

KEYNOTE LUNCHEON PRESENTATION

Presented at
National Traffic Data Acquisition Conference
Albuquerque, New Mexico

May 5-9, 1996

WASHINGTON UPDATE - CURRENT AND EMERGING INITIATIVES

Transcript of Presentation

Dr. Tony Kane
Executive Director
Federal Highway Administration

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Washington Update — Current and Emerging Initiatives

By

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It is truly a pleasure to be here today. And, like David Albright, I would like to thank the Alliance for Transportation Research, thank the New Mexico State Highway and Transportation Department, thank our co-sponsors, AASHTO, TRB and ITE for putting on this conference, and thank as well all the workers who have made NATDAC a success and I am sure a continued success through the last couple of days of this seminar.

As I looked through the program I was struck by at least 3 themes: partnerships -- and we have certainly spoken about that in the past -- partnerships between the federal government, state government, local government and far more so now, the private sector as well. Not only as state DOT's are contracting out more of their work, but as we are mutually developing the new technology that is going to be needed in this field and in other fields of highway transportation.

Second is quality. It is a real focus area that I am pushing in Federal Highways and I know your state DOT's are as well. And unless we continually improve what it **is** we are doing, we are not going to survive. Clearly, you are a group that can respond to your internal and external customers very closely. They are the ones asking for quality information. You are the ones who have to produce it.

Third is technology. We certainly see in the presentations and in the booths set up, lots of technology and discussions and everything from GIS, global positioning systems, new sensor technology, acoustic sensors, even virtual reality. I flew through traffic data this morning and that was an experience. I normally do not look at data that way, or fly through data, but it did make it exciting. I recommend that you fly through data, get that experience, it was really terrific.

I know there is a lot you want to be doing, so in the words of Henry the III to his many wives, "I won't keep you long." So, I will try to make this brief. This afternoon, what I would like to do is touch on a few things. Touch a little bit on the organization of **my** department, the Department of Transportation and the quality themes that we are trying to bring to it; touch a little bit on current legislation because that is what they asked me to talk about really, the legislative side, the inside the beltway Washington scene. I will touch a little bit on the legislation that was recently enacted in the national highway system; the Telecommunications Act -- Christine Johnson probably touched on that in her presentation; the budget outlook '96-'97 and the '98 to 2002; and re-

Dr. Tony Kane
Luncheon Speaker
May 8, 1996

authorization, since this year there will be tremendous numbers of outreach sessions, testimonies on the Hill. Next year will be the big year for legislative battles, the multi-year ISTEA legislation, that 150 billion dollar package of highway and transit programs comes to an end in '97. And this political season, more so than any in my entire career, the whole question of Federal role is coming up in all government programs and it is coming up in big ways in the highway program.

So, let me start with the quality theme. Since I have taken over in the job I am in, I have clearly wanted our own organization to be much more committed to continuous quality improvement -- not as an end in itself-- I just see it as a necessary ingredient. In fact, it is so old in the management literature, it's a wonder that we have not embraced it more fully before today. It is not an "end all," but it's a ticket. It is an entry ticket, if you will, We all have to embrace it in a far more meaningful way. Defining it simply is "Satisfying your customer the first time and every time." And you, in your jobs, have that clear job of satisfying internal and external customers with travel information-

We have been very active in Federal Highways. We have three business units; first is our Federal Lands Organization, with about 600 employees that builds roads, much like State Highway Departments, on Federal facilities. We work with the Bureau of Indian Affairs groups; the Park Service, the Forest Service. For about nine years now, we have been doing things like employee surveys each year, continual follow-up surveys on every project we build, asking the customers what they thought of it, improving on it. We've got measurement techniques on our business processes within that organization. They are truly moving in a terrific direction. They have been cited by the Vice President as a kind of example organization in terms of how they are managing themselves. .

Our Office of Motor Carrier Safety is our second business in Federal Highways. We have about 650 employees. Two years ago we moved in the quality direction as well, training all employees, trying to set up customer service standards with the trucking organizations that they do business with. The balance of FHWA deals with Federal aid -- David said 3,800; it's down to 3,500 -- we have to shrink, as well as many of your state highway departments have to shrink as well. We are embracing it full time and having quality circle roundtables in all of our offices. But, we want to get with the State Highway Departments and the State DOT's to find out what you need better, in terms of the customer service that we provide to you. Mutually, we are partners in serving the ultimate customer, which is the driver out on the road and mutually we are going to have to be responding to those kinds of performance measures --how well we are dealing with those customers.

You in traffic counting and travel monitoring certainly have your internal and external data users. You also have the driving public out there. I noticed sessions on unobtrusive data collection techniques -- ways to make it less onerous to the driving public -- as you are doing what you have to do. And that is important. We have to do that in everything we do . . . in our construction. We recently, a year ago, joined with AASHTO, and with all the major construction organizations in the country: AGC, ARTBA, National Asphalt Pavement Association, etc. doing a first ever

survey of the ultimate customer: 2,200 person sample of truck drivers and auto drivers asking them how well we are doing in delivering *the* highway program. The ***Number One Complaint*** was in time of construction on existing roadways and the construction techniques that we were using, the delay that we have, the poor information that we have as we are doing the construction, etc. It was a very meaningful survey which is about to be published. It is something that we will do on more of a continuing basis. We clearly *have* to do it.

I think that one thing we have to do *clearly*, and we are starting to do it, is to ask questions on our own data. Do the customers really need it? We are stepping back in Federal Highways and we certainly impose a lot of requirements on state and local governments. Just this past April we have removed some requirements on local finance information where we require detailed information where local governments found it very hard to deliver to us. We are eliminating that and finding that, yes, while there were uses for it, it was not worth the price that it took to deliver that kind of information. We have recently put together a team on HPMS with State and Federal folks to develop a report by the end of August on: "What information do we still need? Can we eliminate some of it? Can we change the sample sizes and still get the same level of precision that we need in our business?" We have to keep asking those questions.

Let me roughly paraphrase something that Einstein said and it fits right in as we look at our quality journey. "We have got to come up with solutions different from the techniques we use that create the problems we are in right now." In other words, break out of the box. Bring in other people to help you in your solutions. Reach out because it is not going to be the same people who have been doing the same kinds of things who have, in a sense, created some of the problems who are going to necessarily give us the answers and solutions as we move ahead.

I want to touch briefly on some legislative areas, and then I want to turn it over to you. I want to use the time that we have to let you be my focus group to tell me what you think we ought to do in ISTEA re-authorization. So, think about that. I'll probably have about 15 minutes of talk, but then I want to hear from you. What do you think that we ought to do in the future? But, you can also chime in on everything. What should the Size of the program be? What do we need to invest in? What are the Federal/State kind of controls and regulations that you like and that you do not like?

A recent piece of legislation told us a number of things. It was the National Highway System Act, signed by the President near the end of the year. It was originally set out just to enact the National Highway System, to enact that map that all of you have been working on for the last couple of years. Well, they did that and then they passed 76 other sections in this piece of legislation as well. So, it was far more than National Highway System Act. But that is the nature of putting a bill through Congress -- you never quite know what is going to be attached to it. National Highway System is truly important. We see it as the focal point system for the next century, not replacing the Interstate, but expanding upon what the Interstate system has done for us to date. It is clear that this system captures the preponderance of intercity freight. We have inter-modal connections that are important. We have border crossing areas that are important. It

Dr. Tony Kane
Luncheon Speaker
May 8, 1996

connects with all of the cities that did not have necessary connections from the interstate system. But they did a few things in that Act that affect you as well. Management systems, which were mandated in ISTEA are no longer required.

So now, you have the question of just seeing are they worth it. It is not just Federal statute telling you, "Are they worth it anymore?" Do you think you should have pavement management systems and bridge management systems, congestion management systems, although that is still required for metropolitan areas of over 200,000. Beyond that, it is not required by Federal statute. They are no longer there. The national speed limit has been removed, so speed monitoring requirements are no longer there. Mandatory use of helmets, motorcycle helmets, are no longer required. But yet, I would submit that State DOT Directors should find it important to know what is happening and monitoring, clearly speed monitoring, travel monitoring.

It is going to continue to be important to know how your systems are performing and to do that it certainly takes lots of information, lots of data, lots of coordination of data sets. But it is no longer a Federal mandate. So, you have got to decide if you think they are good and decide what you should have in them. While the Act removed a lot of mandates, they threw in a couple of new ones, because they just could not act without throwing in some new mandates. And one was on life cycle cost analysis. It is only for large-scale projects, but it says that for all projects over 25 million dollars, you have got to have life-cycle cost analysis built into it which *clearly* implied the need for not only good information on travel, but good forecasting as well, in order to be able to do that kind of analyses.

Another piece of legislation, and I am sure Christine Johnson mentioned it, didn't she? – the Telecommunications Act, recently signed by the President. The signing ceremony was quite something. It was in the Library of Congress in the Rotunda Room – fantastic room – it was the first time, we were told, the President signed *major legislation* outside of the White House. President Clinton *used* the fountain pen that Al Gore, Sr., Vice President's Gore's father, was given to him by Eisenhower when he signed the Interstate Legislation. And they played on that in their discussions before signing the Legislation. I was at the event and it was really quite something. They talked about how important the Interstate was in developing this country and they segued into how important telecommunications is to continue the growth in this country. They were not quite briefed well enough to do the connection between transportation and telecommunications, but you can do that. But, it clearly was an important piece of legislation.

A week ago I spoke at the National Right of Way Conference where the State Right of Way Officers from 48 States were there. I asked, "How many of you have had increased activity by the private sector in wanting to use your right of way?" Because that is what we were theorizing with that Act and with the freedom of having more companies enter the market, there is going to be a lot of people wanting to put in fiber optic cables. About a third of the audience raised their hand. So, there has clearly been increased levels of activity. Christine, I'm sure, also talked about our effort to instrument more facilities. Our efforts in the major metropolitan areas to tie together everything from traffic information to light systems to public transit information into a more

Dr. Tony Kane
Luncheon Speaker
May 8, 1996

unified whole, will mean that there is a challenge for all of you on information and on the coordination and, on ensuring that we have a good level of quality information.

The '96 budget was certainly good for highways. A couple of other modes at the Federal level did not fare as well. Transit had cuts. There were some cuts in aviation. But, certainly, the '96 level of funding for highways was an increase over what it was in the past. The President proposed an increase again in '97 for highways; for the basic construction program about the same, but then he added tremendous increases in the RDT Program' (Research, Development and Technology) in the ITS area for one, but also in pavements and in other traffic areas for another. We also proposed **250 million dollars to seed State infrastructure banks as a way to get more revenue and more flexible financing mechanisms for states in the future. So, near term the horizon looks pretty good.**

'98 to 2002 is another story. As I was thinking about what to say this morning, I was looking at CNN and watching the Republican Proposal which was just put forth today on *their* '98 to 2002 Proposal. It did not eliminate the Department of Transportation. It did eliminate the National Endowment for the Arts. I guess those Maplethorpe drawings were still on people's minds. It eliminated the Commerce Department. It eliminated the Energy Department and called for an elimination of Transportation Demonstration Projects, which I hardly endorse, the elimination that is. And it called for the elimination of AMTRAK subsidies. Those two together are about a billion dollars a year that we spend in transportation money right now.

You have heard or possibly have heard of previous proposals: the Republican Proposal of '95 called for a big decline in what we call in the overall transportation account in the budget. That is for all modes of transportation and all Cabinet departments. It talked in terms of reducing from about 39 billion dollars a year to 32 billion a year over that 5 year period. The President's own '97 budget gave a picture not unlike that -- not quite as drastic a cut, but a cut in transportation spending. What share highways will have of that I do not know. Whether the Congress will be able to come to a budget agreement this year, I do not know. You saw how hard it was just to get appropriations for '96, with all those extensions, continuing resolutions one after the other. So, whether Congress will deal with this package before the election is hard to forecast. There is always optimism, but I've been around a long time and so have many of you. It will probably be taken up after the election. Where highways are going to come out from that I do not know. But, it is important, because as we jump into re-authorization, which is the next thought that I want to talk about, we will probably be looking at a multi-year period. It may be that same period, '98 to 2002.

What comes out of budget agreements; what comes out of the tax committees are going to have a lot to do with the size of the delivery of the Federal Aid Highway Program and Transit Program and Aviation Programs of the future. U.S. DOT is going to have a lot of hearings around the country -- about 13 scheduled between now and September on thematic issues in transportation; May 13 coming up in Philadelphia will be a hearing on Urban Needs. May 21, in Chicago, it's going to be a session on Intermodal Freight; June 7, in New York City, inter-city transportation is

Dr. Tony Kane
Luncheon Speaker
May 8, 1996

going to be the theme. And they are going to have a series of other ones around the country: on rural transportation needs, on public transportation needs, etc. The Hill is having extensive hearings, at least on the House side. They have got 30 some odd hearings scheduled between now and the Fall. Secretary Pena testified in general on re-authorization last week. I testify next Wednesday as the administration witness on Trust Funds and I will be asked a lot of questions on that issue. So, *those* events will be taking place. We are going to have a series of focus groups around the country on more specialized topics -- focus group sessions on planning, on engineering issues, on finance issues. And we will call today a focus group on travel information, data, issues that you think are important that may be taken up in re-authorization.

What is the current administration's position? Well, we are carefully crafting it and listening and hearing right now to everybody around the country. The message the Secretary and the political appointees from the different modes give is that they want to build on ISTEA. They want to build on the concepts that came out in that: intermodalism and planning, increased partnerships, increased flexibility for State and Local Governments, focus on research and development and technology. I would anticipate a very good proposal from the Department in re-authorization for the research and technology area -- a very strong support for that from this administration.

What are some of the issues? **The** biggest one, and I alluded to it in the opening, is the Federal role, and it is really being questioned for the first time in a long time. We have Governor Voinavich in Ohio who suggests we abolish the Federal Aid Highway Program and get rid of those 3,800 people. He sent a letter to Representative Kasich in the House and it specifically said that those 3,800 people in Federal Highways should be fired and all of the Federal Aid Highway Program should be eliminated. States should be the ones to raise gas taxes. Maybe. That is one position. Senator Mack from Florida does not want to go quite that far. He thinks that we should just eliminate almost all of the user fees at the Federal level, just keep enough for interstate rehabilitation and that should be the future Federal Program. Then we shift over to a couple of **other players. Congressman Schuster from Pennsylvania chairs the Transportation and Infrastructure Committee of the House** -- a very powerful individual. Mr. Rahall from West Virginia is the Minority Leader of that group. They suggest expanding the program. They suggest not eliminating that 4.3 cents gas tax that you have been hearing in the news as the new issue of Senator Dole. They say do not eliminate it. Transfer it to the Highway Account of the Trust Fund and *boost* the program. There is a lot the Federal Government should be doing on infrastructure investment. So another thought; another position.

Interest groups all over town, whether it is the American Trucking Associations, Highway Users Federations, or the AGC's; they do not want the federal program eliminated and it is very simple - - they do not see State governments having the ability in State Legislatures and Governors to increase State gas taxes if the Federal Government eliminates them. No matter *what you call* them, they are a tax; they are not a user fee. I think they are a user fee, but they are a tax and right now the climate is that most Governors are elected on the position of "No new taxes, in fact we are going to roll back taxes." So with the national interest groups it is pretty clear: They just go straight to the heart and say, "Let's make the Federal Program a little easier for recipients, but

do not eliminate it, in fact, increase it. That is the way to have a highway program bigger.” So, that is what you hear from the interest groups out there.

What kind of questions do we have to deal with? We have to deal with that federal role question first off. We can go right back to the Constitution and have a basis for our existence in interstate commerce. We certainly have a business being in the game in terms of welfare, redistribution of wealth, if you will, and that gets into the donor/donee questions of states which contribute to the trust fund, those large land area states who cannot *afford* to have the infrastructure as a lot of the more *dense* states can have. It is more costly; it gets into a redistributive role. We certainly have a role in research development technology sharing, in terms of a larger unit of government being able to have economies as scale and research and development technology sharing. So, all of that will come up. But we have to face that along with the budget realities of possibly a smaller program.

Another issue was the organization of the Department of Transportation. Many of you may have heard that we sent a proposal to Congress a year ago to restructure six of the surface modes; to fold them into a surface *mode* of transportation if you will. Congress did not like it; it did not fare very well at all. The Secretary has abandoned that concept. Instead’ we are going to be doing a whole series of initiatives in our field offices of Federal Transit, Federal Highway, Federal Rail, Highway Traffic Safety Administration to make them work more efficiently, to interact with the customers easier. Federal Highway staff and our State offices are going to be taking on a number of tasks of those other modes as executive agents. However, just last week Congressman Petrie, who is the ranking Subcommittee Head in the House Transportation and Infrastructure Committee, in a speech he gave to a large group, said that perhaps *he* is going to take that up and write some legislation in ISTEA too, to reorganize the Department of Transportation. So, we will see where that leads us.

Performance management is another big issue. It has been happening in State government – it has been happening in New Mexico; it has been happening in Oregon and Washington’ where Governors are telling each of their Cabinet Offices, “We want you to really tell us what those State expenditures are giving us in terms of overall performance to our citizens. What is happening to reduced accidents? What is happening to improve travel times on our urban freeways? What are we getting for the money?”

It has been suggested that maybe some of our Federal Aid should be delivered that way as well, and that could take place in either one of two ways: 1) Incentive grants, based on performance, and 2) Removing Federal requirements, just giving the money, but saying, “You give a performance plan in terms of how you are going to have transportation be improved in your area.” And so we might possibly have that as a pilot in re-authorization.

Let me close, because I promised to do this quickly and to turn it back to you. Hopefully we will get some input on this. I will ask Gary Maring to remember it all so that we can utilize this as input in our re-authorization outreach that we do this year. Let me just throw out a couple of

Dr. Tony Kane
Luncheon Speaker
May 8, 1996

questions: “Do you think there should be an increased role at the Federal level in research and development and technology applications and deployment, including the areas that you work in?” Let me just start with that question. Any thought, or should we back off from that? Now, the tradeoff is that when we do more of that, we use construction money, because the way our program works, when we do more research and development and technology deployment, we draw down from construction funds before we give those out to the States. So that is the tradeoff. It is not “new money;” it is a “shift” in where the money goes.

The question was whether there was any effort to take the trust funds off budget? The answer is “Yes.” Congressman Schuster from Pennsylvania, whom I mentioned, got *an overwhelming* majority that passed the House about two weeks ago to take the Aviation Trust Fund, the Transit Account and the Highway Account of the Highway Trust Funds off-budget. What that does in simple terms, is that it lets you have program expenditures commensurate with the revenues you get into the Trust Fund. There would be a short-term gain in that for the programs. Long-term unless you increase revenues coming in, it does not give you that much of a benefit vis-a-vis being part of the unified budget. “Unified budget” is just that every expenditure and every income to the Federal Government is added together. So, when the Highway Trust Funds, if in a given year we spend less than the revenue *we take in, we are decreasing* the Federal deficit. It is by definition. If we draw down the balance in a Trust Fund, even though it is dedicated money, and that is all it is, therefore, *by definition*, we are adding to the deficit. Therefore, there are pressures to have balances rise, because, *by definition*, it decreases the deficit. The Senate, so far, has not been willing to take up that issue. On both the House and the Senate, the Budget Committees and the Appropriation Committees are opposed to taking it off-budget, but Schuster had the votes, even though he had Livingston from Oregon and Kasich as the Budget Director in the House *oppose* it, the votes were overwhelming in the House to take them off-budget.

The Senate. . . no one has come forth yet with putting it forth for vote on the Senate side. So, let me expand on that. The Trust Fund, and let me just take the Highway Account . . . the first few years of ISTEA we were spending more than we were taking in and in 1993 our cash balance in the Trust Fund was the lowest in 20 years. It had gone down to about 7 billion dollars, which might sound like a lot of money, but this is an annual 20 billion dollar program and we have unpaid bills of 40 billion dollars and you have to have some cash balance in there. In ‘95, ‘96 and ‘97 we are projecting the balance to be rising by 2 billion a year because of two events: 1) On October 1, 1995, 2-1/2 cents of the gas tax that went into the general fund for deficit reduction was returned to the Trust Funds. All that is left now is 4.3 cents. That is the number you hear in the news everyday of “Let’s get rid of it.” And, 2) Diesel fuel tax evasion; the efforts of all of the State Revenue Agencies and the Internal Revenue Service have been’ we estimate, carry a billion dollars a year. We are getting an extra Federal income because of the efforts on diesel fuel evasion. Now, obviously, since State taxes are approximately equal to Federal taxes, you are probably getting that same benefit at the State level, I think. No? O.K., so there is a *revenue* gain for the States, if more of the States, on their own state diesel fuel taxes, start imposing better collection mechanisms, then you will get some more money without raising your taxes.

To answer your question 'Is movement on off-budget/will it succeed?' I do not think so. You have got the leadership, I mean the Republican leadership on both appropriations and budget saying "No." And, if it is not there, to help contribute even a little to deficit reduction means they have to come up with other things as offsets for reducing the deficit down to zero by 2002. Because our balance in the Trust Fund is growing, we estimate that between Transit and Highways will be over 20 billion dollars in a cash balance by the end of ISTEA in '97. We could have a program that is bigger than the ISTEA program level. I estimate that on the highway side, instead of a 20 billion dollar program we could have a 27 billion dollar program for 5 years by drawing the balance down because of the increased revenue. Would we be able to get that from the budgeteers? Probably not. So I would *think* there would probably be tremendous pressure to lower the Federal Highway user fees that go into the Trust Fund, because I could not see, politically, the interest groups – the ATA's, the AAA's, HUFSA, the AGC's letting that happen. So I think that will happen in re-authorization; we may have some scaling down actually of the Federal user fees.

Do you think the Federal program should be bigger, or would you like to see it cut back a little? Maybe not as much as Voinovich but do you think States ought to be doing it? How about some of the controls that the Federal Government has on using that money -- should it be more flexible? And how about in your own area? You know there were statutes on management systems that have been removed. You certainly know there is statutory language on planning requirements. There is statutory language on traffic monitoring system. Do you think that is good, bad or indifferent? There is "X" amount of money that can be used for planning or research whatever. I will just throw these out but I would welcome any questions, any comments, any suggestions, apathy. . . David, what do you think?

David: "I think one of the keys is to maintain integrity of traffic monitoring data in the legislative system. After than' the traffic management systems are being questioned, that there is retained an emphasis on the integrity of the data. I think after the management systems there was the reference to traffic monitoring and I think the commitment to retain an emphasis on quality traffic data is something that probably would be a consensus of the persons who are here today and in the interests of both the Federal and the State Governments.

Every part of traffic collection deals with this ITS movement that is going on and if you listen to what Secretary Pena is saying, I feel they are trying to get more money switched over from the asphalt and concrete, which is the real competitor in many people's minds . . . and more integrity in the data we get . . . Do you see that shift happening?"

Yes, I do see it, but the effort that is underway now is more encouraging to metropolitan planning organizations, state planning organizations as you do your TIPS, as you do your longer term plans and longer term programs to start making those trade-offs and put them in there. So it really means getting a lot of people within State DOT's to understand the benefits of that kind of shift and the trade-offs and to make judgments that there is that kind of gain. I think we made a mistake with ITS in the early years of deploying our money, to have just called it research and to

kind of put it into metropolitan areas without the metropolitan planning organizations being involved in the discussion of it and in the programming of it. And as a result, we have lost about a half dozen years of building up some institutional support from the very groups who have to make those choices, so I think we have a lot of educating to do right there. The other approach is to create some sweeteners. Either to perhaps have an ISTEA 2 actual deployment categories of finding. It could be sweeteners with everything from performance kind of grants, like I was mentioning earlier or matching ratios, whatever. We are open to any ideas on that, because that is exactly what we want to try to figure out this year is: 1) Is there a feeling that there should be a movement in that direction, and 2) Do you do it simply through existing institutional mechanisms, that is letting MPO's and State DOT's, through their planning and programming processes, move in that direction, or do you have, at the Federal level, some kind of sweetener inducement program to do it? So, I do not have the answer, but we will gladly accept any ideas in that regard.

Audience: "In retrospect, it seems to me that the Transportation Planning, no matter how blemished some people may think it has been, has translated babble into programs, and so to back away, it seems to me, from the *Federal* assistance in this area would be madness. The only suggestion I would make is that there has been more and more partnership. The original simulation package, aside from one notable exception that I know about' came out of the Bureau of Public Roads and some people thought that they were handcuffed. There was too much to do. But it seems to me more and more that there is a tendency as we see today for a cooperative effort. So, I would certainly come out and say, 'Yes, an expanded program; Yes.' If monitoring programs are not mandated, at least encourage them and encourage communication among the states."

I do not want to put words in your mouth, but I think I heard you saying, "Certainly continue to push planning," "Certainly continue to push technical tools and sharing, whether it is monitoring equipment, whether it is the new ITS technology," how to integrate different data sources, etc." Clearly, we are all there. It is a question of whether we are also, in a real categorical sense, coming up with dollars just for ITS, *or*, if you will, using the bully pulpit, using technology sharing, using thoughts and guidance other cities have had and how it pays off. I think the requirement in ISTEA to do financial planning and to do fiscally constrained short-ranged plans and financial planning and long-range planning allows you to take a look at those trade-offs and to see that with a lot of ITS technology you can have better benefit cost ratios in terms of achieving some performance goal on the system and mobility. So, I think backing in through those new fiscal constraints and financial planning requirements can also be a way to push that kind of technology.

Audience: "I would like to take a more general approach. That is, I have a feeling that most states have very different perspectives on what is important and what is not important. From mandating things from the Federal level, no matter what you mandate, one group will like it and one group will hate it. As a state person, I would like to see you set goals and objectives and provide the flexibility for each State to address the goals and objectives which is most appropriate

for them, while keeping some level ground to make sure that as flexibility is taken advantage of by the different states, that they do not gain competitive advantage. So, set some criteria, but leave the criteria *reasonably* open for state interpretation. Yes, say, 'You have to do some research,' but allow each state to do research in what is important to them. Because, what is important to South Dakota is not what is important to North Carolina or to New York or to California. So, rather than being *mandated* to the program level, mandate to the objectives and goals. Say, 'Yes, you have to have a system that allows you to do these things. You have to be able to monitor your performance.'

Would that be a little like what I was saying on performance management; back away from some Federal requirements, but let a State say they are improving their system and be able to *prove* it, if you will. And that is their way to continue to get Federal aid.

Audience: "And to provide for those who *can* prove that they are getting better. Maybe that is where your carrots come in. Yes, *if you can* prove it then you get additional money or you get additional consideration."

There is a real red herring in here. The AASHTO Board of Directors, Policy Committee, I should say, all the CEO's of AASHTO just met last month in Texas and passed a resolution saying the Department of Transportation should back away from performance measures and not establish them. That was in response to something the U.S. DOT, a couple of years ago, was starting, thinking that we should have for all transportation systems: The National Transportation System Performance Measures. Well, we have backed away from that, but there is still the issue of just performance measures as a condition for Federal aid as a way to get away from requirements and even get away from categorical funding so it is more of a, if you will, single pot of funding.

But what the State DOT heads fear are publishing one versus the other. So we, somehow, have to be in a mechanism to measure performance, but not to publicly say that North Carolina is better than South Dakota. We have a professor from North Carolina who publishes these statistics annually. Some of you have seen this and that has infuriated State DOT's on that. So, we have to go through some discussing in this whole area. It is a very sensitive issue with the State DOT CEO's.

Audience: ". . . We all are trying to only put the product out there for the customer and yet we each have our own business processes . . . Any thoughts?"

All I can say is I hope we can do it so that the States and the Federal Government can agree, 1) It is a good thing to do, and 2) that we agree on the kind of measures so that there is sympathy and support, if you will, for Federal requirement for certain kinds of performance measures.

I know we are going to raise the subject at the Standing Committee on Planning Meeting, sometime this summer, which will have representatives from all over the State DOT's. I agree, that is our challenge. And it is a multiple challenge. More and more states are being asked by

their governors to move more towards outcome concepts: Tell us what you are *buying*. Do not just tell us how many bridges or how many lanes or how many miles of resurfacing or how many bridges you have painted or how many traffic signals you have integrated. Tell us what it has actually done for the consumers of transportation and businesses in that area.

Since they are being pushed into it, we are being pushed into it by GPRA, the Government Performance and Results Act, which puts a mandate on every cabinet department that is going to be starting with our fiscal year '98 budgets to tie them into performance measures. Theoretically, the Congress says they are going to try to be setting Federal Cabinet budgets based on what they say you are going to have as ultimate outcomes from your money. We do not want to get into what I think we got into a little bit when we first started HPMS, i.e., a feeling that "This is a Federal requirement. What good is it for the States?" As we get into *this game we* have got to be there where it is not just a Federal requirement, but it is something the States believe will be useful for them *as well*. Otherwise, *we are doomed* and it is not going to work. So, we really have to work hard on that.

Let me end with that. There were those three themes of quality, partnership and technology that you had in your conference continuum. That is the way of the future. Thank you and have a great conference.