

**NOMINATIONS FOR THE
DEPARTMENT OF COMMERCE
AND DEPARTMENT OF TRANSPORTATION**

HEARING

BEFORE THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE**

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

MARCH 4, 2004

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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**NOMINATIONS FOR THE
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AND DEPARTMENT OF TRANSPORTATION**

THURSDAY, MARCH 4, 2004

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 2:35 p.m. in room SR-253, Russell Senate Office Building, Hon. John McCain, Chairman of the Committee, presiding.

**OPENING STATEMENT OF HON. JOHN MCCAIN,
U.S. SENATOR FROM ARIZONA**

The CHAIRMAN. This hearing will come to order. We'll have the hearing come to order, please.

We will hear from our panel: Ms. Rhonda Keenum, Senior Advisor to the Under Secretary for International Trade Administration, U.S. Department of Commerce; Dr. Linda Combs, Advisor to the Secretary, U.S. Department of Transportation; Mr. W. Douglas Buttrey, of Memphis, Tennessee; and Dr. Frank Mulvey, Staff Director, U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Railroads, but first we would like to hear from our distinguished colleagues from the Senate and the House, who are here on behalf of the nominees.

And we always try to begin with the oldest—

[Laughter.]

The CHAIRMAN.—and it's pretty obvious. But he's not here.

[Laughter.]

The CHAIRMAN. Actually, if it's agreeable, we'll begin with our colleagues from the House, if that's OK, since they—oops, here he is, the oldest.

[Laughter.]

The CHAIRMAN. Senator Cochran, we appreciate you being here today. I know you're here on behalf of the nominee, Ms. Keenum, and we know how busy your schedule is, so if you would please proceed—we're honored to have you here.

[The prepared statement of Senator McCain follows:]

PREPARED STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA

Good afternoon. The Commerce Committee meets today to consider the qualifications of four individuals who have been nominated by the President to serve the Nation in very important posts.

This Committee takes its advice and consent role seriously. It is our responsibility to ensure that the nominees fully understand their duties and are capable and com-

mitted to fulfilling the mission requested of them. I note that each of the nominees has responded in detail to the Committee's requests for biographical and financial data. I intend to move your nominations in the near future.

Today's nominees include Ms. Rhonda Keenum, nominated by the President to serve as Assistant Secretary and Director General of the United States and Foreign Commercial Service with the Department of Commerce. If confirmed, Ms. Keenum will be responsible for overseeing and implementing the export promotion activities of the U.S. Commercial Service within the International Trade Administration.

Dr. Linda Combs has been nominated by the President to serve as Assistant Secretary for Budget and Programs and Chief Financial Officer for the Department of Transportation. If confirmed, Dr. Combs will advise the Secretary on the development, review, and presentation of the Department's budget resource requirements, and on the evaluation and oversight of the Department's programs.

Finally, we have Mr. Douglas Buttrey and Dr. Francis Mulvey, who have been nominated by the President to serve as Members of the Surface Transportation Board (STB). The STB's primary function is to oversee the economic regulation of the Nation's freight railroads. The Staggers Rail Act of 1980, which partially deregulated the freight railroads, has produced positive benefits overall, but there is a perceived lack of regulatory relief available to shippers at the STB. Last year, during Committee consideration of legislation to reauthorize the STB, an amendment sponsored by myself and Senator Hollings was adopted to direct the STB to issue expedited procedures for small rate cases within 180 days following enactment.

For the past year, the only confirmed member of the Board has been Chairman Roger Nober, who has been reluctant to initiate major rulemakings acting alone. I hope my colleagues will confirm these nominees quickly so that longstanding shipper issues can finally be addressed by the Board.

I thank the nominees for being here today. I know your nominations are a great honor, and that your families are very proud. Please feel free to introduce any family members who are present here today before you begin your remarks.

**STATEMENT OF HON. THAD COCHRAN,
U.S. SENATOR FROM MISSISSIPPI**

Senator COCHRAN. Mr. Chairman, thank you very much. I appreciate the opportunity to be here in your Committee today.

I'm here to recommend, to the Committee, Rhonda Keenum, for confirmation as Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service. I have known the nominee for 15 years. In the spirit of full disclosure, I must tell you, she is a close friend of mine, and her husband, Mark Keenum, is my chief of staff. I also know her as a very talented marketing and public relations manager, with skills that will enable her to do a superb job in this important office.

She has a strong sense of responsibility and accountability. Her proven management capabilities will be very useful as she works to discharge the responsibilities of this office. I can attest to her good character, her capacity for hard work, and her willingness to expend whatever energy is required to accomplish a goal.

I hope you can approve this nomination expeditiously. The Department of Commerce will benefit greatly from her immediate assumption of the duties of this important office.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Cochran. And we know you have a busy schedule. I know Ms. Keenum and the rest of us appreciate you being here. Thank you, sir.

Since we are giving great appreciation to Ms. Keenum, we might as well let Mr. Wicker speak on her behalf. I remind you of the words of my dear and beloved friend, Morris Udall, who said, "Everything that can be said on the subject has been said, only not everyone has said it."

[Laughter.]

The CHAIRMAN. Welcome, Congressman Wicker. Thank you for coming here on behalf of Ms. Keenum.

**STATEMENT OF HON. ROGER F. WICKER,
U.S. REPRESENTATIVE FROM MISSISSIPPI**

Mr. WICKER. It may be, Mr. Chairman, that Ms. Keenum's future title will be longer than my testimony.

[Laughter.]

The CHAIRMAN. Thank you.

Mr. WICKER. I simply would echo the recommendation of Senator Cochran. I've known her 10 years, and what I can add is that she actually was a member of my staff when I first came to the House of Representatives in 1995. She is a joy to work with. I can say—both from the staff that we organized during that first Congress, and also from the constituent standpoint—I think she will serve the public well, she'll be a credit to the Administration, and she has my highest recommendation.

And I thank you.

The CHAIRMAN. Thank you very much, Congressman Wicker, and thank you for your continued outstanding service to the people of Mississippi. Thank you.

Mr. WICKER. Thank you.

The CHAIRMAN. Congressmen Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman.

The CHAIRMAN. And then Senator Dole, I think, would be next, if that would be all right.

**STATEMENT OF HON. JAMES L. OBERSTAR,
U.S. REPRESENTATIVE FROM MINNESOTA**

Mr. OBERSTAR. Thank you for the opportunity to come to this Committee, and thank you for hearing the nomination of Frank Mulvey, as well as others; in Frank's case, for the Surface Transportation Board.

My acquaintance with Dr. Mulvey goes back to the mid-1980s, when I chaired the Investigations and Oversight Subcommittee in the House, and we were doing a great deal of work on aviation safety and maintenance, security, but also other transportation issues, and turned to the General Accounting Office to do basic research work for our—in preparation for our hearings, and to determine, in many cases, whether there was a justification to hold a hearing. And I can say that, at the time, Newt Gingrich was the ranking Republican on the Subcommittee. He and I spent a great deal of time working together and benefiting from research that was done under Dr. Mulvey's direction, or by him personally and directly.

He has a Ph.D. in railroad economics from the University of Washington State. He did his undergraduate work at NYU University, and a master's degree in economics from Berkeley.

But the work that he did for us ranged over an extraordinary breadth of issues—airline CRS competition problems that we were inquiring into, airline alliances in the earliest stage to see whether the public was getting its due benefit from these airline alliances, and code-sharing among airlines, domestic and foreign, again to see

whether there really was competition. He directed the first study on the safety effects of the 55 mile-an-hour speed limit on highway safety and speed laws. He spent a great deal of time on inner city bus competition and unfair practices, which led to hearings that our Subcommittee conducted; highway safety, high-speed ground transportation work that was done in early 1994, laying the groundwork for legislative language that we included in ISTEA and TEA-21; he did an extensive inquiry into the structure, continuity, and viability of our transportation trust funds; he also did work for us on inter-urban helicopter services; and during a time when there was a great failure in one of the locks on the St. Lawrence seaway, his team at GAO did an inquiry into the intermodal impacts of Great Lakes-St. Lawrence seaway season extension work.

I consider Frank Mulvey's work on our Committee staff at the Committee of Transportation Infrastructure for the last 4 years as truly a renaissance man in transportation, with a remarkable sweep of intellect, as well as intellectual curiosity. He is the kind of person the Surface Transportation Board needs to handle those complex issues where competition and the public interest clash often with interests of the corporate sector, and Frank is the kind of independent, objective mind that we need to bring to bear on those issues. He can render for the Congress and for the traveling public a fair judgment.

The CHAIRMAN. Thank you very much, Congressman Oberstar. Those are high praises, indeed. And thank you for coming over today. Thank you.

Mr. OBERSTAR. It's been a pleasure working with you, Mr. Chairman, for many years on—

The CHAIRMAN. Thank you, sir.

Mr. OBERSTAR.—transportation issues.

The CHAIRMAN. It's a pleasure to welcome Senator Dole. Thank you, Senator Dole.

**STATEMENT OF HON. ELIZABETH DOLE,
U.S. SENATOR FROM NORTH CAROLINA**

Senator DOLE. Thank you, Mr. Chairman.

And I'm pleased today to introduce a fellow North Carolinian, Linda Combs, who's been nominated by President Bush to be Assistant Secretary for Budget Programs and Chief Financial Officer of the Department of Transportation.

Linda Combs has an impeccable record of public service that is as diverse as it is impressive. She has served in management roles at the Department of Education, Environmental Protection Agency, Veterans Affairs, and the Department of the Treasury.

Mr. Chairman, as the former Secretary of Transportation, I understand the unique qualifications required for this position. A candidate must possess experience not only in management, but also an adept ability to practice sound fiscal responsibility. As the first Chief Financial Officer at the Department of the Treasury and, most recently, the Chief Financial Officer at the Environmental Protection Agency. Dr. Combs is extraordinarily well prepared to meet this challenge. She has answered the call to public service, and she understands this service to be a noble endeavor with many challenges.

Throughout her career, Linda Combs has demonstrated the highest standards of honesty, fairness, and integrity, and I'm very proud to call her a dear friend.

Mr. Chairman, this fine North Carolinian will join an outstanding team at the Department of Transportation, and serve Secretary Mineta and President Bush with honor and dignity. Thank you for the opportunity to introduce Linda Combs today, and for your consideration of her nomination.

Thank you.

The CHAIRMAN. Thank you, Senator Dole. And thank you for taking the time from your busy schedule to be here in behalf of this highly qualified person.

Senator DOLE. Thank you.

The CHAIRMAN. Thank you very much.

Now, I'd like to ask our nominees, Ms. Rhonda Keenum—oh, certainly we are pleased to welcome the Honorable Harold Ford, of the U.S. House of Representatives famous junketeers with us today.

[Laughter.]

The CHAIRMAN. Congressman Ford?

**STATEMENT OF HON. HAROLD E. FORD, JR.,
U.S. REPRESENTATIVE FROM TENNESSEE**

Mr. FORD. Mr. Chairman, thank you. I'm delighted to be joined at the table by Mr. Doug Buttrey.

Mr. Chairman, I thank you, again, for having me on the trip, with you and my friends and your colleagues in the Senate, to Iraq and to Israel, and you went on, obviously, to Jordan, and you went on to other countries, as well. I was particularly delighted to be the only House Member, although I was chagrined to have to carry people's bags all the time.

[Laughter.]

Mr. FORD. So I appreciate you—

The CHAIRMAN. But you did such a fine job.

[Laughter.]

The CHAIRMAN. I'm always pleased to be in your company, Mr. Ford. I mean that.

Mr. FORD. Thank you, sir. And the feeling is mutual.

I bring greetings to you from Mr. Buttrey's former boss and the leader of our business community back home and, for that matter, around the country, Fred Smith, to you, to Ranking Member Hollings, and to all the Members of the Committee. Thank you for giving me the chance to say hello, and welcome and introduce one of our city's finest residents, my friend, Doug Buttrey. His wife, I know, is here as well, if she would just raise her hand, always delighted to see her, as well. We're from the country, so we like doing those things, Mr. Chairman.

As you know, Doug Buttrey works as an independent transportation consultant now after his many years of service at FedEx and its Government Affairs Office, where he was a senior representative. Before that, he was a managing director for properties and facilities at Airport Relations for FedEx, so he brings a tremendous understanding of the situations that arise on the ground in our transportation industry. He also has familiarity with the Congress

and government, having worked at the Council for the Senate Aviation Subcommittee, under former Senator James Pearson.

A graduate of the Tennessee Technological University and a graduate of the University of Memphis School of Law, he is, indeed, a son of Tennessee and a proud citizen, dedicated citizen of our city. A devoted member of White Station Church of Christ, where he is in charge of the legal ministry there, active throughout our community, and we thank he and his family for that.

His wealth of experience in the transportation industry, Chairman McCain, whether it's by plane, train, or automobile, will benefit him greatly in what we hope will be his new post on the Surface Transportation Board.

As I close, Mr. Chairman, coming from FedEx, a company that has built its reputation on customer service, it is our hope and belief that Mr. Buttrey will bring that same commitment to shippers and receivers and consumers as a member of the Surface Transportation Board.

With that, I'm pleased to welcome and express my strong support for my fellow Memphian and constituent and friend, Mr. Doug Buttrey.

With that, I—

The CHAIRMAN. Thank you very much.

Mr. FORD.—thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Congressman Ford, and thank you for taking the time to come over today in behalf of this fine witness. Thank you.

Mr. FORD. Thank you, sir.

The CHAIRMAN. Now I'd like to ask Ms. Rhonda Keenum and Dr. Linda Combs, Mr. Douglas Buttrey, and Dr. Frank Mulvey to take seats, please.

And while they're doing that, I will have inserted in the record a statement by Senator Bill Frist regarding the nomination of Mr. Douglas Buttrey to be a member of the Surface Transportation Board. It's a very laudable statement, and it'll be included in the record.

[The prepared statement of Senator Frist follows:]

PREPARED STATEMENT OF HON. BILL FRIST, U.S. SENATOR FROM TENNESSEE

Mr. Chairman, I would like to thank you and the members of the Committee for considering William Douglas Buttrey's nomination to serve as a Member of the Surface Transportation Board. I personally recommended Mr. Buttrey for this position, and I do not believe there is a more qualified candidate than my fellow Tennessean and friend here today.

Doug Buttrey spent his entire career working with the transportation industry, and I strongly support his nomination to serve on the Surface Transportation Board. Mr. Buttrey understands the dynamics of regulatory and legislative decision making at the Federal and state levels, and he has consistently demonstrated his ability to implement sound policies and achieve positive results.

Doug began his career in Washington working for the Civil Aeronautics Board. He then came to the United States Senate where he served as Counsel for the Commerce, Science and Transportation Committee's Aviation Subcommittee. After a successful and highly praised tenure with the Subcommittee, Doug joined the Federal Express Corporation, where he ultimately served as the company's Senior Government Affairs Representative.

Doug Buttrey's many years of experience in both the government and the private sector make him uniquely qualified to serve as a member of the Surface Transportation Board. Board members will be faced with many challenges, and Doug's experiences will help him make informed decisions. Throughout his career, Doug has

played a direct role in policy development and legislative and regulatory decision making. Doug understands the complexities of intergovernmental challenges, and he is well equipped to handle anything put before him.

Again, I very much appreciate the Committee's consideration of Mr. Buttrey's nomination, and I look forward to his confirmation by the full Senate.

The CHAIRMAN. Now, for the most important part of this hearing, Ms. Keenum, if you would introduce your family who is with you here today.

Ms. KEENUM. Mr. Chairman, thank you, and good afternoon. I'd like to introduce my husband of 20 years, Mark Keenum, over my right shoulder. And thank you for letting me do that.

The CHAIRMAN. Welcome.

Dr. Mulvey?

Dr. MULVEY. Yes, I'd like to introduce my wife of 30 years next week, Petra Mulvey, my son Connor and his significant other, Tanya Jacobson.

[Laughter.]

The CHAIRMAN. Would you please stand? Thank you. Thank you, and welcome.

Mr. Buttrey?

Mr. BUTTREY. Mr. Chairman, I'd like to introduce my wife Margaret, if she'd please stand right here—hopefully trump everyone else, we've been married for 35 years.

[Laughter.]

The CHAIRMAN. Welcome, Ms. Buttrey.

Dr. Combs?

Dr. COMBS. Thank you, Mr. Chairman. And, yes, you do trump everyone else.

[Laughter.]

Dr. COMBS. My husband, David Combs—

The CHAIRMAN. Welcome.

Dr. COMBS.—of 33 years.

[Laughter.]

The CHAIRMAN. My old friend, Senator Alan Simpson, who used to be Senator, is one of the more entertaining, as he said he and his wife Ann had been married for 35 years. He said it was truly a religious experience. He said it was a living hell. I'm sure that that doesn't—

[Laughter.]

The CHAIRMAN.—that it doesn't apply to anyone here.

[Laughter.]

The CHAIRMAN. Welcome, Ms. Keenum, and please, we'd like to hear your opening statement.

Ms. KEENUM. Mr. Chairman, on that note—

The CHAIRMAN. And could I just say welcome to the family members. I know this is a very proud time for all of you, and we share in your pride of the accomplishments and achievements of these fine people.

Thank you. Please go ahead, Ms. Keenum.

**STATEMENT OF RHONDA N. KEENUM, SENIOR ADVISOR TO
THE UNDER SECRETARY, INTERNATIONAL TRADE
ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE**

Ms. KEENUM. Thank you. Mr. Chairman and Members of the Committee, it is, indeed, an honor and privilege to come before you as the nominee for the position of Assistant Secretary and Director General of the United States and Foreign Commercial Service. I am humbled and honored that the President would nominate me for this role, and I'm eager to take on the challenge.

I would first like to thank Senator Thad Cochran and Congressman Roger Wicker for their kind remarks. Both of these distinguished leaders mean a tremendous amount to me and my family, professionally and personally. I would also like to express my sincere thanks to Secretary of Commerce Donald Evans, former Deputy Secretary Samuel Bodman, and Under Secretary Grant Aldonas for their support of me and my nomination.

What makes America the greatest Nation in the world is the entrepreneurial spirit of the American people, no matter what your background.

Growing up in Mississippi, I was a first-hand observer of the power of that entrepreneurial spirit. My father, James Newman, left public service after almost a quarter of a century to pursue his dream of starting his own business. And pursue it, he did, risking limited family savings, stable employment, and my mom's sanity in the process. His risk and investment some 25 years ago continue to generate precious dividends in the tangible evidence of community jobs, interstate commerce, and income that even now, some 4 years after his death, provides a financial safety net that my family would not have otherwise had.

This story, my story, illustrates the power of small businesses all over this great country. Small businesses create more than two out of every three new jobs, and generate about 50 percent of our Nation's gross domestic product.

In this time of great change in our domestic and international economies, it is imperative for our government to assist American businesses to obtain access for their products and services in the international marketplace. This is not only the mandate of the U.S. and Foreign Commercial Service, but also the dedicated focus of its programs and employees.

The Commercial Services worldwide network achieves this goal every day by linking American suppliers with international buyers, advocating for their best interests with foreign governments, and ensuring a level playing field. The programs and expertise provided by the Commercial Service are critical to the success of American companies in competing and winning in global markets. I have observed the efforts of Commercial Service employees to assist American companies in often difficult circumstances, and have been impressed with their skills, dedication, and pride in public service.

If confirmed, I commit to a continuous assessment of, and investment in, both the development of innovative trade programs and the complex network that delivers them. My goal will be ensure that the Commercial Service not only continues to meet the high expectations that our clients have of us, but that we exceed those expectations.

If confirmed, I will look to maximize the synergies we have with state partners, as well as local partners, industry associations, and sister Federal partners to provide companies in all states with access to the tremendous opportunities available to them through exporting.

If confirmed, I welcome the challenge to lead the trade promotion arm of the Federal Government. My two decades of work experience have been driven exclusively by client, constituent, and consumer accountability. Those years of managing public relations campaigns, leading field-based organizations, developing and adhering to complex budgets, building coalitions, and motivating and mentoring staff have prepared me for the myriad of opportunities ahead.

If confirmed, I pledge to conduct myself with unwavering commitment, taking ownership of every action, standing up for the entrepreneurial ideas, like those of my father, and standing by the over 1600 dedicated public servants that have long made the Commercial Service an organization that leads, rather than follows.

If confirmed, I will pursue the stewardship of the service with energy, integrity, accountability, and a diligent awareness that we are here to serve our clients, American businesses.

Mr. Chairman, thank you for the opportunity to be here today. And I also want to take this opportunity to express my appreciation to family and friends. I'd be happy to answer any questions you might have, and welcome your comments.

Thank you.

[The prepared statement and biographical information of Ms. Keenum follow:]

PREPARED STATEMENT OF RHONDA N. KEENUM, SENIOR ADVISOR TO THE UNDER SECRETARY, INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman, Senator Hollings and Members of the Committee, it is indeed an honor and privilege to come before you as the nominee for the position of Assistant Secretary and Director General of the United States and Foreign Commercial Service.

I am humbled and honored that President Bush would nominate me for this role. And I am eager to take on the challenge.

I would first like to thank Senator Thad Cochran and Congressman Roger Wicker for their kind remarks. Both of these distinguished leaders mean a tremendous amount to me and my family professionally and personally.

I would also like to express my sincere thanks to Secretary of Commerce Donald Evans, former Deputy Secretary Samuel Bodman and Under Secretary Grant Aldonas for their support of my nomination.

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Growing up in Mississippi, I was a first hand observer of the power of that entrepreneurial spirit. My father—James Newman—left public service after almost a quarter of a century to pursue his dream of starting his own business, and pursue it he did—risking limited family savings, stable employment and morn's sanity in the process. His risk and investment some 25 years ago continue to generate precious dividends in the tangible evidence of community jobs, interstate commerce and income that even now some four years after his death—provides a financial safety net that my family would not have otherwise had.

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date of the U.S. and Foreign Commercial Service, but also the dedicated focus of its programs and employees.

The Commercial Service's worldwide network achieves this goal every day by linking American suppliers with international buyers; advocating for their best interests with foreign governments; and ensuring a level playing field. The programs and expertise provided by the Commercial Service are critical to the success of American companies in competing and winning in global markets. I have observed the efforts of Commercial Service employees to assist American companies in often difficult circumstances, and have been impressed with their skills, dedication, and pride in public service.

If confirmed, I commit to a continuous assessment of, and investment in, both the development of innovative trade programs and the complex network that delivers them. My goal will be to ensure that the Commercial Service not only continues to meet the high expectations that our clients have of us, but that we exceed those expectations.

If confirmed, I will look to maximize the synergies we have with state partners—as well as local partners, industry associations, and sister Federal partners—to provide companies in all states with access to the tremendous opportunities available to them through exporting.

If confirmed, I welcome the challenge to lead the Trade Promotion arm of the Federal government. My two decades of work experience have been driven exclusively by client, constituent and consumer accountability. Those years of managing public relations' campaigns, leading field-based organizations, developing and adhering to complex budgets, building coalitions, and motivating and mentoring staff have prepared me for the myriad of opportunities ahead.

Further, my experience in developing successful strategic marketing and outreach programs will heighten the awareness and value of Commercial Service programs to American companies.

If confirmed, I pledge to conduct myself with unwavering commitment-taking ownership of every action, standing up for the entrepreneurial ideas, like those of my father, and standing by the over 1,600 dedicated public servants that have long made the Commercial Service an organization that leads rather than follows.

If confirmed, I will pursue the stewardship of the Service with energy, integrity, accountability and a diligent awareness that we are here to serve our clients—American businesses.

Mr. Chairman, thank you for the opportunity to be here today. I also want to take this opportunity to express my appreciation to family and friends—I would not be here today if not for you.

I will be happy to answer any questions you might have and welcome your comments.

A, BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nicknames used.) Rhonda Newman Keenum (Rhonda Renee Newman).

2. Position to which nominated: Assistant Secretary and Director General of the United States & Foreign Commercial Service.

3. Date of nomination: December 9, 2003.

4. Address: (List current place of residence and office addresses.)

Residence: Information not released to the public.

Office: Department of Commerce, 1401 Constitution Avenue, NW, WDC 20230.

5. Date and place of birth: July 30, 1961; Waukegan, IL.

6. Marital status: (Include maiden name of wife or husband's name.) Mark Everett Keenum.

7. Names and ages of children: (Include stepchildren and children from previous marriages.)

Not Applicable.

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

08/1981 to 05/1983 Mississippi State University: Bachelor of Business Administration, May 1983.

08/1979 to 05/1981 Northeast Mississippi Community College: Associate Arts, May 1981.

9. Employment record: (List *all* jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

12/2003 to Present	Department of Commerce, International Trade Administration Senior Advisor to the Under Secretary
01/2000 to 12/2003	Edelman Public Relations, Senior Vice President 1875 Eye Street, NW, Suite 900, Washington, D.C. 20006
12/1997 to 01/2000	Ketchum Public Relations, Vice President 2000 L Street, NW, Suite 300, Washington, D.C. 20036
04/1997 to 12/1997	Taggart & Associates, Associate 1015 15th Street, NW, Washington, D.C. 20006
01/1996 to 12/1996	Dole for President, Director of Surrogate Program 840 First Street, SE, Washington, D.C.
01/1995 to 01/1996	U.S. Congressman Roger Wicker, Administrative Assistant & Press Secretary 206 Cannon House Office Building, Washington, D.C. 20515
01/1993 to 01/1995	Republican National Committee, Deputy Director Convention & Meetings 310 First Street, SE, Washington, D.C.
11/91 to 01/1993	Bush Quayle Presidential Campaign, Political Operations 15th Street, NE, Washington, D.C.
03/1990 to 11/1991	Republican National Committee, White House Liaison 310 First Street, SE, Washington, D.C.
10/1989 to 03/1990	General Services Administration, Schedule C Appointment 18th Street, NE, Washington, D.C.
04/1985 to 04/1989	Deposit Guaranty National Bank, Customer Service Representative Main Street, Starkville, MS 39759
09/1984 to 04/1985	Withit Retail Store, Sales Clerk Starkville, MS 39759
07/1983 to 09/1984	Heritage CableVision, Purchasing Clerk Booneville, MS 38829

10. Government experience: (List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.)

Not Applicable.

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.)

Officer—KS Associates, LLC (May, 9, 2003 to October 9, 2003)

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable and other organizations.)

- Mississippi Society
- Mississippi State Alumni Association
- Junior League of Washington

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

Not Applicable.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Not Applicable.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$500 or more for the past 10 years.

Haley Barbour for Governor \$1,000 (2003)
 George W. Bush \$1,000 (2000)
 Mississippi Republican Party \$1,200 (\$300/annual)
 Gary Jackson for State Senate \$300 (2003)
 Charles Walden for State Senate \$250 (2003)
 Bill Hawks for Lt. Governor \$1,500 (1999)
 Bob Dole for President \$500 (1996)

14. Honors and awards: (List *all* scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.)

Phi Theta Kappa.

15. Published writings: (List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.)

Not Applicable.

16. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of on topics relevant to the position for which you have been nominated.

Not Applicable.

17. Selection:

(a) Do you know why you were selected for the position to which you have been nominated by the President?

Yes. I believe that the President nominated me for this position because of my unique combination of management skills, specifically, my experience managing nation-wide field operations, my budgetary and fiscal planning acumen, my demonstrated leadership in building coalitions and my long-standing commitment and success in motivating, mentoring and developing employees.

(b) What in your background or employment experience do you believe affirmatively qualifies you for this particular appointment?

I believe that my 15-plus years of experience in managing national programs and field operations more than qualifies me for this position. I also have significant experience in developing and managing large and complex budgets; motivating and mentoring geographically dispersed employees; building strong partnerships with U.S. businesses, state and local governments and members of Congress; and setting clear priorities, goals and objectives.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations, or business organizations if you are confirmed by the Senate? Yes.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, please explain: No.

3. Do you have any plans, commitments, or agreements after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization? No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service? No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe *all* financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers.

Not Applicable.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

Not Applicable.

3. Describe any business relationship, dealing, or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

Not Applicable.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy.

Managed public affairs campaigns (earned media, coalition, grassroots activities) on behalf of client American Health Care Association—in 1999 and 2000. The objectives of the campaigns were to restore skilled nursing Medicare beneficiary funding that had been cut as result of Balanced Budget Act of 1998. In 1999, Congress passed the Balanced Budget Refinement Act (BBRA) that restored \$2.7 billion to Medicare beneficiaries in skilled nursing facilities. In 2000, Congress passed the

Beneficiary Improvement and Protection Act that restored \$1.9 billion to Medicare beneficiaries in skilled nursing facilities.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

Not Applicable.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position? Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, please explain: No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county, or municipal law, regulation, or ordinance, other than for a minor traffic offense? If so, please explain: No.

3. Have you or any business of which you are or were an officer ever been involved as a party in an administrative agency proceeding or civil litigation? If so, please explain: No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, please explain: No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be disclosed in connection with your nomination.

Not Applicable.

E. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency complies with deadlines for information set by congressional committees? Yes.

2. Will you ensure that your department/agency does whatever it can to protect congressional witnesses and whistle blowers from reprisal for their testimony and disclosures? Yes.

3. Will you cooperate in providing the committee with requested witnesses, including technical experts and career employees, with firsthand knowledge of matters of interest to the Committee? Yes.

4. Please explain how if confirmed, you will review regulations issued by your department/agency, and work closely with Congress, to ensure that such regulations comply with the spirit of the laws passed by Congress.

Prior to implementation, I will ensure that any policies or procedures developed for or by the U.S. Commercial Service are in line with the intent of Congress, as expressed through its mandates, laws, regulations and directives. All such policies and procedures will be reviewed by my senior staff and planning office for compliance with Congressional mandates to ensure that no conflicts exist. When there are questions, we will work closely with members Congress and staff to clarify any issues.

5. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so? Yes.

F. GENERAL QUALIFICATIONS AND VIEWS

1. How does your previous professional experiences and education qualify you for the position for which you have been nominated?

My 15-plus years of managing national programs and supervising field operations, developing and adhering to complex budgets, setting short and long term strategic operational objectives, building coalitions, and developing, motivating and mentoring staff have more than qualified me for this position. In addition, the contacts I have made in federal, state and local agencies will enable me to advance the goals of the U.S. Commercial Service by nurturing and leveraging partnerships. Further, my skills in developing successful, strategic marketing and outreach programs will heighten the awareness and value of U.S. Commercial Service programs to American companies.

2. Why do you wish to serve in the position for which you have been nominated?

This position will allow me to apply my extensive experience, skills and abilities to meet the significant challenge of increasing the number of small and medium-sized U.S. exporters. In doing so, my hope is that the U.S. Commercial Service will play a part in improving the prosperity of our country, including the addition of new

and higher paying jobs by small and medium-sized enterprises (the fastest growing segment of the U.S. economy), and by increasing local tax bases to help communities across the country.

3. What goals have you established for your first two years in this position, if confirmed?

I have four primary goals I want achieve in this position, if confirmed:

- Increase the number of new exporters and help current exporters increase the number of markets to which they export.
- Increase the number of exporters from traditionally under-served communities (minority-, rural- and women-owned businesses).
- Improve the quality of export assistance provided to American companies by the U.S. Commercial Service by enhancing the skills of our employees through professional development opportunities.
- Increase and deepen partnerships with other government agencies and the private sector.

4. What skills do you believe you may be lacking which may be necessary to successfully carry out this position? What steps can be taken to obtain those skills?

This position requires strong management, motivational, and strategic planning skills for a widely dispersed, worldwide network. These are skills that I have successfully cultivated throughout my career and I believe that they will serve me well in this position. If confirmed, I will continue to seek to opportunities to improve my skills in this capacity.

5. Please discuss your philosophical views on the role of government. Include a discussion of when you believe the government should involve itself in the private sector, when society's problems should be left to the private sector, and what standards should be used to determine when a government program is no longer necessary.

While I do not believe that it is the role of the Federal government to duplicate what can be done more efficiently in the private sector, I do believe that there is a necessary role for Federal agencies to play in providing export assistance to small and medium-sized enterprises (with targeted emphasis to minority and rural communities). The cost of getting reliable market information from the private sector would preclude most small and medium-sized companies from exporting. It is for this reason that Congress created the Commercial Service, to provide American companies with reliable market information and export assistance at a reasonable price. In this capacity, the Commercial Service helps to improve the prosperity of our country, add new and higher paying jobs and increase local tax bases to help communities across the country. I believe that these are appropriate objectives for Federal Government agencies and programs.

6. Describe the current mission, major programs, and major operational objectives *6£* the department/agency to which you have been nominated.

Mission: The mission of the U.S. Commercial Service is to place primary emphasis on the promotion of exports of goods and services from the United States, particularly by small and medium-sized businesses, and on the protection of United States business interests abroad.

Major Programs: The major programs of the Commercial Service include:

- Customer Service-improving service delivery, establishing quality standards and improving internal accountability for the U.S. Commercial Service's small-and medium-sized clients
- Communication and Outreach raising the profile of the wide array of Federal export assistance programs available to small and medium-sized American companies.
- Rural Export Initiative-providing rural companies with better access to export assistance through a comprehensive network of partnerships, new technologies and unique products.
- Global Diversity Initiative providing minority-owned and operated firms with access to export assistance through a comprehensive array of products, services and programs.
- Professional Development and Retention-implementing programs to attract talented professionals and, once on board, retain and motivate employees through professional growth and development opportunities.
- E-commerce -capitalizing on new technologies and developing new e-commerce products and services to provide American companies with more accessible, cost-effect export solutions and opportunities.

Operational Objectives: The Commercial Service remains committed to achieving greater operational cost savings and efficiencies through automation and streamlining, while maintaining its high level of client service and satisfaction.

7. What do you believe to be the top three challenges facing the department/agency and why?

- Technological advances that will require the development of new and more effective ways to reach clients.
- Globalization that will introduce a growing number of American companies to exporting.
- Maintaining a level playing field for U.S. exporters-reducing corruption and human rights abuses, improving rule of law and encouraging U.S. companies to be “good” neighbors through corporate stewardship programs

8. In reference to question number six, what factors in your opinion have kept the department/agency from achieving its missions over the past several years?

The U.S. Commercial Service has, and continues to achieve its mission of promoting exports, supporting U.S. international commercial interests in the U.S. and abroad, and assisting the U.S. business community to identify new markets and expand sales and market share around the globe.

The agency has been successful because it has been proactive in responding to changes in the world economy; adapted new technologies to improve both internal business processes and the range of products and services available to American companies; invested in its employees through professional development opportunities, and prioritized resources to get the most for its investments.

9. Who are the stakeholders in the work of this department/agency?

The Commercial Service’s primary stakeholders are its clients, namely, small-and medium-sized U.S. businesses with the initiative and resources to export. Other internal stakeholders include the International Trade Administration, the Department of Commerce, Congress and the Office of Management and Budget.

10. What is the proper relationship between the position to which you have been nominated, and the stakeholders identified in question number nine?

Clients: I would lead the U.S. Commercial Service’s worldwide network in providing small and medium-sized U.S. businesses with customized export solutions.

Internal Stakeholders: I would serve as their primary source of information on the U.S. Commercial Service for internal stakeholders. For all performance measures and results, I would assume and accept responsibility and accountability and provide regular access and updates.

11. The Chief Financial Officers Act requires all government departments and agencies to develop sound financial management practices.

(a) What do you believe are your responsibilities, if confirmed, to ensure that your department/agency has proper management and accounting controls?

If confirmed, my responsibilities would be to institute and oversee management practices which promote compliance with management and accounting controls, to set an example by adhering to both the letter and spirit of laws and regulations, and to advise and support the ITA CFO as the CFO manages the agency’s fiscal and accounting systems.

Management practices I would emphasize include: training to ensure staff are cognizant of applicable fiscal systems and compliance expectations; use of performance appraisals to hold staff accountable for compliance/non-compliance; internal systems development to ensure staff have the tools to comply and to document compliance; and implementation of systems and practices to detect non-compliance.

(b) What experience do you have in managing a large organization?

I have over 15 years of experience in managing large, primarily field-based promotions and programs. Much of this work required building national coalitions and supervising the efforts of a large field staff in implementing critical objectives. My collective experience includes developing and adhering to complex budgets, setting short and long-term strategic operational objectives, building coalitions, and developing, motivating and mentoring geographically dispersed staff.

12. The Government Performance and Results Act requires all government departments and agencies to identify measurable performance goals and to report to Congress on their success in achieving these goals.

(a) What benefits, if any, do you see in identifying performance goals and reporting on progress in achieving those goals?

I believe that identifying relevant performance goals benefits both taxpayers and the Congress by increasing an organization’s accountability. Putting strong measures in place and reporting on those measures to the Congress ensures that tax dol-

lars are being spent effectively and helps the agency stay focused on its core mission and assess organization and individual performance. Strong and transparent performance measures also promote a stronger trust in Government.

(b) What steps should Congress consider taking when a department/agency fails to achieve its performance goals? Should these steps include the elimination, privatization, downsizing, or consolidation of departments and/or programs?

Congress should insist on an explanation of why the results were not achieved, and, depending on the information provided, insist on corrective action, mid-course changes to strategy and/or revised goals. Agency elimination, downsizing, privatization, and consolidation are broad policy concerns about the appropriate role and relationships of the Federal Government and how to best serve the taxpayer. Failing to achieve performance goals is but one factor when considering these areas.

(c) What performance goals do you believe should be applicable to your personal performance, if confirmed?

If confirmed, my personal performance goals should be in line with, if not identical to, the goals of the agency. The goals presented to the taxpayer through the Trade Promotion Coordinating Committee and the National Export Strategy are applicable. In addition, as the senior executive for the U.S. Commercial Service, I will periodically announce management initiatives based on needs and evolving challenges, and these are the basis for personal performance goals.

13. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you?

As a manager, I believe in assembling and motivating a strong management team to help run the organization. In turn, the management team delegates responsibility to regional managers, commercial officers and trade specialists to deliver the highest quality service to our clients. Trust in the judgment of our field staff is essential to satisfy client needs in an organization that has more than 250 offices worldwide. My management style is highly collaborative and seems to work well in a diverse organization that has unionized foreign service officers and foreign service nationals representing more than 84 different nationalities. No employee complaints have been brought against me.

14. Describe your working relationship, if any, with the Congress. Does your professional-experience include working with committees of Congress? If yes, please explain.

I was the Administrative Assistant and Press Secretary for Congressman Roger Wicker (R-MS) during his time as the President of the Freshmen Class in 1995 an opportunity that allowed maximum interaction with the 73 Freshmen members and staffs-many of whom remain in the House (and in the Senate). In addition to my Hill experience, I interacted often with many members (and staffs) in my political and private sector positions.

15. Please explain what you believe to be the proper relationship between yourself, if confirmed, and the Inspector General of your department/agency.

My relationship with the Inspector General will be open and collegial. It will include a continuing dialogue to ensure issues identified by the IG are resolved appropriately and to use the IG as an asset to improve the organization. The U.S. Commercial Service will follow-up promptly and aggressively on recommendations provided in Inspector General reports, and will make referrals to the Inspector General in cases of possible wrong-doing. In addition, the Commercial Service will seek a dialogue with the Inspector General on relevant issues, ensure IG staff have ready access to staff and records, and invite IG staff to participate as observers or speakers at management conferences.

16. In the areas under the department/agency's jurisdiction to which you have been nominated, what legislative action(s) should Congress consider as priorities? Please state your personal views.

Personally, I believe that there are three primary areas under the Department's jurisdiction that Congress should consider as priorities:

- Improving the quality and accessibility of export assistance programs to small and medium-sized American businesses.
- Ensuring compliance with international trade agreements including technology, biotechnology, and intellectual property, to provide American companies with full and fair access to global markets.
- Making U.S. companies as competitive as those of a number of our trading partners by providing more effective assistance and advocacy for a level playing field.

17. Within your area of control, will you pledge to develop and implement a system that allocates discretionary spending in an open manner through a set of fair and objective established criteria? If yes, please explain what steps you intend to take and a time frame for their implementation. If not, please explain why.

If confirmed, I will pledge to develop and implement a system that allocates discretionary spending based on national priorities determined in an open fashion on a set of established criteria.

In allocating resources, I will examine the U.S. Commercial Service's programs, initiatives, priorities and staffing patterns to ensure that funding levels support the agency's mission. My actions will be in accordance with budget timetables established by the Department and will be fully transparent and well documented.

The CHAIRMAN. Thank you very much.
Dr. Combs?

**STATEMENT OF LINDA MORRISON COMBS, NOMINEE FOR THE
POSITION OF ASSISTANT SECRETARY FOR BUDGET,
PROGRAMS, AND CHIEF FINANCIAL OFFICER,
U.S. DEPARTMENT OF TRANSPORTATION**

Dr. COMBS. Thank you, Mr. Chairman.

It's, indeed, an honor to appear before your Committee today as you consider my nomination. I'm, too, very, very pleased to be nominated by the President and have the confidence of Secretary Mineta. And in the interest of your time today, I'd be pleased to submit my statement for the record.

The CHAIRMAN. Without objection.

Dr. COMBS. Thank you.

[The prepared statement and biographical information of Dr. Combs follow:]

**PREPARED STATEMENT OF LINDA MORRISON COMBS, NOMINEE FOR THE POSITION OF
ASSISTANT SECRETARY FOR BUDGET, PROGRAMS, AND CHIEF FINANCIAL OFFICER,
U.S. DEPARTMENT OF TRANSPORTATION**

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you today as you consider my nomination to be Assistant Secretary for Budget, Programs and Chief Financial Officer of the Department of Transportation. It is an honor to be here and a privilege to have been nominated by President Bush for this important post. I'd like to thank Secretary Mineta for his confidence in my ability, and if confirmed, I look forward to working with all of you and your staffs in addressing the transportation issues that affect all Americans.

The position of Assistant Secretary for Budget, Programs and Chief Financial Officer of any organization or Department carries a tremendous responsibility. It's a pivotal place in the Department where budget, accountability, and sound fiscal management all come together. It will be my goal, if confirmed, to build upon the progress that has already been made and continue to improve the management, performance, and results for the Department.

Having gained invaluable experience in the management area while serving as the Deputy Under Secretary for Management at the Department of Education, Acting Associate Deputy Administrator for Management at the Department of Veterans Affairs, Assistant Secretary for Management and the first Chief Financial Officer at the Department of the Treasury, and most recently as the Chief Financial Officer at the Environmental Protection Agency, I welcome the opportunity, if confirmed, to face the challenges that lie before me at the Department of Transportation.

In each of my public offices I have been guided by one over-riding principle: public service is a public trust. I am committed to upholding the highest standards of honesty, fairness, and integrity. The people of this great country deserve no less from those of us who serve in such honored positions.

I approach the challenges that lie before me with enthusiasm and eagerness to provide expert leadership for the Department of Transportation. Should you honor me with confirmation, I look forward to maintaining open lines of communication and a close working relationship with you. The Department of Transportation is very fortunate to have an outstanding, highly experienced budget and financial

staff. If confirmed, I look forward to working with these fine professionals and learning from them. I am eager to begin our work together.

I again thank you for the opportunity to appear before you, and I look forward to answering any questions you may have.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nick names used.) Linda Morrison Combs, Linda Combs, Linda M. Combs, Linda Morrison, Linda Gail Morrison.

2. Position to which nominated: Assistant Secretary of Transportation for Budget and Programs and Chief Financial Officer.

3. Date of nomination: November 25, 2003.

4. Address: (List current place of residence and office addresses.)

Residence: Information not released to the public.

Office: Department of Transportation, 400 7th Street, SW, Room 10101, Washington, D.C. 20590.

5. Date and place of birth: 06/29/46; Lenoir, NC.

6. Marital status: (Include maiden name of wife or husband's name.)

David Michael Combs.

7. Names and ages of children: (Include stepchildren and children from previous marriages.)

None.

8. Education: (List secondary and higher education institutions, dates attended, degree received and date degree granted.)

1960-1964	Hudson High School		Dip	1964
1964-1966	Gardner-Webb University	Boone, NC	AA	1966
1966-1968	Appalachian State Univ.	Boiling Springs, NC	BS	1966
1973-1978	Appalachian State Univ.	Boiling Spring, NC	MA	1978
1982-1985	VP and State University	Blacksburg, VA	Ed.D.	1985
1984-1984	Harvard University	Cambridge, MA	Cert.	1984
1975	American Mgmt. Assn.		Cert.	1975
1979	American Institute of Banking		Cert.	1979

9. Employment record: (List *all* jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

11/03-pres.	Advisor to the Secretary, DOT, Washington, D.C.
11/01-11/03	Chief Financial Officer, USEPA, Washington, D.C.
1991-2001	Combs Publishing & Consulting, self-sole proprietor, W-S, NC
07/89-05/91	Assistant Secretary of Treasury for Management & CFO, Wash, D.C.
08/88-07/89	Acting Assoc. Administrator for Management, DVA, Wash, D.C.
10/87-08/88	Deputy Associate Administrator for Management, DVA, Wash, D.C.
05/87-10/87	Combs Consulting Group, self employed, W-S, NC
10/86-10/87	Int'l Education Systems of N.C., W-S, NC
05/86-04/87	Public Education Advisor to the Governor of NC, Raleigh, NC
09/84-05/86	Deputy Undersecretary for Management, Dept of Ed., Wash, D.C.
02/83-09/84	Executive Secretary, Dept of Ed., Wash, D.C.
05/82-02/83	Deputy Executive Secretary, Dept. of Ed., Wash, D.C.
03/80-04/82	Mgr. National Direct Student Loan Operations, Wachovia Serv., NC
09/79-02/80	Section Manager, Wachovia Services, Winston-Salem, NC
12/80-05/82	Elected Member, Board of Education, Forsyth Co., NC
08/77-08/79	Assistant Principal, Speas School, Forsyth Co., Winston-Salem, NC
09/73-06/77	Reading Coordinator, Ardmore School, Forsyth Co. Winston-Salem, NC
06/73-08/73	Director, Title I Summer Program, Forsyth Co. Winston-Salem, NC
09/71-06/73	Reading Teacher, Clemmons School, Forsyth Co. Winston-Salem, NC
01/70-06/71	6th Grade Teacher, Brown School, Forsyth Co., Winston-Salem, NC
09/68-01/70	6th Grade Teacher, Kernersville School, Forsyth Co. W-Salem, NC
06/69-08/60	Correspondence Clerk, Bowman Gray Sch. of Medicine, W-Salem, NC

10. Government experience: (List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.)

Included above in #9.

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.)

1991-2001	Self Employed (Consultant/Writer/Speaker) Proprietor
1991-2001	Co-Proprietor with David Combs of Combs Music

1999–2001 Gardner-Webb University. Unpaid member, Board of Trustees
 1992–2001 Appalachian State Univ. Unpaid member, Board of Directors
 1984–2001 Wake Forest Univ. Babcock Sch. of Mgmt. Unpaid mem., Bd of Visitors
 1995–1997 Piedmont Triad Alzheimer's Association, Unpaid member Bd. of Dir.
 2000–2001 Kaesona, Inc. Unpaid member, Board of Directors
 2000–2001 Kybele, Inc. Unpaid member, Board of Directors
 501(c)(3) corporation, incorporated in the State of Kansas
 1996–2000 NC Jewish Home, Clemmons, NC (unpaid member while parents were residents—home now closed)

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable and other organizations.)

1992–2001 Rotary International Club. Chaired the Devotional Committee
 1999–2001 Piedmont Women Executives
 1996–2000 National Speakers Association

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

1980 Elected to Board of Education for Forsyth County School System in Winston-Salem, NC
 1980/81 Vice President of Forsyth Young Republicans Club

(b) List all memberships and offices held in and services rendered to all political parties or Election committees during the last 10 years.

1972 & 1978 Actively worked in Jesse Helms for Senate Campaign as Precinct Organizer. Also served in subsequent campaigns in various capacities
 1974–1980 Co-chair of South Fork Republican Precinct
 1976–1980 Member of Forsyth Co. Republican Party Executive Committee
 1976 & 1980 Actively worked in the Reagan for President Campaign
 1980 Elected to Board of Education for Forsyth County School System in Winston-Salem, NC
 1980–1981 Vice President of Forsyth Young Republicans Club
 1982–1991 Active member of the North Carolina Republic Club of Washington
 1987 George H. W. Bush Presidential Campaign
 2000 George W. Bush Presidential Campaign
 1999 Elizabeth Dole for President—National Finance Committee
 1999–2000 George W. Bush for President Campaign (Educators for Bush)
 1970–Pres. Forsyth County Republican Women's Club
 1995–1996 Forsyth County Republican Party Finance Committee

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$500 or more for the past 10 years.

George W. Bush—2004 Presidential Campaign	\$2,000
George W. Bush—2000 Presidential Campaign	\$1,000
George H. W. Bush—1992 Presidential Campaign	\$1,000
Elizabeth Dole—2000 Presidential Campaign	\$1,000

14. Honors and awards: (List *all* scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognition for outstanding service or achievements.)

1963 Rural Electrification Assn. Scholarship for writing a prize winning essay
 1964 Graduated with honors from high school
 1974 Winston-Salem/Forsyth Co. School System Scholarship
 1977 Nominated "Teacher of the Year" by Speas School
 1978 Nominated "Teacher of the Year" by Speas School
 1997 Delta Kappa Gamma Honor Society
 1979 Phi Delta Kappa Honorary Society
 1983 Combined Federal Campaign Award
 1983 Combined Federal Campaign Outstanding Service Award
 1984 Phi Delta Kappa Service to Education Award
 1984 Secretary of Education's Special Citation
 1985 Honorary Doctorate, Gardner Webb College
 1986 Distinguished Alumnus of the Year, Appalachian State Univ.
 1987 Alumnus of the Year, Gardner Webb College
 1986 Certificate of Appreciation, U.S. Secretary of Education
 1988 President's Council on Management Improvement Award
 1988 Executive Performance Award, Veterans Administration
 1988 President's Council on Management Improvement Outstanding Leadership
 1988 Outstanding Volunteer Award
 1989 Veterans Administration Appreciation Award
 1989 Pride in Public Service Achievement
 1996 Alzheimer's Association Award from Nancy Reagan

- 1996 Piedmont Triad Alzheimer's Association Volunteer of the Year
 1997 Special Service Award, Appalachian State University
 2002 Received the President's Quality Award Program Finalist Award given in the area of budget and performance integration. (One of only seven awards presented government-wide.)
 2003 Received White House recognition for Leadership and accomplishments in improving financial performance. (One of three recognitions given government-wide.)

15. Published writings: (List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.)

- Author.*
 Jan. 2001 "Work Together to Ensure that No Child is Left Behind," Article in *Winston-Salem Journal* Guest Column
 Dec. 1994 "Reflections on Dealing with Alzheimers," article by Linda Morrison Combs
 Dec. 1994 "A Long Goodbye and Beyond. Coping with Alzheimers," book by Linda M. Combs
 Dec. 1996 "Fact and Commentary," article on Alzheimer's Disease *Primary Psychiatry Journal*
 Mar. 1984 "An Analysis of Productivity Improvements and Trends in the Executive Secretariat," paper, U.S. Department of Education
 Mar. 1985 "Sharing Educational Responsibility," article in *Winston-Salem Sentinel*
 1985 "Developmental Education: The Federal Viewpoint." *Journal of Developmental Education*, Volume 9, Issue 1
 Nov. 1985 "Education in the Year 2035—A Delphi Study to Identify Possible Futures of the Public Secondary School" (Dissertation submitted to fulfill requirements for Ed.D. at Virginia Polytechnic and State University)
Co-author.
 Mar. 1985 "An Inventory of Shared Administration Support," New Perspectives on Federal Management for the President's Council on Mgmt. Improvement (PCMI) Interagency Task Force Report
 Apr. 1985 "Case Studies of shared Administrative Support," New Perspectives on Federal Management for the PCMI Interagency Task Force Report
 Aug. 1985 "Measuring Administrative Services: Assessing and Improving Productivity," A PCMI Interagency Task Force Report
 Oct. 1985 "Streamlining Internal Control Processes and Strengthening Management Controls with Less Effort," A PCMI Interagency Study Report
 1985 "Improving Federal Productivity: An Inventory of Agency Examples," A PCMI Task Force Report

16. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of on topics relevant to the position for which you have been nominated.

- 04/1999 "The Perfect Politician," speech for Forsyth County Republican Club Monday luncheon, Winston-Salem, NC
 08/1999 "Facing a long Goodbye—Caring for Your Parents," for the National Speaker's Association Meeting in San Antonio, TX
 11/1999 Caregiver Renewal Day, speech Dallas TX
 11/1999 "Coping with Alzheimer's Disease," on-line chat event guest for Web Med, Inc.
 05/2002 Remarks during EPA Senior Executive Service Meeting, Washington, DC
 05/2002 "Emerging Issues in Environmental Protection" before the EPA Annual Planning and Budget Meeting, Washington, DC
 06/2002 "Getting Beyond Green: President's Management Agenda," for 7th Annual Treasury CFO Council Retreat, Washington, DC
 06/2002 "Careers in Federal Government," during Caldwell Co. June Scholars Ceremony, Lenoir, NC
 08/2002 "President's Management Agenda," during EPA Regional Administrators Meeting on Improved Results, Washington, DC
 08/2002 "Rising to Excellence through Citizen-Centered Government," during EPA's 4th National Customer Service Meeting, Washington, DC
 08/2002 "Using Business Tools to Improve Results," during Business Intelligence Team Kickoff Meeting, Washington, DC
 10/2002 "Getting Beyond Green-Financial Management' before the Administrator's Senior Staff Meeting in San Francisco, CA
 11/2002 Remarks before the ARA Meeting, Washington, DC
 01/2003 "Citizen-Centered Government," during Cleveland County Manufacturer's Council Meeting, Washington, DC
 02/2003 "Office of Chief Financial Officer's Priorities for 2003," before the Second Annual Customer Service Expo, Washington, DC
 03/2003 "Integrating Budget and Performance at EPA," during JFMIP 32nd Annual Conference as panel session speaker, Washington, DC
 03/2003 Remarks before the Environmental Financial Advisory Board Annual Meeting in Washington, DC
 04/2003 "President's Management Agenda," at the EPA Assistant Regional Admin. Annual Conference, opening remarks, Washington, DC
 05/2003 "EPA Strategic Plan," before State Commissioners and EPA Managers Workshop, welcoming remarks, Washington, DC
 05/2003 "Government Agencies Are Facing Accelerating Rates of Change," at AFFIRM Post/Newsweek Panel Meeting
 05/2003 "Integrating Budget and Performance at EPA," at logistics Management Institute Meeting, Tyson's Corner, VA
 06/2003 "Strategic Business Partners: How Can we Be Good Partners," before Association of Government Accountants (AGA) Conference, Chicago, Ill.

- 06/2003 "Partnering for Results" before the AGA Professional Development Development Conference in Chicago, IL
- 10/2003 "Update on Implementation of the President's Management Agenda" before the Environment Performance Summit Meeting in Wash., DC

17. Selection:

(a) Do you know why you were chosen for this nomination by the President?

I believe that I was chosen for this nomination by the President because of my skills in managing other similar positions.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have worked in four different Federal agencies with oversight authority for financial management and budget. These positions include Deputy Undersecretary for Management at the Department of Education; Assistant Secretary for Management and Chief Financial Officer at the Department of Treasury; Acting Associate Administrator for Management at the Department of Veterans Affairs; and most recently as Chief Financial Officer at the U.S. Environmental Protection Agency. During my tenure at EPA, it became the third agency to "get to green" for status in financial management, receiving a clean audit opinion with no material weaknesses, an initiative on the President's Management Agenda.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

I do not currently have any employment outside the Federal Government.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain: No.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization? No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service? No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe *all* financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers. None.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

See attached OGC letter following this page. [Not printed here.]

3. Describe any business relationship, dealing, or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated? None.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy. None.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

I shall consult with DOT's designated Ethics Official and either recuse myself, obtain a waiver, or take such other action as may be appropriate.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position? Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details: No.

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county, or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details: No.

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in an administrative agency proceeding or civil litigation? If so, provide details?

In 1976 in the zoning appeal case of *City of Winston-Salem and the Board of Alderman and Mayor V. the N.W. Stratford Neighborhood Planning Council and David M. Combs and wife, Linda*, I was named as a party because my husband, then President of the N.W. Stratford Neighborhood Planning Council, was named as the party in interest, hence I was named due to NC marital estate law. The property was rezoned from a level one tract single residential zone to a level five tract highway business zone. The Planning Council filed a petition to challenge the vote citing that the Roberts Rules of Order were not being properly followed. In April 1976, the Council lost on a motion for summary judgment, and an appeal was not pursued.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination. None.

E. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency complies with deadlines set by Congressional committees for information? Yes.

2. Will you ensure that your department/agency does whatever it can to protect Congressional witnesses and whistle blowers from reprisal for their testimony and disclosures? Yes.

3. Will you cooperate in providing the committee with requested witnesses, to include technical experts and career employees with firsthand knowledge of matters of interest to the committee? Yes.

4. Please explain how you will review regulations issued by your department/agency, and work closely with Congress, to ensure that such regulations comply with the spirit of the laws passed by Congress.

If confirmed, I will have the responsibility to review the budgetary impact of all significant DOT regulations. As the Assistant Secretary for Budget and Programs/CFO it would be my responsibility to verify the financial ramifications of regulations for both the Department and private industry. I intend to work diligently with regulators as well as Departmental officials to comply with all aspects of the laws passed by Congress, and I will take responsibility to ensure that a thorough review process is followed within DOT's Office of the Chief Financial Officer.

5. Describe your department/agency's current mission, major programs, and major operational objectives.

The mission of the Department of Transportation is to provide a safe and efficient transportation system. If confirmed, I would be committed to ensure that this mission is carried out in an efficient manner with the use of all appropriate tools such as departmental regulations, safety inspections and services, investments in infrastructure and the development of new technologies and public education awareness.

The Government Performance and Results Act (GPRA) commits the Department to managing for results, and this has been reflected in the strategic goals and performance plan. DOT already has been successful in reaching over 70 percent of its goals set forth in its strategic plan and I am committed to continue to strive to improve safety, mobility, economic growth, human and natural environment, and national security.

6. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

I will.

F. GENERAL QUALIFICATIONS AND VIEWS

1. How have your previous professional experience and education qualified you for the position for which you have been nominated?

I feel that I am qualified to serve in the position of Assistant Secretary for Budget and Programs/Chief Financial Officer at DOT because of my training, experience, and commitment. During my career I have held numerous management positions with increasing levels of responsibility. I have had the opportunity to serve in equiv-

alent positions at the Departments of Education, Veterans Affairs, Treasury, and most recently at EPA.

The Chief Financial Officer position presents a tremendous opportunity to develop a careful balance between providing service and exercising control and discipline within the Agency. As the Assistant Secretary for Budget and Programs/CFO at DOT, I would have the responsibility of overseeing financial management, budgeting, performance measurement, analysis and accountability functions, all of which I have done in previous positions.

I have a very strong commitment to public service. I believe that public servants have an obligation to set a good example and should uphold the highest ethical standards. I am always mindful of that public trust and will always strive to honor the public trust.

2. Why do you wish to serve in the position for which you have been nominated? If confirmed, I hope to inspire the employees at DOT to strive to reach the Department's goals and objectives of providing the safest, most efficient transportation system. This would be aided by improving the financial management initiatives and ultimately bringing that Department from "red" to "green" on the initiatives set forth as priorities by the President's Management Agenda.

3. What goals have you established for your first two years in this position, if confirmed?

My personal goal would be to elevate DOT into the limelight as one of the best run financial management organizations in the Federal Government thereby helping DOT in achieving its goal of providing a safer, simpler and smarter transportation system for the benefit of all Americans. I hope to obtain this goal through providing guidance for appropriate funding recommendations. I believe my past experience in motivating employees to ensure the best teamwork will ultimately provide the development of transportation policies and programs that will contribute to providing fast, safe, efficient, and convenient transportation at the lowest cost.

If confirmed, some of the things I want to accomplish in my role as Assistant Secretary for Budget and Programs/CFO would be to improve upon the financial management efforts of the Department to ensure that DOT receives and maintains a clean audit, to modernize and improve DOT's financial systems for program management in a more efficient manner to benefit taxpayers and to provide DOT managers with real-time financial information that would be readily available to them from their desktops.

4. What skills do you believe you may be lacking which may be necessary to successfully carry out this position? What steps can be taken to obtain those skills?

I do not have extensive knowledge about transportation programs and activities, but I have worked in oversight positions in financial management in three Administrations at four Federal agencies (Education, Veterans Affairs, Treasury and EPA) and believe my knowledge of budgetary matters will allow me to have great insight into any relevant programs that need a good solid financial structure on which to accomplish its goals.

I have witnessed some very outstanding skills from DOT employees, and I would want to learn from them in order to get the job done. I hope to be able to combine our knowledge and skills to obtain the goals set before us, and together I know we will succeed. A good working relationship with Departmental and Congressional officials is also a big step towards broadening my knowledge of relevant transportation programs.

5. Who are the stakeholders in the work of this agency?

The stakeholders of DOT are our fellow American citizens. Most Americans obtain a direct benefit from the Department in their daily lives-traveling to and from work each day, going on vacation, or dining out, made possible by delivery of foods via one or more modes of transportation. Other important stakeholders include Congress, state and local elected and appointed officials, and fellow Americans who are employed by the transportation industry sector.

6. What is the proper relationship between your position, if confirmed, and the stakeholders identified in question number ten.

If confirmed, I would certainly be accessible and responsive to the stakeholders I have mentioned above, and provide clear and ethical standards relating to budgetary and financial decisions. I would not allow special interests to dictate the policy and operations of the Department.

7. The Chief Financial Officers Act requires all government departments and agencies to develop sound financial management practices similar to those practiced in the private sector.

(a) What do you believe are your responsibilities, if confirmed, to ensure that your agency has proper management and accounting controls?

If confirmed as Assistant Secretary for Budget and Programs/Chief Financial Officer, I plan to ensure that DOT has state-of-the-art management and accounting control systems in place. I believe this is critical to obtain clean audit opinions and clear up material internal control weaknesses. To do this, we must have at our fingertips the most reliable, accessible and accurate financial information. I hope to be instrumental in making the Department's accounting system more practical and user friendly. This, combined with a productive workforce will enable us to integrate the five mutually reinforcing goals into DOT's culture as we strive for continuous management improvement as set forth by President Bush's Management Agenda. Those goals are: (1) Strategic Management of Human Capital; (2) Budget and Performance Integration; (3) Competitive Sourcing; (4) Expanded E-Government; and (5) Improved Financial Management.

To this end, I would be a shepherd for the department's major priorities which are:

Safety. DOT's number one goal is to have a safe and efficient transportation system. In order for this priority to be realized, DOT components need to focus on improving safety, inspecting operations, issuing regulations, supporting research projects, supporting public education and maintaining all of the above functions without needing to worry about the soundness of their financial systems. I hope to enable all these functions to run smoothly.

Mobility. One of the biggest problems facing our economy today is congestion. Traffic congestion and bottlenecks damage air quality, slow commerce, increase energy consumption and threaten our quality of life causing Americans to waste significant time and money. We all know that public transportation is one way to alleviate some of these problems. Better and more effective solutions are needed to address our growing mobility needs. I will work towards developing a reliable and financially viable system through more innovative finance programs.

Global Connectivity. Recognizing that global connectivity is a vision of the future, we must open up our trade and economic growth exchange to expanded democracies around the world. Transportation is critical to opening up these worldwide exchanges. I hope to be instrumental in finding ways to increase these exchanges with better policies and programs installed into our performance plans.

Environmental Stewardship. Energy consumption is an emerging concern for the transportation sector. Environmental streamlining and stewardship offer a new way of doing business that brings together the timely delivery of transportation projects and still protects the environment. We must remain consistent with the requirements of environmental law and our responsibilities to be good stewards of the environment. I intend to offer my assistance to Secretary Mineta in his role of chairman of the task force that has the goal to expedite priority projects to lessen transportation effects on the environment.

Security. President Bush has asked DOT to work together with the Department of Homeland Security (DHS) on designing a world-class transportation security system. The aim is to maximize the opportunities presented by our regulatory enforcement activities when they expose security risks in the transport of goods or people.

(b) What experience do you have in managing a large organization?

I have managed large organizational structures at the Department of Education, at the Department of Treasury and at EPA. There were approximately 350 employees under my responsibility at EPA and over 1500 at Treasury. We managed to become one of the leading achievers in the Federal financial management field. I believe one of my strengths in managing is encouraging employees to do their very best always, and when employees are given the respect and encouragement to do their best, you usually attain the best results. A good supporting cast makes a great difference in achieving goals that you have set for your organization.

8. The Government Performance and Results Act requires all government departments and agencies to identify measurable performance goals and to report to Congress on their success in achieving these goals.

(a) Please discuss what you believe to be the benefits of identifying performance goals reporting on your progress in achieving those goals.

I strongly believe in the spirit and intent of GPRA. I also believe that the law was identified to keep agencies in check. Without GPRA, an agency would have no way to measure its success. With reasonable goals laid out in the strategic plan, the agency benefits greatly in its work products because employees are going to strive to achieve those goals. By reporting on the status of those goals, you know where you are and where you need to be and also if there is a need for any changes.

(b) What steps should Congress consider taking when an agency fails to achieve its performance goals? Should these steps include the elimination, privatization, downsizing or consolidation of departments and/or programs?

As usual, any actions that react to failure usually sound more drastic than they need to be. But if any of the suggested actions above will enhance the programs and make it possible to meet the performance goals, such options should be considered. However, I believe organizational factions should work together to set goals that are both reasonable and challenging, and also agree with mission of the agency and the Administration. Goals should never be too reachable or too unattainable.

(c) What performance goals do you believe should be applicable to your personal performance, if confirmed?

If confirmed, I would personally accept responsibility for administering the GPRA performance plan, thusly holding myself accountable to all of the Department's top goals. I would maintain close coordination with the Secretary and Deputy Secretary in the conformance of annual performance goals for my office. These goals would include being responsive to Congress and other stakeholders and at the same time maintaining proper implementation of the duties of the Assistant Secretary for Budget and Programs/CFO, specifically in achieving and maintaining a clean audit.

9. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you?

My first and foremost philosophy on supervisor/employee relationship centers on mutual respect for one another. I like to practice innovative management techniques and institute management improvements and initiatives that result in actual and noticeable improvements. I believe that employees represent the greatest resource for any organization, and it is my opinion that in order for employees to achieve their highest potential and to take pride in their work, you must motivate them to want to do so. All organizational accomplishments are done by and through people, and as such, employees deserve professional treatment and respect. I believe in rewarding positive performance and encouraging innovation and creativity. I place a premium on ideas and suggestions from employees on ways to improve the efficiency and performance of an organization. I believe in listening to both the customer and to the people who serve the customer.

I do not know of any employee complaints brought against me.

10. Describe your working relationship, if any, with the Congress. Does your professional experience include working with committees of Congress? If yes, please describe.

I have worked with Congress in previous positions within the Federal Government. In my roles as the chief financial officials in four previous departments and/or agencies, it has been my honor to appear before several different oversight congressional committees to provide testimony and reports, both in oral and written communication. I know there is a genuine need for their oversight roles and I respect the process. I always try to be responsive to Congressional staff and members. If confirmed, I would strive to obtain and maintain positive working relationships.

11. Please explain what you believe to be the proper relationship between yourself, if confirmed, and the Inspector General of your department/agency.

I have always had a close working relationship with the Inspector Generals in the Departments in which I have served. If confirmed, I would want to maintain a close working relationship with the IG at DOT. One of the many goals of the IG is to ensure that the Department operates in a manner that is free of waste, fraud and abuse. This is certainly a goal of mine as well. I have spoken with DOT's IG and if confirmed, I would welcome his offer to continue an open, candid relationship with me.

12. Please explain how you will work with this Committee and other stakeholders to ensure that regulations issued by your department/agency comply with the spirit of the laws passed by Congress.

I would feel privileged to work closely with this Committee and DOT officials to address any concerns about proposed regulations. As Assistant Secretary for Budget and Programs/CFO, I would accept the responsibility to review all regulations for budgetary impact on the Department as well as in the private sector. I would assure that Congress was notified of any obligations or resources needed by the department.

When the Department of Transportation has legal authority or direction to impose regulations, I believe it would be important to assure that existing laws and regulations reflect Congressional intent. I believe it is important to work with DOT officials to address Congressional concerns with any proposed regulations. I feel strong-

ly that briefings with Congressional staff are important, and would strive to work with Congress and staff to communicate pending departmental actions.

13. In the areas under the department/agency's jurisdiction, what legislative action(s) should Congress consider as priorities? Please state your personal views.

The most recent six-year surface transportation authorization act, the Transportation Equity Act for the 21st Century (TEA-21), expired on October 1, 2003. A short-term extension of TEA-21, the Surface Transportation Extension Act of 2003, expires on February 29 of this year.

Surface transportation reauthorization is a key priority of the Administration and DOT. A major component of the Department's 2004 budget request includes the financial foundation for the proposed new multi-year surface transportation legislation and the recently enacted aviation reauthorization, Vision 100—Century of Flight Reauthorization Act. I look forward to working closely with Congress on swift enactment of the surface transportation reauthorization bill that will continue to keep our surface programs strong and responsive to the Nation's transportation needs while continuing to focus on highway safety.

One of my personal aspirations would be for Congress to look at ways to make Amtrak solvent so that it can serve its customers in a more efficient manner.

14. Within your area of control, will you pledge to develop and implement a system that allocates discretionary spending based on national priorities determined in an open fashion on a set of established criteria? If not, please state why. If yes, please state what steps you intend to take and a time frame for their implementation.

I am a firm believer that discretionary spending based on national priorities is a worthwhile objective to pursue. The criteria, however, would need to be based on existing laws and standards set by Congress. I would follow the direction of Congress, and laws that are passed by Congress.

The CHAIRMAN. Thank you.
Mr. Buttrey?

STATEMENT OF W. DOUGLAS BUTTREY, MEMPHIS, TENNESSEE

Mr. BUTTREY. Mr. Chairman, thank you very much for the opportunity to be here today before you, and to have an opportunity to thank the President and Senator Frist and Senator Alexander for having faith in me and helping with this nomination. I also wish to thank Congressman Ford for his very kind introduction today.

I'd like to thank certain members of the staff at the Surface Transportation Board for assisting me over the last few weeks. Dan King and Mary Turek are here today and I'd like to thank both of them very much for being here and helping me prepared for this hearing.

If confirmed, I look forward to working with the Committee, with other Members of the Congress and the staff, to take a good, hard look at the issues facing the freight rail industry. I'll have a very steep learning curve, having spent my entire career in the air transportation industry.

So, I look forward to working with my colleagues at the board, the staff at the board, and the Congress as we pursue the issues that come before the Board.

Thank you very much.

[The prepared statement and biographical information of Mr. Buttrey follow:]

PREPARED STATEMENT OF W. DOUGLAS BUTTREY, NOMINEE TO BE A MEMBER OF THE
SURFACE TRANSPORTATION BOARD

Thank you, Mr. Chairman: I want to express my appreciation to you and the Committee for holding this hearing today and to Senator Frist and Senator Alexander for their support of my nomination.

I understand that they are not able to be here today due to other pressing Senate business and have submitted statements for the record.

I also want to thank President Bush for sending up my nomination to the Senate. This is a great honor which I take very seriously. I also want to thank my Congressman, Harold Ford, Jr., for taking time from his busy schedule to come to the hearing today on short notice to introduce me and make a statement in support of my nomination.

If I may, Mr. Chairman, I would also like to thank three members of the staff of the STB who have been very helpful to me during my preparation for this transition. They are Dan King, Mary Turek and Anne Quinlan. In the interest of time, I will be very brief.

I look forward to working with the Committee and the staff of the Board to address the pressing issues in the freight rail industry. Having spent my entire career in the aviation industry, I have a very sharp learning curve ahead of me and I look forward to meeting that challenge. I plan to do a lot of listening to the varied interests which fall within the jurisdiction of the STB.

I have been engaged in my own personal due diligence to help me prepare for my new responsibilities by touring an intermodal facility, A large classification yard and by meeting with some significant rail customers in Memphis.

Thank you again Mr. Chairman and I will attempt to answer any questions that you may have.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nicknames used.)
William Douglas Buttrey.
2. Position to which nominated: Member, Surface Transportation Board.
3. Date of nomination: (TBD)
4. Address: (List current place of residence and office addresses.)
Residence: Information not released to the public.
5. Date and place of birth: May 11, 1945; Weeksville, North Carolina.
6. Marital status: (Include maiden name of wife or husband's name.)
Married (Sep. 28, 1968); Margaret Ann (Beasley) Buttrey.
7. Names and ages of children: (Include stepchildren and children from previous marriages.)
Nathan A. Buttrey (only child)—28.
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)
University of Miami—Grad. Law, 09/1971–05/1972, No Degree, n/a
University of Memphis School of Law, 09/1968–05/1971, JD, 05/1971
Tennessee Technological University, 06/1964–08/1968, BS, 08/1968
9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

Consultant	American Project Services	Memphis	07/2002 09/2003
Consultant	Memphis Biotech Foundation	Memphis	04/2002 09/2003
Sr. Gov't Affairs Rep.	Federal Express Corporation	Memphis/DC	02/1979–11/2001
Counsel	U.S. Senate Commerce Committee	DC	03/1976–12/1978
Attorney	U.S. Civil Aeronautics Board	DC	08/1972–03/1976
Law Clerk	Neely, Green, Fargason Law Firm	Memphis	Summer 1970
Counselor	Memphis Park Commission	Memphis	Summer 1969
10. Government experience: (List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.) None.
11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.)
See answer to Question A–9 above.
12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable and other organizations.)

Church of Christ at White Station	Deacon—Over ten years
Church of Christ at White Station	Legal Ministry Leader—Over ten years
Villas of River Oaks Homeowners Ass'n	Vice President—2002 to present
Tennessee Lobbyist Association	Member—Five years
Tennessee Bar Association	Member—Over ten years

District of Columbia Bar Association	Member—Over ten years
Shelby County Republican Party	Caucus Delegate—2003
Student Bar Association	Law School—President
Moot Court Board	Law School—Student Justice
Friends of Charter Schools	Board Member—1999/2000
Republican Eagles	Company Representative (Company Pac paid annual dues)
Memphis Area Chamber of Commerce	Member—Gov't Affairs Committee (Company paid annual dues)
Law Student Division—ABA	1969–1971
Nomination & Election Committee	Chairman—1970
Alpha Tau Omega Fraternity	College Social Chairman

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Shelby County Republican Party, Local Caucus Delegate.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$500 or more for the past 10 years.

Bush/Cheney 2004: \$1,000

FedEx Political Action Committee:

2001: \$404.25

1995–2000: \$414/year

1993–1994: \$240/year

14. Honors and awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognition for outstanding service or achievements.)

Sam A. Meyer Memorial Law Scholarship

Omicron Delta Kappa National Honor Society

ABA—LSD, Silver and Gold Key Awards

15. Published writings: (List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.) None.

16. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of on topics relevant to the position for which you have been nominated. None.

17. Selection:

(a) Do you know why you were selected for the position to which you have been nominated by the President?

I expressed an interest in serving in this capacity to Senator Bill Frist, and he sent my name to White House Personnel.

(b) What in your background or employment experience do you believe affirmatively qualifies you for this particular appointment?

Business degree; Law degree; Attorney at U.S. Civil Aeronautics Board; Counsel to U.S. Senate Subcommittee on Aviation; 22 years experience at Federal Express Corporation.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations, or business organizations if you are confirmed by the Senate? Yes.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, please explain. No.

3. Do you have any plans, commitments, or agreements after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization? No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service? No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe *all* financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers.

Collecting FedEx "defined benefit" pension—\$4,322/month

Unpaid "account receivable" from American Project Services—\$70,000

Potential "passive income/dividend" from American Project Services—TBD

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated. None.

3. Describe any business relationship, dealing, or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated. None.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy.

Prepared a white paper for the Memphis Biotech Foundation (MBF) setting forth a strategy for securing Federal appropriations to support biotech efforts in Memphis, Tenn. Attended two meetings in DC with MBF staff.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

Termination

Divestiture

Recusal

Blind Trust

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position? Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, please explain. No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county, or municipal law, regulation, or ordinance, other than for a minor traffic offense? If so, please explain.

Minor misdemeanor in Daytona Beach, Florida, while in college.

3. Have you or any business of which you are or were an officer ever been involved as a party in an administrative agency proceeding or civil litigation? If so, please explain. No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, please explain.

See response to Question D-2 above.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be disclosed in connection with your nomination. None.

E. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency complies with deadlines for information set by congressional committees? Yes.

2. Will you ensure that your department/agency does whatever it can to protect congressional witnesses and whistle blowers from reprisal for their testimony and disclosures? Yes.

3. Will you cooperate in providing the committee with requested witnesses, including technical experts and career employees, with firsthand knowledge of matters of interest to the Committee? Yes.

4. Please explain how if confirmed, you will review regulations issued by your department/agency, and work closely with Congress, to ensure that such regulations comply with the spirit of the laws passed by Congress.

I will confer with STB legal staff and Congressional Committee counsel on an "as needed" basis.

5. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so? Yes.

F. GENERAL QUALIFICATIONS AND VIEWS

1. How does your previous professional experiences and education qualify you for the position for which you have been nominated?

My legal education has provided me with an understanding of and appreciation for the quasi-judicial nature of the agency's statutory responsibilities. My experience as an attorney in the Office of General Counsel at the U.S. Civil Aeronautics Board provided me with an understanding of and appreciation for the functions of an Executive Branch agency operating pursuant to the provisions of the Administrative Procedures Act. My experience as counsel to the U.S. Senate Subcommittee on Aviation provided me with an understanding of and appreciation for the continuing oversight function of a committee of original jurisdiction. My experience in the private sector as a manager of a highly regulated industry provided me with an understanding of and appreciation for the critical importance of compliance with regulatory requirements.

2. Why do you wish to serve in the position for which you have been nominated?

I was taught and I personally believe that public service is an honorable endeavor which if properly executed results in benefits to the overall public interest. I have had meaningful and rewarding experience in the public and private sectors and I believe I can in concert with my colleagues at the agency translate those experiences into public policy in furtherance of the agency's statutory mandate. The Congress has determined that there should be diligent economic oversight of the freight railroad industry in order to maintain a fair balance of the interests of all the stakeholders. Because the transportation industry has been the focus of all my professional career, this process is of interest to me.

3. What goals have you established for your first two years in this position, if confirmed?

Familiarize myself with the major administrative precedents which provide the regulatory framework for future decisions of the agency; familiarize myself with the decisional criteria employed in major proceedings before the agency; familiarize myself with the economics of the freight railroad industry; familiarize myself with the economics of major shippers; and, familiarize myself with the intricacies of labor protective provisions which are a major concern to the Congress.

4. What skills do you believe you may be lacking which may be necessary to successfully carry out this position? What steps can be taken to obtain those skills?

In my previous experience as an attorney at the Civil Aeronautics Board, I had the least contact with the rate cases coming before the Board. The rate cases were primarily domestic passenger fare cases which were complex and lengthy. The attorneys handling those cases were very specialized and skillful and were charged with the task of unraveling the cost structures of the commercial carriers in an attempt to divine fares that were fair to the traveling public and provided a reasonable rate of return to the carriers. While similar to freight railroad rate cases, there are considerable differences in the economics of the two industries. I believe I will have to spend considerable time with agency staff very early in my term understanding the intricacies of rail freight rate construction. This is a task I welcome and to which I look forward.

5. Please discuss your philosophical views on the role of government. Include a discussion of when you believe the government should involve itself in the private sector, when society's problems should be left to the private sector, and what standards should be used to determine when a government program is no longer necessary.

There is a saying that is often repeated when discussing the proper role of government in a democracy. The saying is "The best government is the least government." My basic view on the role of government generally follows this view. This does not mean, however, that there is never an occasion for government intrusion into the private sector. Where there is a compelling public interest to be served and where there is the realistic possibility that irreparable harm may result from inattention to a particular activity or pursuit it would appear that some measured application of intrusion could be justified. In my view, the free enterprise system should be trusted to the maximum extent to provide levels of competition and pricing that will serve the overall public interest. Unfortunately, the free enterprise organism has proved in some cases to have feet of clay and government intrusion has resulted. Consequently, the American economy is replete with examples of well intentioned

attempts to benignly engineer a result that would not likely occur in totally deregulated commerce. It would, in my view, be preferable if such tinkering were not necessary. But, the likelihood of irreparable harm compels those with oversight responsibilities to take precautionary and remedial measures to protect the public interest. Only when this protective desire is satisfied will we see the intrusions of government be reduced.

6. Describe the current mission, major programs, and major operational objectives of the department/agency to which you have been nominated.

Current Mission: In his October 23, 2003 testimony before the Senate Commerce Committee, STB Chairman, Roger Nober, noted that, "The Board is an economic regulatory agency that Congress charged with the fundamental missions of resolving railroad rate and service disputes and reviewing railroad mergers, line sales, abandonments and new construction. One of the main reasons the Board exists is to provide a regulatory backstop to assess the reasonableness of rates charged to captive shippers when those customers and their railroads are unable to successfully negotiate a contract for the transportation.

Major Programs: Creation of the Rail Consumer Assistance Program within the Office of Compliance and Enforcement providing a forum for resolution of disputes short of a costly and lengthy formal proceeding; Possible creation of a meaningful process for quickly and surely deciding small rate cases pursuant to the Board's small case guidelines adopted in 1996; Adoption of new procedures to streamline the administrative process in large rate cases to shorten and reduce the cost of such cases; and fully explore the opportunities available through the arbitration early in the life of any dispute.

Major Operational Objectives: Fulfilling the Board's statutory mandate with limited resources; assuring that due process requirements are vigorously protected; assuring that access to the regulatory process is not impeded; maintaining constant vigilance over quality processes and assuring that Board staff issues are properly addressed.

7. What do you believe to be the top three challenges facing the department/agency and why?

Finding ways to fulfill the Board's statutory mandate with limited resources; Properly and fairly balancing the competing interests of all the stakeholders in the freight rail industry; and, adequately considering the environmental issues that might arise during consideration of agency proceedings. These responsibilities form the very core of the regulatory process the failure of which would likely give rise to the initiation of oversight proceedings to protect the public interest.

8. In reference to question number six, what factors in your opinion have kept the department/agency from achieving its missions over the past several years?

I do not feel comfortable with or well positioned to be a critic of the Board's activities over the past several years because I have had no professional contact with the industry or the Board. I have met the current Chairman and the immediate past Chairman and I know a few railroad employees. I am only now familiarizing myself with the industry and the Board. This level of knowledge does not, in my view, qualify me to be a critic. However, I have read Chairman Nober's recent testimony before the Commerce Committee and I have taken note of some of his concerns. I would call attention to one issue in particular which has apparently considerable interest among Committee members. Chairman Nober referred to his conclusion that many "captive shippers" . . . "believe the Board has inadequately performed . . . (the Board's) . . . core mission of ensuring that they have a forum for reaching a formal resolution of rate or service disputes. They feel that without a regulatory backstop, the transportation market for freight rail services does not properly function." He went on to say that he agreed with that conclusion to some extent. This would appear to create a major oversight issue and, therefore, one that must be addressed. At this point, I am not prepared to render a judgment as to why the Board has not been able to achieve its mission with respect to this or any other issue.

9. Who are the stakeholders in the work of this department/agency?

Shippers, railroad companies, railroad employees, taxpayers, industries and businesses which require raw materials/commodities that travel on the railroads, consumers in general, the military, certain trucking company, moving van, and non-contiguous ocean shipping company rate payers, certain intercity passenger bus companies and consumers and certain pipeline users not covered by FERC.

10. What is the proper relationship between the position to which you have been nominated, and the stakeholders identified in question number nine?

Because of the adjudicatory nature of the STB, I consider the position to which I have been nominated to be comparable to the position of Federal Judge. The legendary Justice Oliver Wendell Holmes is credited with saying that a Supreme Court Justice should be "a combination of Justinian, Jesus Christ and John Marshall."

That is a very high standard. In my view, the term “relationship” is inextricably connected to this very high standard which goes well, beyond the “good behavior” which is expected of Federal judges. Indeed, the term “relationship” is troubling to me in this context. I would expect to have no “relationship” with any of the stakeholders. Rather, I would expect to have a “responsibility” to every stakeholder. That responsibility would certainly include thoroughness, timeliness, impartiality and integrity.

11. The Chief Financial Officers Act requires all government departments and agencies to develop sound financial management practices.

(a) What do you believe are your responsibilities, if confirmed, to ensure that your department/agency has proper management and accounting controls?

I believe my responsibility in this regard is to work with my fellow Members and STB staff to clearly articulate a policy of accountability and vigilance to make sure that the taxpayers’ money is spent wisely and that proper financial controls are in place to guard against mismanagement.

(b) What experience do you have in managing a large organization?

While at FedEx I was at one point a Managing Director of a team whose responsibility it was to locate, acquire, design, develop, operate and maintain operational facilities at major on-airport and off-airport locations. Our team was on a very aggressive development schedule with multiple projects in the U.S. and Europe. Our internal group numbered about 80 and we managed several hundred outside consultants, architects, engineers, construction firms, lawyers and other related professionals. That period experienced the most explosive growth in capital projects (other than aircraft acquisitions).

12. The Government Performance and Results Act requires an government departments and agencies to identify measurable performance goals and to report to Congress on their success in achieving these goals.

(a) What benefits, if any, do you see in identifying performance goals and reporting on progress in achieving those goals?

No organization will long survive without having objective and measurable goals that are constantly reviewed and updated to support the short and long term mission of the organization. Goals are essential to the proper alignment of interdisciplinary tactics and strategy and to the proper allocation of resources to accomplish the mission of the organization. Goals provide vision, accountability and feedback which enable management to adjust to changing circumstances and data to make better judgments in the future.

(b) What steps should Congress consider taking when a department/agency fails to achieve its performance goals? Should these steps include the elimination, privatization, downsizing or consolidation of departments and/or programs?

In the proper exercise of its oversight responsibility, Congress would appear to have a full range of options available when an agency fails to meet its performance goals. Since agencies such as the STB are creatures of statute, the most severe action would be to completely abolish the agency and replace it with another regulatory body or deregulate the formerly regulated activity as was done in the case of the Civil Aeronautics Board in 1978. A more realistic approach would be to clearly identify specific areas of concern and request the agency to focus more resources on that activity and report more frequently on the progress of its efforts to bring the agency into compliance. This oversight might result in the Congress recognizing that more resources need to be authorized by the Congress or that certain resources need to be reallocated. In any event, there needs to be a frequent, open and candid exchange of views to avoid a situation where extreme measures are required by the Congress or the agency.

(c) What performance goals do you believe should be applicable to your personal performance if confirmed?

If confirmed, I will have a lot of catching up to do in order to prepare myself to be a fully functioning Board Member. In the early days of my term, I expect to be spending a considerable amount of time with Board staff familiarizing myself with the Board’s active case load and the decisional criteria employed in such cases. I also expect to be on a vigorous schedule to better understand the industry by visiting with shippers, railroad companies and other stakeholders to learn firsthand about their activities. I fully expect to be closely working with my fellow Board Members to prepare a plan of action to accomplish these goals within a reasonable time. I expect to have the support and assistance of Chairman Nober and the STB staff in this regard.

13. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you?

No employee complaints have been brought against me. My management style can best be described as "consultative/open door." I prefer to involve subordinates in the management process by encouraging their input into setting organizational goals and objectives and determining measurement tools so as to achieve "buying" during the process. I prefer performance review sessions twice yearly where there is an open exchange of views and an opportunity for subordinates to suggest ways to improve communications and a team spirit. Keeping the air clear of unspoken issues seems to lead to a more productive working environment.

14. Describe your working relationship, if any, with the Congress. Does your professional experience include working with committees of Congress? If yes, please explain.

As a former counsel to the Senate Aviation Subcommittee of the Committee on Commerce, Science and Transportation, I have had considerable experience working with the committee system on both sides of the Hill. While in the private sector I have had occasion to work with numerous committee staff over the years but very little in the last 10 to 12 years. In recent years, most of my work has been at the state level. Very recently, I had a client who was interested in some appropriations issues in the health and bio-sciences sector. I helped them develop a strategy and even accompanied them on two occasions when they had meetings in D.C. Those meetings were opportunities for the client to "tell their story" and appeal for funding.

15. Please explain what you believe to be the proper relationship between yourself, if confirmed, and the Inspector General of your department/agency.

I believe I have an affirmative obligation to bring to his/her office any issue that I believe needs further review. And, I believe I have an affirmative obligation to cooperate fully with his/her office if asked.

16. In the areas under the department/agency's jurisdiction to which you have been nominated, what legislative action(s) should Congress consider as priorities? Please state your personal views.

At this moment, I do not feel that I have a proper frame of reference to respond to this question.

17. Within your area of control, will you pledge to develop and implement a system that allocates discretionary spending in an open manner through a set of fair and objective established criteria? If yes, please explain what steps you intend to take and a time frame for their implementation. If not, please explain why.

At this moment, I do not feel that I have a proper frame of reference to respond to this question.

The CHAIRMAN. Thank you.
Dr. Mulvey?

**STATEMENT OF FRANK MULVEY, STAFF DIRECTOR,
U.S. HOUSE OF REPRESENTATIVES, COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON RAILROADS**

Dr. MULVEY. Thank you very much, Mr. Chairman.

I want to thank you for giving me the opportunity today to help you evaluate my qualifications to serve on the Surface Transportation Board.

I want to thank Mr. Oberstar for his kind words and his strong support for my nomination. I also wish to express my thanks to Senator Daschle for recommending me, and to President Bush for nominating me for this position.

Before continuing, I'd like to acknowledge a couple of people in the audience today who I've worked with over the years and/or will be working with in the future. First of all, John Scheib, who was a colleague of mine on the House Transportation and Infrastructure Committee, who is now Chief Counsel for the Board; Steve Gardner, who was an intern of mine on the T&I Committee and

now works for Senator Carper on transportation issues; Phyllis Scheinberg, who was a colleague of mine at the General Accounting Office, who is now the Chief Budget Officer at the Department of Transportation; Jack Wells, a colleague of mine at GAO, who is now the Chief Economist at the Bureau of Transportation Statistics; and, of course, former Chairman Linda Morgan, whose position I've been nominated to succeed. Having had the opportunity to work with such good, competent people over the years is a large part of the reason why I'm here today.

I've spent nearly my entire professional life working in transportation issues, and much of it has been in government service. As Mr. Oberstar said, for the past 4 years I've been the Minority Staff Director for both the Railroad Issues Subcommittee on the House T&I Committee, and for pipelines and transit on the Pipelines, Transit, and Highways Subcommittee. In that capacity, I was instrumental in getting several bills passed, including pipeline safety reform legislation and railroad retirement reform legislation. In both of those cases, I had the opportunity and good fortune to work with Roger Nober, who is now the Chairman of the STB. Sounds like it's a small world out there, but the experience that I got working with Roger and John Scheib tells me that we'll have no difficulties working together, and I think we can bring about some important changes and developments at the STB.

Prior to joining the Committee, I served as Deputy Assistant Inspector General for Railroads, Transit, and Special Programs in the Office of the Inspector General at the Department of Transportation where I had the opportunity to work with Ken Mead and his staff, and appeared before this Committee on several occasions. Before that, I spent more than a dozen years with the General Accounting Office, again working primarily in transportation. While at GAO, I directed studies, as Mr. Oberstar indicated, on numerous transportation issues, covering all modes of transportation and all areas, including economics, safety, performance issues, et cetera. During those years, I directed more than a hundred reports and testimonies, and had the opportunity to testify before numerous congressional committees, including this one.

In addition to my government service, I also gained valuable experience in transportation as the Vice President for research with the American Bus Association, and as a Programs Manager at the National Academy of Sciences' Transportation Research Board, where I directed several studies including one on the effectiveness of the 55 mile an hour speed limit.

I also did considerable consulting while teaching, and one of my earliest consulting engagements, interestingly enough, was for this Committee. Back in 1975, I wrote a study for the Commerce Committee called "Intercity Transportation for Passengers and Freight," which, I guess, indicated that I was going to be fairly broad-based in my transportation career.

I believe my 30 years in working on problems and issues affecting virtually every mode of transportation qualifies me for the position as a Member of the Board. That experience has given me a deep appreciation of the criticality of our Nation's transportation system to our Nation's economic health and prosperity.

I promise that if I am confirmed, I will do my best to balance the interest of shippers, railroads, and other affected parties to best serve the needs of the American people for efficient and affordable rail service. I will strive to ensure that rates are fair, reasonable, and sufficient to meet railroad's capital investment needs, and will do my best to see that rail services are adequate to meet shipper needs.

Thank you, and I'm happy to answer any questions.

[The prepared statement and biographical information of Dr. Mulvey follow:]

PREPARED STATEMENT OF FRANCIS P. MULVEY, NOMINEE TO BE A MEMBER OF THE
SURFACE TRANSPORTATION BOARD

Mr. Chairman, Members of the Committee, I want thank you for giving me the opportunity to appear before you so that you may evaluate my qualifications to be a Member of the Surface Transportation Board. I want to thank my current boss, Mr. Oberstar for his kind words and strong support of my nomination. I also wish to express my thanks to Senator Daschle for recommending me and to President Bush for nominating me for this position.

I have spent nearly my entire professional life working on transportation-related issues. Much of my career has been in government service. For the past 4 years, I have been Minority Staff Director for the Railroad Subcommittee and Minority Staff Director for Hazardous Materials and Pipelines for the Highway, Transit and Pipeline Subcommittee—both are Subcommittees of the House Committee on Transportation and Infrastructure. While in that position, I had the opportunity to help enact the pipeline safety and railroad retirement reform legislation. On both of these bills, I had the opportunity to work closely with Roger Naber, who is now the STB Chairman and John Scheib, who is now his Chief Counsel. Those experiences indicate to me that we will be able to work well together at the STB.

In addition, I have been very involved during the past 4 years in the reauthorization of a number of Federal transportation programs including hazardous materials transportation, the Federal Railroad Administration's safety program, and of course the Surface Transportation Board. I also played a major role in drafting the Transportation and Infrastructure Committee's proposed high-speed rail funding legislation and legislation designed to provide funds to short line and regional railroads to help them upgrade their infrastructure.

Prior to joining the Committee, I served as Deputy Assistant Inspector General for Railroads, Transit, and Special Programs in the Office of the Inspector General at the U.S. Department of Transportation. In that position, I directed the IG's first departmental wide program evaluation of Hazardous Materials Transportation programs. I also directed audits of a number of major transit capital projects, the Federal Railroad Administration's highway/rail grade crossing program, and the completion of the NEC high-speed rail infrastructure program. I also directed a review of the proposed acquisition of Conrail by the Norfolk Southern and CSX Railroads to determine whether they were ready to consummate the acquisition.

Before joining the IG, I spent a dozen years with the U.S. General Accounting Office, primarily with the Transportation Group, although I spent my final two years with the agency working on Social Security and pension reform issues. At GAO, I directed numerous studies on such diverse topics as the state of competition in the airline industry in the aftermath of deregulation, the competitive challenges faced by U.S. airlines in the international marketplace, factors affecting the competitiveness of the railroad industry, highway safety, high speed rail and Maglev, Canadian and Mexican trucking, and many other transportation subjects. During those years, I directed the preparation of more than 100 GAO reports and congressional testimonies on a wide variety of transportation issues. I was privileged to appear before this and other congressional committees on numerous occasions accompanying the Transportation Issue Area Director.

In addition to my government service in transportation, I also gained valuable experience in the transportation area as Vice President for Research at the American Bus Association, Programs Manager at the Transportation Research Board (where I directed a review of the effectiveness of the 55 mph speed limit) and as an expert consultant while teaching economics at universities in Ohio and Massachusetts. The projects on which I consulted ranged from passenger rail and personal mobility studies for the National Transportation Policy Study Commission to analysis of the

economic impacts from extending the Great Lakes navigation season for the U.S. Army, Corps of Engineers. In fact, one of my earliest consulting projects was for this Committee through Harbridge House (now part of Price Waterhouse Coopers Lybrand). I authored the passenger sections of the Commerce Committee report, *Intercity Transportation for Passengers and Freight*, 1975).

I began my professional career in transportation when I began researching my doctoral thesis on the economics of intercity rail passenger service in America. I was able to secure an internship with the Federal Railroad Administration in 1972–73 and thereby began a lifelong involvement in freight railroad issues.

Therefore, I believe that my 30-plus years working on problems and issues affecting virtually every mode of transportation in a variety of capacities qualifies me for the position of Member of the Surface Transportation Board. That experience has also given me a deep appreciation of the criticality of our Nation's transportation system to our country's economic health and prosperity. In many ways, America's transportation system is the envy of the world. But we did not achieve this status overnight.

Our nation was blessed with many favorable geographic characteristics, excellent natural harbors and an extensive navigable system of rivers and waterways, but there were also many geographic challenges that had to be overcome as we settled the continent. The railroads, of course, played a vital role in overcoming these barriers and in the economic development of the United States. For nearly 100 years, the railroad was the dominant mode of freight and passenger transportation. But, because of monopolistic abuses, in 1887 the Congress decided that the Federal government needed to regulate the Nation's railroads. Regulation of railroad rates and practices grew more far reaching in the first half of the 20th Century and economic regulation was extended to other forms of transportation as well. By 1940, the Interstate Commerce Commission was responsible for the economic regulation of rail, motor, water and oil pipeline transport, while the Civil Aeronautics Administration was responsible for regulating the Nation's airlines.

The American decision to regulate privately owned transportation companies differs from the road taken by most other developed nations. Typically, other nations elected for government ownership of the transport sector—especially railroads and airlines. Over the long term, both public ownership and strict economic regulation proved problematic and while other nations began privatizing, the U.S. began deregulating the various modes of transportation. Trucking and aviation were completely deregulated, but the Congress elected to retain some regulation of the nations' railroads. The Interstate Commerce Commission was terminated in 1995 and replaced with the Surface Transportation Board whose mission is to balance the interests of shippers and railroads in situations where the market cannot be expected to always provide fair and reasonable rates.

The traffic over which the STB exercises regulatory authority is not inconsequential—coal, grain, chemicals, forest products, ores—are all vitally important to the Nation's economy. These products must move at reasonable rates if we are to maintain our global competitiveness. At the same time, the railroads must earn an adequate rate of return so that they may make the necessary investments in plant and equipment so that they can provide safe, efficient, and quality service to all rail shippers. Indeed, in the coming years we will need to rely more and more on our Nation's railroads if we are to address the growing highway congestion problem. This will require substantial capital investment.

I promise that if I am confirmed that I will do my best to balance the interests of shippers, the railroads, and other affected parties to best meet the needs of the American people for efficient and affordable rail service. Further, I will strive to ensure that rates are fair, reasonable, and sufficient to meet railroad capital investment needs and do my best to see that rail services are adequate to meet shipper needs.

Thank you and I will be happy to take any questions.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nicknames used.)
Francis P. Mulvey (Frank).
2. Position to which nominated: Commissioner, Surface Transportation Board.
3. Date of nomination: November 17, 2003.
4. Address: (List current place of residence and office addresses.)

Residence: Information not released to the public.
Office: 2251 Rayburn HOB, Washington, D.C. 20515.

5. Date and place of birth: May 5, 1944; New York City (Astoria, Queens), New York.

6. Marital status: (Include maiden name of wife or husband's name.)

Married to Petra Karolina Mulvey (maiden name: Petra Karolina Huntley).

7. Names and ages of children: (Include stepchildren and children from previous marriages.)

Son, Conor Francis Mulvey, 24 years old.

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

High School: St. Francis Xavier 9/58–6/62

College: New York University, 9/62–6/66, BS in economics, 6/66

Graduate School: University of California at Berkeley, 1/67–6/68, MA in Economics, 8/68

Graduate School: Washington State University, 9/70–6/72, PhD in economics, 6/74

9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

Staff Director, Railroad Subcommittee, Committee on Transportation and Infrastructure, U.S. House of Representatives, Washington DC, (Also, serve as Staff Director for Subcommittee on Highways and Transit responsible for pipeline safety and hazardous materials issues.) 2/00 to present

Deputy Assistant Inspector General for Rail, Transit, and Special Programs, U.S. Department of Transportation, Washington DC 3/99–2/00

Adjunct faculty member, University of Maryland, RH Smith School of Business and Public Policy, College Park, MD 9/92 to present

Assistant Director, U.S. General Accounting Office, Washington, D.C. 10/85–3/99

Director for Economic Research, NY State Legislative Commission on Solid Waste Management, Albany, NY 11/84–10/85

Programs Manager, National Academy of Sciences, Transportation Research Board, Washington, D.C. 3/83–10/84

Vice President for Research, American Bus Association, Washington, D.C., 11/82–3/83

Assistant Professor, Department of Economics, Northeastern University, Boston, MA, 9/77–1/82

Driver, Yellow Cab Company, Boston, MA, 7/77–8/77

Assistant Professor, Department of Economics, Wheaton College, Norton, MA, 9/75–6/77

Assistant Professor, Department of Economics, Bowling Green State University, Bowling Green Ohio, 9/73–6/75

Economist, U.S. Department of Transportation, Washington, D.C., 7/72–6/73

Teaching Assistant, Department of Economics, Washington State University, Pullman, WA, 9/70–6/72

Instructor, Golden Gate University, San Francisco, CA, 6/71–9/71; 1/67–9/69 (part time)

Supervisor, Claims, Continental Insurance Co., San Francisco, CA 5/70–9/70

Driver, Yellow Cab Company, San Francisco, CA 3/70–5/70

Management Consultant, George S. May Co., San Francisco, CA 10/69–3/70

Economist, California Blue Cross/Blue Shield, San Francisco, CA 10/68–12/68

Claims Adjuster Trainee, Metropolitan Life Insurance Co San Francisco, CA 9/66–12/66

Researcher, NASA/Oakland Budget Project, Berkeley, CA 6/66–9/66

10. Government experience: (List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.)

Consultant to New York State Legislative Commission on Solid Waste Management, 10/85–12/89

Consultant on Rail Issues, U.S. General Accounting Office, Washington, D.C., 3/85–10/85

Consultant, Transportation and Economic Research Associates Study for U.S. Army Corps of Engineers on Extending the Great Lakes Navigation Season, Arlington, VA, 3/79–8/79

Consultant, National Transportation Policy Study Commission, Washington, D.C., 8/77–3/79

Consultant, Harbridge House Study on Intercity Transportation for Passengers & Freight for U.S. Senate Commerce Committee, Boston, MA 9/75–1/77

Consultant, Wisconsin State Department of Transportation, Madison, Wisconsin 2/74–6/75

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.) None.

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable and other organizations.)

Transportation Research Forum (President Washington Chapter, Vice-President, Programs Washington Chapter, Council Member for National Council and Vice President for Public Affairs)

Transportation Research Board (Member Committee on Aviation Economics, Committee on Travel and Tourism Research Needs, Panel on ADA Compliance for Intercity Busses Committee on FA Scholarship Awards)

American Economics Association

Society of Government Economists

International Aviation Club

Pi Lambda Phi (college fraternity)

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$500 or more for the past 10 years.

None.

14. Honors and awards: (List *all* scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.)

1999—Comptroller—General's Team Award

1998—Assistant Comptroller—General's Award, HEHS Division

1997—Special Recognition for Outstanding Performance HERS Division

1997—Special Commendation Award HEHS Division

1995—Special Commendation Award RCED Division

1994—Special Commendation Award RCED Division

1994—Special Recognition for Outstanding Performance RCED Division

1994 Outstanding Team Award RCED Division

1991—Special Recognition for Outstanding Performance RCED Division

1989—Special Recognition for Outstanding Performance RCED Division

1988—Outstanding Achievement Award RCED Division

1962—New York State Regents' Scholarship and Incentive Award

1962—Full Tuition Scholarship New York University

1958—U.S. Post Office Holy Name Society Scholarship to St. Francis Xavier Military Academy

15. Published writings: (List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.)

“International Airline Alliances: A Study of Codesharing’s Impact on Airlines and Consumers” (with T. Hannegan), *Journal of Air Transport Management*, London, Spring 1996.

Batteries in New York’s Municipal Solid Waste Stream: A Report to the Commissioner of the New York State Department of Environmental Conservation, SS&B—Taconic Resources, Albany, NY, September 1988

“Demand and Cost Considerations in Domestic and International Recycling Programs”, *Waste Age*, Washington, D.C. 1987

The Economics of Recycling, New York State Legislative Commission on Solid Waste Management, Albany, NY, 1986

“New Directions in Materials Reclamation”, *Journal of Natural Resources and Technology*, Vol. 14, No. 4, University of Pennsylvania, Philadelphia, Pennsylvania, December 1985

The 55 mph Speed Limit: A Decade of Experience (with D. Kulash and S. Godwin), National Academy of Sciences, National Research Council, Washington, D.C., September 1984

The Safety Benefits and Costs of Using Citizen-Band Radios on Intercity Buses (with L. Griffith and M. Heckard), National Academy of Sciences, National Research Council, Washington D.C., August 1984

“Performance Trends of Small Intercity Motor Coach Firms 1972–1981”, Papers and Proceeding of *the Transportation Research Forum*, New Orleans, Louisiana, October 1982

“Public Agencies and Private Carriers: Competition or Cooperation”, *Private Sector Role in Public Transportation*, Transportation Research Board, Washington, D.C., August 1982

“Unfair Competitive Marketing Practices in Intercity Surface Transportation”, *Papers and Proceedings of the Transportation Research Forum*, San Francisco, California, November 1981

Amtrak: The First Decade, University of Iowa Press, Iowa City, Iowa, 1981

A Taxpayer’s Perspective on Amtrak, National Taxpayers’ Union, Washington, D.C. July 1981

“Amtrak Versus Intercity Bus”, *Challenge*, Vol. 23, No.3, July/August 1980

“Passenger Transportation in the Year 2000”, *State Transportation Issues and Actions, Special Report No. 189*. Transportation Research Board, Washington, D.C. 1980

“Interurban Helicopter Services: A Comment”, *Journal of the New England Business and Economics Association*, Boston, Massachusetts, 1980

“Amtrak: A Cost-Effective Approach”, *Transportation Research*, Vol. 13 October 1979

Intermodal Impacts of Great Lakes/St. Lawrence Seaway System Season Extension: A Report to the U.S. Army Corps of Engineers, Transportation and Economic Research Associates, Arlington, Virginia, 1979

Amtrak: An Experiment in Rail Service, National Transportation Policy Study Commission, Washington, D.C., September 1979

“Capital Formation in the Airline and Railroad Industries”, *National Transportation Policy Study Commission Special Report No.1: Issues in Transportation*, Washington, D.C., May, 1978

“Consolidation of Transportation Regulatory Agencies”, *National Transportation Policy Study Commission Special Report No.1: Issues in Transportation*, Washington, D.C., May, 1978

Intercity Domestic Transportation for Passengers and Freight: A Report to the U.S. Senate Committee on Commerce, Science, and Transportation (with A. LaMond), Washington, D.C. 1977

The Northeast Corridor High Speed Rail System: Selected Impacts on Alternative Modes—a Report to the U.S. DOT Transportation Systems Center (with D. Hayman and G. O’Donohoe), Harbridge House, Boston, Massachusetts, 1975

The Future of Rail Passenger Services in Wisconsin, Wisconsin State Department of Transportation, Madison, Wisconsin, August, 1975

The Economic Future of Amtrak (doctoral dissertation), Washington State University, Pullman Washington, August 1974

16. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of on topics relevant to the position for which you have been nominated.

In the past several years I have addressed numerous groups on the House Transportation and Infrastructure Committee's legislative agenda. However, all of these presentations were extemporaneous and none were formal. Therefore, there are no written copies.

17. Selection:

(a) Do you know why you were selected for the position to which you have been nominated by the President?

I was selected by the President on the recommendation of Senator Daschle, Senate Minority Leader, for the minority position on the Surface Transportation Board.

(b) What in your background or employment experience do you believe affirmatively qualifies you for this particular appointment?

Virtually my entire professional life has been in the area of transportation. I have taught transportation economics at both the graduate and undergraduate levels. I am currently Staff Director, House Railroad Subcommittee, the congressional committee that authorizes and oversees the Board. As Deputy Assistant Inspector General at the Department of Transportation I was responsible for all IG audits of the freight railroad industry. At the U.S. General Accounting Office I directed a number of studies of the railroad industry. As a doctoral student at Washington State University, one of my concentrations was Transportation Economics.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations, or business organizations if you are confirmed by the Senate?

Yes, I have notified both the House Transportation Committee and the University of Maryland that I will resign after I am confirmed by the Senate.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, please explain.

I have no plans for outside employment during my service.

3. Do you have any plans, commitments, or agreements after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization?

I have no plans, commitments or agreements to resume any relationship with prior firms, associations, or organizations.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No one has made such a commitment.

4. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

I expect to serve my full 5-year term.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe *all* financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers.

I have no financial arrangements with current employers except continuation of my current salaries until I assume my new position.

2. Indicate any investments, obligations, liabilities, or other relationships, which could involve potential conflicts of interest in the position to which you have been nominated.

I have no investments or obligations that could involve potential conflicts of interest.

3. Describe any business relationship, dealing, or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

I have had no business relationships that could potentially involve conflicts of interest.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy.

As a congressional staff member, it is my job to draft legislation and work to secure its passage or to defeat proposed legislation that the Ranking Member opposed.

With respect to the position for which I am being considered, the Ranking Member has introduced legislation to reauthorize the Board and to make changes in its operations. I have worked to secure the passage of the Railroad Retirement Reform Act and The Pipeline Safety Act of 2002.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

I have no conflicts that require resolution.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

I agree to have the ethics officer of the Surface Transportation Board offer written opinions regarding any potential legal impediments or conflicts regarding my appointment.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, please explain.

I have never been cited, disciplined, or been the subject of a complaint for a breach of ethics.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county, or municipal law, regulation, or ordinance, other than for a minor traffic offense? If so, please explain.

When I was 19 years old I was cited for climbing on a monument in Washington Square Park in Manhattan following a party. As I recall, the judge dismissed the charges on learning it was not a political demonstration.

3. Have you or any business of which you are or were an officer ever been involved as a party in an administrative agency proceeding or civil litigation? If so, please explain.

I was sued following a minor traffic accident (no damage to either vehicle) after the other party alleged back injuries. Because the other party had just had back surgery, he successfully collected (I believe \$20,000) from my insurance provider.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, please explain.

No, never.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be disclosed in connection with your nomination.

I have no additional information to offer.

E. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency complies with deadlines for information set by congressional committees?

As a congressional staff member and as a former Deputy Assistant Inspector General and GAO Assistant Director, I am very sensitive to the need for timely compliance with deadlines for congressionally requested information and will ensure my agency complies.

2. Will you ensure that your department/agency does whatever it can to protect congressional witnesses and whistle blowers from reprisal for their testimony and disclosures?

At the General Accounting Office, I was party to several confidentiality agreements and I will ensure the protection of whistle blowers and other witnesses.

3. Will you cooperate in providing the committee with requested witnesses, including technical experts and career employees, with firsthand knowledge of matters of interest to the Committee?

I will cooperate fully with the Committee in providing witnesses, technical experts, and other career employees with knowledge of interest to the Committee.

4. Please explain how if confirmed, you will review regulations issued by your department/agency, and work closely with Congress, to ensure that such regulations comply with the spirit of the laws passed by Congress.

As a congressional staff member, I often monitored the rules and regulations issued by the Federal Railroad Administration, the Research and Special Programs Administration, and the Surface Transportation Board to ensure that they were consistent with the letter and spirit of the law. Because I have been on the other side of the fence on this issue, I intend to work closely with those who drafted the legis-

lation directing the rules and regulations to ensure that we are meeting the legislative intent.

5. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

I am very willing to appear before congressional committees and have done so numerous times in the past. While I was with the GAO, I drafted more than 50 congressional testimonies for our witnesses on a wide variety of transportation, Social Security and pension issues. In most cases, I accompanied the witness to the table and typically I answered questions from committee members. Before joining government and still an academic, I testified before congressional committees on several occasions as an expert witness.

F. GENERAL QUALIFICATIONS AND VIEWS

1. How does your previous professional experiences and education qualify you for the position for which you have been nominated?

I believe I can state without reservation and without taking anything from the fine individuals who have served on the Board previously, that my background is more directly relevant, of longer duration, and more detailed than any prior appointee. I have nearly 30 years as transportation professional. I have worked on economic and regulatory issues for virtually every mode of transportation. I directed numerous GAO studies monitoring the effects of airline deregulation. I am considered a national expert on Amtrak, high-speed rail, transportation competitive analysis, and other transportation-related topics.

2. Why do you wish to serve in the position for which you have been nominated?

I wish to serve because I believe I can make an important contribution to the future of intercity freight and passenger transportation in America. I have worked in the transportation policy arena as a consultant, auditor, congressional staffer, and as an academic. I would like now to be involved as a decisionmaker in resolving some of the difficult issues facing our Nation's transportation system, especially our rail network. I believe I bring the skills and the experience needed to do the job well.

3. What goals have you established for your first two years in this position, if confirmed?

During the first two years I will serve in this position, the Nation will celebrate the 25th anniversary of the Staggers' Rail Act and the 10th anniversary of the creation of the Surface Transportation Board. I believe that these anniversaries should be marked by reflection on and reassessment of the policies, processes, and outcomes to date. I want to work closely with my fellow Board members and the agency staff to not only undertake an internal evaluation of the STB's role and practices, but to identify outside parties that could provide an objective review of the agency.

4. What skills do you believe you may be lacking which may be necessary to successfully carry out this position? What steps can be taken to obtain those skills?

The Surface Transportation Board is a quasi-judicial agency and I am not a lawyer. Although as a congressional staffer, I helped draft legislation, I have not had formal legal training. However, my training is in economics, and the Board also must determine complex economic issues at arriving at their decisions. I will have legal counsel assigned to me to assist in working through legal nuances and I plan to intensely study the agency's prior decisions.

5. Please discuss your philosophical views on the role of government. Include a discussion of when you believe the government should involve itself in the private sector, when society's problems should be left to the private sector, and what standards should be used to determine when a government program is no longer necessary.

I am a firm believer in the free market economy. One of my fields of graduate study, and a subject about which I had the opportunity to teach, was Comparative Economic Systems. The clear message from that field is that private markets generally lead to an efficient allocation of society's resources—unless there is market failure. Market failure comes about whenever reliance on the private sector would give us too little (or too much) of a good or service. Private markets can provide education, but not universal education. We can't rely on the market for public goods such as national defense, police, and fire services. Also, when externalities (*e.g.*, air or water pollution) are involved relevant on the free market alone could lead to sub-optimal outcomes. When externalities are present, there is a role for government. I believe that the public sector's role also extends to establishing the rules under which market participants can act. In general, these rules are designed to ensure that people are treated fairly and that the interests of those with less power are defended. Because I believe in free market solutions whenever possible, I also be-

lieve that competition is the sine qua non for the success of the market system. If monopolies are established or if there are significant barriers to market entry, competition will be thwarted and the benefits of the free market system will be lost. Finally, I also believe that when problems arise it is generally best that they be dealt with directly. Roundabout solutions nearly always make matters worse.

With respect to the standards for terminating an agency, I believe that there are two basic principles: (1) the agency's mission is no longer relevant because circumstances have changed or the agency might have achieved its purpose and (2) the agency has simply failed to accomplish its mission. In the first case, I think it is important to establish measures of success and communicate those as goals to agency managers. In the second case, I think the agency and its personnel need to be made aware of perceived failings and be given the opportunity to correct the problems.

6. Describe the current mission, major programs, and major operational objectives of the department/agency to which you have been nominated.

The Surface Transportation Board assumed the residual responsibilities of the Interstate Commerce Commission. While the other modes of transportation (truck and air) were almost entirely deregulated, the Congress elected to retain a regulatory structure to oversee the railroad industry. That structure was, however, much relaxed to give railroads greater freedom to act as Congress recognized that a significant proportion of rail traffic was not subject to the discipline of market competition and preserved some regulatory jurisdiction over railroad rates and service. I believe that agency's primary mission is to balance the needs of the railroads to earn an adequate return with the need of shippers for reliable and affordable rail service.

7. What do you believe to be the top three challenges facing the department/agency and why?

I believe the three top challenges facing the Surface Transportation Board are: addressing the complaints of captive shippers; assessing the pluses and minuses of further industry consolidation; and finding ways to make the Board's resources accessible to smaller shippers. First, there is clearly mounting pressure for a legislative response to the concerns of captive shippers. S. 919 calls for major changes in the relationship between the STB and the railroad industry. The railroads claim that the changes advanced in this legislation would destroy the industry. They would not be able to earn sufficient revenues to invest in their infrastructure and, as a result, service would decline. Shippers claim without such changes they will be forced out of business or will need to relocate, perhaps overseas. With respect to industry consolidation, the industry has already consolidated from more than 20 Class I carriers in 1980 to only 4 major and one minor Class I U.S. carriers and 2 Class I Canadian carriers with U.S. subsidiaries. Further consolidation could lead to a North American duopoly or a triopoly. Such an outcome might create pressure to truly re-regulate the industry. Finally, I believe the Board's authority must be available to all shippers regardless of size. The existing processes make it relatively expensive for out small shippers to bring complaints before the Board.

8. In reference to question number six, what factors in your opinion have kept the department/agency from achieving its missions over the past several years?

I do not believe the Board has failed to achieve its mission although some would argue that it has not correctly balanced its objectives.

9. Who are the stakeholders in the work of this department/agency?

The principal stakeholders are the railroads, shippers, rail labor, and the American people.

10. What is the proper relationship between the position to which you have been nominated, and the stakeholders identified in question number nine?

A member of the Surface Transportation Board adjudicates disputes between railroads and shippers, oversees the terms and conditions of mergers, and performs other quasi-judicial functions. Therefore, the Board member must relate to stakeholders in much the same manner as judge—he or she must be fair, impartial, and maintain an arms length relationship. The member must balance the interests of the stakeholders based on the available facts submitted in the record. Objectivity, impartiality, and attention to the public interest are the bases for Board member behavior.

11. The Chief Financial Officers Act requires all government departments and agencies to develop sound financial management practices.

(a) What do you believe are your responsibilities, if confirmed, to ensure that your department/agency has proper management and accounting controls?

I believe that, as a member of the board, I am fully responsible for ensuring that proper management and accounting controls are in place. As an Assistant Director at the U.S. General Accounting Office and as a Deputy Inspector General in the Au-

ditng Division of the DOT's Inspector General's office, I am familiar with the requirements of the Chief Financial Officer's Act and will strive to uphold the highest standards of financial integrity.

(b) What experience do you have in managing a large organization?

I have not managed an organization quite as large as the STB (130+ staff), but I managed a group of over 50 professionals at the Department of Transportation and I regularly had as many as 20 professionals reporting to me at the General Accounting Office.

12. The Government Performance and Results Act requires all government departments and agencies to identify measurable performance goals and to report to Congress on their success in achieving these goals.

(a) What benefits, if any, do you see in identifying performance goals and reporting on progress in achieving those goals?

Performance goals are vitally important in monitoring progress toward achieving an agency's mission. It is important that the overall agency performance goals be part of the expectations setting process for all employees. For example, while I was at GAO, we had a highly structured system of setting goals for individual staff and for providing periodic feedback. The result was that staff knew how well they were performing, what kind of merit increase or bonus they could expect, and what they needed to do to correct deficiencies. We could identify whether any additional training was necessary and, sometimes, whether an individual was assigned to the right projects. Moreover, periodic assessment and feedback also give supervisors the opportunity to provide positive feedback to superior staff—thereby further motivating them to give their best.

(b) What steps should Congress consider taking when a department/agency fails to achieve its performance goals? Should these steps include the elimination, privatization, downsizing, or consolidation of departments and/or programs?

If an agency fails to achieve its performance goals, the first question that should be answered is why it hasn't? Are the goals achievable? Are they appropriately defined? If achievable and defined properly, then the next step would be to decide whether the right management team is in place and whether sufficient and appropriate resources are available.

(c) What performance goals do you believe should be applicable to your personal performance, if confirmed?

I believe that my performance goals should include the timely resolution of cases brought before the Board, evidence of thoughtful consideration and analysis in arriving at decisions, efficient management of assigned staff and agency resources, and leadership in helping direct the agency toward rigorous analysis of evidence to reach conclusions consistent with congressional intent.

13. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you?

Perhaps because I have spent many years in academia, I have adopted a philosophy that a supervisor should be a mentor to his or her employees. But, I also strongly believe in providing individuals with as much responsibility as they can handle and I resist micromanaging them. I have usually been pleased with the results. On the few occasions when an employee has not done as well as I would have liked, I try to recognize that I share the responsibility for the sub par performance. In those cases, I would work more closely with the individual to help them attain the skills or confidence needed for the task. In the 35 years that I have been in supervisory positions, I never had an employee file a complaint against me.

14. Describe your working relationship, if any, with the Congress. Does your professional experience include working with committees of Congress? If yes, please explain.

I have always had an excellent relationship with congressional staff and Members. For the past 3½ years, I have served as Staff Director for the Railroad Subcommittee of the House Committee on Transportation and Infrastructure and as Staff Director for Pipeline and Hazardous Materials Issues for the Subcommittee on Highways, Transit, and Pipelines. I also spent nearly 14 years as an Assistant Director at the U.S. General Accounting Office, the principal investigative arm of the Congress. At GAO, I directed the preparation of more than 100 studies and congressional testimonies before both House and Senate Committees. The subjects covered ranged from airline competition, highway safety, and railroad competitiveness to Social Security and pension reform. Virtually all of our work at GAO was performed at the request of either Chairman or Ranking Members of congressional committees and so I worked closely with the appropriate staff in undertaking the project. It was

not unusual for me to be overseeing as many as a dozen projects at a time for several different committees.

15. Please explain what you believe to be the proper relationship between yourself, if confirmed, and the Inspector General of your department/agency.

Because I was the Deputy Assistant Inspector General at the U.S. Department of Transportation for Rail, Transit, and Special Programs, I was the Deputy IG who had oversight responsibilities for the Surface Transportation Board. I firmly believe that agencies and departments of the Federal government have a duty to be responsive to requests for data and information so that the IG can conduct an audit or investigation.

16. In the areas under the department/agency's jurisdiction to which you have been nominated, what legislative action(s) should Congress consider as priorities? Please state your personal views.

I believe that the Nation needs a healthy and prosperous railroad industry in order that it can accommodate the projected growth in freight and passenger traffic in the coming years. Unfortunately, at a time when more investment in the industry is needed, the industry's infrastructure is shrinking. Congress needs to consider what must be done to ensure that the rail infrastructure will be there to meet future needs. We are also approaching the 25th anniversary of the Staggers Rail Act of 1980, which greatly changed the rail regulatory framework, and the 10th anniversary of the ICC Termination Act, which created the Surface Transportation Board. I believe this is an appropriate time for an independent assessment of how well the current system has worked and what legislative changes might be desirable to make it work better.

17. Within your area of control, will you pledge to develop and implement a system that allocates discretionary spending in an open manner through a set of fair and objective established criteria? If yes, please explain what steps you intend to take and a time frame for their implementation. If not, please explain why.

To the best of my knowledge I do not believe that I have say over much, if any, discretionary spending by the agency. To the extent that I do, I pledge that such spending will always be done in an open manner through fair and impartial criteria. I pledge to work with the agency's ethics officer, the Inspector General, and the GAO to ensure that such procedures are in place.

The CHAIRMAN. Thank you very much.

I want to thank all the witnesses. As you can see by the large turnout, there's a great deal of controversy associated with these nominations.

[Laughter.]

The CHAIRMAN. But please know that in the view of all Members of this Committee your appointments are very important to us and to the American people.

Ms. Keenum, as we speak there's amendments on the floor concerning curtailment of free trade, on closing open markets, and outsourcing of jobs, so I think you have some significant responsibilities that you are assuming.

Dr. Combs, I think you will face budgetary and program pressures that probably we have not experienced in many years as we face looming deficits of trillions of dollars, and so you have a very tough decisionmaking process and some heavy responsibilities.

Dr. Mulvey and Mr. Buttrey, as you know, the Surface Transportation Board has been moribund for some period of time, and with the addition of both of you, you're going to have a very large backlog of issues to address, and I hope that you will work together to address the ongoing concerns that, in some ways, at least to me, are almost insoluble. We continue to be gridlocked here on the Committee and in the Congress on issues such as captive shipper problems and others, so I hope you can help us sort out some of these issues, as Dr. Mulvey pointed out, balancing the fact that we have to have a viable railroad industry, and, at the same time, we

have to take in consideration the rights and the need that consumers be treated in a fair and equitable fashion.

So I welcome all of you. We will mark up your nominations on Tuesday morning, and try to get them to the Senate this week before we go out of session, as we are want to do every week or two.

I thank you very much. Again, congratulations to you and to your families.

This hearing is adjourned.

[Whereupon, at 3:05 p.m., the hearing was adjourned.]



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