupancy vehicle lane usage. For example, in 1998 METRO experienced its second consecutive year of record ridership with 111.5 million total system passenger boardings (96.3 million passengers on buses and 15.2 million trips via carpools, vanpools and non-METRO buses on our high occupancy vehicle lane network). Further, METRO continues to provide high quality service to its patrons with special needs. The METRO Board of Directors this year authorized expansion of the area served by our paratransit service from 571 square miles to 780 square miles and the addition of 26 paratransit vehicles to the current fleet of 110 vehicles. When fully implemented, this will increase METRO's paratransit capacity from its current 1 million to 1.7 million annual trips.

The Full Funding Grant Agreement executed by METRO with the Federal Transit Administration for the Regional Bus Plan contemplates a $1 billion program with $500 million in federal funding and a matching $500 million provided by METRO from local resources. The Administration's fiscal year 2000 budget provides $62.5 million for the Regional Bus Plan. This amount will fully satisfy the $500 million federal commitment included in the Full Funding Grant Agreement. METRO remains committed to its full $500 million share.

Overall, construction of the Regional Bus Plan has been a success. We have worked efficiently and have tried to minimize service disruption during construction. We are getting largely positive responses from our customers regarding road improvement, HOV lanes and bus facilities. It cannot be avoided, however, that a project this extensive, consisting of so many individual projects constructed over more than a decade, would require certain adjustments. These adjustments are required to accommodate changes in regional development resulting in a small number of individual project schedules and budgets being altered. An example of these changed circumstances is the approval by area voters and the subsequent construction of a new major league baseball stadium in the Houston central business district. Along with a City of Houston project to promote central business district retail and residential redevelopment, the new stadium has required METRO to adjust a portion of its Downtown Transit Streets project, an element of the Regional Bus Plan. The relocation of Continental Airlines' corporate headquarters to downtown Houston and other corporate and residential development has also resulted in revised transit service requirements and a corresponding rearrangement of transit street reconstruction. These are positive changes for transit and demonstrate the flexibility of the Regional Bus Plan to accommodate them. METRO has responded to these changes by proposing an amendment to the Regional Bus Plan Full Funding Grant Agreement to the Federal Transit Administration—adding, deleting and adjusting individual projects to meet these increased needs. Approval of the proposed amendment is pending.

While most of the changes to the Regional Bus Plan have been positive, METRO has incurred some increases in projects costs due to design and construction delays resulting from the lawsuit challenging METRO's federally required and approved Disadvantaged Business Enterprise (DBE) program. This lawsuit was completely beyond METRO's control. When a Houston Federal District Court enjoined METRO from utilizing its DBE program in 1996, a suspension of federal grant funding by the Federal Transit Administration resulted. A seventeen-month stalemate existed until the Federal Transit Administrator issued a DBE program waiver. During this period, METRO devised a replacement Small Business Program with a 35 percent annual small business utilization goal, with the approval of the Federal Transit Administration. In fiscal year 1998, its first year of operation, the METRO Small Business Program achieved a 34 percent small business participation rate, with $39.1 million in contracts awarded. Congress then provided long-term relief through a specific provision in the Transportation Equity Act for the 21st Century (TEA 21) exempting agencies such as Houston METRO, which are subject to court order prohibiting compliance with the DBE requirement from having to comply as a condition of receiving federal transit or highway funds. In the meantime, however, METRO's design and construction efforts were halted while design and construction costs in

Houston escalated rapidly due to the vigorous economy, which produced a very active local construction market. As a result, some project budgets have had to be increased and construction schedules extended to overcome the delay.

Overall, the total cost of the Regional Bus Plan remains a $1 billion undertaking with equal funding to be provided by the federal government and METRO. Some projects have been adjusted in scope or deleted and others substituted to meet the changed conditions. Projected transit benefits from the changes are equal to or greater than for the original projects. We look forward to a speedy and positive response from the Federal Transit Administration on these proposed changes.

Because the Regional Bus Plan is a dynamic undertaking capable of positively responding to opportunities for improvement as it is developed, future events may dictate additional changes as we transition to the next phase of our transit system development. I can assure this Committee, and our record will support my assertion, that METRO will continue to effectively manage these projects to implement them on schedule and within budget while making appropriate adjustments as differing needs arise.

My first of two requests of you today is to appropriate $62.5 million for fiscal year 2000 to complete METRO's Regional Bus Plan.

Advanced Transit Program—$20 million

With our Regional Bus Plan almost complete, METRO has begun to focus its energies on the future transportation needs of the greater Houston region. METRO's planning to meet the transit needs of the Houston region beyond the 2010 horizon included in the Regional Bus Plan is embodied in what we have designated our "Advanced Transit Program." The needs are great. The Advanced Transit Program positions METRO to serve a region that is projected to grow in population from approximately 3 million in 1990 to 3.8 million in 2020, with employment projected to increase from 1.5 million to 2.5 million and the number of households to increase from 1 million to 1.5 million. While existing major employment centers are projected to show modest growth, the suburban areas are projected to show substantial growth—most in multiples of their current level. These projections pose challenges to mass transit that METRO, with the support of this Committee, stands ready to address.

In fiscal years 1998 and 1999, METRO received approximately $3 million in appropriations for the Advanced Transit Program. These funds have been applied toward a Major Investment Study which is currently being concluded. Under evaluation in this Major Investment Study are various transit alternatives, including a starter light rail line and high capacity buses, to provide more efficient service in a seven mile, Downtown-Museum District-Texas Medical Center-Astrodomain corridor currently containing a number of METRO's most heavily utilized bus routes. A second ongoing Major Investment Study in a different corridor is being locally funded. We will continue to work closely with this Committee to update you on the results of the Downtown-to-Dome Major Investment Study and our locally-preferred alternative. As with the Regional Bus Plan, the Advanced Transit Program will incorporate multiple projects, each with independent utility, which will enhance METRO's ability to meet the region's varied transit needs.

METRO was disappointed that the Administration's budget did not provide any Advanced Transit Program funding, however, this Committee and the Congress have given METRO a solid vote of confidence the past two years by funding the initial stages of the Advanced Transit Program. We expect that funding to continue for Advanced Transit Program development as we move from Major Investment Studies into preliminary engineering and design of the high priority Advanced Transit Program projects. I cannot over estimate the importance of the Advanced Transit Program projects to the continued economic vitality of the greater Houston area. As many of you have seen first-hand, Houston's growth as a major business center has necessitated new transportation solutions to address projected transportation needs.

My second request of you today is to appropriate $20 million in fiscal year 2000 for continuation of METRO's Advanced Transit Program.

CONCLUSION

As I related to you last year and am pleased to be able to reiterate this year, METRO's transit program is an increasingly significant component in meeting the region's mobility needs. The substantial ridership increases we are experiencing in virtually every element of our service pose challenges we are most happy to address. The flexibility of our program permits us to adapt quickly to these challenges. The federal investment in the Houston region's mass transit system continues to yield large dividends by effectively and efficiently improving public transit services. METRO remains on a sound financial footing and is committed to fulfilling its obli-

gations to pay the local share of its federally funded projects and any additional operating costs created by the service increases.

METRO, thanks in large part to this Committee's continued support, is capable of and poised to move the greater Houston region into the next century with a first class mass transportation system.

Thank you for the opportunity to offer these remarks. METRO is prepared and looks forward to responding to any questions the Committee may have.

PREPARED STATEMENT OF THE NEW YORK STATE DEPARTMENT OF TRANSPORTATION

The New York State Department of Transportation (NYSDOT) appreciates the opportunity to present testimony on the fiscal year 2000 Transportation appropriations. New York has a truly intermodal transportation system. NYSDOT has responsibility for a $1.7 billion annual highway construction program, and a $1.6 billion annual transit operating and capital assistance program. NYSDOT is currently implementing balanced multi-year highway and mass transportation capital programs valued at $24 billion, with each receiving nearly $12 billion in federal and State funds. In addition, NYSDOT carries out planning, financing and oversight of rail passenger and freight, aviation and water borne transportation in the State.

New York State has made a strong commitment to its transportation systems. Federal funds comprise about 40 percent of the State's highway funding and 25 percent of transit capital spending, making New York one of the highest self-help states in the nation. Further, New York State has made a strong commitment to utilizing all transportation modes efficiently. As an example, Governor Pataki recently announced an historic agreement with Amtrak to invest up to $185 million in the State's passenger rail system over five years. This agreement, part of a larger plan to invest in high speed rail in New York State, will make investments to upgrade service to 125 mph and increase service frequency.

Despite these investments, however, New York's infrastructure, typical of the Northeast, is older than most, very heavily utilized and in need of modernization to attain the standards of other regions in the nation. The State needs your continued support in securing federal assistance, which is so vital to its ability to meet its transportation needs.

Please consider the following views:

FULL FUNDING FOR TRANSPORTATION PROGRAMS AT THE LEVELS AUTHORIZED IN TEA–21

The Transportation Equity Act for the 21st Century (TEA–21) provides for historic levels of investment in surface transportation systems, recognizing the critical role that infrastructure plays in the nation's economic health and growth. Yet even with these significant investments, vast needs will remain unmet. The United States Department of Transportation has estimated that annual investments of $46.1 billion in capital projects are needed just to maintain the nation's highways and bridges and $9.7 billion is needed to maintain the current conditions of transit systems. To improve these systems to satisfactory conditions is estimated to cost annually $79.6 billion for highways and bridges and $14.2 billion for transit systems.

TEA–21 struck a delicate balance between the needs of highways and transit, guaranteeing that money paid into the Highway Trust Fund will be used for surface transportation improvements. New York is pleased that Congress has made this commitment to the nation's infrastructure, and asks that you preserve the funding structure established in TEA–21, and fully appropriate funds for transportation programs at the maximum levels authorized in TEA–21.

FULL FUNDING FOR TEA–21'S TRANSIT PROJECTS & PROGRAMS

New York is pleased that Congress recognized the critical importance of transit to the nation by providing significant increases in transit funding in TEA–21. Transit provides a lifeline to millions of riders nationwide each day. Public transportation in New York State accounts for nearly one-third of all transit trips in the nation. Each day, more than 25 percent of New Yorkers across the State use public transportation to travel to work—the highest transit ridership in the nation. Transit provides mobility to New York's citizens, from the very urban areas like New York City, to the smallest upstate communities. Transit is also a significant employer in New York State, providing employment to more than 70,000 residents across the state.

New York State has an historic and continued commitment to public transportation funding. New York State provides over $1.5 billion dollars each year in oper-

ating assistance to its transit agencies. New York City's Metropolitan Transportation Authority (MTA) has one of the most stable funding packages in the country, with capital financing plans dating back to 1982. The most recent and still current capital program provides for over $12 billion in capital investments. More than 70 percent of this investment is from non-federal sources. Even with this commitment, however, New York State will be unable to advance critical New Start and bus initiatives without Federal support, as provided in TEA–21.

New Starts

New York is pleased that Congress recognized the importance of New York's MTA Long Island Rail Road (LIRR) East Side Access project in TEA 21 by authorizing a minimum of $353 million for the project. In addition, TEA–21 designates that this project be given priority consideration for funds made available under the FTA New Start program.

The Pennsylvania Railroad Station is the busiest train station in North America, accommodating a train every minute during rush hour, and handling approximately 140,000 Amtrak, Long Island Rail Road and New Jersey Transit passengers every weekday morning. Currently, there is significant crowding at Pennsylvania station, and nearly 50,000 commuters are forced to take two additional subway trips to back track from the west side to the east side of Manhattan to get to work, adding more than 30 minutes to their daily commute.

The LIRR East side access project will dramatically reduce crowding in Pennsylvania Station by providing one seat service from points on Long Island to East Midtown. This project will increase ridership by an estimated 109,000 weekday passengers, while saving 5.3 million hours of travel time annually for commuters. Further, the project will allow full utilization of the significant federal investment already made in the 63rd Street Tunnel, and provide a stimulus for economic growth and development.

This year, New York is requesting $159 million to progress this project. New York urges you to support this critical project.

Bus & Bus-Related Requests

TEA–21 provides nearly $40 million to support New York State bus and bus-related projects in fiscal year 2000. These projects will provide valuable assistance in replacing overage buses, upgrading to clean fuel fleet equipment, and improving and expanding transit facilities. In addition to the funds provided in TEA–21, New York is requesting additional funds to support these initiatives. New York seeks your support for these transit requests.

Other Transit Programs

TEA–21 created several new programs including a $1.0 billion Clean Fuels program to assist transit operators in the purchase of low-emission buses in air-quality non-attainment areas, and the $750 million Jobs Access and Reverse Commute program to develop transportation services to connect welfare recipients and low income individuals to employment and support services. New York asks that you provide full funding for these programs, and allow for competitive selection of grant recipients as provided in TEA–21.

SUPPORT INTERCITY PASSENGER RAIL AND FULL FUNDING FOR HIGH SPEED RAIL PROGRAMS IN TEA–21

Intercity passenger rail is a unique asset critical to the mobility and economic well being of New York State and the nation. New York commends the subcommittee for its past support of Amtrak and high speed rail investment, and urges your continued support of Amtrak in fiscal year 2000 at a level consistent with the Administration's proposed $571 million capital grant. This assistance will help Amtrak continue its progress on the glidepath to operating self-sufficiency by 2002.

Intercity passenger rail service investments beyond Amtrak capital assistance are also important. TEA–21 continues several programs that provide funding for high speed rail projects, including the Next Generation High Speed Rail program, and the program to eliminate highway-railroad grade crossing hazards in designated high-speed rail corridors, which includes the Empire Corridor in New York. New York urges your support of these programs.

New York is committed to improving passenger rail service within the State and implementing high speed rail service in an incremental and achievable manner. As part of NYSDOT's larger high speed rail plan, in September 1998, Governor Pataki announced an historic agreement with Amtrak to invest up to $185 million in the State's rail system over five years to provide faster, more convenient passenger train service in New York. This partnership initiative will allow passengers to travel from

Albany to New York City in less than two hours, and will reduce travel times between New York City and Buffalo through investment in five Turboliner trains and various infrastructure improvements along the Empire Corridor. Though this Memorandum of Understanding (MOW) represents a significant investment on the part of New York State and Amtrak, it is only part of a larger high speed rail plan. New York is actively pursuing several important rail projects pursuant to its larger high speed rail plan that are not funded within the Amtrak MOU.

New York State is seeking support for a comprehensive grade crossing risk reduction program along the high speed Hudson Line of the Empire Corridor between Schenectady and New York's Pennsylvania Station. This program includes grade crossing eliminations, separations and high technology improvement projects to assist in bringing speeds to 125 mph and to improve safety. New York State is also seeking funding for two rail-related studies to further progress work in the Corridor. These important projects will complement the State's historic funding agreement with Amtrak, increase safety in the corridor and improve its ability to implement high-speed rail service.

New York State seeks your support in securing $6.25 million in funding for these important initiatives.

The New York State Department of Transportation thanks you for this opportunity to present testimony. NYSDOT appreciates your dedication to and support of the nation's transportation systems.

PREPARED STATEMENT OF MARC V. SHAW, EXECUTIVE DIRECTOR, NEW YORK STATE METROPOLITAN TRANSPORTATION AUTHORITY

Mr. Chairman, members of the subcommittee, I am Marc Shaw, executive director of the Metropolitan Transportation Authority in New York. Thank you for having me here today to speak about fiscal year 2000 transportation appropriations and the MTA's needs.

I'd like to set the stage for my remarks by telling you a bit about the MTA.

The MTA is the largest and most complex intermodal transit provider in the country, serving a 14 million person, 4,000 square mile service area that covers two states, 14 counties and dozens of cities, villages and towns.

Between our MTA New York City Transit (NYCT) and MTA Long Island Bus (LIB) subsidiaries, we operate 6,000 subway cars and over 4,500 buses. In addition, we operate nearly 2,000 rail cars on the nation's first and second largest commuter railroads, MTA Long Island Rail Road (LIRR) and MTA Metro-North Railroad (MNR).

We are also the steward of Robert Moses' legendary triborough bridge and tunnel authority, now MTA bridges and tunnels, operating 9 bridge and tunnel facilities whose toll revenues from 800,000 cars a day, help provide stable local support for the operation of our far reaching transit system.

All told, we carry a quarter to one third of all transit riders in the country—over 6.2 million people a day—many of whom use more than one of our modes in their daily journey.

Our annual operating budget is approximately $5.5 billion and we are currently reinvesting in our systems' capital infrastructure at a historic rate of over $2.2 billion a year.

Without MTA services, congestion would paralyze the most densely populated region in the country; another 1.3 billion gallons of imported gas would have to find its way to our shores each year; the L.I. Expressway would need 15 more lanes to handle the additional traffic; the air would be a lot dirtier and regional commerce would grind to a halt. Given the significant presence of national and international finance, insurance and general business in Manhattan alone, there is little question the national economy would feel the pain.

As you know, that nightmare almost happened at the end of the 1970s. New York's transit system became the national symbol of urban decay. But subway cars covered in graffiti were just the outward manifestation of deeper problems that faced a system on the verge of collapse.

The problems stemmed from a lack of investment—and commitment—on the part of all levels of government. And while that sobering nightmare has by and large been erased over the past decade and a half, a happy ending to the story still lies ahead.

The success began in 1982 when the MTA began work on a five year strategic capital rebuilding program—the largest non-federal public works renewal project in the country. Its goal was to rebuild the critical parts of our system to a state-of-

good-repair. It was clear from the outset that this would take several decades. We are barely half of the way along the journey.

Four successive five year plans have replaced or overhauled over 97 percent of our subway cars and hundreds of commuter rail cars. We rebuilt 93 percent of our 700 miles of subway track and dozens of our 468 subway stations. We rebuilt fan plants, pumps, signals and switches that in many cases hadn't been touched since their once private owners built them in the early part of the 20th century.

The results are tangible for the millions who use our system daily. Subway cars now average over 80,000 miles between breakdowns—13 times that in 1982. Red flag track areas that once limited trains to less than 5 miles an hour are faint memories. Derailments, which averaged more than one a month in 1980 are almost non-existant. Three or four fires a week are now three or four a year.

Rails and ties along the 595 miles of LIRR track that are part of the nation's oldest commuter railroad have been replaced. And from the ashes of the old Penn Central railroad's 744 miles of decrepit rail lines and exhausted equipment, we created the nation's second largest commuter railroad, Metro North.

We have thus far invested a total of over $30 billion. And while that may sound like a tremendous amount of money—and it is—with an infrastructure base estimated as being worth as much as $375 billion, it is a relatively modest reinvestment.

Despite our many visible successes, the job is nowhere near complete. We still have a huge agenda of unfinished capital needs to return our system to a state of good repair—needs estimated at another $30 billion between now and 2011.

While some of those needs will be addressed with state and local dollars, we will continue to rely on federal participation similar to that we've had over the past two decades—roughly 28 percent of our investment. Let me tell you where we hope to employ federal dollars in the future.

Thousands of the cars we rebuilt in the early 1980s have reached the end of their extended lives. Between now and 2011, over $5.2 billion will be needed simply to replace this rolling stock.

We currently have nearly 1,300 subway cars on order for New York City transit and over 200 rail cars for Long Island rail road and Metro North railroad.

Stations, one of the most visible parts of our system, require $2.3 billion in restorative construction by 2009.

Shops, car-maintenance barns and depots, many of which are ill-equipped to care for modern rolling stock must be brought up to current standards at an estimated cost of $1.8 billion by 2011.

signals that are in many cases more than 50 years old need to be replaced at a cost of $2.9 billion between now and 2009.

Other parts of our infrastructure, such as the superstructures that support the subway's tunnels and ELS; viaducts that carry LIRR and MNR commuter trains; fans that remove smoke in emergencies; pumps that keep tunnels from flooding; outdated electrical, tunnel lighting and communications systems, are all expected to cost another $5.6 billion by 2011.

These are investments critical to greater efficiency, safety and reliability, and ones that will pay dividends for years to come.

My testimony thus far has concentrated on the investments we've made and need to make to maintain or restore existing facilities. But we are also very sensitive to emerging transit needs that make sense for our service area. The 63rd Street tunnel, a major joint NYCT and LIRR system expansion, has been progressing in a methodical fashion for the better part of the last two decades. It is about to begin delivering on its original promise.

With the 63rd Street-Queens connector, a $612 million ISTEA authorized "new start" project that connects the tunnel to the Queens Boulevard "E" and "F" lines nearing completion in 2001, we will dramatically reduce pressure on the most crowded subway line in the country. The project, which the MTA overmatched with a 50 percent local share, is on time and on budget.

The next step is to connect the lower level of the 63rd St. tunnel to Grand Central Terminal on the west and the LIRR main line on the east. The MTA's "LIRR east side access" (ESA) project, a TEA–21 authorized "new start" project for which Congress appropriated $20 million in fiscal year 1998 and $24 million in fiscal year 1999, is that next step.

For fiscal year 2000 we are seeking $159 million to allow us to complete ESA final design and move into the active construction phase.

On day one, ESA will benefit more riders than any other new start project in the nation, saving some 50,000 riders who now backtrack to the east side of Manhattan from Penn Station on the west side, an average of 36 minutes of travel time each day. That's about three hours per week. ESA will also ultimately allow for 172,000

trips per day into and out of the east side of Manhattan, the nation's largest central business district.

We are painfully aware that despite significant increases in the new start funding pot, the number of projects competing for those dollars has never been greater. We fully believe, however, that even given the worthy competition that exists, the ESA project will produce immediate tangible benefits that make it arguably the most attractive. Based on our past and current record in terms of ridership growth, strong project management and substantial and stable local commitment, any federal dollars you could provide would be an extremely cost effective investment.

There is another MTA system expansion issue authorized in TEA–21—the preliminary study and design of a solution to the overcrowded Lexington Avenue line. The MTA has studied a number of alternatives over the last few years as part of its "Manhattan east side alternatives" (MESA) major investment study.

MESA proposed an alternative that would require new subway construction along Second Avenue. The next step is to further study the alternative, including the completion of a final environmental impact statement (FEIS). In accordance with a $5 million TEA–21 authorization, we are requesting the full amount so we can move forward with this effort.

The MTA is also a leader in the industry's efforts to develop new clean fuel equipment and technology. With your help in providing $10.8 million from sec. 3007, the clean fuels for transit portion of TEA–21, MTA Long Island bus will purchase an additional 38 buses, making it the largest CNG fleet east of the Mississippi. We also ask that $9.9 million from the same pot be provided to complete the conversion of MTA New York City transit's coliseum depot in the Bronx to be clean fuels compatible. This depot is in a severe non-attainment area and its conversion is a critical element in improving regional air quality.

In conclusion, we commend Congress for having the forsight last year to take the steps it did to address the nation's transportation needs through the thoughtful passage of TEA–21. As this subcommittee reviews appropriation levels for TEA–21's transit title, we ask that you work toward finding the resources to fund it at the fully authorized $6.8 billion level.

We hope that this subcommittee's actions will allow us to continue to provide a vital contribution to attaining national energy, economic, environmental goals, and most of all—the goal of efficiently moving people!

We need your help. Thank you.

PREPARED STATEMENT OF THE NIAGARA FRONTIER TRANSPORTATION AUTHORITY (NFTA)

INTRODUCTION

The Niagara Frontier Transportation Authority (NFTA) appreciates the opportunity afforded by the Subcommittee on Transportation and Related Agencies Appropriations to present its requests for transportation appropriations in federal fiscal year 2000.

The Niagara Frontier Transportation Authority (NFTA) is a regional multi-modal transportation authority responsible for air, water and surface transportation in Erie and Niagara Counties. NFTA businesses include a bus and rail system, a paratransit system, two international airports, a small boat harbor and transportation centers in Buffalo and Niagara Falls. We take pride in the role that we play in making our community comfortably accessible and in fostering a vital economic and job climate.

The NFTA owns and operates the Buffalo Niagara and Niagara Falls International Airports. These airports are used by 10,000 passengers each day. The NFTA bus and rail system carries 95,000 riders daily throughout our service area. NFTA transportation centers in Buffalo and Niagara Falls serve as the cores of regional and inter-city bus service. Additionally, NFTA manages various properties in Erie and Niagara counties which generate financial resources to support our core transportation businesses.

As the principal transportation resource in the community, the mission of the NFTA is to serve our customers and the general public by optimizing mobility through cost effective, quality transportation services and facilities.

In support of the NFTA transportation mission, NFTA respectfully requests Committee consideration of the following Requests for Provisions in Federal Fiscal year 2000 transportation appropriations.

PROJECT APPROPRIATIONS REQUESTED

Federal Aviation Administration Airport Improvement Program

Continue to provide priority for discretionary fund applications related to the acquisition and demolition of the Buffalo Airport Center for safety improvements.

Assign priority to discretionary funding applications including: expansion of the east concourse of the terminal building, construction of apron associated with the terminal expansion; and completion of the circulatory road system at Buffalo Niagara International Airport.

Continue to provide priority for discretionary funding applications related to taxiway "D" at Niagara Falls International Airport.

Federal Transit Administration Bus Capital

Appropriate $6 million under Section 5309 for the purchase of 28 new transit buses. The requested provisions are described in the following text.

Buffalo Niagara International Airport

NFTA requests continued priority for discretionary fund applications related to the acquisition and demolition of the Buffalo Airport Center (BAC) for safety improvements. In 1999, the Committee provided priority to these projects. As background, an application in the amount of $24,585,837 for acquisition and demolition of the BAC was submitted to the FAA on February 26, 1999. NFTA requires $13.5 million from fiscal year 1999 Airport Improvement Program (AIP) appropriations. Phase I funding in the amount of $7.6 million was awarded from the Airport Improvement Program on March 22, 1999. NFTA appreciates the priority provided by the Committee that led to this grant award. As AIP authorization is extended beyond March 31, 1999, NFTA will pursue the remaining $5.9 million in 1999. Continuing this background discussion, NFTA needs $11,085,837 under the Airport Improvement Program in fiscal year 2000 to complete the acquisition and demolition of the Buffalo Airport Center.

NFTA requests priority for discretionary funding applications including: expansion of the east concourse of the terminal building by a minimum of four (4) gates, construction of apron associated with the terminal expansion; and completion of the circulatory road system at Buffalo Niagara International Airport. These infrastructure investments will permit NFTA to continue its efforts to attract low cost air carriers to the Buffalo Niagara metropolitan region. As background, individual project requirements and fiscal year needs are as follows:

1. Expansion of the east concourse of the terminal building Federal fiscal year 2000, $10,368,000.
2. Construction of apron associated with the terminal expansion Federal fiscal year 2000, $4,320,000.
3. Circulatory road system completion Federal fiscal year 2000, $2,160,000.

Niagara Falls International Airport

NFTA requests continued priority for discretionary funding applications related to taxiway "D" at Niagara Falls International Airport. As background, in 1998 the Committee provided such priority and $1.8 million was awarded from the Airport Improvement Program (AIP) for the construction of an extension to the taxiway. Additionally, $675,000 was awarded from the 1999 AIP on March 22, 1999 to complete funding for the taxiway extension project. NFTA appreciates the priority provided by the Committee that led to this grant award. In support of this infrastructure investment, NFTA needs $832,500 from the fiscal year 2000 AIP appropriation to rehabilitate the existing taxiway segment.

Purchase 28 Replacement Transit Buses

NFTA requests $6 million for the purchase of 28 replacement transit buses. The vehicles will replace buses placed in service in 1986 and will be used to provide core transit system service in conjunction with Hublink system infrastructure.

PREPARED STATEMENT OF PAUL P. SKOUTELAS, CHIEF EXECUTIVE OFFICER, PORT AUTHORITY OF ALLEGHENY COUNTY, PITTSBURGH, PA

Chairman Shelby and members of the subcommittee, I am pleased to submit testimony on behalf of Port Authority of Allegheny County, the principal public transportation provider in the Pittsburgh urbanized area. Port Authority carries 75 million public transportation riders annually within a 730 square mile area through a variety of services including bus, busway, light rail, incline, and the nation's largest specialized paratransit system.

As Chief Executive Officer of Port Authority of Allegheny County, it is my privilege to present this testimony regarding Port Authority's request for fiscal year 2000 transportation appropriations earmarks for the North Shore Connector and the stage II light rail transit projects, which are major components of Port Authority's "Rail 21" program, and for the purchase of buses.

For fiscal year 2000, Port Authority is requesting $40 million of section 5309 "new start" funds for the stage II project and $24 million for the North Shore Connector. Port Authority is also requesting a section 5309 "bus/bus facility" earmark of $20 million to be used to acquire approximately 83 buses in fiscal year 2000. Procurement of new buses will enable Port Authority to continue modernizing its fleet and ensure the continuation of quality transit service to its customers.

RAIL "21" PROGRAM NORTH SHORE CONNECTOR

The heart of the Pittsburgh metropolitan region is its golden triangle, the center of business, cultural and sporting events, tourism, and government services. In order to accommodate and facilitate its continued growth and vitality, there is pressing need to better integrate the North Shore area with the golden triangle by providing much improved transit service along the downtown's Allegheny River corridor. This corridor encompasses the North Shore, cultural district and strip district areas of downtown and is the region's premiere tourist destination with Three Rivers Stadium (the home of the Pittsburgh Steelers and Pirates), the Carnegie Science Center and International Andy Warhol Museum, the David L. Lawrence Convention Center, three performing arts theaters, and the Senator John Heinz Pittsburgh Regional History Center all located within this one square mile corridor.

Within this corridor, there are also significant levels of downtown commuter parking and private and public development projects. During the day, a large reservoir of parking on the North Shore provides much needed fringe parking for the golden triangle. In turn, the golden triangle provides a significant amount of needed parking for North Shore events. Providing a better connection between the two areas will fortify and enhance this relationship.

Development projects in the corridor include Alcoa's new corporate headquarters and a 240 unit apartment complex, a new baseball park, and a new football stadium, an expanded convention center and hotel, an office building, a new theater and parking garage, and accompanying retail and entertainment complex.

Absent in this corridor are pedestrian friendly and efficient transportation connections tying together these various attractions and development projects and linking the corridor with the region's transportation infrastructure. Overall, improved linkages between the North Shore and central business district will help ensure the continued vitality and accessibility of the region's core and enhance and support the private and public development currently underway in the Allegheny River Corridor.

The program proposed here is designed to enhance North Shore and Golden Triangle development activities by coordinating the downtown area's transit systems with pedestrian, parking, highway and HOV facilities. A fixed guideway transit connection to Port Authority's existing light rail transit (LRT) system is proposed to enhance transit service to the North Shore area and better integrate Golden Triangle and North Shore activities including the regional attractions.

A draft environmental impact statement (DEIS) is currently underway to evaluate alternatives and recommend a mode/technology and alignment for the project. The current projected cost of the project developed during the major investment study (MIS) phase is $240 million.

LIGHT RAIL TRANSIT STAGE II SYSTEM

Port Authority's Light Rail Transit System, also known as the "T", is a twenty-five mile light rail transit system serving the City of Pittsburgh and the South Hills communities of Allegheny County.

The South Hills light rail system, part of an extensive trolley network formerly operated by the Pittsburgh Railways Company and its predecessors, was acquired by Port Authority in 1964. Between 1980 and 1987, Port Authority completely reconstructed 10.5 miles of the system, a project referred to as stage I.

Stage I entailed construction of the downtown Pittsburgh subway and rehabilitation of Port Authority's Panhandle Bridge over the Monongahela River, modernization of the old trolley line through Allegheny County's South Hills via Beechview and Mount Lebanon, construction of a New Mount Lebanon transit tunnel, construction of a new rail car maintenance facility and operations control center and purchase of fifty-five articulated and air-conditioned light rail cars. Also included in stage I was the completion of the 2.5 mile Allentown line in 1992.

The stage II light rail transit system which was designated a "new start" project in the intermodal surface transportation assistance act of 1991 (ISTEA) involves the reconstruction of twelve and one-half miles of the Overbrook, Library, and Drake trolley lines to modern light rail standards. Preliminary engineering was completed for the project in spring 1998. Rebuilding the three lines on their existing alignments includes double-tracking the Overbrook line, replacing bridges, stabilizing slopes, adding retaining walls, constructing new stops and stations, and installing signal, communications and electrical power systems. All three lines are also to be built to light rail standards. The project includes the acquisition of twenty-eight new light rail vehicles, and approximately 2,400 new park and ride spaces. The current project is estimated at a total of $512.5 million or $410 million federal share.

BUS PURCHASE

Port Authority is also requesting $20 million of section 5309 bus/bus facility funds in the fiscal year 2000 transportation appropriations bill to be used toward the procurement of approximately 83 buses. The new buses will replace buses which have completed their useful service lives and are eligible for retirement by virtue of age or mileage standards. The buses will be used in Port Authority's overall route network, which serves 260,000 riders each day, or about 75 million annually.

It is our fervent desire that your subcommittee will continue increasing the overall level of investment in transportation infrastructure, which is of national importance. Your subcommittee has enabled public transportation systems in our great cities, suburban communities, and rural areas to be rejuvenated. Further, this subcommittee has helped create an interstate highway system and airport network that is the envy of the world. Now, it is imperative that all levels of government continue to develop our transit and surface transportation networks.

Finally, I want to thank you for your leadership and also the subcommittee for its past support and commitment to surface transportation programs, particularly, for those that affect public transportation.

I look forward to an active and ongoing dialogue with the subcommittee in the coming years. I would be pleased to submit any additional information at this time as would be useful to the subcommittee.

PREPARED STATEMENT OF ROBERT H. TUCKER, JR., CHAIRMAN, REGIONAL TRANSIT AUTHORITY

Thank you for the opportunity to present a statement to the subcommittee on behalf of the Regional Transit Authority (RTA) of New Orleans and Jefferson Parish. The Regional Transit Authority is requesting funds to continue the progress of three major transit projects.

Before explaining the requests, the Regional Transit Authority extends its sincerest appreciation to the members of this subcommittee for the support demonstrated towards our requests for the last fiscal year. As you may recall, upon enactment, the fiscal year 1999 transportation appropriations bill included $8,075,000 for RTA's buses and facilities from Louisiana's $11,000,000 statewide bus appropriation, $22 million for the Canal streetcar project and $2 million for the Desire streetcar project. We are very grateful to the subcommittee for its role in providing that critical funding.

In summary, for fiscal year 2000, the regional transit authority is requesting federal funding for the following projects:

—$91,000,000 for the Canal streetcar project
—$24,000,000 for RTA's lease/maintenance program
—$39,600,000 for the return of the Desire streetcar

CANAL STREETCAR PROJECT

The Canal Street corridor project will restore light rail transit service to the city's most important transit corridor. For fiscal year 2000, the Regional Transit Authority is requesting $91,000,000 of FTA section 5309 (formerly section 3) new start rail funding to construct the project.

The project completed the major investment analysis phase in the fall of 1995 and the environmental impact statement (EIS) was completed in August of 1997. The FTA issued the favorable "record of decision" on August 28, 1997. Currently, the project is in final design. The prototype streetcar is over 50 percent complete. Construction is expected to begin in the mid-late 2000.

The total value of the Canal streetcar project, including the proposed city park spur, is approximately $181 million. To date, Congress has appropriated $54.5 million towards the project.

The Canal Street corridor connects with 70 percent of the Regional Transit Authority's 59 transit lines and seven suburban routes. In the future, the route could connect with Amtrak and the local Greyhound bus terminal at the New Orleans Union Passenger Terminal.

The streetcar's track will be placed primarily within existing medians which will allow the RTA to remove buses from the currently congested traffic stream. The EIS analysis predicts 20 percent growth of ridership over the 18,000 per day currently utilizing the bus service within the corridor.

In a major effort to reduce the overall cost and scope of the project, the RTA has implemented two strategies, both during construction and operation:

First, the Canal streetcar track will match the recently regauged track of the riverfront streetcar which now matches that of the historic St. Charles streetcar line. The common gauge will allow the RTA to use the existing Carrollton streetcar facility of the St. Charles streetcar as a heavy duty maintenance facility for all three lines as well as the proposed Desire line. Thus, the RTA will avoid the cost of duplicating a similar facility. However, a separate storage and inspection facility for daily maintenance and cleaning of the streetcars will be built due to capacity constraints at Carrollton.

The second part of the strategy will be to assemble the streetcars in New Orleans by the RTA technicians and craftsmen whom recently built seven streetcars for the revamped riverfront streetcar line. The RTA will be able to save approximately $400,000–$600,000 per vehicle by taking this approach. Estimates are that for an outside firm to bid on the streetcars, which are a one-of-a-kind design, it would cost the taxpayer anywhere from $1.6 to $1.8 per vehicle. RTA approximates its cost at $1 million to $1.2 million.

As well as building the seven riverfront cars, the Carrollton shop recently overhauled the entire 36 car St. Charles fleet. This facility and its workers are uniquely suited to construct the Canal streetcars competently and economically. Furthermore, with RTA employees assembling the new streetcars, the quality of the cars will be ensured by drawing from their expertise maintaining the existing fleet.

The streetcars will be basically replicas of the venerable, and no longer available, Perley Thomas type that now traverses the St. Charles line. However, the Canal cars will be ADA accessible and air conditioned.

LEASE/MAINTENANCE PROGRAM

As its highest priority request under the RTA bus and bus facility program, the Regional Transit Authority (RTA), is seeking $24,000,000 representing three years of payments under its innovative lease/maintenance program recently approved in-concept by the Federal Transit Administration. This new program has allowed the RTA to enter into a lease and maintenance agreement with a commercial leasing company for the lease and maintenance of 75 new buses and 100 near new buses. The agreement will also allow the RTA to benefit from the recent changes that allow for the treatment of maintenance costs under a lease as an eligible capital expense. Penske truck leasing, through the RTA's RFP selection process, is the lessor of the buses as well as provide for the maintenance of the buses. The financing will be by ABN–AMRO.

With 446 vehicles, the RTA operates the largest system in Louisiana by providing service to nearly 180,000 riders per day in a city that is 20 percent transit dependent. The buses leased will significantly reduce the operating expenses of the RTA and enhance its ability to provide dependable service.

This request will once again be a part of the fiscal year 2000 Louisiana statewide request for FTA bus program funding. That effort is led by RTA staff and is coordinated through the Louisiana Public Transit Association. We hope our cooperative attempt will yield additional support once more to benefit the state's other transit systems as well as the RTA.

DESIRE STREETCAR LINE

The RTA is requesting $39,600,000 of FTA section 5309 new start funds for the corridor once occupied by the fabled "Streetcar Named Desire" through some of New Orleans oldest and historic neighborhoods. The major investment study phase began in May of 1998. To date, Congress has appropriated $6 million of FTA new start funding to the project.

The proposed Desire streetcar line will allow the RTA to consolidate a number of bus routes away from the historically and structurally sensitive French Quarter.

The line is expected to improve the overall efficiency of the RTA system by allowing for higher operating speeds and shorter travel time for buses now forced to use congested French Quarter streets. The Desire streetcar will provide direct service to the French Quarter, Faubourg Marigny and Bywater neighborhoods which are otherwise inaccessible to regular transit service. In addition, the line will serve two major defense facilities; the U.S. Coast Guard Support Center and the Navy's F. Edward Hebert Defense Complex.

The MIS is expected to be completed in June of 1999.

TRANSIT PROGRAM APPROPRIATIONS

The Regional Transit Authority urges and requests that Congress appropriate to the highest levels possible under the terms authorized in TEA 21. TEA 21 includes increased levels of funding for transit—increases that are sorely needed. The RTA sincerely hopes that Congress follows through on that promise by appropriating to the levels authorized.

Thank you for your time and consideration with these requests on behalf of the Regional Transit Authority.

PREPARED STATEMENT OF THE REGIONAL TRANSPORTATION COMMISSION, CLARK COUNTY, NV

I. INTRODUCTION

The Regional Transportation Commission of Clark County, Nevada (RTC) is pleased to have the opportunity to present this testimony to the Transportation Appropriations Subcommittee in support of our fiscal year 2000 funding requests.

The RTC is a public entity created under the laws of the State of Nevada with the authority to operate a public transit system and administer a motor fuels tax to finance regional street and highway improvements. In addition, the RTC is the Metropolitan Planning Organization (MPO) for the Las Vegas Valley. As the public transit provider, the RTC operates Citizens Area Transit (CAT), a mass transit system that now moves more than 4.0 million passengers per month and recovers nearly 50 percent of its operating and maintenance costs from the farebox.

The RTC, acting as the public transit authority, requests that the Subcommittee give positive consideration to the four projects described in this testimony. Specifically, the RTC requests funding from Section 5309 (formerly Section 3) in the amount of $23 million for final design elements and Right of Way and land acquisition components for a 5.2 mile initial operating segment of a fixed guideway system; $2.96 million for transit bus fleet expansion; $5 million for Bus Passenger Facilities; and $10 million for a CNG refueling facility. As shown in this testimony, these four projects are essential to the comprehensive development of an integrated intermodal transportation system capable of meeting the needs of the fastest growing city in the United States.

II. COMMUNITY

Las Vegas Growth and Development.—The Las Vegas community is currently home to over 1.3 million permanent residents. With 17 of the world's largest resort hotels adding over 32 million annual visitors, the actual population of Las Vegas on any given day exceeds 1.5 million persons.

Meanwhile, the Las Vegas metropolitan area continues to experience explosive growth. The economy of the Las Vegas Valley is characterized by a favorable business environment, a strong job market, an absence of a business and personal income tax, and a comparatively low property tax by national standards. This environment has fostered an era of extraordinary growth that, since 1990, has fueled the creation of over 175,000 new jobs and has witnessed the influx of over 500,000 new residents to the valley. Current projections indicate that population and employment will continue to increase, exceeding 2.1 million residents and over 1 million jobs by the year 2020. Ensuring adequate mobility is essential to maintaining a superior quality of life for residents and a pleasant visitor experience.

The Resort Corridor of Las Vegas is, however, more than world renowned resorts. As well as a wide variety of recreational and entertainment opportunities and unparalleled convention and meeting facilities, it also contains a broad array of land uses that are not typically associated with the public image of Las Vegas. For example, the northern boundary of the Resort Corridor includes a substantial section designated by the City of Las Vegas as a redevelopment area to which public investments are targeted for urban revitalization. In contrast, the southern area of the

Resort Corridor includes office uses, health care, shopping and educational facilities (including UNLV and several elementary and middle schools).

The Resort Corridor covers only 10 percent of the land area of Las Vegas and it contains over 50 percent of the total regional employment. In contrast, 93 percent of the area residents live outside the corridor. Current job densities in the Resort Corridor approximate 56 jobs per acre. This is similar to the job densities that exist in the central business districts of Portland (OR), Sacramento, San Diego, St. Louis, Pittsburgh, Cleveland, Buffalo, and Baltimore. In 1996, of the 4.0 million daily person trips made in the Las Vegas Valley, 63 percent were commuter trips focused on destinations in the Resort Corridor. The mixing of land uses coupled with the ever increasing scale of the community also contributes to the high levels of transit ridership experienced by CAT. More importantly, the continued rapid growth reinforces the attractiveness of a fixed guideway system as part of the transportation infrastructure and service fabric.

Major Investment Study.—The extensive and sustained growth in the Las Vegas valley has created significant transportation challenges. In October of 1997, the RTC adopted a Major Investment Study (MIS) that identified four strategies designed to ensure that traffic congestion will not worsen over the next 20 years from levels currently experienced. The four strategies include: (1) construction of an 18 mile fixed guideway system serving the Resort Corridor; (2) expansion of CAT fixed route service to 500 peak service buses; (3) initiation of a TDM/TSM program designed to incentivize transit in all of its forms and fund low cost traffic management projects, respectively; (4) completion of the Resort Corridor street and highway system by finishing nine roadway projects, including the construction of Resort Boulevard—a new collector-distributor parallel to Las Vegas Boulevard. Completion of all of these projects will ensure that Las Vegas taxpayers will continue to have timely access to their jobs, avoid the disruptive affects of continual road construction, reduce reliance on the Single Occupant Vehicle and foster the on-going efforts of the Las Vegas Valley to meet the mandates of the Clean Air Act Amendments of 1990.

In light of the RTC's adopted MIS and the documented and ongoing success of the CAT system, the RTC has four initiatives it has prioritized for transit discretionary funding in its Regional Transportation Plan and the Transportation Improvement Program adopted in January of 1998. These priorities include acquisition of rolling stock for CAT, construction of Bus Passenger Facilities throughout the valley, construction of a Compressed Natural Gas refueling station and continued funding of Fixed Guideway preliminary engineering/final design. Each of these projects as documented in the Regional Transportation Plan (RTP) reflect the RTC's long term commitment to advance the usage of mass transit technologies as a means to effectively address growing commuter travel demands. In fact, with 63 percent of all valley wide trips either beginning, ending or traveling through the Resort Corridor, the RTC cannot continue to rely solely on roads or buses, but instead must act now to begin implementing all elements of the MIS.

III. CITIZENS AREA TRANSIT—BUS FLEET EXPANSION

Citizens Area Transit (CAT) began service on December 5, 1992. At that time, CAT represented the largest single start-up of new bus service in North America. Annual CAT ridership has grown from 14.9 million riders in 1993 to over 46.6 million riders in 1998; a growth rate of over 211 percent in only 6 short years, catapulting CAT to the 28th largest bus system in the nation. Las Vegas is the fastest growing city in the United States, but the CAT system is growing at a rate faster than any other local economic indicators, including population, employment, hotel rooms, visitor volumes, airport passengers, vehicle miles traveled, and auto registrations.

With 42 routes operating throughout the greater Las Vegas Valley, as well as routes in the rural communities of Laughlin and Mesquite, Nevada, CAT is now servicing over 4 million passengers per month. While the CAT routes operating along the high-profile Las Vegas Boulevard provide service to up to 900,000 passengers per month, these routes account for only 25 percent of the total monthly ridership. Clearly, many Las Vegas residents rely heavily on the CAT system to get to work, school, shopping, medical services and recreational facilities. Providing mass transit services throughout the Las Vegas Valley, CAT has become essential to the fabric of the Las Vegas community.

To address the ever increasing demand for transit services, the RTC has continually increased bus service. Since startup, total annual hours of revenue service have almost doubled, from 585,134 hours in 1993 to over 1 million hours in 1998. Similarly, annual vehicle miles have also doubled; from 6,384,660 miles in 1993 to 14,253,589 miles in 1998. The CAT system has continued to successfully increase ridership while remaining operationally efficient. Costs per passenger have dropped

consistently since startup, to approximately $1.29 per passenger. In 1997, CAT was recognized by the American Public Transit Association (APTA) as the winner of the Outstanding Achievement Award—Bus System of the Year for the 151–600 bus category. In 1998, APTA again recognized the CAT system by awarding it the William T. Coleman Silver Safety Award for outstanding performance in traffic and passenger safety. Also in 1998, the annual University of North Carolina, Charlotte Comparative Performance Report also recognized CAT as one of the nation's top bus systems in terms of system performance.

Although the CAT system has doubled service availability since startup, the demands for even more service continue to escalate. The urban boundaries of the Las Vegas Valley continue to push in all directions, creating new areas of growth and transit demand. In addition to under served areas, the frequency of service on most existing routes serving the residential base of the valley is substantially less then desired. The single largest constraint faced by the RTC to providing more service continues to be fleet availability. When compared to other peer cities, CAT transports up to 3 times the number of passengers per vehicle. This passenger load factor is not sustainable over the long term in terms of the enormous demands placed on existing rolling stock, and makes expansion of the fleet size an absolute necessity.

In addition to the regular fixed route service provided by the CAT system, the City of Las Vegas furnishes a neighborhood circulator service that complements CAT. The Las Vegas City Trolley system consists of 6 themed Trolley vehicles, providing access between Senior and low-income housing centers and major activity centers and shopping. The average age of the Trolley vehicles is 11 years old; operating and maintenance costs have risen dramatically over the past few years. As the Trolley vehicles approach the end of their useful lifespan, replacement vehicles are necessary.

To continue to expand existing transit services, the RTC requests $2.96 million in Section 5309 bus discretionary funds to purchase additional vehicles to enhance the transit fleet. Consistent with past appropriations requests, the RTC will provide a substantial overmatch of 30 percent in local funding for these equipment purchases.

IV. BUS PASSENGER FACILITIES

South Strip Intermodal Facility.—With over 46 million annual passengers using the CAT system, passenger comfort and convenience are rapidly becoming issues of note. To enhance customer amenities and facilitate transfers between routes, the RTC plans to build a network of terminal/transfer facilities throughout the Las Vegas Valley. Terminal/transfer facilities support the transit system by providing areas of comfort, security, and information to transit patrons waiting to transfer to another bus route or to the next mode of transportation. These facilities will provide locations where passengers have the opportunity to easily transfer between routes, passengers have shelter from the elements, and coach operators have access to necessary amenities. In addition, terminal/transfer facilities will provide opportunities for a reasonable interface between fixed route and paratransit services. At this time, the CAT system currently has only one terminal/transfer facility in the downtown area, known as the Downtown Transportation Center (DTC), which was built in 1987 prior to the initiation of the CAT system. The DTC is currently undergoing reconstruction to expand and enhance that facilities' ability to accommodate CAT operations. With the ever-increasing demands for additional services, there is a critical need for additional terminal/transfer facilities.

The CAT service in the south Resort Corridor, as well as several residential routes in the southern part of the Las Vegas valley, currently utilize a temporary passenger facility located on private property at the Vacation Village Casino at the southern end of the Las Vegas Strip. This site has been provided at no cost to the public through the community spirit of the property owners, however there are no conveniences or amenities dedicated to the riding public of the CAT system. The increased CAT service frequency and ridership make it clear that something more permanent is needed. To that end, the RTC has conducted an alternatives analysis and Environmental Assessment for a South Strip Intermodal Facility. Once the Environmental Assessment is complete, this project will move into final design and land acquisition. In order to expediently move to construction of the facility, the sum of $5.0 million is requested in Section 5309 bus discretionary funds for the land acquisition of the identified property.

V. CNG FUELING FACILITY

The dramatic growth in population and employment in Las Vegas has resulted in a tremendous increase in traffic congestion and a significant deterioration in re-

gional air quality. Pursuant to the Clear Air Act Amendments of 1990, the Environmental Protection Agency has designated the Las Vegas airshed as a serious nonattainment area for carbon monoxide (CO) and PM10 (inhalable particulate matter; 10 microns or less). Transit is an essential element in the region's overall strategy to reduce traffic congestion and improve regional air quality. In its role as the MPO and transit operator, the RTC is constantly promoting additional methods to help improve air quality. When CAT paratransit services were initiated in December 1994, the RTC mandated the entire paratransit fleet use an alternative fuel. The paratransit fleet consists of 120 vehicles which all use compressed natural gas (CNG) to help the RTC promote air quality standards. With this paratransit fleet, the RTC is currently the largest single sponsor of an alternative fuel fleet in the State of Nevada. The RTC directly contracts with a CNG wholesaler for the purchase of CNG fuel at the lowest possible costs, however, the RTC owns only 2 facilities throughout the Valley where these vehicles are fueled. As shown on the attached Exhibit A, both existing facilities are located in the western portion of the Las Vegas Valley. Due to the somewhat limited range of this fuel type, the RTC intends to build an additional fueling facility in the southeastern portion of the valley to support the daily operations of this unique fleet. Building this facility will allow the RTC to continue to promote the air quality benefits of alternative fuels throughout the Las Vegas valley. In addition, the RTC fueling facility will be made available to all other local government entities, promoting the usage of alternative fuels throughout the Las Vegas valley. To fund this program, the RTC requests $10.0 million in Clean Fuels program funds for construction of this important facility.

VI. FIXED GUIDEWAY SYSTEM—FINAL DESIGN AND CONSTRUCTION

The CAT bus system represents a significant commitment by the RTC to address the travel needs of residents and visitors alike. However, as documented in the Resort Corridor MIS, a higher level of mass transit is clearly necessary in a city of 1.3 million. Despite the dramatic growth and expansion of CAT, the Las Vegas Valley continues to experience rising congestion levels, especially in the area known as the Resort Corridor. The expansion of the bus system can address some of these needs in the short term, but there is a limit to the number of buses that can be put on the streets and, in fact, in the number of streets and highways that can be built. The MIS illustrated that projected travel demands, if addressed only through road construction, would require the construction of 18 north-south and 20 east-west and arterial lanes through the Resort Corridor.

The objective of the proposed fixed guideway system is to provide residents and visitors with environmentally clean, cost effective public transportation services that will meet the dramatically increasing transportation needs of the Las Vegas Valley. The proposed fixed guideway system (depicted in Exhibit B) contains 18.4 miles of double track, elevated, automated guideway; providing service to 28 stations and three major terminal stations. The system includes a core system and an extension to McCarran International Airport. The core system consists of 15.6 miles of guideway, 25 stations and two major terminals. The cost for the full system is approximately $1.14 billion. The RTC received an authorization of $155 million for Phase 1 activities in the TEA 21 legislation and FTA has given formal approval to commence PE activities.

The RTC has commenced initial preliminary engineering activity for a 5.2 mile initial operating segment referred to as Phase I (depicted in Exhibit C). To facilitate the design, construction, and operation of this project, the RTC anticipates utilizing the turnkey procurement method. RTC has initiated the Draft Environmental Impact Statement (DEIS) and Scoping was conducted in the Fall of 1998 to define the DEIS alternatives. As the DEIS progresses, RTC will continue to refine and adopt the technology requirements for the system, and will continue with final design efforts on the Phase 1 alignment. Consistent with the Phase 1 activities and concomitant with receipt of the Record of Decision in the 4th quarter of 2000, RTC will also identify an appropriate location for the Phase 1 Maintenance and Operation Facility and begin acquisition of necessary Right of Way. Based on the size and function of the facility, it is anticipated that this facility may also represent the northern terminus for daily operations, and provide an opportunity for the northern passenger terminal, complete with a bus interface, passenger amenities, and a Park and Ride location. Once an appropriate site is identified and all appropriate environmental analyses complete, RTC will acquire the land and any contingent Right of Way.

To ensure the continued progress of this important project, the RTC requests the sum of $23.0 million in Section 5309 new start funding for the commencement of

Final Design on Phase 1, final design of the Maintenance and Operations facility, and Right of Way and land acquisition for that facility.

VII. CONCLUSION

In conclusion, the RTC is requesting the total sum of $17.96 million in Section 5309 bus discretionary funds for the CAT fixed route system and related facilities; and $23 million in Section 5309 new start funds for continued project design, Right of Way acquisition and activities related to the Maintenance and Operation facility. The RTC sincerely appreciates the Federal assistance it has received to date. With the assistance and support of this subcommittee and the Congress, we have built an award winning public transit system that provides essential services to a rapidly growing city. We look forward to continuing to work together on these important projects.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

PREPARED STATEMENT OF JOHN H. SEIGEL, M.D., F.A.C.S., F.C.C.M., WESLEY J. HOWE, PROFESSOR, TRAUMA SURGERY, CHAIRMAN, DEPARTMENT OF ANATOMY, CELL BIOLOGY AND INJURY SCIENCE, NEW JERSEY MEDICAL SCHOOL, UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY

Mr Chairman, I respectfully present testimony on behalf of the University of Medicine and Dentistry of New Jersey—New Jersey Medical School. The University of Medicine and Dentistry (UMDNJ) is the largest public health sciences university in the nation. Its New Jersey Medical School (NJMS) is the academic medical facility for all of Northern New Jersey and its University Hospital serves as the Level I Trauma Center to coordinate the entire Northern region of the State.

This testimony requests your continued support for the National Highway Traffic Safety Administration (NHTSA) Trauma Network composed of seven university trauma systems functioning together in a consortia known as the "CIREN:Human Crash Injury Project". In addition to the UMDNJ-New Jersey Medical School in Newark, N.J., the consortium includes the Charles McMathias, Jr. National Study Center for Trauma and Emergency Medical Services (EMS) of the University of Maryland in Baltimore, the William Lehman Injury Research Center of the University of Miami in Florida, the Children's National Medical Center of Washington, D.C., the University of Michigan Medical Center in Ann Arbor, Michigan, the University of California Medical School of San Diego, California and the Harborview Medical Center of the University of Washington in Seattle, Washington. These seven centers have been working together in the study of motor vehicle crash injury which affects both adults, as well as children. Individually and collectively, these studies have resulted in new knowledge which has enabled the identification of the patterns of specific injuries resulting from real motor vehicle crashes. They have pointed the way towards the deployment of the newer safety devices and enabled the evaluation of their impact in reducing the severity of these injuries or preventing their occurrence. In the proposed NHTSA Trauma Network which will support the "CIREN:Human Crash Injury Project".

Important information concerning the effect of motor vehicle crashes on car structural integrity has been learned from experimentally-staged motor vehicle crashes and from the use of inert motor vehicle crash-dummies. However, it is necessary to go beyond the behavior of crash-dummies back to the scene of the accident, in order to determine the real mechanisms of injury and to understand the variability of the impact on different types of real people. For instance, the sixty year old woman who has some degree of osteoporosis will likely have a different pattern and magnitude of lower extremity and pelvic fracture injuries for the same impact velocity of crash compared to a twenty-five year old male.

The studies carried out so far, at the New Jersey Medical School have enabled the identification of different patterns of organ and extremities injury related to specific sites of passenger compartment intrusion and shown that these patterns are significantly different as a function of the direction of crash and its impact velocity. Collaborative studies in Baltimore and New Jersey have identified, subtle but important, aspects of sex and body habitus related driver behavior which can result in more, or less severe injuries to the lower extremities resulting from the same crash forces. The New Jersey and the Miami studies have allowed recognition of the motor vehicle crash patterns which provide clues to occult injuries which would otherwise be missed by the emergency medical services team in triaging patients from severe motor vehicle crashes. Research from four of the centers, New Jersey, Maryland, Michigan and Washington State, will demonstrate the shift in the pattern of

injuries associated with sport utility vehicles and make suggestions for design changes that can improve car occupant safety in SUV versus sedan crashes. These factors have important implications for safety design and creation of biomechanical test instruments to ensure driver and passenger protection. Also, studies carried out by the Children's Medical Center in Washington, D.C. have focused on the precautions necessary in designing and locating children's safety seats to prevent infant injuries in motor vehicle crashes.

Most important, the net result of these studies has been to focus on the development of motor vehicle safety measures which reduce the chance of injury rather than solely on the prevention of death. For it is injury which is the most costly aspect of the motor vehicle crash, raising health-care costs and forcing insurance premiums upward, not to mention the personal catastrophes which occur daily when a family member is severely injured.

The studies carried out by the New Jersey Medical School and Maryland components of the CIREN Human Crash Injury Group have already identified important characteristics of injury which were not previously recognized. These studies have focused on the importance of lower extremity injuries and pelvic fractures as major causes of disability and cost, and have focused on the importance of the air-bag in reducing the severity of brain injuries in high impact frontal motor crashes. In regard to this last observation, investigations carried out jointly at the New Jersey Medical School and the Charles McMathias National Study Center have shown that air-bag deployment in frontal motor vehicle crashes significantly ($p<0.01$) reduced the incidence of severe brain injury (GCS<12) from 67 percent to 29 percent even though the total incidence of brain injuries remained unmodified. Air-bags in these types of major force car crashes also reduced the incidence of shock, face fractures, and lower extremity fractures and as a consequence lowered the resulting need to extricate the patient from the motor vehicle, thus speeding the time to treatment. These types of data lend credence to the move to install side airbags in all new cars to reduce the incidence of severe brain injuries in side-impact crashes. This type of study emphasizes how the "Human Crash Injury Project" (CIREN) and the NHTSA Trauma Network can develop information about the effect of protective devices that cannot be obtained from crash-dummy research, since crash-dummies have no brains and the crash impact on a crash-dummy's skull produces no discernable change in the dummy's intellect or problem solving ability.

The prospective detailed medical:crash injury research investigations carried out under the "CIREN:Human Crash Injury Project" supplement and enhance the retrospective statistical studies now carried out by NHTSA under the NASS Program. It is a measure of the importance with which this project is viewed nationally that the present Administrator of the National Highway Traffic Safety Administration, Dr. Ricardo Martinez, M.D., has indicated that NHTSA wishes to integrate these research efforts into a national Trauma Network to include New Jersey Medical School:UMDNJ, The Lehman Center at Jackson Memorial Hospital in Miami, the McMathias National Study Center in Baltimore, and the Children's Medical Center in the District of Columbia, and to link these four existing centers to the three new centers in Michigan, Washington State and California.

Finally, there is a major new initiative occurring in the Department of Transportation (Federal Highway Administration), which is the development of an Intelligent Transportation System (ITS). As part of the ITS the Automobile Crash Notification System (ACN) program is in the process of developing an automatic crash notification micro-chip which could be inserted into motor vehicles so as to identify the location and nature of the crash. This new technology has the potential to enable the crash forces which are producing specific injuries and injury patterns to be identified and quantified so that improved safety measures including motor vehicle structural modifications and the deployment of additional air-bags can be developed. The proper evaluation of the potential effectiveness of the ACN and the rate at which this new technology can be integrated with Emergency Medical Services (EMS) systems nation-wide could be most effectively determined by integration of the testing aspects of the ACN Program with the Trauma Network and its CIREN:Human Crash Injury Project. Not only can this combined program more rapidly evaluate the ACN system, but it will also result in its being implemented immediately in the six states of the Trauma Network, plus the District of Columbia, as a first phase effort.

This effort could solve a very serious problem identified by studies of the Fatal Accident Reporting System (FARS). This is that while the death rate of trauma victims brought to Trauma System Hospitals is decreasing, there has been an increase in on-scene fatalities. This is due in part to delays in notification of EMS team to find and retrieve these injured patient especially in rural areas. The NHTSA supported by Trauma Network could also provide a mechanism for translation of this technology into true state-wide safety programs, since all of the regions mentioned

and all of the participating trauma centers have excellent EMS systems which are closely linked to their network of trauma centers. The ACN technology has the potential to be an order of magnitude increment in motor vehicle safety. Its technical development and independent field testing should become integrated at an early phase, so that its value can be determined and a feedback relationship with the Department of Transportation's Highway Traffic Safety Programs and the state-wide EMS Trauma Services can be more rapidly accelerated. The value of allowing the Trauma Research Centers which form the CIREN:Human Crash Injury Project to provide this interactive feedback is that all of the principal investigators are not only experienced trauma surgeons, but are also recognized as trauma investigators with extensive experience in studying the mechanisms of motor vehicle crash injury.

Speaking for myself, with the concurrence of the other directors of these affiliated programs, we request that the House Appropriations Subcommittee on Transportation and Related Agencies designate funding at the level of $500,000 per center to each of the seven present NHTSA-funded trauma research centers participating in the Human Crash Injury Project for a total of 3.5 million dollars. We also request that this appropriation be established on a multi-year basis to extend over a five-year period at the same annual rate adjusted for inflation, so that continuing evaluation and feedback can be provided by the Trauma Network. Also, we request that these Trauma Research Centers be used to evaluate the role of the Intelligent Transportation System's Automobile Crash Notification System in reducing excessive field mortality and injury exacerbation of motor vehicle crashes due to the prolongation of crash recognition by the present EMS system. This will take additional support to implement and test.

This latter additional support should allow approximately 5000 cars per core center to be instrumented with appropriate communications equipment. This level of support would enable the evaluation of the effectiveness of the ACN Program in identifying potential serious injuries and in facilitating the rapidity with which Emergency Medical Services Advance Life Support Teams could be deployed to the scene of the crash. It is felt that this type of immediate crash notification and localization technology when fully developed and integrated with all of the Nation's regional Trauma Centers could have a major impact in reducing the mortality and injury complications resulting from rural motor vehicle crashes and from serious crashes occurring in urban areas at times when there are few bystanders to request EMS 911 services.

In closing, I would like to express my personal gratitude for the past support of the House and its Appropriations Subcommittee on Transportation and Related Agencies of our group's collective research which, by identifying the mechanisms of human crash injury, has already resulted in improved safety and in a reduction in the incidence and severity of motor vehicle crash injuries. Motor vehicle crashes place all of us at risk, both personally as well as financially, and negatively impact on major segments of our economy. The development of safer motor vehicles and the invention of new and imaginative state-of-the-art motor vehicle crash safety devices and notification systems has spawned a new industry with enormous growth potential, which has already begun to integrate the telecommunications and motor vehicle industries. The small amount of national resources directed into this type of research will pay enormous dividends, not only by the reduction of motor vehicle crash injury costs, but also by the creation of new technologies and new businesses which can stimulate employment and national growth.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

PREPARED STATEMENT OF MICHAEL CARNEY, CHAIRMAN, ASSOCIATION OF WASTE HAZARDOUS MATERIALS TRANSPORTATION, ALEXANDRIA, VA

On behalf of the Association of Waste Hazardous Materials Transporters (AWHMT), I am submitting a statement for inclusion in the Subcommittee's hearing record regarding the proposed fiscal year 2000 budget for the U.S. Department of Transportation (DOT).

INTEREST OF THE AWHMT

The AWHMT represents companies that transport, by truck and rail, waste hazardous materials, including industrial, radioactive and hazardous wastes, in North America. The Association is a not-for-profit organization that promotes professionalism and performance standards that minimize risks to the environment, public health and safety; develops educational programs to expand public awareness about

the industry; and contributes to the development of effective laws and regulations governing the industry.

As a community of taxpayers dependent on the effective administration and enforcement of federal hazardous materials transportation laws and regulations, we feel compelled to file these views and concerns about how DOT's Office of Hazardous materials Safety (OHMS) and Federal Highway Administration (FHWA) have carried out their respective so-called "hazmat" responsibilities.

BACKGROUND

The transportation of hazardous materials involves producers and distributor of chemical and petroleum products and waste, transporters in all modes, and manufacturers of containers. DOT estimates that upwards of 800,000 shipments and as many as 1.2 million regulated movements of hazardous materials occur each day. The production and distribution of hazardous materials is a trillion-dollar industry that employs millions of Americans. As a major export, the transportation of these materials contributes positively to our trade balance. These products are pervasive in the transportation stream and in our society as a whole.

While these materials contribute to America's quality of life, unless handled safety personal injury or death, property damage, and environmental consequences can result. To protect against these outcomes, the Secretary of Transportation is charged to "provide adequate protection against the risks to life and property inherent in the transportation of hazardous materials in commerce by improving" regulation and enforcement.[1] The Secretary's authority to accomplish this mission is embodied in the Hazardous Materials Transportation Act (HMTA).[2] In 1990, the HMTA was significantly amended for the first time. Subsequently, amendments, albeit less significant, were added in 1992 and 1994. As a consequence of these amendments, Congress directed DOT to accomplish a number of tasks. How DOT has handled these responsibilities and how it proposes to handle them in the future in the focus of this statement.

OFFICE OF HAZARDOUS MATERIALS SAFETY (OHMS)

The commerce of hazardous materials demands that OHMS have intermodal, as well as international, expertise. It regulates a diverse community of interests and must constantly manage the tension between safety and efficiency in the transport of these materials in order to fulfill its mission to protect the public and the environment.

In comments submitted to the Subcommittee last year, we were concerned that the Administration had proposed nothing more than a cost-of-living increase for the OHMS. While we are pleased that this year the Administration has not proposed a flat programmatic budget, we are nevertheless opposed to the method by which the Administration has proposed to finance OHMS' work.

"User Fees"

The Administration has proposed to fund the entire OHMS program, beginning with the forth quarter of fiscal year 2000, with fees collected through the HazMat Registration program (Registration program).[3] Although the HMTA allows OHMS to require all shippers, carriers and package manufacturers and reconditioners to pay fees through this registration program to support the HazMat Planning and Training Grants program (Grants program), OHMS has only imposed these registration fees on a subset of the hazmat transportation industry. During the last collection cycle OHMS collected approximately $9.4 million from 22,600 shippers and carriers.[4] To fully fund the Grants program and the OHMS program, fees would have to increase four-fold.

The Registration program's fees were an outcome of the 1990 HMTA reauthorization. Industry did not "want" these fees, but such fees were demanded by states in exchange for clearer authority for DOT is preempt non-federal requirements that impede the safe and efficient transportation of hazardous materials. We believe then, as we do now, that it is not possible to fairly assess fees on this industry and at the same time ensure credible enforcement without making the program so administratively top-heavy as to undermine the purpose for the fee. The portion of the

[1] 49 U.S.C. 5101.
[2] 49 U.S.C. Chapter 51.
[3] RSPA fiscal year 2000 Budget Submission, page 54.
[4] Fiscal year 1998 Summary, Hazardous Materials Registration Program, Office of Hazardous Materials Planning and Analysis, OHMS.

hazmat industry subject to these fees has tolerated them because OHMS has kept the fee at the minimum allowed by Congress.

As noted above, the OHMS program exists to protect the Nation from risks to life, property and the environment inherent in the transportation of hazardous materials. To carry out its mission, OHMS develops safety regulations, conducts research and analysis to identify safety problems, and operates a system of exemptions and approvals to facilitate the implementation of new technologies. Additionally, OHMS pursues international and national uniformity in technical requirements. OHMS conducts inspections and enforcement actions to ensure compliance with the regulations as well as provides broad training and educational services, emergency response support, and administration of the Registration and Grants programs.

The Administration's proposal cannot and should not be characterized as a user fee. User fees imply that those who pay receive direct benefit from their fees. However, the OHMS so broadly effects the general safety of all citizens that it would not be possible to fairly administer a fee of the magnitude contemplated in the Administration's proposal. At the same time, other government programs with broad public benefit similar to the OHMS program such as the services of the Consumer Product Safety Commission and National Traffic Safety Administration's auto safety research are funded from general revenues, not through industry-based taxes disguised as "user fees."

Even if it could be rationalized that the fee apply only to the "industry", the hazardous materials transportation industry is not like, for example, the pipeline industry where user fees have worked. Fees have worked in the pipeline industry because they are perceived as "fair." The universe of potential payers in known and there exists a common denominator on which to base the fee. Conversely, segments of the hazardous materials transportation market are so porous that the determination of who should pay becomes as much as issue as what should be the amount of the fee.

On the other hand, if the Administration attempted to implement a true "fee-for-service" system, additional concerns exist. If fees were charge for each request for regulatory interpretation, administrative petition, training aid, data, and the like, the fees may deter companies from using the very services OHMS offers to foster compliance and ensure safe transport. Fees are likely to unfairly burden smaller businesses that need to rely on the services of OHMS because they lack the resources to maintain a full-time hazmat staff—an anomaly given the current concern OHMS has about the level of compliance among small businesses. (See below.) User fees could also result in a substantial drop in the amount and type of interaction between OHMS and the regulated community. Both groups benefit from such contact. OHMS receives a great deal of useful information regarding trends in commercial transportation and feedback on rulemaking proposals. Conversely, industry benefits by having a vital resource for compliance information, including official views and interpretations of rules. This cross-sharing of information helps to improve the overall performance of industry and the general rate of compliance. Finally, fees are not likely to apply to one of OHMS's most active users—local, state, and federal agencies. The Federal Government, alone, is the single largest shipper of hazardous materials in the United States. Thus, the largest user of OHMS service will pay nothing and the costs will be transferred to the private sector.

As with the current Grants program, we do not believe OHMS could shoulder the administrative responsibilities associated with implementing and maintaining a fair user fee system. We believe this activity would detract significantly from the more important safety-related responsibilities of the Office.

We strongly oppose the Administration's proposal to raise $18.2 million from user fees and urge the Subcommittee to reject this proposal.

Staff Resources

The Administration is proposing to increase OHMS' staff by 4.5 FTE to be filled by 9 staff members.[5] When compared to other modal administrations and considering the breadth of responsibilities, the OHMS staff is small. Six of these new positions would be used to target "high-risk portions of the industry" (small shippers of carriers and explosives manufacturers) for compliance initiatives. One other position will be assigned to the Office of Hazardous Materials Initiatives and Training to develop compliance materials. We believe these resources are well placed if in fact it means that other resources are now freed up to work on OHMS's regulatory backlog. (See below.)

The last two requested staff positions would be assigned to "initiate a proactive monitoring and liaison function with the [US] Department of Health and Human Services [DHHS]—and the US Department of Agriculture [DA]" to engage in certain

[5] RSPA fiscal year 2000 Budget Submission, page 57.

activities related to the Sanitary Food Transportation Act (SFSA). Congress enacted the SFSA in 1990. Since that time, the Administration has attempted to repeal the Act or, most recently, to reassign responsibilities for the Act from OHMS to DHHS and DA. While none of these efforts have succeeded, it underscores OHMS's view that it does not have much that it can contribute to enhance food safety. In fact, our experience supports the Office's frustration. While OHMS' rules allow for the clear identification of hazardous materials in transportation, there are not corresponding rules to identify foods, or foodstuffs. Until Congress better sorts out which federal agencies have the expertise to develop food standards, OHMS' SFSA efforts should remain of relatively low priority. We believe these last two requested staff positions should be assigned instead to work on OHMS's regulatory backlog.

In all, OHMS staff should be commended for the excellent job accomplished in light of an increasingly complex workload.

Regulatory Backlog

While we want to commend OHMS for its many accomplishments, we are nevertheless concerned about a backlog of critical rulemakings, letters of interpretation, exemption and approval requests, and preemption determinations. OHMS' budget submission does not provide indicators of the extent of these backlogs. Without an understanding of these backlogs, the Subcommittee is handicapped in its fiduciary duty to ensure that OHMS fulfills its statutory responsibilities.

OHMS announced as part of its fiscal year 1999 budget submission that it had 13 high priority rulemakings in progress. For fiscal year 2000, the number is 16.[6] The rulemaking identified in fiscal year 1999 as OHMS' highest priority has yet to be proposed. These rulemakings do not take into account rulemaking petitions, which OHMS has accepted but not yet assigned to a specific rulemaking action. In December, OHMS identified 30 such rulemaking petitions. The oldest dates to 1987.

While OHMS expects to process over 2000 exemptions [7]—a commendable effort—it does not discuss the fact that historically it fails to process exemption applications within the 180 days set by statute.[8] During the last quarter, OHMS failed to process 48 applications within the statutory deadline, and gives as a justification for the delay in 47 that "staff review [was] delayed by other priority issues or volume of exemption applications." [9]

Of the 13 petitions for preemption determinations still pending, six were filed in the last twelve months. While the oldest four have been deferred pending the finalization of an OHMS rulemaking, seven of the pending petitions were not processed within the Congressionally mandated 180-day turnaround.[10] The last two are still within the 180-day filing period. During 1998, OHMS issued determinations in two of the seven petitions. Both have been appealed. OHMS's ability to swiftly deal with petitions for preemption is essential to the purpose Congress hoped to achieve in granting administrative preemption to DOT, namely that the preemption determination process would be an alternative to litigation.[11] A priority of the HMTA is to achieve greater regulatory uniformity. Essential to that objective is the ability to respond through the preemption determination process to inconsistent non-federal requirements that "creat[e] the potential for unreasonable hazards in other jurisdictions and confound shippers and carriers which attempt to comply with multiple and conflicting registration, permitting, routing, notification, and other regulatory requirements." [12] Clearly, OHMS's ability to stay on top of its preemption obligations is being undermined.

Hazmat Registration and Fees

As mentioned above, the fees associated with the federal HazMat Registration program were a compromise reached with states during the 1990 reauthorization to fund the HazMat Grants program in exchange for clearer authority for DOT to preempt non-federal requirements that impede the safe and efficient transportation of hazardous materials. The HMTA allows OHMS to require the registration, and thus fees, of hazardous materials shippers, carriers, and container manufacturers.[13] In-

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[6] RSPA fiscal year 2000 Budget Submission, page 65.
[7] RSPA fiscal year 2000 Budget Submission, page 64 and 65.
[8] 49 US.C. 5117(c).
[9] 64 FR 2701 (January 15, 1999).
[10] 49 U.S.C. 5125(d).
[11] In authorizing the preemption determination process, Congress found that "the current inconsistency ruling process has failed to provide a satisfactory resolution of preemption issues, thus encouraging delay, litigation, and confusion." H.Rept. 101–44, Part 1, page 21.
[12] Public Law 101–615, Sec. 2.
[13] 49 U.S.C. 5108(a)(2).

stead, the Office has chosen to register only those categorizes of shippers and carriers mandated by Congress.[14]

One of the consequences of this narrow implementation is that the Grants program has never been fully funded. OHMS has stated for the last two fiscal years that full funding of this program is a priority. However, a rulemaking has yet to be proposed. While we remain committed to assist OHMS to fully-fund through fees the Grants program as long as the ceiling on the total amount to be collected is not raised, we continue to believe that the fee must be fair, that OHMS must show that it can be enforced, and that these goals can be accomplished without adding administrative bureaucracy. We have made recommended to OHMS that we believe will go a long way to reach these objectives.

In the meantime, we believe it important and possible to make administrative savings that can be passed on to states through the Grants program. OHMS assesses $50 per registrant for administrative costs. This assessment—fully 20 percent of the total fee paid—is excessive. We had hoped that making the registration number permanent and/or allowing multi-year registration would reduce these administrative costs. However, we find in OHMS' fiscal year 2000 budget request that no such administrative savings are being recommended. Furthermore, OHMS is announcing that it must take an additional $320,000 from the fees for a total of $1.07 million to pay the banks which service the Registration program.[15] We are incredulous that no bank can be found that would perform these services free of charge for the opportunity to handle the millions of dollars that flow through the Registration program. The Grants program, and by extension, the states suffer for each dollar that is diverted for administrative purposes.

As noted above, we have made a commitment to help OHMS meet its Registration revenue goal in recognition of agreements reached during the 1990 amendments to the HMTA. At the same time, we want reasonable assurance that the new fee scheme will not over fund the program inasmuch as OHMS is not required to refund excess collections.[16] We would prefer a fee scheme that does not vary from year to year. Of particular concern is the financing of the North American Emergency Response Guide (NAERG). For good reason, OHMS publishes the NAERG every three years. The last two publications of the NAERG, as well as the one planned for fiscal year 2000, have been paid for out of Registration fees. In fiscal year 2000, $600,000 is requested from the Grants portion (as opposed to the "user fee" portion) of the Registration program fee for the NAERG initiative.[17] In fiscal year 1999, $700,000 was requested for this purpose while no funds were requested in fiscal year 1998. Rather than spiking the revenue demand on the Registration program every few years, we recommend that the funds for this activity be averaged and carried over the three-year period between NAERG publications so as not to disrupt either the Registration fee schedule or the amount of Grants available to states and Indian tribes.

Emergency Planning and Training Grants

The Emergency Planning and Training Grants funded by industry fees have been since 1990 dedicated to cover the "unfunded" federal mandate that states develop emergency response plans and to contribute toward the training of emergency responders. Industry has contributed approximately $58 million over the life of the grants program.[18] Nevertheless, states continue to request assistance for hazmat emergency planning and training initiatives. OHMS acknowledges that upwards of 3.2 million emergency responders still need training.[19] In spite of this continuing need, DOT has proposed, as it did in fiscal year 1999, to allow up to 25 percent of grant funds to be used to provide regulatory compliance training to small businesses.[20] We oppose any efforts to divert grant funds for purposes not originally intended by Congress.

As noted, we find the Administration's proposal to impose user fees incongruous with its proposition with these same fees should revert to at least the small business segment of the industry to aid compliance. A far better way to met the needs of small business, in our opinion, is for OHMS to continue to sponsor its training conferences, publications, and outreach efforts such as its information hotline. In addition, a panoply of private sector training and consulting services is available to this community.

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[14] 49 U.S.C. 5108(a)(1).
[15] RSPA fiscal year 2000 Budget Submission, page 85.
[16] 49 U.S.C. 5108(g)(2)(B).
[17] RSPA fiscal year 2000 Budget Submission, page 169.
[18] Registraion Years 1992–1998.
[19] RSPA fiscal year 2000 Budget Submission, page 163.
[20] RSPA fiscal year 2000 Budget Submission, page 164.

Enforcement

For virtually all program initiatives, OHMS states that the measure of its success will be "the number of serious reportable hazardous materials transportation incidents." We believe OHMS has erred in setting this as the sole programmatic success measure for its inspection and enforcement initiatives.[21] Such a goal seems unrealistic given the fact that the universe subject to OHMS' requirements has greatly expanded with the finalization of rules to cover the intrastate shipment of hazardous materials. Now OHMS believes that the number of hazmat shipments approaches 800,000 and 1.2 movements a day. Moreover, accidents and incidents can befall even those in full regulatory compliance.

We believe a valid success goal would be to fail to find evidence of non-compliance. OHMS estimates that the number of cases opened and closed have been and will continue to be static. A commendable statistic given the increase in OHMS' regulatory universe. However, over time OHMS appears to be shouldering a larger and larger enforcement backlog. OHMS statistics reveal that there were 69 open cases going into fiscal year 1999 and as estimated 169 going into fiscal year 2001.[22] It appears that OHMS' enforcement budget is not keeping pace with its workload.

COMPLIANCE ASSISTANCE

One of the greatest successes of the OHMS program is the technical and training resources given to the regulated community.[23] These resources include a hotline for responding to technical compliance or more general matters of regulatory interpretation, the NAERG, the COHMED (cooperative hazardous materials enforcement development) program, the OHMS web site, and a CD–ROM modular training series. These services and products are either provided free or at comparatively nominal cost. Hazardous materials transportation is a highly regulated, complex enterprise. As noted above in the section on user fees, small businesses—clearly, a focus of OHMS concern—are likely to be the greatest beneficiaries of these services because they may not have the resources to hire full-time compliance staff. OHMS' compliance assistance initiatives also provide the Office with valuable information about issues and concerns of the regulated community. It is a beneficial interface that should be praised and encouraged.

International Activities

AWHMT has international, albeit North American, membership. Many members, domestic and foreign, conduct business across international borders. Hazardous materials transportation is a global enterprise. Domestic movements are inevitably affected by international agreements. We support RSPA's continued and vigorous participation in international forums where hazmat transportation policy is set.[24]

Information Collection

We want to underscore the importance and necessity of the hazardous materials information system (HMIS).[25] The data collected and maintained in the database is not available from other sources. Not only does the HMIS allow OHMS to identify and analyze safety risks for regulatory purposes, it also (1) assists non-federal governments to identify problematic routes; (2) can be used to focus enforcement efforts; (3) is used by industry in its risk management initiatives, and (4) can be used to defuse public concern about hazardous materials transportation by validating the extraordinary safety record of this industry, considering the potential of these materials to cause serious harm.

OHMS is considering refinements to the system that would allow, among other things, electronic filing of reports. These refinements should be supported.

FEDERAL HIGHWAY ADMINISTRATION

Since 1990, several delegations from the HMTA have been made to the FHWA:

Reference [26]	Provision	Statutory deadline	Accomplished
5105(e)	Inspection vehicles RAM	11/16/91	NA
5109	Motor Carrier Permits	11/16/91	NA

[21] RSPA fiscal year 2000 Budget Submission, page 66.
[22] RSPA fiscal year 2000 Budget Submission, page 67.
[23] RSPA fiscal year 2000 Budget Submission, page 76–77.
[24] RSPA fiscal year 2000 Budget Submission, page 80–83.
[25] RSPA fiscal year 2000 Budget Submission, page 91–92.

Reference [26]	Provision	Statutory deadline	Accomplished
5112	HazMat Routing	NA	[27] 10/12/94
5113	Unsatisfactory safety rating	NA	8/16/91
5119	Uniform Program	[28] 11/16/96	NA
112 [29]	Grade crossing safety	2/26/95	???
121 [30]	Study of hazmat near prisons	8/26/95	NA

[26] All references to 49 U.S.C. unless otherwise indicated.

[27] Among the requirements of this provision is one that requires FHWA to annually publish state route designations and restrictions. Since the rule has been published, such a list has been published once—June 9, 1998. The list contained so many errors that it is unusable.

[28] This is the earliest date by which FHWA could issue this rule absence 26 states adopting the Program.

[29] Public Law 103–311. (§§ 113 and 118 were also delegated to FHWA. However, these sections are not hazmat specific and are, therefore, not included in this analysis.)

[30] Public Law 103–311.

It should be telling that of the relatively few hazmat delegations given FHWA, only 2 have been accomplished.[31] In no case where a statutory deadline was set has FHWA met that deadline.

Against this background, the hazmat motor carrier community has been active in the development of the so-called "Uniform Program" and anxious for the implementation of § 5119. In 1990, we were only aware of 30–40 state-based, non-reciprocal hazmat registration/permitting programs. This compliance burden led Congress to enact the Uniform Program compromise wherein the right of states to issue hazmat registrations and permits would be recognized but only if the forms and procedures for the registrations and/or permits were uniform and reciprocal. A working group of state and local officials convened to make recommendations on how to achieve this task has accomplished all that was required by the law, including the forwarding of recommendations to FHWA on November 17, 1993.

Not knowing what the working group would recommend, Congress provided that DOT would retain oversight of the Program, issuing rules to implement only those recommendations "with which the Secretary agrees."[32] When Congress enacted § 5119, it had no idea how quickly the states would move to adopt the Program or how quickly DOT would issue implementing rules. Assuming that either DOT or the states would rush to implement this Program, a two-part effective date for rules implementing the Uniform Program was enacted. DOT was told it could not issue rules sooner that 3 years after receiving the working group's recommendations. However, DOT was told that if 26 states join the Program, the Department would have at least 90 days to issue rules.

As it turned out, neither DOT nor the states rushed to implement this Program. The 3-year prohibition on issuing rules passed on November 17, 1996. To date, 6 states have voluntarily joined the Program. Many states say they are reluctant to come on board because DOT has never disclosed which of the working group recommendations it agrees with, and before they invest resources to implement the Program, the States want to know what the final Program will look like. In the meantime, we have now identified 64 non-uniform, non-reciprocal state-based registrations and/or permits imposed on motor carriers transporting hazardous materials or subsets thereof.[33]

We are mystified why FHWA has not embraced this Program. We worked very hard to ensure that the conditions to receive a permit were based on federal requirements.[34] At the same time, FHWA's failure to implement this Program has left

[31] All remaing delegations are pending in FHWA's Office of Motor Carriers and Highway Safety. This Office was newly created and new leadership has been assigned. It is unknown at this time what priority the new leadership may put on accomplishing these hazardous materials delegations.

[32] 49 U.S.C. 5119(c)(1).

[33] Since 1990, we are also aware of 10 local permits. Three of those permits were voluntarily repealed by the issuing authority when confronted by industry. Once was never implemented. Six remain in effect. The Uniform Program vests registration/permitting rights with states. Only in rare instances would localities have any such rights under the Program, and even when they would have such rights, the locality would have to implement the same Uniform Program.

[34] This is true except for the so-called "Part III." The Part III disclosure is an optional permit condition that states may impose on motor carriers transporting hazardous or radioactive waste. Two of the six participating states have implemented Part III. Although these more stringent, additional requirements directly impact the industry represented by the AWHMT, we neverthe-

Continued

motor carriers faced with diverse non-uniform, non-reciprocal requirements only one remedy—to request DOT or the courts to preempt these requirements. Of the 23 petitions for preemption filed with DOT since 1990, 13 stem from non-federal permit requirements and associated fees. In one case, a court cited FHWA's failure to proceed with the Uniform program rulemaking as one reason to overturn RSPA's preemption of a state permit requirement.[35] Had the Uniform Program been in place, none of these proceedings would have been necessary. These filings have resulted in an unnecessary expenditure of time, energy and other resources by RSPA and all other concerned parties.

At the same time, the haphazard approach to addressing the question of state and local registration and permitting programs has exacerbated the very "patchwork" of state and local regulations which the HMTA, and § 5119 specifically, were enacted to address. To the chagrin of many, FHWA has proposed to revisit the Congressional registration/permitting directives currently found at 49 U.S.C. 5109, 5119, and 5105(e) through further study.[36] No matter the excuse, we find it insupportable that FHWA has failed to achieve these Congressional goals. We recommend that Congress urge the Secretary to redelegate and reallocate funding from FHWA to OHMS to accomplish these objectives. OHMS has proved competent and capable of responding to the necessary demands of Congress to ensure that hazardous materials are and continue to be transported with an extraordinary high degree of safety and efficiency.

CONCLUSION

The transport of hazardous materials is a multi-billion dollar industry that employs millions of Americans. It has been accomplish with a remarkable degree of safety in large part because of the uniform regulatory framework authorized and demanded by the HMTA. Within the Federal Government, OHMS is the competent authority for matters concerning the transportation of these materials. Its role is this regard should be strengthened. Despite productivity that averages 40 administrative actions a day, however, this small agency has a backlog of correspondence, rulemaking petitions, and technical applications for exemptions and approvals. We have recommended that more, not less, responsibility be delegated to OHMS. We have made this recommendation because the Office has proven over time to be approachable, determined to give fair hearing to all, and capable of making a decision, though we may not always agree. We know OHMS will make the most of any resources given.

Thank you for your attention to these issues. Please contact Cynthia Hilton, AWHMT, or me if additional information is needed on these issues.

PREPARED STATEMENT OF THE INTERSTATE NATURAL GAS ASSOCIATION OF AMERICA

Mr. Chairman and Members of the Subcommittee, the Interstate Natural Gas Association of America (INGAA) appreciates the opportunity to submit testimony for the record regarding the fiscal year 2000 funding for the Office of Pipeline Safety (OPS), which is part of the Research and Special Programs Administration (RSPA) at the Department of Transportation (DOT).

The Interstate Natural Gas Association of America is the trade association that represents virtually all of the interstate natural gas transmission companies operating in the United States, as well as natural gas transmission companies in Canada and Mexico. INGAA's member companies transport over 90 percent of the natural gas consumed in the United States through over 280,000 miles of interstate pipeline.

"The Accountable Pipeline Safety and Partnership Act of 1996" (Public Law 104–304) reauthorized the pipeline safety program. This law, which was agreed to by both the industry and the Office of Pipeline Safety set authorization amounts for fiscal year 2000. $30,000,000 is to be funded from pipeline user fees while an additional $7,718,000 would come from other revenue sources such as the Oil Spill Liability Trust Fund for a total budget of $37,718,000.

Once again the Administration budget breaks both caps. The Administration is proposing $38,187,000 of which $33,939,000 is to come from pipeline user fees and

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less still endorse the Program because the benefits of uniformity and reciprocity outweigh the additional requirements (as presently constituted) in Part III.

[35] *Massachusetts* v. *U.D. department of Transportation*, 93 F.3d 890 (1996), reversing PD–1(R), 57 FR 58848 (December 11, 1992).

[36] DOT HMTA reauthorization proposal to add § 5128 to 49 U.S.C. Chapter 51, dated February 16, 1999.

$4,248,000 from the Oil Spill Liability Fund. INGAA continues to supports the caps of $30,000,000 and $7,718,000 respectively that we agreed to in Public Law 104–304.

As we have stated and continue to state, pipeline safety is a top priority for all of our member companies. While natural gas pipelines have a good safety record, we are continuously seeking ways to improve our record (see enclosed chart). Currently, we are working with the Office of Pipeline Safety on developing more sophisticated ways to manage risk. A number of our member companies have applied to participate in the risk demonstration program that was approved as part of Public Law 104–304. One company (Natural Gas Pipeline which is part of KN Energy) has been approved. We anticipate two other natural gas pipeline projects will receive approval in the near future. This demonstration program will permit companies to tailor their safety programs to focus more accurately on addressing the actual risks that challenge various segments of their pipelines.

Third party damage is a significant cause of pipeline accidents and the primary cause of public injuries and fatalities. INGAA supports the Administration's proposal that $1,400,000 be drawn down from the previously collected funds held in the Pipeline Safety Reserve to provide grants to states for one-call notification and public education activities.

INGAA also strongly supports, over and above the budget request for OPS, that an additional $1,000,000 be taken from general funds to provide grants to states that improve their one-call systems as a result of passage of "Comprehensive One-Call Notification" which was part of "The Transportation Equity Act for the 21st Century (TEA–21) (Public Law 105–178). This legislation encourages states to improve their underground damage prevention efforts while giving them the flexibility to address their individual concerns. Underground facilities that benefit from this legislation include natural gas facilities, oil facilities, telecommunications facilities, electric facilities, water and sewer facilities, and cable lines. Congress specifically stated its desire to use general revenues for this program because improvements in one-call systems benefit a wide variety of underground facilities, excavators and the general public—not just interstate pipelines.

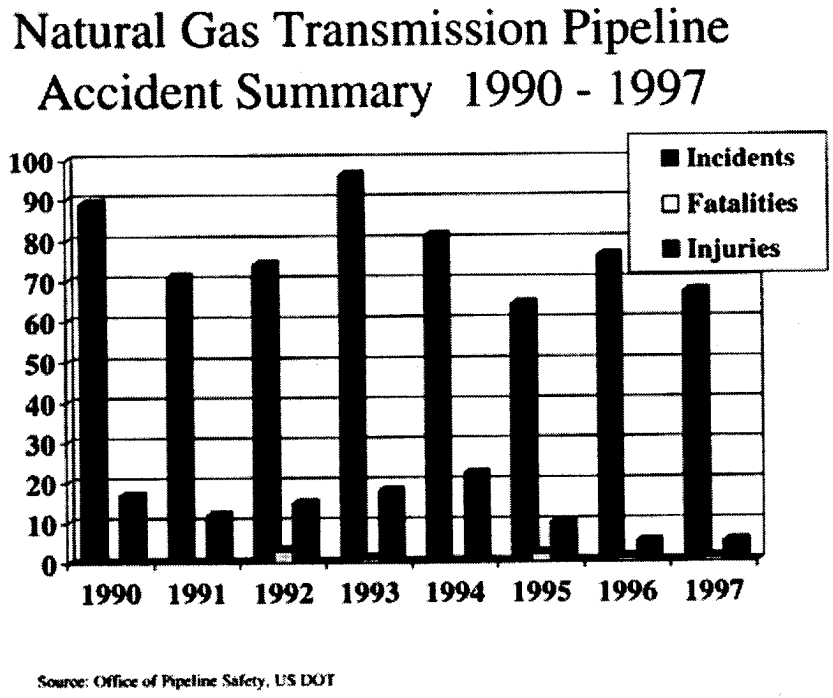
INGAA supports an increase in the amount of funds OPS obtains from the Oil Spill Liability Trust Fund. OPS is increasingly focusing a number of its resources on environmental policy, ground water protection, oil spill response, and coordination with states regarding hazardous liquid pipelines. The Oil Spill Liability Trust fund was established for the purpose of funding these activities. OPS has a number of responsibilities under the Oil Pollution Act of 1990 and it is appropriate that these activities be funded directly from that trust fund.

In the R&D area, INGAA supports funding for non-destructive evaluation of $400,000 from pipeline user fees. We also support an additional amount up to $400,000 from the Oil Spill Liability Trust Fund for this program. Continued technological improvement of these "smart pigs" to improve their detection of corrosion, mechanical damage and cracks will be a significant factor in decreasing accidents.

We also can support providing $400,000 from user fees and a similar amount of money from the Oil Spill Liability Trust Fund for mapping as this project will include mapping environmentally sensitive areas that are more susceptible to damage from liquid spills.

State pipeline safety representatives have been involved in the development of the risk management demonstration program. They want to be involved in evaluating risk management as a safety strategy and to play an active role in reviewing projects as they develop. As currently only interstate facilities have applied for this demonstration program, INGAA can support continued funding of state grants of $500,000 to allow participation by the states until the report on the demonstration program is submitted to Congress. We also recommend that a portion of these grants ($250,000) comes from the Oil Spill Liability Trust Fund as five petroleum companies have plans approved by OPS. These plans should assist these companies in further reducing any leaks or spills. Once this program is established, it should be appropriate to consider reducing or sunsetting these state grants as the need for meetings to develop and educate states should diminish.

INGAA wants to work with the Subcommittee and OPS to use our resources efficiently to continue to develop risk assessment and risk management techniques and improve technology to make moving natural gas by pipeline ever safer. We thank the Subcommittee for the opportunity to submit this testimony on the Office of Pipeline Safety budget for fiscal year 2000.



U.S. COAST GUARD

PREPARED STATEMENT OF THE FLEET RESERVE ASSOCIATION

Mr. Chairman and distinguished members of the Subcommittee: The Fleet Reserve Association (FRA) thanks you for the opportunity to present its position on the fiscal year 2000 U.S. Coast Guard Budget. In addition, the Association appreciates the Subcommittee's support in securing increased Coast Guard funding via last year's Omnibus Appropriations Act.

The FRA was established in 1924 and now represents 155,000 active duty, reserve, and retired members of the Coast Guard, Navy, and Marine Corps—collectively known as the Sea Services. The association was granted a Federal Charter by Congress in 1996 in recognition of its work on personnel issues. FRA is a founding member and the leading enlisted association in The Military Coalition (TMC), a consortium of 30 military and veterans organizations collectively representing over five million members. With that in mind, personnel and quality of life issues are the focus of this statement.

THE COAST GUARD'S IMPORTANCE

Although often operating out of the public spotlight, the United States Coast Guard is integral to our nation's well being and the safety of its citizens who rely upon search and rescue support and the safety and security the service maintains along our coastal areas and waterways.

In 1998, the men and women of the Coast Guard were responsible for saving 3,800 lives and ensuring the safe passage of over one million commercial vessels through U.S. harbors. The service performed 54,000 merchant vessel inspections, 141,000 pleasure craft examinations, boarded over 14,000 fishing vessels and completed 900 inspections of offshore drilling units. In addition, successful drug interdiction efforts resulted in the confiscation of nearly 83,000 pounds of cocaine and 31,000 pounds of marijuana. Beyond these efforts, the Coast Guard ensured compliance with environmental and safety laws and responded to water pollution and hazardous material releases, maintained nearly 50,000 aids to navigation, and inter-

dicted 3,600 illegal migrants. This overview illustrates the Coast Guard's immense mission requirements and broad range of essential services.

Because of its vital importance to our nation, the Coast Guard deserves a more stable and consistent annual budget. The patchwork approach to funding last year resulted in heavy reliance on supplemental funding authorized as part of the massive Omnibus Appropriations bill. Funds allocated in supplemental legislation are not considered in calculating subsequent budget requests which compounds the challenge of planning and executing the next year's mission requirements.

FRA believes the Coast Guard deserves better and asks you to help ensure the allocation of adequate resources during each budget cycle—especially for pay and other important quality of life programs to ensure parity with the Department of Defense. Another option is shifting to a two-year budget cycle.

FRA strongly supports increased Coast Guard funding for fiscal year 2000. There is a disconnect between the Administration's budget which will only enable the Coast Guard to maintain basic services, and the increasing importance of drug interdiction work and growing mission requirements. Increased budget allocations are required to support these efforts, ensure readiness and fund important personnel programs. Also supporting this is speculation that the Council on Roles and Missions of the U.S. Coast Guard will likely include a thorough examination of new threats to the U.S. and expand future Coast Guard mission requirements.

As FRA noted last year and referenced above, parity with DOD regarding funds to underwrite pay hikes and pay table reform, access to quality health care, equitable retirement benefits, and retiree cost of living adjustments (COLAs) are especially important. Without adequate funds for these programs, the Coast Guard must dip into already tight operations accounts—a practice which adversely affects its ability to fulfill growing mission requirements.

Key areas of concern are detailed in the following sections.

COMPENSATION

Full Employment Cost Index (ECI) active duty pay adjustments remain a top priority for FRA and The Military Coalition. The Administration request for a 4.4 percent active duty pay increase in fiscal year 2000 is enthusiastically welcomed followed by full Employment Cost Index (ECI) adjustments in subsequent years. If en acted, this will help reverse the 13.5 percent pay gap between military and civilian pay levels which is the result of capped active duty pay adjustments in 12 of the past 17 years.

Pay table reform is also part of the Administration's budget with targeted pay hikes set to become effective on 1 July 2000. FRA appreciates the inclusion of funds in the Coast Guard budget to cover these important changes, however additional funding may be required for targeted bonuses in critical rates. Members of the Subcommittee are also cautioned to be alert to the possibility of Congress enacting higher pay increases and targeted pay rates. Fast track legislation (S. 4) has been approved by the Senate which includes higher pay adjustments and other benefit improvements. If enacted, the higher 4.8 percent pay hike alone will cost the Coast Guard approximately $5 million more than currently budgeted for the 4.4 percent pay raise.

FRA is encouraged that Congress is responding to the over riding need to close the military pay gap, reform the pay tables and repeal the Military Retirement Reform Act (MRRA), of 1986, known as REDUX. And after years of declining defense budgets, the Administration is proposing increased funding for fiscal year 2000. This is in recognition of serious retention, recruiting and morale problems and the fear of returning to the "hollow forces" experienced in the early 1970's.

This is especially important to maintaining military personnel readiness which is dependent upon adequate manning levels and the achievement of recruiting goals to ensure the flow of highly trained and motivated personnel into the career force.

Realizing the pending retention crisis and responding to concerns expressed by its members, FRA took the lead in urging the introduction of legislation in the 105th Congress to repeal the MRRA. In conjunction with this initiative, the Association developed a survey to ascertain the impact of MRRA on career decisions. A significant number of U.S. Coast Guard personnel responded to the seven-part questionnaire distributed to senior enlisted leaders and posted on FRA's web site. A total of 3,403 active duty personnel answered the survey and of that total 2,175 (64 percent) answered yes when asked, "Is the REDUX plan a significant issue in evaluating your career plans?"

FRA's call for a total repeal of REDUX is endorsed by all member organizations of The Military Coalition.

Although this distinguished subcommittee does not have jurisdiction over this issue, it is important to understand that the Administration is proposing a partial repeal of the MRRA. This partial repeal will retain limited retired pay cost of living adjustments for both the Department of Defense and the Coast Guard.

Congressional action on these key compensation issues sends a powerful message to active duty personnel, many of whom are frustrated with the pay gap, three increasingly diminished retired pay programs, and the demanding pace of operations which requires Coast Guard personnel to work an average of 14 to 16 hours per day. These challenges coupled with the demands to complete mission requirements without adequate equipment, maintenance or complete personnel support have prompted many mid-career personnel to seek separation from active duty.

Also contributing to this scenario is the diminishing propensity of young people to even consider a military career.

HEALTH CARE

The first and foremost concern for Coast Guard personnel anticipating a new duty assignment is access to health care for both the member and his/her dependents. Duty assignments range from Coast Guard Stations near large coastal metropolitan and resort areas to those in remote areas supported by only a few personnel.

These remote assignments are also far removed from military health care treatment facilities (MTFs). Only about half of Coast Guard families within the U.S. can participate in DOD's TRICARE Prime managed care program which results in many having to utilize the more costly TRICARE Standard program which covers only 80 percent of allowable medical charges. Compounding this is the fact that allowable charges can be less than what the care facility charges placing what often is a significant financial burden on personnel and their families.

FRA is encouraged that Congress enacted as part of the Fiscal Year 1998 Defense Authorization Act, a new program known as TRICARE Prime Remote to help correct this situation. The Association urges your support in calling for timely implementation of this important program. Please also note the challenge Coast Guard personnel and their families face with claims processing procedures which require them to deal with a civilian contractor hired by DOD to administer TRICARE. They question who is their advocate and why they are caught in the middle of this new system.

TRICARE also requires retirees to pay annual enrollment fees for care but Medicare-eligible retirees are forced out of the TRICARE system and onto Medicare at age 65. This is an affront to the government's commitment to provide health care for life to career military personnel and their families. Thanks to strong support from you and other members of Congress, a demonstration project allowing Medicare-eligible uniformed services retirees the option of participating in the Federal Employees Health Benefit Plan (FEHBP) is beginning next January. FRA appreciates your support for this demonstration and alerts you to the need to permanently authorize this option along with Medicare subvention. A demonstration of the latter was authorized in 1997 and continues at various locations throughout the United States.

RECRUITING CHALLENGES

The Coast Guard is currently short 700 enlisted personnel and 400 reservists. These may appear to be small numbers, but when weighed against the total size of the Coast Guard and the increasing operational requirements, it is a significant short age. Manpower losses cause increased workloads and often result in temporary personnel assignments from one command to another to cover the gaps. Accordingly, FRA strongly supports increased end strength authorizations to ease the growing strain on the force to accomplish mission requirements.

A major challenge for Coast Guard recruiting is effectively competing with high profile, expensive ad campaigns by its DOD sister services. Additionally, as noted last year, recruiters must contact an average of 100 leads for each recruit brought into the Coast Guard.

FRA appreciates the authorization of funds for additional recruiters and a heightened Coast Guard recruiting program. In addition, FRA strongly supports the addition of 50 recruiters and expanded recruiting efforts in the Administration's fiscal year 2000 budget. The strong economy coupled with issues addressed above are formidable factors in meeting this challenge.

Noteworthy in the fiscal year 2000 authorization request, is the objective of maintaining the Coast Guard Selected Reserve end strength at 8,000. However, an examination of the proposed budget finds an appropriation request to support only 7,600 reservists. FRA requests your approval of an appropriation of $77 million vice $72

million to achieve the end strength goal with necessary resources for training and full support. The increase is more than justified by the increased reliance on reserve support in filling the gaps resulting from the heightened operational commitments and manpower shortage.

FRA asks for the Subcommittee's support for enhanced tuition assistance benefits—something important to attracting more recruits. The DOD annual tuition cap is $3,500 while the Coast Guard must maintain a $1,000 cap due to limited funding. This is another example of the importance of Coast Guard parity with the other services.

HOUSING

Only about one quarter of Coast Guard personnel live in government housing units with the others living in local communities and drawing the basic allowance for housing (BAH). Unfortunately, many personnel must supplement the cost of housing because BAH fails to cover all costs. Compounding this is the fact that many Coast Guard personnel are assigned near pricey resort areas and are often required to live some distance from their duty station to secure lower cost housing. In addition, there is limited rental housing in some areas.

To help remedy the situation, the Coast Guard has developed a subsidy for leased housing to augment BAH rates. FRA urges adequate funding to sustain this program so not to further limit its availability.

FRA continues to hear concerns from Coast Guard personnel about the accuracy of housing cost data in remote locations—duty sites for thousands of Coast Guard enlisted personnel. Once fully implemented, the new BAH survey data may provide a more accurate cost data in all areas of the country. This data is the basis for calculating BAH rates and its collection is under the purview of the Department of Defense which places a much higher priority on data from larger metropolitan areas. With most of its stations along our coasts, the Coast Guard does not have the latitude to reallocate freed resources from less costly areas to augment the more expensive locales.

Congress must appropriate adequate funds to underwrite BAH to cover actual costs. Covering these expenses is especially challenging for junior enlisted personnel. This burden coupled with potentially high health care costs noted earlier, provides a major disincentive for continuing on active duty.

It's hard to believe Administration pronouncements about the importance of taking care of active duty personnel when it does not propose adequate funding for these and other important quality of life programs.

Finally, FRA must mention the importance of child care. Although the Coast Guard has adopted DOD standards, it does not have parity with regard to the cost of care. DOD cost shares with personnel on a one to one ratio while the Coast Guard has no such provision which results in higher costs to parents utilizing Coast Guard centers. These along with physical fitness centers and other facilities are very important to the quality of life for Coast Guard personnel and their families.

DOLE COMMISSION RECOMMENDATIONS

FRA calls your attention to the recommendations included in the Dole Commission on Servicemembers and Veterans Transition Assistance. The panel recently released its findings after 18 months of evaluation. Over 100 recommendations for improving personnel benefits are included and, if enacted, some may impact upon the Coast Guard's budget. Space does not permit a complete listing of the recommendations, however they address education, the need for a military thrift savings plan, healthcare improvements and enhanced employment and training programs. Should your distinguished panel require details of specific recommendations, please contact FRA.

CONCLUSION

The Association appreciates the strong commitment of this distinguished panel to maintain a strong and highly effective Coast Guard. The basis for achieving this goal is a well trained, highly motivated force dedicated to its mission. Today the people who comprise this force are enduring expanded mission requirements, overlapping duty assignments, and often frequent moves. These increasing demands often result in minimal family or off-duty time.

The dedicated personnel of the Coast Guard deserve increased pay and other benefits in recognition for exceptional service. FRA asks for your support of enhanced quality of life programs, to ease the important recruiting and retention challenges, to improve readiness and meet the increasing mission requirements as our Coast Guard men and women look to the new millennium.

Thanks again for your outstanding support and I stand ready to answer any questions you may have.

PREPARED STATEMENT OF CAPTAIN FRED R. BECKER, JR., JAGC, USN (RET.), DIRECTOR, NAVAL AFFAIRS, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

The Reserve Officers Association is a private, member-supported, congressionally chartered organization. It receives no federal other public funds.

Mr. Chairman and members of the Committee: It is my pleasure to address this committee concerning the fiscal year 2000 budget request for the United States Coast Guard.

First and foremost, the Reserve Officers Association would like to express its profound gratitude to this committee, and to the Congress, for their strong and vigorous support of the Coast Guard and Coast Guard Reserve during the fiscal year 1998 and 1999 authorization and appropriations process. ROA's testimony during the 105th Congress addressed a number of concerns regarding the Coast Guard Reserve, particularly with regard to funding and recruiting. In recognition of the vital support provided to the nation by today's Coast Guard Reserve, this subcommittee and the Congress responded. Specific examples of your support in fiscal year 1999 included:

—A letter from the House Coast Guard and Maritime Transportation Subcommittee expressing concern about the Coast Guard's inability to recruit to authorized and appropriated end-strength and setting forth the belief that, "the Coast Guard Reserve must maintain an authorized and appropriated end-strength of at least 8,000 to remain a functional component of the Coast Guard."

—This subcommittee's work with the House Appropriations Subcommittee on Transportation to increase the level of funding, in the fiscal year 1999 Appropriations Act, for Reserve training, from the $67 million requested by the administration, to $69 million;

—This subcommittee's work with the House Appropriations Subcommittee on Transportation to limit, in the fiscal year 1999 Appropriations Act, the amount of Reserve training funds that can be transferred to operating expenses of the Coast Guard, to $20 million, thereby providing an additional $2.5 million for Reserve training;

—This subcommittee's work with the House Appropriations Subcommittee on Transportation to add, in the fiscal year 1999 supplemental Appropriations Act, $5 million for Coast Guard Reserve operating, maintenance, and training expenses, with the highest priority for use of the $5 million in enhancing drug interdiction activities.

On behalf of Coast Guard Reservists serving around the globe we thank you for this vital support!

To begin, let me say that we recognize that providing the critical resources to the Coast Guard, and the Coast Guard Reserve, continues to be a distinct challenge. In this regard, we thank you for your continued innovation and flexibility in supporting the Coast Guard's daily life-saving operations, including recognizing the Coast Guard's national defense function through the provision of funding from Department of Defense appropriations.

COAST GUARD BUDGET REQUEST

The Coast Guard has streamlined and reduced resource requirements to the breaking point. At the same time, responsibilities and work of the Coast Guard have continued to increase. Consequently, appropriate funding is required for the Coast Guard to remain "Semper Paratus."

Today's Coast Guard is an extremely cost-effective, flexible, and responsive organization. It makes a daily difference in the quality of life for Americans by saving lives, enforcing the nation's laws, guarding our nation's maritime borders, and protecting our environment and natural resources, as well as providing a readily available augmentation force to the Department of Defense in times of national emergency. Each and every day, the Coast Guard, augmented by the Coast Guard Reserve provides an extraordinary return on investment to the American People. In fiscal year 1998 alone, the Coast Guard:

—Saved more than 3,800 lives, and assisted another 50,000 people in distress;

—Saved more than $2 billion in property;

—Interdicted shipments of over 82,000 pounds of cocaine and 31,000 pounds of marijuana;

—Responded to more than 12,500 reports of water pollution;

—Intercepted more than 3,600 illegal migrants before they reached U.S. shores;

—Maintained more than 49,000 aids to navigation that helped ensure the safe navigation of ships that carry 95 percent of the nation's imports and exports;
—Performed more than 54,000 inspections on merchant ships;
—Inspected more than 14,000 fishing vessels at sea to verify compliance with applicable laws and regulations; and,
—Conducted more than 141,000 courtesy marine examinations of recreational vessels.

As the Coast Guard continues to streamline, funding less than that required—to absorb increases from pay raises and other required cost of living adjustments, as well as to recapitalize, replacing vessels and aircraft that are nearly worn-out—will result in the reduction of vital public services. Accordingly, to avoid any adverse impact on future service, any further cost reductions must be achieved through investment in new, more efficient capital equipment and technology and increased use of the Reserves.

The Coast Guard's fiscal year 2000 budget request would allow the Coast Guard to sustain basic services. Budget data has not yet been released with regard to the Acquisitions, Construction and Improvements (AC&I) account, apparently because of issues surrounding the funding of the Deepwater program. Notwithstanding, we believe that the AC&I account, which provides for the vital acquisition, construction and improvement of vessels, aircraft, information management resources, shore facilities and aids to navigation required to execute the Coast Guard's mission and achieve its performance goals, must be fully funded. Simply stated, the Coast Guard will not be able to function efficiently in the future without the modern equipment provided through the adequate funding of this account. Future cost reductions in the Coast Guard will have to depend on efficiencies derived from investments in new, more efficient capital equipment and technology and increased use of the Reserves. In this regard, we believe that the fiscal year 2000 funding required for Deepwater program is at least $34 million, comprised of $15 million in funding for three conceptual design teams ($5 million per team) and $19 million to fund Coast Guard projects.

Funding of at least $34 million for the Deepwater Program is required because, at present the Coast Guard operates ships with high personnel and maintenance costs. The average age of the Coast Guard's deepwater cutters is 25 years. The Coast Guard's fleet of high and medium endurance cutters is older than 37 of the 41 naval fleets worldwide. Some of the Coast Guard's vessels have been in service for more than 50 years. Seven of the Coast Guard's 9 classes of deepwater assets reach their planned service life in the next 15 years and a major acquisition project typically takes at least 10 years from inception to the fielding of the first new asset.

Simply stated, the continued protection of the public, at a lower cost, requires appropriate investment in the AC&I account—to enable the Coast Guard to design more capable and less labor-intensive ships and aircraft. In this respect, existing Coast Guard deepwater assets lack fundamental capabilities necessary for efficient and effective mission performance. These shortfalls include:

—Inadequate ship speed (to interdict go-fast boats);
—Poor sensors (the ever-increasing demand for nighttime operations degrades target detection and hampers surveillance);
—Limited asset interoperability (some medium endurance cutters lack flight decks and the Coast Guard's H–60 Jayhawk helicopters cannot safely deploy on cutters);
—Inadequate communications (the Coast Guard's ships and aircraft are linked only by voice, deployed ships and aircraft lack real-time or near-time access to essential mission databases, and ships and aircraft have limited ability to share either tactical information or situational awareness).

In addition to the foregoing, because the Coast Guard's cutters are based on technology that is 30 years old, today's crew sizes are larger than would be than would be required with more modern technology. Furthermore, as the Coast Guard's assets continue to age, they place greater demands on the Coast Guard's logistics infrastructure as manufacturers cancel production and support costs for outdated parts, equipment, and maintenance increase, degrading operational availability. Therefore, without the necessary investment in the AC&I account, pressure will continue to build on the operational account, as anticipated lower personnel and maintenance costs that can only be achieved through investment, become unachievable.

In summary, investment in the AC&I account provides the requisite funding for the Coast Guard's Deepwater Program, the Coast Guard's plan to modernize its major cutters, aircraft, and command, control, communications, computer, intelligence, surveillance, and reconnaissance (C^4I) systems. The Deepwater Program is an absolute requirement—to sustain the Coast Guard's capability for providing services critical to America's public safety, environmental protection, and national secu-

rity for the future—through the replacement of assets that are at, or fast approaching, the end of their service lives.

It should also be noted that the Coast Guard's medium and high endurance cutters, acquired through the Deepwater Program, would be readily available to support critical Department of Defense operations. These operations would include maritime surveillance and interception, convoy escort, search and rescue, and enforcement of maritime sanctions, as was the case during Operation Desert Storm. The employment of the Coast Guard in this capacity is extremely cost effective as it permits Navy "high end" ships to be more effectively employed in higher threat/combat operations. In addition, as the Navy surface combatant fleet grows smaller, the future cutter provides an extremely cost-effective "dual capability." In this respect, the Coast Guard is not only able to perform its peacetime missions, but also provide the vital operational capabilities required by the Navy and the Department of Defense in the 21st century.

In short, we believe that the Coast Guard's Deepwater Program, while forging new ground for federal acquisitions, is critical to the nation. The program's systems approach is truly unique and ambitious in the realm of government acquisitions and the Coast Guard is to be congratulated for embracing it.

SELECTED RESERVE STRENGTH

The fiscal year 2000 administration request is to maintain the Coast Guard Selected Reserve's authorized end-strength at the 8,000-level, whereas the appropriation's request is for 7,600. As the Coast Guard Reserve's appropriated end-strength for fiscal year 1999 is 8,000 and the Coast Guard Reserve end-strength continues to increase to meet the Congress' mandate of 8,000 Coast Guard Reservists, we have very serious concerns regarding the administration's proposal for an appropriated end-strength of only 7,600. We also have concerns regarding an authorized end-strength of only 8,000, in view of the fact that the commandant has conducted an in-depth study that clearly indicates and justifies a requirement nearly 12,300 Coast Guard Reservists. In this regard, we are extremely grateful that the House Coast Guard and Maritime Transportation Subcommittee has, by letter dated December 17, 1998, requested a copy of this report.

In recent years, the Congress, the administration, and Coast Guard leadership have increasingly recognized the unique capabilities of the Coast Guard Reserve. It is now well recognized that the Coast Guard Reserve has clearly become a value-added resource for peacetime day-to-day operations, as well as a highly cost-effective source of needed, trained personnel to meet military contingency and other surge requirements. For example, as noted by this subcommittee, Coast Guard Reservists provided 25 percent of the total surge needed for the very successful anti-drug initiative Frontier Shield.

In view of the foregoing, a request to fund only 7,600 Reservists simply makes no sense at a time when the Coast Guard is making significant strides in correcting the end-strength shortfall that has existed over the past several years. The Coast Guard has increased its recruiting capabilities and put into place a multi-year plan to get the Coast Guard Reserve back to strength. As of January 25, 1999 Coast Guard Reserve end-strength was at 7,579, having increased from a 2-year low of 7,243 in April 1998. Of further note, as of January 25, 1999, there were 176 Reservists, on extended active duty and long-term active duty for special work, filling active duty shortfalls. The number of Reservists on active duty is the direct result of the Coast Guard's solicitation of volunteers from the Selected Reserve to serve on extended active duty to fill full-time active duty billets for periods of 2 to 4 years.

In addition, it must be noted that the Coast Guard has made significant headway in intensifying its Reserve recruiting over the past year. Such efforts have included the designation of at least 38 recruiters to access Reservists. In addition, there has been heightened attention to Reserve recruiting. Rear Admiral Fred L. Ames, Assistant Commandant for Human Resources, has directly addressed the problem in two separate issue of Flag Voice. Of particular note, Admiral Ames' Flag Voice 5, dated September 4, 1998, states,

> Reservists aren't just a part time resource. More than 130 Reservists are answering the call to extended active duty during our current shortage of 'regulars.' More than 187 reservists are currently on * * * (active duty) assisting units in various special projects. Still more Reservists perform their annual two-week duty during peak operational periods. We benefit daily from these members' availability.

In addition, Rear Admiral Thomas J. Barrett, Director, Reserve and Training, has sent letters to the Atlantic and Pacific Maintenance Logistic Commanders and to

every drilling Reservist regarding the recruiting problem. Admiral Barrett's letters, dated August 5, 1998, provide additional direction and background, stating:

> Reserve personnel shortages coupled with active-duty shortfalls have deeply impacted Coast Guard missions * * *. The absence of these personnel (Reservists) hampers the Coast Guard's ability to execute our missions and leaves a greater burden on those already in service. Despite our best efforts, personnel shortages in both the Reserve and active components are deeply impacting Coast Guard missions. This year, we were unable to fully staff the Ninth District's Operation Summerstock (Great Lakes) from the Coast Guard Reserve alone. More and more calls for Reserve support are coming up short for the simple reason that there are not enough of us to go around.

In summary, the Congress and the Coast Guard have made the substantial financial and manpower commitment to rectify the Reserve end-strength problem. As a result, significant progress has been, and will continue to me made. In addition, the Coast Guard is now making it easier for active duty commands to ascertain Reservists' skills and availability for active duty through the newly established Reserve Availability Pool website (http://www.uscg.mil/reserve/respool/respool.htm). As a result, the demand for Reservists to fill fleet requirements in a Coast Guard that is short of personnel can only be expected to increase. It, therefore, makes little sense at this juncture to reverse course and force the Coast Guard Reserve end-strength downward.

RESERVE FUNDING

The administration has requested $72 million for the Reserve Training (RT) appropriation for fiscal year 2000, with $24.427 million in reimbursement to operating expenses. Given the present procedures for reimbursement for operating expenses and direct payments by the Coast Guard Reserve, this is the minimum needed to fund a full training program for 7,600 personnel. Even at this minimal funding level, Coast Guard Reservists would continue to receive only 12 days of annual training (AT) each year (all the other armed services are entitled to 14 days' AT by departmental regulation).

The funding required to support the full 8,000-level authorized is approximately $78 million. It should, however, be noted that the fiscal year 1999 appropriations bill, in appropriating $69 million for the Coast Guard Reserve, limited the amount of Reserve training funds that may be transferred to operating expenses to $20M. The House Appropriations Subcommittee on Transportation report notes that this limitation is included because,

> Given the small size of the reserve training appropriation, and the declining size of the selected reserve, the Committee wants to ensure that reserves are not assessed excessive charge-backs to the Coast Guard operating budget. The Committee continues to believe that, absent this provision, the proposed level of reimbursement would be too high, especially given the substantial amount of reserve augmentation workhours provided by the reserves in direct support of Coast Guard missions.

The House report also specifically prohibits the Coast Guard from instituting any "direct charges" that were not in effect during fiscal year 1997.

ROA thanks the Congress for its recognition of the support provided by the Coast Guard Reserve and the provision of this additional funding through the limitation in reimbursement for operating expenses. In this regard, the Coast Guard is the only component among all the armed services that reimburses the operating expenses to the Active account.

The Coast Guard is reviewing its procedures for reimbursement with a view toward modification in fiscal year 2000 and we have only just been briefed on their proposal. Accordingly, we are unable at this time to give an opinion on this change in procedures. We would, however, note, that the bottom line is that the Coast Guard Reserve must have sufficient funding for 8,000 Reservists and that the reimbursement cap has over the past 2 years provided approximately $2.5 million of this much needed funding. Accordingly, we would ask that any proposed change in procedures be closely examined and meticulously monitored—to ensure that the Coast Guard Reserve is fully funded at a level of 8,000 ($77 million). This would have a positive, morale-building effect on Reservists by ensuring that the significant progress made over the past several years in providing the additional funding requisite to increasing Reserve end-strength will not be again jeopardized.

TEAM COAST GUARD

We continue to support the goals and objectives of Team Coast Guard. The Coast Guard Reserve has become the "bench-strength" of the active duty force. In this regard, a strength of 8,000 Coast Guard Reservists equates to only 506 full-time equivalent positions. Of further note, the Coast Guard Reserve provides the ability to surge the Coast Guard by an additional 23 percent, at a cost of just 2 percent of the Coast Guard's total budget. In this respect, the Coast Guard Reserve is extremely cost-effective. Furthermore, the Reserve component provides double benefit because Reservists are only paid when on duty and because Reservists obtain their training for emergency response by assisting the Coast Guard in its peacetime functions.

Simply stated, and as noted in the quotations of Admirals Ames and Barrett cited above, the Reserve leverages the entire organization and stands ready to go in response to both domestic and national emergencies. As a result, the Coast Guard is readily able to surge its forces to meet domestic emergencies in an extremely cost-effective manner, as well as to respond to national emergencies, including vital harbor security for the Department of Defense with the Coast Guard Reserve Port Security Units. At the same time, as also noted by Rear Admirals Ames and Barrett, the failure to meet Reserve end-strength requirements adversely affects the Coast Guard and therefore adversely affects the safety of those operating on the nation's rivers and waterways and off the shoreline of the United States.

In an effort to assess the progress of Team Coast Guard and its impact on Reservists, we canvassed our membership in December 1999, asking for their views. Of the many responses we received, several issues emerged. These issues are as follows:

Travel reimbursement.—Many Reservists, including enlisted Reservists, must travel long distances to drill. The following quotations from drilling Reservists provide additional insight into this issue.

> In many instances drilling Reservists have to travel upwards of 330 miles one-way to reach their duty sites. This issue of auto-travel-reimbursement is particularly problematic for junior enlisted personnel whose drill pay is already relatively small.
>
> We currently have a number of enlisted traveling in excess of 350 miles one-way to drill. One (junior officer) is traveling 650 miles one-way to drill.
>
> I have an E–3 who pays more for his transportation to monthly drill than he gets paid. In other words, he is paying cash in order to be able to drill.

Meaningful billets and lack of flexibility upon advancement. This issue was addressed in the 1997 Coast Guard Reserve Policy Board report that was approved by the Secretary of Transportation on December 1999. The report states,

> When most Reserve command cadre billets were eliminated by integration, senior Reserve officers and senior enlisted lost their traditional management roles* * *. The force structure and roles for senior Reserve personnel need to be reviewed as program requirements are established. [This issue] * * * is about appropriately using personnel in whom taxpayers have invested heavily. Furthermore, it is about ensuring that Reserve personnel perceive they can engage in fully satisfying and challenging work throughout a full career in the Reserve Component.

The following quotations from drilling Reservists provide additional insight into this issue.

> I am still concerned that senior Coast Guard officers and enlisted reserve personnel may not have much to aspire to * * *.
>
> A major issue still unresolved is how the Coast Guard will more effectively utilize its senior officers and enlisted Reservists consistent with their rank.
>
> Due to many active command structures, there don't seen to be as many opportunities as in the past. There certainly do not seem to be as many opportunities for command or senior executive staff positions. * * * With the noted exception of port security units, career paths for Reserve officers are not as clear as previously.
>
> With very few senior billets and minimum flexibility (allowing senior people to fill lower ranking billets), many see no real career path. We have seen at least two first class petty officers that have refused to take the examination for chief petty officer because there is not a chief's billet available. In their cases, they had well in excess of 10 years of service and were concerned that they would not be able to maintain a billet long enough to finish 20 years if they were selected as chief petty officers. The same situa-

tion applies to lieutenants and to lieutenant commanders. There are many who are seriously concerned about achieving 20 years' service.

The 1997 Coast Guard Reserve Policy Board report, approved by the Secretary of Transportation on December 9, 1999, also provides further insight into this issue. It states as follows:

> Reserve force employment is not consistent throughout the Coast Guard. It has evolved over the years based upon the personalities and interests of commands, and the personalities and capabilities of individual Reservists. The current Reserve Personnel Allowance List (RPAL) was developed in 1996–97 largely upon then-existing Reserve assignments. As a result, one unit may have a dozen RPAL billets while a similar unit may have no billets. Even when Reserve billet structures are consistent between or among similar commands, units often have different philosophies on employing Reservists. Some commands use Reservists interchangeably with Active duty personnel. Other commands use Reservists primarily to replace Active duty personnel when billets are vacant during the transfer season or leave periods. Some assign Reservists to work independently on special projects. We recognize that field units need flexibility in employing Reserve forces. Yet headquarters, areas, and districts need to identify program requirements for Reserve employment, and to provide guidance to field units on employing Reserves. Based on these program requirements and guidance, the RPAL then can be revised to better reflect service needs. When the workforce structure has been redefined by a revised RPAL, Reserve personnel can be recruited, trained, and assigned to meet established requirements. * * * Reserve personnel will have more meaningful assignments; they will not have to create their own niches at each command.

Difficulty in meeting Reserve-unique administrative and training needs. The following quotation from a drilling Reservist provides additional insight into this issue.

> * * * for enlisted reservists * * * many of their Reserve-unique administrative and training needs are not being as adequately addressed as * * * in the past. * * * Ultimately, junior enlisted personnel do not seem to be receiving the same level of attention and direction needed for retention and advancement.

LEGISLATIVE ISSUES

Prior to concluding, there are three legislative issues that we would appreciate the Congress examining. The first legislative issue relates to the Director of the Coast Guard Reserve. Presently, the flag, or general rank, of the Reserve Chiefs of all the armed services, except for the Coast Guard is codified into law. In this regard, Title 10,section 10203, subsection (d) states that, "The Secretary of Transportation may designate a flag officer of the Coast Guard to be directly responsible for reserve affairs to the Commandant of the Coast Guard." There is, however, no parallel provision establishing an office, and Director of Coast Guard Reserve, as exists for the other services (see Title 10, section 3038 in the case of the Army Reserve, Title 10, section 5143 in the case of the Naval Reserve, Title 10, section 5144 in the case of the Marine Corps Reserve, Title 10, section 8038 in the case of the Air force Reserve, and Title 10, section 10506 in the case of the Army National Guard). We believe that a provision establishing a Director of the Coast Guard Reserve, headed by an officer in the grade above captain, should be placed into Title 10. At the same time, we also believe that the Office of the Coast Guard Reserve and the Director of Coast Guard Reserve may have such other functions as may be determined by the Commandant of the Coast Guard. The primary responsibility of the Director of Coast Guard Reserve should, however, be to oversee the functions and activities of the Coast Guards' Reserve component. Accordingly, to clarify the intent of Congress, establish consistency with the provisions of the other armed services, and to conform to current Coast Guard practice, it is recommended that a new section be added to Chapter 1007 of Title 10, to read as follows:

§ 10203a. Office of Director, Coast Guard Reserve: appointment of Chief

(a) *Establishment of Office Director of Coast Guard Reserve*.—There is in the executive part of the Coast Guard an Office of the Coast Guard Reserve, which is headed by the Director of the Coast Guard Reserve, who may have such other functions as determined by the Commandant. The Director of the Coast Guard Reserve is the principal adviser to the Commandant on Coast Guard Reserve matters.

(b) *Appointment*.—The President, by and with the advice and consent of the Senate, shall appoint the Director of the Coast Guard Reserve, from officers of the

Coast Guard on active duty, or on active duty under section 10211 of this title, who— (1) have had at least 10 years of commissioned service, (2) are in a grade above captain, and (3)is recommended by the Secretary of Transportation.

(c) *Term*.—(1) The Director of the Coast Guard Reserve holds office for a term determined by the Commandant of the Coast Guard, normally two years, but may be removed for cause at any time. This officer may be allowed to serve a maximum term of up to four years.

(2) The Director of Coast Guard Reserve, while so serving, has a grade above captain, without vacating the officer's permanent grade.

(d) *Budget*.—The Director of Coast Guard Reserve is the official within the executive part of the Coast Guard who, subject to the authority, direction, and control of the Secretary of Transportation and Commandant of the Coast Guard, is responsible for preparation, justification, and execution of the personnel, operation and maintenance, and construction budgets for the Coast Guard Reserve. As such, the Director of Coast Guard Reserve is the director and functional manager of appropriations made for the Coast Guard Reserve in those areas.

(e) *Annual Report*.—The Director of Coast Guard Reserve shall submit to the Secretary of Defense an annual report on the state of the Coast Guard Reserve and the ability of the Coast Guard Reserve to meet its missions. The report shall be prepared in conjunction with the Commandant of the Coast Guard and may be submitted in classified and unclassified versions.

The table of section for such chapter 1007 is amended by inserting after the item relating to section 10203 the following new item:

§ 10203a. Office of Director, Coast Guard Reserve: appointment of Chief

The second legislative issue is with regard to special pay. Title 37 USC, section 308d, subsection (a), currently authorizes up to $10.00 of special pay, per period of appropriate duty, for members of the Selected Reserve of the Ready Reserve at high priority units for service on inactive duty training. The authority to prescribe regulations to implement this section is, however, limited to the Secretary of Defense, effectively excluding the Coast Guard Reserve from exercising this authority. We would advocate providing such authority to the Secretary of Transportation. In this regard during the 1994 to 1998 recruiting years, the Coast Guard had significant difficulty in reaching its Reserve recruiting goals. This personnel shortage has a particularly negative effect on high priority units, such as port security units, where there have been chronic difficulties filling positions. Providing such authority to the Secretary of Transportation would provide a highly effective discretionary accession/retention tool to Coast Guard Reserve managers, enabling them to more effectively manage force readiness requirements for high priority units.

The third legislative issue is with regard to the repayment of education loans. Title 10 USC, section 16301, permits the Secretary of Defense to repay education loans of enlisted members of the Selected Reserve with critical specialties. This authority is not provided to the Secretary of Transportation. We would ask that such authority be provided to the Secretary of Transportation. As is the case with the special pay authority previously addressed, providing such authority to the Secretary of Transportation would provide a highly effective discretionary accession/retention tool to Coast Guard Reserve managers, enabling them to more effectively manage force readiness requirements for high priority units.

CONCLUSION

In conclusion, this committee's support of the Coast Guard has been vital to maintaining its military capability. Your continued support is essential. Thank you for this opportunity to present the position of the Reserve Officers Association to this committee.

PREPARED STATEMENT OF THE UPPER MISSISSIPPI RIVER BASIN ASSOCIATION

The Upper Mississippi River Basin Association (UMRBA) is the organization created 18 years ago by the Governors of Illinois, Iowa, Minnesota, Missouri, and Wisconsin to serve as a forum for coordinating the five states' river-related programs and policies and for collaborating with federal agencies on regional water resource issues. As such, the UMRBA has an interest in the budget for the U.S. Coast Guard.

Though perhaps best known for its important work in coastal waters and on the Great Lakes, the Coast Guard also provides essential services on the nation's inland rivers. Nowhere are these services more important than on the Upper Mississippi River System, which Congress has designated as a nationally significant commercial

navigation system and a nationally significant ecosystem. The Coast Guard helps to ensure that the river can continue to serve both of these important functions.

Of particular concern to the UMRBA is funding for the Coast Guard's Operating Expenses account. The President's fiscal year 2000 budget proposal includes $2.941 billion for this account, an increase of 9.0 percent from the fiscal year 1999 enacted level. The Operating Expenses account funds activities that are critical to the safe, efficient operation of the Upper Mississippi River and the rest of the inland river system, including aids to navigation, marine safety, and marine environmental protection. Through these missions, the Coast Guard maintains navigation channel markers, regulates a wide range of commercial vessels in the interest of crew and public safety, and responds to spills and other incidents. The beneficiaries include not only commercial vessel operators, but also recreational boaters; farmers and others who ship materials by barge; and the region's citizens, who benefit enormously from the river as a nationally significant economic and environmental resource.

Recent years have brought a number of changes to the way the Coast Guard operates on the inland river system, including elimination of the Second District; the pending closure of the Director of Western Rivers Office; and the decision to decommission the Sumac, the largest buoy tender on the Upper Mississippi River. The states understand that these decisions have been driven by the need for the Coast Guard to operate as efficiently as possible, and the states support that goal. However, such changes must be carefully considered and their effects monitored. It is essential for the Coast Guard to retain the capacity to perform its traditional missions on the Upper Mississippi River. Toward that end, the UMRBA supports the President's fiscal year 2000 budget request for the Coast Guard's Operating Expenses account.

Several other Coast Guard missions and programs are also important to the Upper Mississippi River states. Unfortunately, this region's devastating floods over the last several years have given many of its citizens direct personal experience with the importance of the Coast Guard's reservists. Reserve forces are a critical part of the Coast Guard's ability to respond effectively to natural disasters and other large-scale events. In addition, reservists perform key staff functions at many of the marine safety detachments on the inland rivers. The UMRBA supports the President's request of $72 million for Coast Guard Reserve, an amount intended to support 7,600 reservists nationwide.

In addition, the Coast Guard's boating safety grants to the states have a proven record of success. The Upper Mississippi is a river where all types of recreational craft routinely operate in the vicinity of 15-barge tows, making boating safety all the more important. The UMRBA asks Congress to appropriate the full authorized amount of $70 million to support the states in this important mission.

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