

**NOMINATIONS OF FRANCISCO SÁNCHEZ, TO BE
ASSISTANT SECRETARY FOR AVIATION AND
INTERNATIONAL AFFAIRS FOR THE DEPART-
MENT OF TRANSPORTATION; AND KATHERINE
ANDERSON, FRANK CRUZ, KENNETH TOMLIN-
SON AND ERNEST WILSON, TO BE MEMBERS
OF THE BOARD OF DIRECTORS OF THE COR-
PORATION FOR PUBLIC BROADCASTING**

HEARING

BEFORE THE

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

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

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JULY 12, 2000
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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

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TORS OF THE CORPORATION FOR PUBLIC
BROADCASTING**

WEDNESDAY, JULY 12, 2000

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

The Committee met, pursuant to notice, at 9:30 a.m., in room SR-253, Russell Senate Office Building, Senator John McCain, Chairman of the Committee, presiding.

Staff members assigned to this hearing: Virginia Pounds, Republican Professional Staff; and Jonathan Oakman, Democratic Staff Assistant.

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

The CHAIRMAN. Good morning. The first nomination before us today is that of Francisco Sánchez, to be Assistant Secretary of Transportation for Aviation and International Affairs. I want to thank Mr. Sánchez for coming before the Committee.

I'd like to recognize Mr. Sánchez's parents, Delea and Francisco, who are with him today. Welcome. Welcome. Thank you. I know this is a proud day for you and your son. He wouldn't be here without you, in a number of ways.

[Laughter.]

In addition to his family, Mr. Sánchez is accompanied by his current boss, Buddy MacKay, who is the Special Envoy to the Americas for the White House, and an old friend and colleague of mine. I welcome all of you here today.

Among other things, the Assistant Secretary for Aviation and International Affairs is responsible for such important matters as negotiating international air services agreements, ensuring the benefits of a deregulated, competitive domestic airline industry, and expanding transportation and trade opportunities for U.S. companies around the globe.

I'll take just a moment to touch on key aviation policy areas that will face Mr. Sánchez if he is confirmed. On the domestic front, we still need to reduce barriers to competition in the airline industry. DOT must show more initiative in using its existing powers to open up constrained airports.

With respect to international aviation policy, I continue to support fully DOT's effort to pursue open skies agreements which promote free trade between countries in aviation services, and produce significant consumer benefits. All of us continue to be frustrated that the United States and the United Kingdom cannot come to terms on open skies.

I welcome you before the Committee, Mr. Sánchez. Senator Burns.

[The prepared statement of Senator McCain follows:]

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

**The Nomination of Francisco Sánchez To Be Assistant Secretary of
Transportation for Aviation and International Affairs**

The first nomination before us today is that of Francisco Sánchez to be Assistant Secretary of Transportation for Aviation and International Affairs. I want to thank Mr. Sánchez for appearing before the Committee. I would also like to recognize Mr. Sánchez's parents, Delia and Francisco, who are with him today. In addition to his family, Mr. Sánchez is accompanied by his current boss, Buddy MacKay, who is the Special Envoy to the Americas for the White House. I welcome all of you here this morning.

Among other things, the Assistant Secretary for Aviation and International Affairs is responsible for such important matters as negotiating international air services agreements, ensuring the benefits of a deregulated, competitive domestic airline industry, and expanding transportation and trade opportunities for U.S. companies around the globe.

I will take just a moment to touch on key aviation policy areas that will face Mr. Sánchez, if he is confirmed. On the domestic front, we still need to reduce barriers to competition in the airline industry. DOT must show more initiative in using its existing powers to open up constrained airports.

With respect to international aviation policy, I continue to support fully DOT's effort to pursue open skies agreements, which promote free trade between countries in aviation services and produce significant consumer benefits. I continue to be frustrated, however, that the U.S. and United Kingdom cannot come to terms on open skies.

**OPENING STATEMENT OF HON. CONRAD BURNS,
U.S. SENATOR FROM MONTANA**

Senator BURNS. Thank you, Mr. Chairman, and thank you for holding this hearing today; and thank you, Mr. Sánchez, for your public service, we appreciate that very much.

I want to make a couple of points this morning. Last week they just made the assignments outside the perimeter rule out of National Airport. And I feel that it was a very bad decision that they made down there.

I wish we would look, just for a second, and talk about fair. I've got a little thing here I want to show you.

[Holding up map of U.S.]

This is where the slots went: Las Vegas, Denver, Phoenix, and Los Angeles. A good argument could be made for Phoenix, no problem.

[Laughter.]

How am I doing, boss?

This is the worst of them all: None in Salt Lake, where it's a hub, there are some 60-odd markets of which the Northwest gets nothing, nothing. Now there's no television here and it's a simple thing. But I want to alert you in what we have to look at with that group that you're going to work with down there.

Even Las Vegas, I don't have a problem with; I don't even have much of a problem with Denver and Frontier. Because I'll have to change airlines, but I can do that. But it offers no competition from a hub that offers more cities in one-stop service to Washington National than any hub in the West. Do you know how much they serve there? Six cities. Six out of Los Angeles and sixty up here.

Now somebody down there did not either read the guidelines of which those slots were to be awarded. And I am more than unhappy about it because we are—yes, we are sparsely populated, but we don't have competition, and the competition that we don't have, we pay through the nose in air fares.

So I just want to bring that up and make a point at this hearing this morning. I will be supporting you, by the way; but nonetheless, I think the Los Angeles part is just egregious, Mr. Chairman. Whenever you turn down a hub that serves sixty-some-odd cities in the Northwest, the Northwest got nothing out of that. Not one darn thing.

Had I known that, Air 21 would still be on the floor of the U.S. Senate.

Thank you, Mr. Chairman.

[The prepared statement of Senator Burns follows:]

PREPARED STATEMENT OF HON. CONRAD BURNS,
U.S. SENATOR FROM MONTANA

Thank you Mr. Chairman, I am very interested in the position Mr. Sánchez has been nominated to fill. Mr. Sánchez has been nominated to be the Assistant Secretary for Aviation and International Affairs at the Department of Transportation. Among other responsibilities, Mr. Sánchez will oversee the determination of requests for slots and slot exemptions at airports affected by the High Density Rule or the perimeter rule as it is known in Washington, D.C.

Recently, the office being considered was responsible to carry out a Congressional directive (as determined by AIR-21, H.R. 1000) to allocate 24 slots at DCA-12 within the perimeter and 12 outside the perimeter. We are all aware of the numerous applications that were submitted for these slots but I think it was very clear whom the most eligible carriers were based on the criteria cited in AIR-21.

The outside the perimeter slots were awarded in the following manner:

- 1) Two slots were allocated to Frontier Airlines (Denver);
- 2) Two slots were allocated to National Airlines (Las Vegas);
- 3) Two slots were allocated to TWA (Los Angeles);
- 4) Six slots were allocated to America West (four to Phoenix and two to Las Vegas).

The language in AIR-21 required certain criteria be met before allocations were determined. The most important of those criteria:

- 1) Provide domestic network benefit in areas beyond the perimeter
- 2) Increase competition by new entrant carriers or in multiple markets

America West serves several markets in the west and is in the process of expanding service across the west as their name indicates. However, I must question the allocations of slots to Frontier Airlines and National Airlines considering their status as new entrant carriers that provide the best domestic network benefits in areas

beyond the perimeter. Furthermore, are these airlines securely established in their so-called hubs?

Finally, I must make it very clear that I find the TWA award very curious. Mr. Chairman, I must say that the allocation of two slots to TWA to serve Los Angeles is a very questionable move motivated more by politics than by merit.

As indicated by this chart (source: TWA's website), TWA provides service to six markets without direct access to DCA.* I am aware the award of their allocation includes a requirement that TWA partner with another regional airline but the fact still remains that TWA currently provides service to only 6 communities. The partnering airline is Chatauqua Airlines which is considered an inside-the-perimeter airline serving several East Coast markets.

On the other hand, I, along with several of my colleagues were supportive of Delta Airline's application which would have provided direct service between Salt Lake City and DCA. Awarding Delta DCA slots would have provided one-stop service to our nation's capital to 64 communities in the West.

Frankly, I am very concerned that the allocation process—which was praised by the Administration as “non-partisan”—was instead very political. Based solely on the first and primary criteria as dictated by H.R. 1000, Congressional direction, I believe, was ignored by the Administration. Let me say that again, I believe that Congressional direction was ignored by the Administration.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Burns. I think your point is well made, and I'd like to make a couple of additional comments.

Thanks to the really extraordinary efforts on the part of those who support the maintenance of the perimeter rule, including United Air Lines, including several other airlines, including the parochialism that exists here in the Washington, D.C. metropolitan area, we were unable to do what we really need to do, and that is do away with the perimeter rule and let people fly wherever the markets are.

So what we did, and I'm not taking the side of the Department of Transportation, but we really, as I said on the floor, we won a pyrrhic victory: Just 24 flights, 12 of them within and 12 of them without, outside of the perimeter rule. Then it lent itself, very frankly, to a huge amount of politicization and political pressure on the Department of Transportation.

Everybody wrote letters—I did not, but everybody, understand, wrote letters, “give us flights to our particular city,” putting absolutely to rest for all times that there is a need for flights beyond the perimeter rule in the United States of America from Reagan National Airport, which incidentally as we all know, has the highest air fares in the country.

But it is also a telling commentary, the power, particularly of United Air Lines and other airlines who wanted the status quo so that they can have the high air fares out of Reagan National and maintain what they have out at BWI as well as Dulles.

I would just remind you, the reason why we put in the perimeter rule was so that Dulles Airport, which was a white elephant back in the Fifties, would have a chance to grow and prosper. I landed at Dulles Airport on Sunday afternoon. It's congested, it's full, it's packed.

And by the way, I have to give credit to the Virginia delegation as well, and *The Washington Post*, which editorialized at least once a week about how we were interfering with the operation of Reagan National Airport by trying to change a federal law. Curious logic.

*The information referred to was not available.

Senator BURNS. Mr. Chairman, if you would yield just for a second.

The CHAIRMAN. I would be glad to.

Senator BURNS. If they just looked at the guidelines of Air 21 that was written into that, it says to provide domestic network benefit in areas beyond the perimeter, to benefit those areas. And to increase competition by new entrant carriers or in multiple markets.

We might as well have made a doorstep out of those two statements, because they weren't even looked at. So I guess that's my—I have no problem with going to Phoenix for the simple reason that I think those slots will be very well served. But the Los Angeles market, to a carrier—now I know TWA, you know, 30 wobbly airplanes, and only serve six cities out of that hub is not, that doesn't fulfill the guidelines in the language of Air 21.

The CHAIRMAN. Let me just assure you that I will continue the struggle to try to remove the perimeter rule and other restrictions against competition, which then causes lower air fares, which then allows for more markets to be served. And when we get into our questioning Mr. Sánchez, I am deeply concerned about the consolidations within the industry, the United-U.S. Air merger; we read in *The Washington Post* and *The New York Times* this morning, American is now talking to Delta-Northwest. If there is then a spinoff of Continental, you will end up with three major airlines in America. I am not sure that's good for America; in fact, I'm pretty sure that it is not.

Senator Lott, did you want to engage in this discussion before we allow Mr. Sánchez to talk?

**OPENING STATEMENT OF HON. TRENT LOTT,
U.S. SENATOR FROM MISSISSIPPI**

Senator LOTT. It has been very interesting to observe it.

Mr. Sánchez, welcome, and good luck in your new position.

Mr. Chairman, I share the feelings that you and Senator Burns have both expressed, including the ridiculousness of the perimeter rule, but I think perhaps enough has been said this morning. I just want to emphasize, as you've already heard from Senator Burns, and from others as you have been making courtesy calls.

Please keep in mind in your new position the small and underserved markets, which we have found when they get service, flourish and do quite well. Jackson, Mississippi was one of the five most underserved areas in the country. When we had another airline come in, the dominant airline that was there complained that they would probably have to reduce their service or stop serving that area. But, the boardings went up 106 percent or something of that magnitude; not only did the existing airline increase in ridership, the new airline was full almost immediately. So it has worked very well where they do get reasonable service in these underserved and smaller markets.

So good luck, and I look forward to working with you.

The CHAIRMAN. Senator Rockefeller.

**OPENING STATEMENT OF JOHN D. ROCKEFELLER IV,
U.S. SENATOR FROM WEST VIRGINIA**

Senator ROCKEFELLER. Thank you, Mr. Chairman.

My priorities in aviation are to try to make the system work, for big markets as well as small markets, because it isn't working for the most part. We have kind of stood by here in Congress and watched the system deteriorate, and have not really done very much about it until we passed the last FAA bill, which will take a while to kick in, and it won't be nearly enough.

You have an enormously important position; people underestimate it. But the power that you have, the influence that you have, the types of decisions that you will make, are not only domestic but they're international and they're very far-flung on all sides.

There may be some who try to say that "Well, you haven't had a lot of aviation experience." Well, none of us had much experience when we came up here as being Senators. But people said that about Jane Garvey, too, and she's the best FAA Administrator I've ever seen.

You have my full confidence. You should know that along with the national system of making air traffic safety smoother and safer and all the rest of it which we're not yet up to, obviously I have a very strong interest in small markets. You do essential air service, you administer this grant program which is new and would be very, very interesting, but I have a lot of confidence in your ability and I look forward to voting for you.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Graham.

**INTRODUCTION OF FRANCISCO SÁNCHEZ BY
HON. BOB GRAHAM, U.S. SENATOR FROM FLORIDA**

Senator GRAHAM. Mr. Chairman and members of the Committee, thank you very much for this opportunity to introduce to the Committee a good friend, a long friend of mine, Francisco Sánchez, who has been nominated to be the Deputy Secretary of Transportation for Aviation.

I have known Mr. Sánchez for most of his adult life. He comes from Tampa, Florida where his family is a very important part of the fabric of that community. While I was Governor, Mr. Sánchez served with distinction in our administration, working particularly closely with our Lieutenant Governor, Wayne Mixson, primarily in economic development issues.

I can attest that Mr. Sánchez is a man of dedication, honor, integrity and very keen intelligence. One of his particular skills is as a gifted problem-solver, which from the opening comments, sounds as if it would be a characteristic extremely valuable in this position.

Mr. Sánchez, although a relatively young man, brings a rich blend of public and private sector experience, including employment with one of Florida's leading law firms and later the Dispute Resolution Center at Harvard.

Mr. Sánchez has a special appreciation of the aviation needs of rural communities, small towns and underserved areas; experience and expertise that he will be able to use at the Department of Transportation. In part, this experience was gained through his

work in state government where part of his portfolio was to bring aviation service to underserved communities in Florida.

He also served as the first director of Florida's Caribbean Basin initiative program. He has used his expertise in Latin America and the Caribbean in many other positions.

One of Frank's particular skills is in negotiation. He was part of the Harvard negotiation group which has been very instrumental in not only educating individuals and groups about negotiating skills, but also actually applying those skills. As the managing director of CMI International Group, Frank designed and facilitated the negotiations for complex international transactions in labor-management.

He has worked in such diverse areas as Medellín, Colombia as part of a teaching tolerance program, an initiative to end violence in that province. He played an advisory role in ending the Peru-Ecuador dispute which contributed to a peace treaty signed in October 1998, and I can say I know his firsthand abilities in the area of negotiation because he taught to our Washington staff and myself, through an intensive, multi-day seminar, techniques in negotiating skill which all of you have had an opportunity to be exposed to, and thus you can now understand why I have been so persuasive in asking your support for common causes.

Currently, Mr. Sánchez serves as Special Assistant to the President and Senior Advisor to a Special Envoy for the Americas, Ambassador Buddy MacKay. There his focus includes economic issues, democracy, judicial reform, human rights, health and education systems, environmental policy and sustainable development.

Mr. Sánchez has a bachelor's and law degree from Florida State University, and a Master's degree in Public Administration from the Kennedy School of Government.

Mr. Chairman, Members of the Committee, I appreciate the chance to be here today. I am certain that you will find the same qualities in Mr. Sánchez that I have known for many years.

My colleague, Senator Mack, has asked me to join in support of Mr. Sánchez, and I would like to submit his statement for the record.

The CHAIRMAN. Without objection.

Senator GRAHAM. Thank you very much, Mr. Chairman.

[The prepared statement of Senator Mack follows:]

PREPARED STATEMENT OF HON. CONNIE MACK, U.S. SENATOR FROM FLORIDA

Mr. Chairman and members of the Committee, I am pleased to have the opportunity to introduce Francisco Sánchez for your consideration as the Assistant Secretary for Aviation and International Affairs at the Department of Transportation.

Mr. Sánchez has an impressive resume and an extensive background in foreign relations and negotiations. He began his academic career at Florida State University where he graduated with a Bachelor of Arts degree in Multi-National Business and Spanish. Mr. Sánchez then earned his Juris Doctorate from the Florida State University College of Law. In 1993, Mr. Sánchez received a Master's degree in public administration from the Kennedy School of Government at Harvard University.

Over the course of Mr. Sánchez's career, he has served as the Secretary for the Florida Department of Commerce, the State of Florida's first director of their Caribbean Basin Initiative Program, and as former Governor Bob Graham's Liaison to the Florida Commission on Hispanic Affairs. While in Florida, Mr. Sánchez also practiced corporate and administrative law with Steel, Hector and Davis, a Miami based firm.

Following his time practicing law, Mr. Sánchez joined CMI International Group where he served as Senior Consultant and Managing Director. This group designs and facilitates negotiation processes for complex transactions and labor management matters worldwide, with an emphasis in Latin America and the Caribbean.

I am informed that, while at CMI, Mr. Sánchez worked with the private sector on a variety of negotiations including telecommunications, mining franchises and collective bargaining agreements. Mr. Sánchez headed a team in Medellín, Colombia as part of the "Teaching Tolerance" program, an initiative to curb the violence in the province of Antioquia. This program brought together disparate groups to learn conflict resolution. He also played an advisory role in the Ecuador-Peru border dispute, which contributed to the signing of a peace treaty in October of 1998. Mr. Sánchez was also a contributing author to *Negociación 2000* published by McGraw-Hill.

In 1999, Mr. Sánchez came to Washington, D.C. to serve as Special Assistant to the President in the Office of the Special Envoy for the Americas. He currently serves as Chief of Staff and advises on policy related to the Americas including economic integration, promoting democratic and judicial reforms, human rights, health and education systems, cultural exchange, sustainable development, environmental practices and other issues.

Mr. Sánchez's credentials are truly impressive, and it is evident that he has achieved excellence throughout his career. His professional experience in the field of international affairs would certainly be an asset to the Department of Transportation.

Mr. Chairman, it has been my pleasure to introduce this fine and capable man to the Commerce Committee this morning. Thank you.

The CHAIRMAN. Thank you very much, Senator Graham. I know you have a very busy schedule this morning, and we appreciate the fact that you would take the time out on behalf of your friend and fellow Floridian.

Thank you very much, Senator Graham.

Senator Dorgan, did you have anything to say before we allow Mr. Sánchez to say a word?

**STATEMENT OF HON. BYRON L. DORGAN,
U.S. SENATOR FROM NORTH DAKOTA**

Senator DORGAN. Mr. Chairman, I will wait and, if it's permissible, I want to ask Mr. Sánchez a few questions. But let me just say that I am delighted that he is here. I think he has wonderful credentials, and I am supportive of his nomination.

I thank Senator Graham for his wonderful introduction. I would like to ask him a couple of questions following his testimony.

The CHAIRMAN. Mr. Sánchez, welcome to the Committee.

STATEMENT OF FRANCISCO J. SÁNCHEZ, NOMINEE, ASSISTANT SECRETARY FOR AVIATION AND INTERNATIONAL AFFAIRS, DEPARTMENT OF TRANSPORTATION

Mr. SÁNCHEZ. Thank you, Mr. Chairman, Members of the Committee.

I am honored to come before you today as you consider my nomination to be Assistant Secretary of Transportation for Aviation and International Affairs. I especially appreciate the Committee's efforts to expedite my nomination during this busy legislative period.

And I want to thank Senator Graham for his kind words. My introduction to public service began 20 years ago when I first went to work for Senator Graham in the Florida Governor's office. I thank him for that opportunity and I thank him for his continued support today.

I also want to thank Senator Mack for his written testimony in support of my nomination.

I am also pleased to be joined today by Special Envoy for the Americas Buddy MacKay, himself a former Member of Congress.

Serving as chief of staff to Special Envoy MacKay has allowed me to advance America's strategic and economic interests throughout the Western Hemisphere. I want to thank Mr. MacKay, and I also would like to thank the Special Envoy staff for their friendship and tremendous support.

Finally and most importantly, Mr. Chairman, I want to thank you for acknowledging my mother and father. I am grateful for their consistent support and encouragement over the years, as well as that of my friends who have joined me here this morning.

Mr. Chairman, I am deeply honored by the confidence that the President and Secretary Slater have placed in me. The President and Secretary Slater recognize the critical importance of the international transportation system to our nation's economy, security, and quality of life.

The Office of Assistant Secretary for Aviation and International Affairs will tackle numerous complex issues. I know that my time is limited, but I believe that my background and my energy can be valuable assets as we work to increase competition and access at home and open up new markets abroad.

I know this Committee has worked hard to enhance air service and airline competition in domestic communities both large and small. I will work to ensure that the Essential Air Service program is responsive to airline customers throughout the United States. The Department of Transportation will also monitor the impacts of airline consolidation, providing input on major changes like the merger of United and U.S. Airways.

As Chief of Staff in the Special Envoy for the Americas office in the White House, I became intensely aware of the need to promote free and open markets. I am ready to draw on my background in negotiation to help the Department complete open sky agreements with foreign governments in all corners of the world.

Before joining the Special Envoy staff, I was managing director of an international consulting firm specializing in negotiation strategies for business and government. This experience can be an asset as we move forward with negotiations with the United Kingdom, and expand multilateral aviation agreements with APEC, the Asian Pacific Economic Cooperation organization.

I look forward to working with this Committee, the industry, labor and other interested groups to help the United States achieve transportation excellence in the 21st Century.

Thank you for your consideration. I would be happy to address any questions that you may have.

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

PREPARED STATEMENT OF FRANCISCO J. SÁNCHEZ, NOMINEE, ASSISTANT SECRETARY
FOR AVIATION AND INTERNATIONAL AFFAIRS, DEPARTMENT OF TRANSPORTATION

Chairman McCain, Senator Hollings and members of the Committee, I am honored to come before you today as you consider my nomination to be the Assistant Secretary of Transportation for Aviation and International Affairs. I especially ap-

precipitate the efforts of the Committee to expedite my nomination during your busy legislative period.

And thank you, Senator Graham, for your kind words of introduction. My introduction to public service began more than 20 years ago when I first went to work for you in the Florida governor's office. Thank you for that opportunity then and for your continued support today.

I would also like to thank Senator Connie Mack for his written testimony in support of my nomination.

I am pleased to be joined today by Special Envoy for the Americas Buddy MacKay, himself a former Member of Congress. Serving as Chief of Staff to Special Envoy MacKay has allowed me to help advance America's strategic and economic interests throughout the Western Hemisphere. I would like to thank Mr. MacKay and the Special Envoy staff for their friendship and tremendous support.

Finally, but most importantly, I would like to acknowledge my Mom and Dad. I am grateful for their constant support and encouragement over the years as well as that of my friends who have joined me here this morning.

Mr. Chairman, I am deeply honored by the confidence that the President and Secretary Slater have placed in me. The President and Secretary Slater recognize the critical importance of the international transportation system. In particular, they are very much aware of the role air service plays in our nation's economy, its security, and its quality of life. My pledge to them, to Congress, and to the American people is that, if confirmed, I will work hard to serve the public interest by promoting the Department's policies of increasing competition and access at home and by continuing to open up global markets.

The development of an efficient global air transportation system has enormous consequences for consumers, local communities, and the national economy. Air transportation is a growing part of world commerce. More than 650 million passengers flew on US airlines last year, a number that will reach one billion by 2010. Travel and tourism is already the world's largest industry, directly or indirectly creating 10 percent of global jobs. The \$1 trillion global air transportation industry accounts for 24 million jobs worldwide. By 2010, this economic impact will approach \$2 trillion, accounting for over 30 million jobs.

The Office of the Assistant Secretary for Aviation and International Affairs is critical to this nation's position in the world economy. There are numerous, complex issues that need to be addressed. I know my time may be limited, but I believe my background and energy can be valuable assets at the Department of Transportation.

Domestically, consumer access to affordable air service is essential to efficient commerce. I support the efforts of this Committee and the Department to enhance air service and airline competition in communities both large and small. I will work to ensure that the Essential Air Service program is responsive to airline customers throughout the United States.

I look forward to managing our efforts to extend the reach of individual airlines and to offer passengers and shippers better and more cost-effective access to ever-expanding markets. The Department of Transportation will monitor the impacts of airline consolidation, providing input on major changes like the merger of United and U.S. Airways. The Department will also monitor passenger service to determine how airlines treat their customers.

As Chief of Staff to the Special Envoy for the Americas in the White House, I became intensely aware of the need to promote free and open markets and of the tremendous opportunities in global aviation that await us. I am also ready to draw on my background in negotiation to help the Department reach Secretary Slater's goal of a true international aviation network built through bilateral, plurilateral, regional, and global agreements.

Before joining the Special Envoy's staff, I was managing director of an international consulting firm specializing in negotiation strategy advice for businesses and governments around the world. I look forward to using my international negotiation experience to build on the Department's success in negotiating 46 open-skies agreements with foreign governments in all corners of the world. Our negotiations with the United Kingdom are now at a critical juncture, and we are working to expand plurilateral aviation agreements with APEC, the Asian-Pacific Economic Cooperation organization.

As the Committee is well aware, we still have much to do. I look forward to working with this Committee, the industry, and other interested groups to achieve transportation excellence in the 21st Century.

Thank you for your consideration. I would be happy to address any questions you may have.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nick names used.) Francisco Juan Sánchez. Also have used "Frank."
2. Position to which nominated: Assistant Secretary for Aviation and International Affairs at the Department of Transportation.
3. Date of nomination: June 13, 2000.
4. Address: (List current place of residence and office addresses.) Residence: 1080 Wisconsin Avenue #1014, Washington, D.C. 20007. Office: Office of the Special Envoy for the Americas, OEOB 176A, Washington, D.C. 20502.
5. Date and place of birth: June 16, 1959, Tampa, Florida.
6. Marital status: (Include maiden name of wife or husband's name.) Single.
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.)

School Attended	Dates of Attendance	Date Degree Granted	Degrees Awarded
Hillsborough High School	1974-1977	1977	High school diploma
University of Florida	1977-1978		
Florida State University	1979-1981	1981	B.A. Degree
Florida State University	1983-1986	1986	J.D. Degree
Harvard University	1992-1993	1993	Masters Degree in Public Administration

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.)

Title of Job	Name of Employer	Location of Work	Dates of Employment
Special Assistant to the President and Chief of Staff of the Office of Special Envoy	The White House	Office of the Special Envoy, OEOB 176A, Washington, DC 20502	April 1999 to the present
Managing Director	CMI International Group	1030 Massachusetts Ave., Cambridge, MA 02138	September 1997 to April 1999
Senior Consultant	Conflict Management Inc.	1030 Massachusetts Ave., Cambridge, MA 02138	September 1993 to August 1997
Associate Attorney	Steel Hector & Davis	200 S. Biscayne Blvd., 4th Floor, Miami, FL 33131	February 1987 to July 1992
Asst. to the Secretary of Commerce	Florida Department of Commerce	Collins Bldg, 107 W. Gaines Street, Tallahassee, FL 32399	June 1984 to January 1987

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.)

Affiliated Corp./Institution	Relationship/Duty	Dates of Service
CMI International Group	Former Managing Director, current equity holder	September 1997 to April 1999

Affiliated Corp./Institution	Relationship/Duty	Dates of Service
Florida International Volunteer Corps	Member-Board of Directors	1989–1998
Government of Ecuador	Advisor on negotiations and conflict resolution	April 1998–December 1998
Government of Colombia	Advisor on negotiations and conflict resolution	August 1994–December 1998
Conflict Management Group	Advisor on negotiations and conflict resolution	August 1993–April 1999
PDVSA Venezuela	Advisor on negotiations and conflict resolution	February 1997–April 1999
Bell South Ecuador	Advisor on negotiations and conflict resolution	November 1998–April 1999
Conecel Ecuador	Advisor on negotiations and conflict resolution	June 1998–April 1999
Andinatel Ecuador	Advisor on negotiations and conflict resolution	December 1998–April 1999
Pacifictel Ecuador	Advisor on negotiations and conflict resolution	December 1998–April 1999
APENAC Peru	Advisor on negotiations and conflict resolution	September 1995–April 1999
Fundacion Chile	Served as Representative to CMI International Group	September 1998–April 1999
AIRAD Argentina	Served as Representative to CMI International Group	January 1996–April 1999
VISA International	Advisor on negotiations and conflict resolution	June 1998–April 1999
Sprinters International	Advisor on negotiations and conflict resolution	May 1997–April 1999
Government of Costa Rica	Advisor on negotiations and conflict resolution	July 1998
InterAmerican Development Bank	Advisor on negotiations and conflict resolution	June 1994–April 1999
World Bank	Advisor on negotiations and conflict resolution	January 1996–February 1996
BANAMEX	Advisor on negotiations and conflict resolution	September 1993–April 1999
Banca Serfin	Advisor on negotiations and conflict resolution	December 1996–April 1999
Camara de Comercio de Bogota	Served as Representative to CMI International Group	January 1997–April 1999
Camara de Comercio de Quito	Served as Representative to CMI International Group	July 1997–April 1999
Camara de Comercio de Guayaquil	Served as Representative to CMI International Group	July 1997–April 1999

Affiliated Corp./Institution	Relationship/Duty	Dates of Service
Art Tech Uruguay	Advisor on negotiations and conflict resolution	January 1997–April 1999
Accion International	Advisor on negotiations and conflict resolution	January 1997–April 1999
Discovery Channel Latin America	Advisor on negotiations and conflict resolution	January 1997–April 1999
Grupo Bavaria	Advisor on negotiations and conflict resolution	June 1996
Andersen Consulting	Advisor on negotiations and conflict resolution	January 1994–January 1998
Arthur Andersen	Advisor on negotiations and conflict resolution	January 1994–January 1999
IBM	Advisor on negotiations and conflict resolution	September 1993–April 1999
Smith Barney	Advisor on negotiations and conflict resolution	September 1996
Bank of America	Advisor on negotiations and conflict resolution	September 1993–September 1997
Conflict Management, Inc.	Advisor on negotiations and conflict resolution	September 1993–September 1997
Boston Teachers Union	Advisor on negotiations and conflict resolution	January 1994–July 1994
Boston Public Schools	Advisor on negotiations and conflict resolution	January 1994–September 1995
Florida Chamber of Commerce	Advisor on negotiations and conflict resolution	January 1995–April 1999
J.P. Morgan	Advisor on negotiations and conflict resolution	April 1993–April 1999

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

Membership Organization	Positions Held	Dates of Membership
Boston Museum of Fine Arts	Member	1997–1999
Boston Museum of Science	Member	1997–1999
Florida Assoc. For Voluntary Agencies (Florida Int'l Volunteer Corp.)	Board of Directors	1989–1998
Florida Bar Association	Member	1986–present
American Bar Association	Member	1987–1992
Do the Right Thing, Inc.	Chairman of Board	1989–1992
Florida Center for Family & Youth	Member	1990–1991
Miami Chamber of Commerce Legislative Affairs Committee	Member	1990–1992

Membership Organization	Positions Held	Dates of Membership
City Club	Member	1987–1992
Harvard Faculty Club	Member	1993–present
Kennedy School Alumni Assoc.	Member	1993–present
Florida State U. Alumni Assoc.	Member	1986–present

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. I am a registered Democrat; I did fundraising for the Lawton Chiles campaign for Governor of Florida in 1990. I also volunteered for the Clinton-Gore campaign in 1992.

(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. I cannot recall any contributions made in the last 10 years that were \$500.00 or more.

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.) (a) Florida International Volunteer Corp., Volunteer of the Year, 1998; (b) American Legion Leadership Award, 1977; (c) Florida Chamber of Commerce Star Student Award, 1976.

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

Titles	Publishers	Dates of Publication
“La Negociación y el Proceso Legislativo” (Cf. “Negotiation and the Legislative Process”), <i>Negociación 2000: La colección de Conflict Management</i>	McGraw-Hill Interamericana, Colombia	July 1996
“Preparándose para Negociar” (Cf. “Getting Ready to Negotiate”). Ertel, Danny and Francisco Sánchez with Horacio Falcão	Carta Gerencial 9, Uruguay	January 1998
“A fase de preparação” (Cf. “Getting Ready to Negotiate”). Ertel, Danny and Francisco Sánchez with Horacio Falcão	HSM Management 8	May 1998

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. I have not delivered any speeches during the last five years on topics relevant to the position for which I have been nominated.

17. Selection:

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

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

Yes, I do know why I was chosen for this nomination by the President. The office of Assistant Secretary for Aviation and International Affairs of the U.S. Department of Transportation is responsible for negotiating Open Skies agreements with other nations. This is not the only duty of this office, but it is a major work component. I bring to this job extensive experience in negotiating complex transactions and providing advice on negotiating strategy. Prior to my current work at the Office of the Special Envoy for the Americas in the White House, I worked as a consultant with Conflict Management, Inc. and CMI International Group. Both are consulting firms specializing in providing negotiation strategy and business relationship management advice. I have worked with governments, corporations, and multilateral organizations located in more than thirty countries from around the world. Secretary Slater believes—as I do—that my negotiating experience can complement the efforts

of the Department in negotiating Open Skies agreements and other transportation issues.

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 currently have no positions or affiliations outside of 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? I have discussed working again with CMI International Group, the consulting company with which I was previously associated, but I have not entered into any plan, agreement, or arrangement with that organization.

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.

Status & Terms of any Agreement or Arrangement	Parties	Date
Pursuant to a shareholders agreement with Mark Smith, I receive a share of profits, if any, from CMI International Group	Mark Smith, Los Angeles, CA	September 1997
I have rented my apartment to my former company, CMI International Group, at fair market value	CMI International Group, Cambridge, MA	April 1999
I am a non-contributing participant in a 401K Plan sponsored by CMI International Group	CMI International Group	March 1998

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 of which I am aware.

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? In 1990 I briefly represented Pan American World Airways before the State of Florida and Dade County. Other than that, I am not aware of any.

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.

From 1987 to 1992 I lobbied the Florida legislature and executive branch on a variety of issues. Below is a list of my former clients:

Ablecare, Inc.	Pharmaceuticals Searle
American Electronics Assn.	Psychotherapists Society
American Express	Scholarship Inter-Americans
Argus Insurance Services, Inc.	SLAAC State Legislative Alert & Action
ARRDA	Miami-Dade Community College
Arvida/JMB Partners	Ethanol Corp.
Avis Rent-A-Car	FCCI Self Insurers Fund
Assn. Of FL Broadcasters	Flo-Sun
Broilers Assn., NE FL	Knight-Ridder
Budget Rent-A-Car	Loan America Financial Corp.
Coca-Cola Enterprises	National Medical Enterprises
Coca-Cola Foods	Pan American World Airways
Distilled Spirits Council	Paramount Communications
Education Corp. of America	Pay Telephone Association
Environmental Products Corp.	Peoples Telephone Co.
Florida Bar	Securities Industry Assn.
General Electric	Telesat Cablevision
Hearing Aid Society	United Gas Pipe Line Co.
Kurzweil Computers	Vittoria (Bermuda) Insurance &
Magella Corp.	Reinsurance Co.
Microtel, Inc.	Walt Disney World
Multistate Assoc. Inc.	

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 will do whatever is necessary to eliminate any potential conflict of interest.

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. No.

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. I can think of no unfavorable information that should be considered. My resume is attached. Also, please refer to question 17 of Section A.

E. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency complies with deadlines set by congressional committees for information? Yes, I will make this a top priority.

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. As the Assistant Secretary for Avia-

tion and International Affairs, I will review all potentially significant regulations and ensure they comply with the spirit of legislation passed by Congress.

5. Describe your department/agency's current mission, major programs, and major operational objectives. The Office of the Assistant Secretary for Aviation and International Affairs is responsible for a broad portfolio of responsibilities covering domestic and international aviation, international trade, and a range of other international cooperation and facilitation issues. The Office has three primary goals. The Office works to (1) liberalize international air services; (2) ensure the benefits of a deregulated, competitive domestic airline industry; and (3) expand transportation and trade opportunities for U.S. companies around the globe. Several initiatives support these goals. For example, Secretary Slater has initiated implementation of the President's Safe Skies for Africa Initiative, an effort to improve aviation safety and airport security in Africa and to foster the growth of aviation services between Africa and the United States. The Department has increased the number of "Open Skies" agreements, and it is working on a post "Open-Skies" policy to address the economics of networks and their impact on prices and services, infrastructure limitations, and barriers to entry. Domestically, the Office has worked hard to ensure the benefit to consumers of air deregulation; encouraged small community air service through the Essential Air Service Program; and is well underway with implementation of the provisions of AIR-21.

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? Yes.

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? From 1993 to 1999 I worked as a consultant with Conflict Management, Inc. and CMI International Group. Both of these organizations were born out of the Harvard Negotiation Project, a negotiation and conflict resolution think tank at Harvard Law School. I provided advice and training and facilitated complex negotiations on behalf of corporations, governments and multilateral organizations throughout the world. I had a particular focus in Latin America.

Prior to my work with these organizations I practiced corporate and administrative law with the law firm of Steel Hector & Davis. Both my law background and my negotiation consulting work will serve me well in this position.

2. Why do you wish to serve in the position for which you have been nominated? I believe my academic background and professional experience will permit me to add value to the Department of Transportation. I enjoy my work as a negotiator and in formulating public policy. I want to bring those skills to bear at the Department of Transportation.

3. What goals have you established for your first two years in this position, if confirmed? I will work to continue the process of liberalization with our international trading partners, including efforts to achieve an Open Skies agreement with Great Britain. I will continue Secretary Slater's initiative to develop pluralateral aviation agreements. For example, there are promising developments with economies represented in APEC, the Asia Pacific Economic Cooperation organization. I will also work to sustain the benefits of a competitive domestic aviation industry. In this regard, I will work closely with the FAA to implement the provisions of AIR-21.

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 an extensive aviation background. I will work closely with staff to enhance my understanding of complex aviation issues.

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 should society's problems be left to the private sector, and what standards should be used to determine when a government program is no longer necessary. Government should involve itself in the private sector when national security, safety, health, and economic stability are threatened. Any government program should have quantifiable objectives, and when those goals are met, it is appropriate to terminate the program. It is also appropriate to eliminate a government program when a comprehensive review has determined those societal objectives could best be met by other means. Because air space is a national resource, aviation is a perfect example of how government should be involved in the marketplace to meet the larger goals of safety and security.

6. *In your own words*, please describe the agency's current missions, major programs, and major operational objectives. The Office of the Assistant Secretary for Aviation and International Affairs has two primary duties. First, the Office works

to make aviation more accessible, efficient, and competitive. Every year, more than 550 million people fly domestically, while another 50 million use American carriers for international flights. Second, the Office seeks to expand international Open Skies agreements, implement the provisions of AIR-21, and work the Land Transportation Standards Subcommittee, which was created by the North American Free Trade Agreement to develop compatible standards for truck, bus, and rail operations.

7. In reference to question number six, what forces are likely to result in changes to the mission of this agency over the coming five years. Several developments may affect the mission of this office over the next five years. Economic globalization is an ever-present force. Additionally, there is increased demand for airline and infrastructure services. Technology is changing at a rapid rate, affecting operations like e-commerce and prompting companies to consider the internet distribution of tickets.

8. In further reference to question number six, what are the likely outside forces which may prevent the agency from accomplishing its mission? What do you believe to be the top three challenges facing the department/agency and why? Two major outside forces may prevent the agency from accomplishing its mission: (1) restrictive international regimes and (2) infrastructure problems. The top three challenges facing the office are (1) ensuring airline competition; (2) liberalization; and (3) enhancing international transportation trade services.

9. In further reference to question number six, what factors in your opinion have kept the department/agency from achieving its missions over the past several years? Although the Office of the Assistant Secretary for Aviation and International Affairs has completed several important initiatives, the presence of restrictive international regimes and continued infrastructure problems has limited its work.

10. Who are the stakeholders in the work of this agency? The Office's stakeholders include the traveling public; the aviation industry; manufacturers and shippers that use maritime, surface, and air transportation; international organizations; and the Congress.

11. What is the proper relationship between your position, if confirmed, and the stakeholders identified in question number ten? I believe it is important to solicit input from stakeholders when developing policy. There are divergent opinions regarding our strategies for achieving better transportation in the Twenty-First Century. Senior government leaders should listen to views from Congress, industry, and the public. In a regulatory environment, it is essential to make decisions after all viewpoints have been considered.

12. 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? The Department of Transportation has an institutionalized financial management process in which major departmental units report directly to the Assistant Secretary for Budget and Programs. The Inspector General regularly reviews departmental financial statements.

(b) What experience do you have in managing a large organization? I have management experience in both the public and private sectors. From May of 1984 to January of 1987, I had management responsibilities with the Florida Department of Commerce during the administration of Governor Bob Graham. I was the first director of Florida's Caribbean Basin Initiative Program, which promotes economic development in the Caribbean Basin. I am currently Special Assistant to the President and Chief of Staff to the Special Envoy for the Americas, Buddy MacKay. Before this appointment, I was the managing director of CMI International Group. This group facilitates negotiations for complex transactions and labor-management issues worldwide, but with a special emphasis on Latin America and the Caribbean. For example, I led a team in Medellín, Colombia as part of the "Teaching Tolerance" program, an initiative to curb the violence in the province of Antioquia. I also played an advisory role in the Peru-Ecuador dispute, which led to the signing of a peace treaty in October of 1998.

13. 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 and reporting on your progress in achieving those goals. Performance goals are an essential element of any successful organization. They provide quantifiable targets for stakeholders. I will strongly support the Strategic and Performance Plans for the Department of Transportation. These documents have received strong marks from Congress for their clarity and vision.

(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? After determining why a performance goal has not been met, all steps should be considered to produce a positive outcome. Eliminating, privatizing, downsizing, or consolidating departments or programs are all options.

(c) What performance goals do you believe should be applicable to your personal performance, if confirmed? I will work to meet all five goals in the Performance Plan for the Department of Transportation. There are quantifiable measures for safety, mobility, economic growth and trade, human and natural environment, and national security. However, I believe improvements in safety, mobility, and economic growth and trade are most directly affected by the Office of the Assistant Secretary for Aviation and International Affairs.

14. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you? Supervisors should provide the tools and guidance for employees to perform successfully in an organization. Most federal employees I have met are exceptionally able people, and they will perform well with the right resources and leadership. Supervisors should recognize outstanding performers and also identify problem employees. Fundamentally, though, a supervisor should set a good example for his or her employees. Morale is a critical element for success in any organization. To that end, I am not aware of any complaints brought against me.

15. 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 on certain trade issues related to the Americas while working in the Office of the Special Envoy. In that capacity, I have had good working relationships with Members and Staff.

16. Please explain what you believe to be the proper relationship between yourself, if confirmed, and the Inspector General of your department/agency. The Inspector General (IG) is critical within the Department of Transportation. The IG office is charged with uncovering waste, fraud, and abuse within the Department of Transportation. It is essential to have this independent unit within the Department, just as it is important to consider reforms recommended by the IG office for improving Departmental operations. There is a strong, respectful relationship between the current IG office and the office of the Secretary of Transportation. I will work to continue that tradition.

17. 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. As the Assistant Secretary for Aviation and International Affairs, I will review all potentially significant regulations and ensure they comply with the spirit of legislation passed by Congress.

18. In the areas under the department/agency's jurisdiction, what legislative action(s) should Congress consider as priorities? Please state your personal views. Passage of the Wendell H. Ford Aviation Investment Reform Act for the Twenty-First Century (AIR-21) was a major achievement that will help the office meet its mission.

19. 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. Compared to other units within the Department of Transportation, the Office of the Assistant Secretary for Aviation and International Affairs has relatively few discretionary resources.

Attachment

Francisco J. Sánchez

Washington D.C.

Employment History

April 1999–present

The White House, Washington, D.C.

Special Assistant to the President, Office of the Special Envoy for the Americas

Serves as Chief of Staff and advises on policy related to the Americas including economic integration, trade and promotion of democracy; coordinates closely with the National Security Council, the State Department and the United States Trade Representative.

September 1993–April 1999

CMI International Group, Cambridge, Massachusetts

Senior Consultant and Managing Director (September 1997–April 1999)

An international consulting firm specializing in interest-based negotiation strategy, relationship management, mediation and conflict resolution.

- Advising public and private organizations in the United States, Latin America and Europe in negotiation strategy and conflict prevention/resolution.
- Facilitating business negotiations; labor-management contract negotiations; serving as a mediator in resolving litigation and other conflicts.

Sample international consulting engagements:

- *The World Bank* sought advice on how to deal with a conflict that was affecting an important project it was funding in Lima, Peru; CMI developed a strategy in collaboration with World Bank officials on how to manage the conflict.
- *Ecuador-Peru Border Dispute* led to military confrontation in 1995 over sovereign rights in certain lands. CMI offered strategic advice that contributed to the signing of a peace treaty in October 1998.
- The Governor of *Antioquia, Colombia* launched an instructional program to reduce violence and to promote a culture of tolerance; administered a program that brought disparate groups (i.e. mayor, town council, teachers, private sector) together to learn conflict resolution.
- *Ecopetrol* is a state-owned oil company in Colombia affected by a constitutional amendment requiring community approval for all major development projects. Led an effort to develop strategy to reach community consensus.

February 1987–August 1993

Steel Hector & Davis, Miami, Florida

Associate Attorney

Florida-based law firm with a diversified practice including litigation, international, corporate, commercial and governmental law.

- Retained by BIOFIL, S.A. of Brazil, a biotechnology company specializing in products for burn victims and other skin related problems; represented them in the U.S. on joint-venture agreements, product licensing, FDA approval and venture-capital financing.
- Retained by United Gas Pipeline of Houston, TX to develop and pass legislation regulating natural gas pipelines to facilitate development of a 900-mile pipeline across the State of Florida.

May 1984–January 1987

Florida Department of Commerce, Tallahassee, Florida

Chief Assistant to the Lieutenant Governor of Florida

Served under the Lt. Governor (also served as the Secretary of the Department of Commerce) in the overall management of the agency.

- Served as the initial Director of Florida's Caribbean Basin Initiative Program (a program designed to promote economic development in the Caribbean Basin.)
- Served as Director of the Department's Legislative Affairs Office.

June 1982–November 1982

Graham-Mixson Re-Election Campaign, Tallahassee, Florida

Deputy Campaign Director

- Managed campaign planning/strategy development, fundraising, candidate scheduling, media and public relations for Lt. Governor Wayne Mixson.
- Served as an Advisor on Hispanic Affairs to the campaign.

November 1978–May 1982

Office of the Governor, Tallahassee, Florida

Assistant to Governor & Lieutenant Governor

Served as Governor Graham's Liaison to the Commission on Hispanic Affairs. As assistant to Lt. Governor Mixson, coordinated international trade projects and served as a Spanish language translator.

Education

Graduate

June 1993

Harvard University, John F. Kennedy School of Government

Masters Degree in Public Administration

Legal

April 1986

Florida State University, College of Law: Tallahassee, Florida
 J.D. Degree, With Honors
 Activities: Advisor to the Dean, Caribbean Law Institute and Member, Faculty Selection Committee

Undergraduate
 December 1982
 Florida State University: Tallahassee, Florida
 B.A. Degree: Multi-National Business & Spanish
 Minor: Economics; Honors: Spanish Honor Society

Language

Speak, read, and write Spanish fluently; Proficient in Portuguese

Community Service

1990–1992
 Chairman of the Board, Do The Right Thing, Inc.
 A non-profit corporation working with the City of Miami Police Department dedicated to recognizing students who are “Doing the Right Thing”

1988–1992
 General Counsel, Little Havana Nutrition & Activities Centers of Dade County
 One of the largest social service organizations for Hispanic senior citizens

1993
 Evaluator, Innovations in State and Local Government Program
 Ford Foundation and John F. Kennedy School of Government

1989–1998
 Board Member, Florida International Volunteer Corps
 A mini Peace Corps servicing the Caribbean Basin and Central America

1990–1992
 Member, Florida Center for Family and Youth

1989–1991
 Member, Greater Miami Chamber of Commerce Legislative Affairs Committee

1988–1989
 Mentor, Private Industry Council High School Drop-Out Prevention Program

Additional Experience

December 1995
 Co-creator of the Conflict Management Mediation Tool Kit

August 1995 & 1996
 Guest lecturer on mediation at University of Massachusetts

June 1993
 Teaching Assistant, Negotiation Workshop, Harvard Law School

May 1990–November 1990
 Director of Young Professionals Fundraising for the Lawton Chiles Campaign for Governor of Florida

December 1982
 Personal trip around the world. Met with commercial sections of American Embassies on behalf of the State of Florida.

Publications

July, 1996
 “La Negociación y el Proceso Legislativo” (Cf. “Negotiation and the Legislative Process”), *Negociación 2000: La colección de Conflict Management*, McGraw-Hill Interamericana, Colombia, 1996.

January, 1998
 “Preparándose para Negociar” (Cf. “Getting Ready to Negotiate”). Ertel, Danny and Francisco J. Sánchez with Horacio Falcão. *Carta Gerencial* 9, January–February Ed., 17 (Uruguay, 1998).

May, 1998
 “A fase da preparação” (Cf. “Getting Ready to Negotiate”). Ertel, Danny and Francisco J. Sánchez with Horacio Falcão. *HSM Management* 8, May–June Ed., 62 (Brazil, 1998).

The CHAIRMAN. Thank you very much, Mr. Sánchez.

My first question to you is, did you see this morning's paper about a possible merger between Northwest and American?

Mr. SÁNCHEZ. To be honest, I was preparing for possible questions and reading my statement over, so I didn't read the paper this morning.

The CHAIRMAN. Well, the rumors of it, I am sure you had heard even before.

Mr. SÁNCHEZ. Yes, sir, I have.

The CHAIRMAN. Do you share the concern of many, including me, that we could end up with three mega-airlines in America?

Mr. SÁNCHEZ. I share the concern that we need to be ever-vigilant, that we maintain a competitive airline industry. I think that much has been accomplished.

The CHAIRMAN. Do you believe that three airlines is good for America?

Mr. SÁNCHEZ. I am not sure what number is appropriate or inappropriate. I know that it will be a priority of this office and my tenure to contribute as much as I can to analyze and—

The CHAIRMAN. I'd like some straight answers, Mr. Sánchez. Do you believe that it is good for airline competition for us to go from six major airlines to three major airlines?

Mr. SÁNCHEZ. I don't feel I have enough information to respond to whether three or six or four are correct. I know that I need to be very concerned about the impact of a reduction in the number of airlines, and I will work as hard as possible with you and members of this Committee as we analyze that.

The CHAIRMAN. Could I just pause for a minute? The Majority Leader obviously has to try to make the train run on the floor of the Senate, and I'd like to pause so that he could make a very brief statement. We'd be pleased to have him leave, anyway.

[Laughter.]

Senator LOTT. Well, I appreciate your courtesy, Mr. Chairman, and the indulgence of my colleagues. And again, I've already wished the best to Mr. Sánchez. I think he's an excellent choice and I look forward to working with him.

I had hoped to be here for the next panel, but we do have a matter on the floor of the Senate I need to go work on. I just want to extend my congratulations and offer my support to the four nominees that will be on the next panel for the Corporation for Public Broadcasting: the Chairman, Mr. Cruz; Mr. Tomlinson; Dr. Wilson; and the renomination of Katherine Anderson, who has been on the Board for 3 years.

I think this is a good group of nominees for the Board of the Corporation for Public Broadcasting. They have an important role to fulfill. Educational TV can be very positive. I have felt in the past that it has not done some of the things it should have done. Mistakes obviously were made with the way the lists were handled; and I do think that sometimes a biased point of view was reflected. But I think that progress has been made in trying to straighten that out and have a fairer representation. I certainly hope that you are successful and I offer my support to this Board. I thank you, Mr. Chairman, for allowing me to make this brief statement.

The CHAIRMAN. I thank the Majority Leader, and I appreciate his continued involvement in the Committee work, given his other responsibilities. I believe I'm correct in saying we'd like to move these quickly to the floor for full Senate confirmations.

Senator LOTT. Yes. Thank you.

The CHAIRMAN. I thank the Majority Leader.

Mr. Sánchez, do you support eliminating the perimeter rule at Reagan National Airport?

Mr. SÁNCHEZ. I'm not prepared to make a statement on that. As you know, I haven't gone to the Department of Transportation yet. I know that my mandate as, the Department's mandate is to do everything it can to increase competition. So I think we need to look at all options as we try to do that, working with the Committee.

The CHAIRMAN. Well, I regret that you can't give me answers to two very important questions.

Senator Burns?

Senator BURNS. I think I have already made my statement. I don't think he wants to sit through that again. I am disappointed that—those are two questions I would imagine that are probably the most important questions that will be asked of this Committee, of this office. Especially air service, those kinds of things, are very, very important to our part of the country.

So I have no questions.

The CHAIRMAN. Senator Rockefeller?

Senator ROCKEFELLER. I think you answered those questions precisely as you should have. And that is that you haven't taken office yet, they would try to put you on record on two issues which are extremely important to a lot of people; one much less so to me than to the Chairman. But I think you did the right thing in answering that way.

I would hope that, you have had a lot of international experience, you have very good relations with the White House, and I say that in the best sense of the word; that's something that DOT has needed, and I think that you can be very effective in helping formulate policy.

I don't really have any questions beyond that, except for an observation. And that is that Senator Dorgan and I, and Senator Burns, come from very rural states. There's an interesting kind of a conflict between that, because we understood—or at least we should understand that when there are problems in Cleveland or Chicago or LaGuardia, the bigger airports—we're the first ones to get hurt. In other words, if thunder storms cause a mix-up or delay or whatever, we're the first ones to get hurt because we're the first airports they start canceling flights; that is the small airports.

It's a tricky business when you're looking for essential air service and trying to increase competition into small areas at the same time or simultaneously because those small areas are also affected primarily by what happens in the larger ones.

So you've got a hard job, and we in Congress—I think a lot of the fault of all of this is our lack of leadership in Congress. I mean, I think that the airlines are blamed and can be, and people's expectations are too high, and that's understood. But we also understand it's going to be twice as bad before the FAA authorization bill, which we thankfully passed, has really a chance to kick in.

We're going to get a much, much worse situation of delays and cancellations and passenger frustration; much less—you know, the next airline into China, and when are you going to announce what that might be and what's the delay, and you're not in office yet, and you're not confirmed so you can't do that.

But it's a very, very tricky business. I am one who feels that with the airlines, that aviation has sort of overtaken our highway system, as important to the development of America, and particularly rural America. The highway system is everywhere now, and the relative strength of the economies of states hasn't changed all that much. I think the aviation system, if properly apportioned, and fairly apportioned throughout the states, can make that kind of difference. And in a so-called new economy world, will make that kind of difference on a global scale.

So I really wish you well, and I have an enormous amount of respect for what you bring. Thank you.

The CHAIRMAN. Senator Dorgan?

Senator DORGAN. Mr. Chairman, thank you.

Mr. Sánchez, as I indicated, I am going to support your nomination; I think you have very impressive credentials. You have not, it appears to me, worked extensively in aviation issues or areas.

Mr. SÁNCHEZ. That's correct.

Senator DORGAN. And, while I don't have heartburn about your reply to the Chairman, I think the Chairman's questions are important questions, and I want to probe a bit on those issues.

I think it's very important that we understand how you feel about where all of this is heading. How has deregulation of the airlines affected our country? How has it affected rural areas versus urban areas? What has it meant in terms of increased or decreased competition? What has it meant in terms of fares and so on.

The Chairman mentioned that this morning in the newspaper there was a rather large article about the prospect about a merger between American Airlines and Northwest Airlines. I have no specific knowledge of that issue, I should say, but I am very concerned about it; I am concerned about the proposed United-U.S. Air merger; I am concerned about what I am sure inevitably would be major talks between Delta and Continental.

I am concerned about ending up with three major airline carriers in this country, and I am concerned about the merger-stopping justification at least, justification for mergers, talking about creating seamless transportation systems. I suppose the ultimate seamless transportation system is to have one company left, and they'll decide who they serve, when they fly, how they fly, what kind of equipment they fly, and what fares they charge, and if you don't like it, tough luck. That's the ultimate seamlessness. And, of course, it is antithetical to everything we understand about the free market system and how it ought to work to serve the American people.

So the question is this: We're kind of, I think, at the famous fork-in-the-road here. And one road, with respect to the domestic airline industry, leads to more mergers, it leads to fewer and bigger airlines, it leads to less choice, and it leads to higher fares. The other road, of course, has a better destination and better outcome.

I would like to understand, as you come to this job with the objective of ensuring the benefits of a deregulated competitive domestic airline industry, give me your sense of these issues. I mean, the Chairman has asked about them. I wasn't here, but I understand Senator Burns referred to it. I asked about it.

Give me your sense of this. I have a real foreboding about these merger discussions. I think this is serious, serious stuff. What's your impression?

Mr. SÁNCHEZ. Well, let me begin with your first question of what I think deregulation has meant for the airline industry and for our country. I think it's been very good. I think it's helped bring down prices, I think that it has stimulated competition. I have been involved, in one form or another, of economic development sometimes for my own company, other times on behalf of the State of Florida, and most recently promoting open markets within our own hemisphere.

So just as a basic premise, I believe that more competition, deregulation has been a good thing. On the negative side, as Senator Rockefeller can attest, small communities have experienced challenges. And as Senator Graham mentioned, I served in his administration in several capacities, one of which was at the Florida Department of Commerce, where part of my portfolio was helping smaller communities develop economically. And without a strong transportation system, particularly air service, those communities could not thrive.

So on balance, I think it's been very good and I think there are areas where we need to pay particular attention and be as helpful as we can.

I guess another premise that I come in with is that competition works strongest where we have a lot of competitors. Having said that, I don't feel comfortable shooting from the hip and offering—with all due respect, I don't mean to not answer straight, but I do want to have the benefit of analysis, I want to have the benefit of reflection that we will get through this process before I offer very concrete responses to whether there should be a certain number and what that impact is. But I can say in general, those are my feelings about open markets, about deregulation, and about competition.

Senator DORGAN. But would you concede that a domestic airline industry with six or eight or ten healthy domestic airline companies is better than an aviation airline industry with three companies? I mean, that's the question that was asked earlier. Right off the top, I'd say absolutely.

Generally speaking, in a competitive environment, in a market system in which user's prices are regulated by competition, and you have got entrants and contestants that are aggressively competing for the consumer's dollars, more is better.

I used to teach economics and overcame that, ultimately—but it's just fundamental that more is better in this circumstance. Do you agree with that?

Mr. SÁNCHEZ. As a general premise I agree, Senator, that more competitors tends to lead to more competition. I think that's an accurate statement.

Senator DORGAN. And fewer competitors, as a result of deregulation, has resulted in less competition in some areas of the country; would you agree with that?

Mr. SÁNCHEZ. Again, without knowing which areas of the country to which you're referring, but I know that some areas are underserved and we need to do what we can to help bring service to those areas.

Senator DORGAN. You know something, I can show you how you can fly twice as far for half as much. If you want to leave this table and fly to Los Angeles, I can show you how to fly to Los Angeles, which is twice as far as flying to Bismarck, and you can fly twice as far and pay half the price.

So that relates to my question of how this system works and who benefits, and whether it is truly competitive and whether it would be enhanced or injured by more mergers.

I would not want to send anybody into any agency that becomes part of the grateful dead that just sits around when merger talks are going on saying "Well, gosh, that's OK with us." I want real tigers to be in these agencies saying, "I want to aggressively look at these issues on behalf of the American consumer, and see whether this enhances the market system in this country" because this country is better off with robust, aggressive competition.

And as I read this morning's paper—we had a hearing here, in the chair that you sit now, we had the CEOs of United Air and U.S. Air. If you just listen to that in isolation, you would just think, "Gosh, that's the best thing in the world for the country, to have these two big companies merge." And I'm sure Northwest and American, if they ever get together, they'd come and say the same thing. Pretty soon it will be down to three companies and then two companies. Frankly, I don't think that's in the country's interest, and I want to send somebody to DOT that's going to look at ensuring the benefits of a deregulated, competitive domestic airline industry who is going to be a real tiger, who has real passion about these things.

Mr. SÁNCHEZ. Senator, I can assure you, I've heard you, I've heard your concerns, I've heard the Chairman's concerns, and I can commit to you and pledge to you that I will work hard with this Committee, with individual members, to make sure that together we ensure a competitive air service here in this country.

Senator DORGAN. Mr. Chairman, I've taken more than my time.

The CHAIRMAN. Thank you, Mr. Sánchez. I may give you an opportunity to reflect and analyze before we move your nomination.

Any further questions?

Thank you very much, Mr. Sánchez.

Mr. SÁNCHEZ. Thank you, Mr. Chairman.

The CHAIRMAN. The Committee will now move to our second item of business, review of the renominations of Ms. Katherine Anderson and Mr. Frank Cruz as members of the Board of Directors of the Corporation for Public Broadcasting, and the nominations to the Board of Mr. Kenneth Tomlinson and Dr. Ernest Wilson.

I welcome the nominees to the Committee, and I invite them at the beginning of their statement to introduce any family members that may be present today.

As we consider these nominees to the Board of CPB, we must acknowledge that the sweeping changes affecting the entire telecommunications industry impact CPB as well as more commercial interests such as cable, satellite and commercial broadcast television.

In the past, I've criticized CPB for a lack of objectivity in public programming, and I've encouraged nominees to work toward improving programming balance. I believe that CPB has made significant strides in this area.

I hope the Board will be vigilant in ensuring that future programming is balanced and objective. I look forward to hearing how these nominees perceive the changes and new challenges they face, and hearing how they intend to deal with them.

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

The Corporation for Public Broadcasting Nominations

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I look forward to hearing how these nominees perceive the changes and new challenges they face, and hearing how they intend to deal with them.

We will begin with Ms. Anderson. Welcome back before the Committee, Ms. Anderson.

STATEMENT OF KATHERINE ANDERSON, NOMINEE, MEMBER OF THE BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING

Ms. ANDERSON. Thank you, Mr. Chairman.

Mr. Chairman, I have my husband with me here today; he is Tom H. Anderson.

The CHAIRMAN. Welcome, Mr. Anderson.

Ms. ANDERSON. Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you today to discuss my renomination to the Board of Directors of the Corporation for Public Broadcasting.

I would first like to express my appreciation to the President for nominating me, and to the Senate Majority Leader, Trent Lott, for recommending me. I'm very grateful for their support.

I first appeared before this Committee as a nominee to the CPB Board nearly 3 years ago, and today I appear as a nominee for a second term. I bring to public broadcasting an entrepreneurial spirit and a background of service in both the public arena and the private sector. I am drawn to public broadcasting because of its reputation for providing excellent educational programming.

Education is the cornerstone of public broadcasting and its commitment to children is as old as public broadcasting itself but more vibrant than ever before. The celebrated and award-winning children's programs that appear on public television are testament to its devotion to preparing America's youngest citizens for the classroom and teaching them more about the world around them.

From *Sesame Street* to *Zoom* to *Mister Rogers' Neighborhood*, public television has a reputation of providing excellent children's programming. This tradition continues with new children's programs, such as *Dragon Tales* and *Between the Lions*, a series focused on teaching kids to read. These programs make learning fun for children. I believe that CPB can build on this legacy creatively, looking for better ways to stretch federal dollars through innovation, partnerships, and new technology.

Digital technology gives public broadcasters educational tools we have never had before. It promises to revolutionize the educational and cultural impact of public broadcasting for both children and adults. When we convert to digital technology, viewers will be able to interact with television rather than just passively view it.

For example, an enhanced viewing of *Great Performances* would allow a viewer to watch the performance, follow the written music score, and perhaps even mute a particular instrument and play along with the orchestra. The viewer would even be able to receive a violin lesson taught by musician great Itzhak Perlman by simply clicking on the "Troubleshooting Guide for the Violinist."

More channel space will also be available through digital technology, at least four channels per station, allowing public broadcasters to broadcast simultaneously programs that appeal to different audiences and age groups.

This means that on a single digital channel, a station might offer, in addition to the main programming feed, a dedicated children's channel, an adult lifelong learning channel, and a local programming channel emphasizing a special interest in the viewer's local community.

While CPB works to take advantage of digital technology and the promises that it holds, public radio and television will continue to improve and innovate in other aspects, including operations and services.

Public broadcasting has made significant progress in these areas. CPB has phased in policy changes to distribute federal funds more efficiently, and to better ensure that public broadcasting stations are focused on serving their communities. The result is that more funds are available for incentive-based matching grants, and more stations sharing a market are cutting overhead by working with their neighboring stations through cooperative arrangements.

To further assist all stations in improving their service to the community, CPB created the Television and Radio Future Funds. The Future Funds are used to invest in critical new initiatives that help stations improve and increase their services, and share best practices for better operations in the future.

In addition, both the Television Community Service Grant and the Radio Community Service Grant have recently been rewritten to direct a higher percentage of resources to rural and minority stations.

I believe that these initiatives exhibit a responsible use of government money, and I support such policies. This is a very unique time to be involved in the broadcasting industry. If confirmed to this position, I will work to ensure that CPB continues to be a leader in putting technology to work for the benefit of all Americans, and that as today's technologies change, public broadcasting remains committed to offering a standard of excellence and a commitment to education for all its citizens.

Thank you for this opportunity to appear before you. I'm happy to answer any questions.

The CHAIRMAN. Thank you very much.

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

PREPARED STATEMENT OF KATHERINE ANDERSON, NOMINEE, MEMBER OF THE BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you today to discuss my renomination to the Board of Directors of the Corporation for Public Broadcasting. I would first like to express my appreciation to the President for nominating me and to Senate Majority Leader Trent Lott for recommending me. I am very grateful for their support.

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Digital technology gives public broadcasters educational tools we have never before possessed. It promises to revolutionize the educational and cultural impact of public broadcasting for both children and adults. When we convert to digital technology, viewers will be able to *interact* with television rather than just passively view it. For example, an enhanced viewing of *Great Performances* would allow a viewer to watch the performance, follow the written music score, and perhaps even mute a particular instrument and play along with the orchestra. The viewer would even be able to receive a violin lesson taught by musician great, Itzhak Perlman, by simply clicking on "Troubleshooting Guide for the Violinist." More channel space will also be available through digital technology, at least four channels per station, allowing public broadcasters to simultaneously broadcast programs that appeal to different audiences and age groups. This means that on a single digital channel, a PBS member station might offer, in addition to the main programming feed, a dedicated children's channel, an adult lifelong learning channel, and a local programming channel emphasizing a specific interest in the viewer's community.

While CPB works to take advantage of digital technology and the promises that it holds, public radio and television will continue to improve and innovate in other aspects, including operations and service. Public broadcasting has made significant progress in these areas. CPB has phased-in policy changes to distribute federal funds more efficiently, and to better ensure that public broadcasting stations are focused on serving their communities. The result is that more funds are available for incentive-based matching grants, and more stations sharing a market are cutting overhead by working with their neighbors through cooperative arrangements. To further assist all stations in improving their service to the community, CPB created television and radio Future Funds. The Future Funds are used to invest in critical new initiatives that help stations improve and increase their services and share

“best practices” for better operations in the future. In addition, both the Television Community Service Grant and the Radio Community Service Grant have recently been rewritten to direct a higher percentage of resources to rural and minority stations. I believe that these initiatives exhibit a responsible use of government money and I support such policies.

This is a very unique time to be involved with the broadcasting industry. If confirmed to this position, I will work to ensure that CPB continues to be a leader in putting technology to work for the benefit of all Americans, and that as today’s technologies change, public broadcasting remains committed to offering a standard of excellence and a commitment to education for all its citizens.

Thank you again for this opportunity to appear before you. I am happy to answer any questions that you may have.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nick names used.) Katherine Milner Anderson.

2. Position to which nominated: Board, Corporation for Public Broadcasting.

3. Date of nomination: May 1, 2000.

4. Address: (List current place of residence and office addresses.) Residence: 18 Wolfe Street, Alexandria, VA 22314. Office: Team Washington, Inc., 817–B Slaters Lane, Alexandria, VA 22314.

5. Date and place of birth: December 16, 1947, Gulfport, Mississippi.

6. Marital status: (Include maiden name of wife or husband’s name.) Married: Tom H. Anderson, Jr.

7. Names and ages of children: (Include stepchildren and children from previous marriages.) No children.

8. Education: (List secondary and higher education institutions, dates attended, degree received and date degree granted.) Gulfport High School, 1962–1965, Gulfport, Mississippi, Graduated with Honors, May 1965. University of Mississippi, 1965–1969, Oxford, Mississippi, Bachelor of Arts in Education.

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.)

1969–1972	High School Instructor, Gulfport High School, Gulfport, Mississippi
1975–1976	Special Assistant, Citizens for Reagan (Presidential Election Committee), Washington, DC 20036
1977–1980	Assistant Director of Administrative Services, Republican National Committee, 301 First Street, SE, Washington, DC
1981–1983	Director, Executive Secretariat, Department of Transportation, Washington, DC
1983–1984	Associate Director, Office of the Cabinet, The White House, 1600 Pennsylvania Avenue, NW, Washington, DC
1985–1986	Chairman of the Board, Team Washington, Inc.
1986	Executive Director, The President’s Dinner (Republican Senate-House Fundraiser)
1987	Executive Director, The President’s Dinner (Republican Senate-House Fundraiser)
1988 to Present	Chief Financial Officer, Team Washington, Inc., 817–B Slaters Lane, Alexandria, VA 22314
1988 to Present	President, River Galleries, 18 Wolfe Street, Alexandria, VA 22314

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.)

Federal Government:

President’s Advisory Council on Peace Corps
 President’s Task Force on Legal Equity for Women
 Secretary’s Executive Resource Review Board (SES Selector)
 Secretary’s Annual Awards Review Board
 Secretary’s Representative on Federal Committee on the Arts and Humanities Underwriters Review Board

Secretary's Representative on the White House 1984 Olympics Committee

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.)

Business Relationships:

Director, Team Washington, Inc.
 Director, Chairman, Team Washington, Inc.
 Owner/Proprietor, River Galleries
 Partner, Columbia Pike, LLC
 Partner, Duke Street Associates, LLC
 Partner, Lanham Group Associates, LLC
 Partner, Anderson, Meeks, LLC (Pennsylvania Avenue)
 Partner, Meager Means Investors
 Partner, Minnesota Avenues Group, LLC
 Member, Board of Directors of the Corporation for Public Broadcasting

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

International Furnishing and Design Associate
 Allied Board of Trade
 National Trust for Historic Preservation
 Trinity Episcopal Church, Upperville, Virginia
 Meager Means Investment Club (Member NAIC)
 Phillips Galleries
 Piedmont Environmental Council
 Member, Board of Directors for Columbia Hospital for Women Foundation
 Chairman, Awards Committee, Special Olympics, Barbados, West Indies
 Chairman, Host Committee, National Cancer Society, Barbados, West Indies

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. Employee of Citizens for Reagan Committee, 1975–1976; Employee of Republican National Committee, 1977–1981.

(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. Trent Lott for Mississippi, Fred Thompson for Senate, Marshall Coleman for Governor, and Tom Davis Committee.

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.) Honors and Awards (Scholastic): National Honor Society, Dean's List—University of Mississippi, Bonus Award—National Teacher's Exam, and Outstanding Young Women of America.

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 chosen for this nomination by the President? I assume that my business background, my strong commitment to public service, my experience in education and the arts, and my past experience on the CPB Board gave me a strong endorsement by both the Republican Leadership and the President.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment? My experience in the education field, both locally and internationally, has been long-lasting and broad-ranging. My experience includes classroom academic instruction, as well as applied skills in foreign countries. My background also includes many years of involvement in the arts, both fine arts, and decorative arts, as well as music appreciation.

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? Not applicable.

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. Not applicable.

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? Not applicable.

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. Employment as Chief Financial Officer, Team Washington, Inc.

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. Courtesy calls on appropriate House Members in seeking to remove the covenants on the property occupied by Columbia Hospital for Women, that restricted services to "women and children."

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 would attempt to resolve any conflict of interest thoroughly and to the satisfaction of all concerned parties.

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. I testified in a civil action filed against Team Washington, Inc. by a former employee. Alexandria Circuit Court, *Lynch vs. Team Washington, Inc.*

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, to the best of my ability.

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, to the best of my ability.

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. 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. Please describe how your previous professional experience and education qualifies you for the position for which you have been nominated. In addition to serving on the CPB board since 1997, I believe that my experience as a businesswoman, former educator, and community service volunteer uniquely qualifies me for the position on the board of the Corporation for Public Broadcasting (CPB). I have served in the public and private sectors. From 1981 to 1983, I was the Director, Executive Secretariat in the Department of Transportation and from 1983 to 1984 I was the Associate Director in the Office of the Cabinet in the White House. In addition, I have served on numerous government task forces and boards, including a two-year Presidential appointment to the Peace Corps Advisory Board. I began my career as a high school English teacher in Mississippi.

2. 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? Having served on the CPB board for nearly 3 years, I am confident of my skills and ability to successfully carry out the responsibilities of this position.

3. Why do you wish to serve in the position for which you have been nominated? I am committed to education and children's programming. I believe that public broadcasting plays a crucial role in providing universal educational opportunities and excellence in children's programming.

4. What goals have you established for your first two years in this position, if confirmed? I would like for CPB to continue encouraging stations to streamline operations through cooperative agreements, joint fundraising, and technological innovation [during the conversion to digital technology]. I also believe that CPB has a leadership role to play in determining ways to best use emerging technologies to serve the American people.

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 should society's problems be left to the private sector, and what standards should be used to determine when a government program is no longer necessary. My philosophical view is that the role of government should be limited. In certain instances in which the private sector can provide the efficiencies that the government cannot, I believe it is reasonable for the private sector to have a role in society's problems. I strongly believe in seeking non-governmental solutions to societal problems. I believe that the government has a role in ensuring education, infrastructure, public safety, and providing for the security of its citizens. When a government program is no longer efficient or effective, I believe that consideration should be given to phasing such a program out.

6. In your own words, please describe the agency's current missions, major programs, and major operational objectives. CPB's mission, major programs, and major operational objectives are focused on education, diversity, and universal access. CPB is committed to the mission of education through technology. Programs like the Ready To Learn (RTL) Service reach nearly 90% of American households, the disadvantaged, and those for whom English is a second language. RTL, a literacy program, helps children learn how to read through the medium of television. In addition, local workshops train parents and caregivers, and local stations distribute new books to children who would not otherwise have them.

Another remarkable program is the groundbreaking free teacher training resource: The Annenberg/CPB Channel. CPB in conjunction with the Annenberg program offers professional development for teachers in the core academic subjects, with an emphasis on math and science. More than 45,000 schools throughout the nation, as well as 22 million homes, receive the Annenberg/CPB digital television service. The audience grows by over 1,000 schools and 50,000 homes per month. In addition, the Annenberg/CPB Web site currently receives about 1.5 million visits per month.

Historically, CPB has been committed to education. This commitment has expanded to include the uses of digital technology and new media in furthering this goal.

7. In reference to question number six, what forces are likely to result in changes to the mission of this agency over the coming five years. Our mission of providing to all Americans noncommercial, educational, and cultural programming that addresses issues of local and national interest has not changed. The conversion of public television stations to digital technology will provide new opportunities to fulfill that mission. The financing of converting all public television stations to digital will test that mission in new ways.

8. In further reference to question number six, what are the likely outside forces which may prevent the agency from accomplishing its mission? What do you believe to be the top three challenges facing the board/commission and why? The conversion to digital technology involves a host of financial and technical challenges. Three of the primary challenges facing the board are creating innovative educational initiatives, exploring alternative funding solutions, and successfully expanding the reach of our content to all emerging technological and public platforms.

9. In further reference to question number six, what factors in your opinion have kept the board/commission from achieving its missions over the past several years? I believe we have been successful in making excellent educational programming accessible to all people and moving toward delivering that content over multiple platforms. I believe we have been sensitive and responsive to the need to reach diverse and rural audiences and we have helped stations cut costs through consolidations.

10. Who are the stakeholders in the work of this agency? Parents, teachers, educators, children, federal, state, and local governments, viewers and listeners, station members in particular, and the universities, local communities and local governments that hold noncommercial licenses and qualify for CPB support. More and more, local libraries, schools, childcare centers, and other community service providers are becoming part of CPB's extended family. The stakeholders are the public at large.

11. What is the proper relationship between your position, if confirmed, and the stakeholders identified in question number ten. We hope to continue to be partners with these stakeholders, and work together toward common goals for the good of the American people.

12. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you? When I am in a direct supervisory role, my goal is to bring out the best in a worker by setting clear goals and then trusting the employee to perform in the expected manner. I often use periodic reviews to further the understanding of performance expectations and measurability. I believe in giving an employee the freedom of achieving goals and results that are beyond my expectations. No direct employee of mine has ever taken formal action against me.

13. Describe your working relationship, if any, with the Congress. Does your professional experience include working with committees of Congress? If yes, please describe. While serving on the CPB board, I have had experience working with Congress. In previous positions such as the Peace Corps Board, and while working in the Executive Branch, I was always ready to cooperate with congressional committees as requested.

14. Please explain how you will work with this Committee and other stakeholders to ensure that regulations issued by your board/commission comply with the spirit of the laws passed by Congress. I will be open and responsive to concerns raised by this Committee and other stakeholders to ensure CPB's compliance with both the spirit and letter of the laws that govern us.

15. In the areas under the board/commission jurisdiction, what legislative action(s) should Congress consider as priorities? Please state your personal views. I believe that CPB should be reauthorized and that CPB should be authorized to distribute funds for digital conversion.

16. Please discuss your views on the appropriate relationship between a voting member of an independent board or commission and the wishes of a particular president. It is the President's job to nominate qualified individuals to various independent boards and commissions. Nominees, when considered, should be completely candid about their opinions and background. When confirmed, the board member should be open to input from all sources, including the President, the Senate, and the American people. The board member should then exercise his or her best judgment in the interests of the entity he or she has been nominated to serve.

The CHAIRMAN. Mr. Cruz, welcome.

**STATEMENT OF FRANK CRUZ, NOMINEE, MEMBER OF THE
BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROAD-
CASTING**

Mr. CRUZ. Thank you, sir.

My relatives and my family are in the State of Arizona and California; they are not here with me today, but they are here in spirit.

Mr. Chairman and Members of the Committee, thank you for this opportunity to appear before you today to discuss my renomination to the Board of Directors of the Corporation for Public Broadcasting. I would like to begin by thanking President Clinton for renominating me, and I would also like to acknowledge the strong and thoughtful leadership of Diane Blair who immediately preceded me as CPB Board Chair, and with whom I served as Vice Chair for 2 years. I mention her because she just recently passed away a couple of weeks ago.

This is an exciting and challenging time to be part of public broadcasting; technology is changing rapidly, and these changes provide public broadcasting with an opportunity to reach new people and to empower new voices and to meet the changing educational needs of adults and children in communities across the country. I have a strong desire to be part of the CPB Board at this time, and to use my skills and experience to help build and lead public broadcasting into the 21st Century.

I believe that my past experience on the CPB board and my professional background in broadcasting, management, and business can add to CPB's mission of education, diversity and technology.

I grew up in the barrios of Tucson, Arizona, a little barrio that we affectionately called "Hollywood." We called it Hollywood because it's the exact opposite of Hollywood. These are my roots and background. I was raised by a mother who was left a young widow shortly before I was born. After graduating from high school, I was an enlistee in the U.S. Air Force. Then I went on to become a high school teacher in the inner city of Los Angeles.

Almost thirty years ago I began a career in broadcasting as a reporter and as an anchor for KNBC in Los Angeles, KABC in Los Angeles. After KNBC, I went on to create a Spanish language independent station in Los Angeles, KVEA-TV. Then shortly thereafter, I was the founder and the chairman of Telemundo, the nation's second Spanish-language network. More recently, I founded and served as chairman of Gulf Atlantic Life Insurance Company, the first Latino-owned life insurance company in the United States.

I also have been recently appointed as a member of the University of Southern California Board of Trustees, after receiving both my Bachelor's and Master's degrees from USC, and I am proud of this honor. My career in education, broadcasting and business have responded to the needs of our ethnically-diverse population, and in all honesty, I can tell you I am proud to be the first minority chairman ever of the Corporation for Public Broadcasting, and, obviously, the first Hispanic ever to chair CPB.

Throughout my life, I have always been very aware of diversity. While a young man in the Air Force, I realized that America truly embodies a melting pot and a mosaic of cultural beliefs and customs. If I am reconfirmed to the CPB board, one of my goals for

public broadcasting will be to continue to promote and encourage programming for, by, and about diverse audiences.

At a time when the commercial broadcasters are being criticized for their lack of diversity, public broadcasting continues its strong commitment to meeting the diverse needs and interests of every American. I believe that digital technology offers public broadcasting even more opportunity to provide programming that reflects the diversity and the rich culture of America.

Having worked both as a high school teacher and as a college professor in California, I understand how important it is to provide educational opportunities to all members of our community. Education can open doors of opportunity to everyone, as I have witnessed in my own personal life. I truly believe that public broadcasting does play an important role in providing educational opportunities.

From its new children's series, *Between the Lions*, aimed at helping young children learn to read, to PBS's Adult Learning Series, geared to providing lifelong learning, public broadcasting remains committed to ensuring the growth and development of instructional, educational and cultural programming.

For example, the Annenberg/CPB Channel is really an excellent combination of private sector—due to the generosity of Ambassador Annenberg—and Public Sector CPB dollars. The free satellite television and web service funded by The Annenberg Foundation and CPB provides professional development in all core subjects to teachers nationwide. The service is currently received by more than 45,000 schools throughout the nation, as well as in 22 million homes, and its audience grows by over 1,000 schools and 500,000 homes per month. I would like to add that the video and web-based resources of the Annenberg/CPB Channel look carefully into the real classrooms across the country, feature the finest minds in education, and they promote discussion, reflection and change throughout the teacher corps nationwide.

The Annenberg/CPB channel will soon be used by thousands of non-credentialed teachers who are in the process of getting credentials in the State of California throughout the system; so your taxpayer dollars, through CPB, are going well to work in that direction.

Perhaps the newest challenge, however, that we face is effectively responding to the emerging technology. Digital broadcasting promises to greatly improve public television's ability to educate, inform, and serve the American people. The digital age will allow for enhanced programming, where each individual television program will have the potential to deliver multiple layers of information simultaneously, as opposed to the only one layer which is offered now through the analog technology world.

In addition, digital technology will enable stations to multicast, broadcasting children's programs and adult education simultaneously. While the digital age poses a great financial challenge to the public broadcasting community at large, it will also improve public broadcasting's public service to *all* Americans.

These are challenges that I welcome and I will continue to help public broadcasting meet if I am confirmed to another term on the CPB Board.

Thank you so much for the opportunity to appear before you, and I'd be happy to answer any questions that you may have for me. Thank you.

The CHAIRMAN. Thank you, Mr. Cruz. I thank you and Ms. Anderson for the fine job that you have done in your previous tenure, and I believe that you are highly qualified to continue in this very important work.

I thank you both.

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

PREPARED STATEMENT OF FRANK CRUZ, NOMINEE, MEMBER OF THE BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you today to discuss my re-nomination to the Board of Directors of the Corporation for Public Broadcasting (CPB). I would like to begin by thanking the President for nominating me again. I would also like to acknowledge the strong and thoughtful leadership of Diane Blair who immediately preceded me as CPB Board Chairman and with whom I served as Vice Chair for two years.

This is an exciting and challenging time to be a part of public broadcasting. Technology is changing rapidly, and these changes provide public broadcasting with an opportunity to reach more people, to empower new voices, and to meet the changing educational needs of adults and children in communities across the country. I have a strong desire to be a part of the CPB Board at this time and to use my skills and experience to help lead public broadcasting into the 21st century.

I believe that my past experience on the CPB Board and my professional background in broadcasting and management can add to CPB's mission of education, diversity, and technology. I grew up in the barrios of Tucson, Arizona, raised by my mother who was left a young widow shortly before I was born. After graduating from high school, I was an enlistee in the U.S. Air Force. I then went on to become a high school teacher in inner city Los Angeles.

Nearly 20 years ago, I began a career in broadcasting as an anchor at KNBC-TV in Los Angeles. After my work at KNBC, I helped create KVEA-TV in Los Angeles, the second Spanish-language station in the area. Soon after, I became a founder of Telemundo, the nation's second Spanish-language network. More recently, I founded and served as Chairman of Gulf Atlantic Life Insurance, the first Latino-owned life insurance company in the country.

I have also just been recently appointed as a member of the University of Southern California (USC) board of trustees, after receiving both my Bachelors and Masters degrees from USC. I am proud that my career in education, broadcasting, and business have responded to the needs of our ethnically diverse population, and I am proud to be the first Hispanic to serve as Chairman of the Corporation for Public Broadcasting.

Throughout my life, I have always been very aware of diversity. While a young man in the Air Force, I realized that America truly embodies a "melting pot" and a mosaic of cultural beliefs and customs. If I am re-confirmed to the CPB Board, one of my goals for public broadcasting will be to continue to promote and encourage programming for, by, and about diverse audiences. At a time when commercial broadcasters are being criticized for their lack of diversity, public broadcasting continues its commitment to meeting the diverse needs and interests of every American. I believe that digital technology offers public broadcasting even more opportunity to provide programming that reflects the diversity and culture of America.

Having worked as both a high school teacher and a college professor in Los Angeles, I understand how important it is to provide educational opportunities to all members of the community. Education can open the doors of opportunity to everyone, as I have witnessed in my own life. I truly believe that public broadcasting can and does play an important role in providing educational opportunities. From its new children's series, *Between the Lions*, aimed at helping young children learn to read, to PBS's Adult Learning Series, geared toward providing lifelong learning, public broadcasting remains committed to ensuring the growth and development of instructional, educational, and cultural programming.

For example, the Annenberg/CPB Channel—a free satellite television and Web service funded by The Annenberg Foundation and CPB—provides professional development in all core subjects to teachers nationwide. The service is currently re-

ceived by more than 45,000 schools throughout the nation, as well as in 22 million homes, and, its audience grows by over 1,000 schools and 500,000 homes per month. The video and web-based resources of the Annenberg/CPB Channel look carefully into real classrooms across the nation; feature the finest minds in education today; and they promote discussion, reflection and change throughout the teacher corps, nationwide.

Perhaps the newest challenge we face is effectively responding to emerging technology. Digital broadcasting promises to greatly improve public television's ability to educate, inform, and serve the American people. The digital age will allow for enhanced programming, where each individual television program will have the potential to deliver multiple layers of information, as opposed to only one layer which is offered today through analog technology. In addition, digital technology will enable stations to multicast, broadcasting children's programs and adult education simultaneously. While the digital age poses a great financial challenge to the public broadcasting community, it also will improve public broadcasting's public service to *all* Americans. These are challenges that I welcome and will continue to help public broadcasting meet if I am confirmed to another term on the CPB Board.

Thank you again for the opportunity to appear before you today. I am happy to answer any questions that you may have.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nick names used.) Frank Henry Cruz.
2. Position to which nominated: Board of Directors, Corporation for Public Broadcasting.
3. Date of nomination: 9/27/99.
4. Address: (List current place of residence and office address.) 17 Faire Winds, Laguna Niguel, CA 92677.
5. Date and place of birth: 10/04/39, Tucson, Arizona.
6. Marital status: (Include maiden name of wife or husband's name.) Married—Bonnie Jean Cruz (Baldwin).
7. Names and ages of children: (Including stepchildren and children from previous marriages.) Heather Susan Cruz/Nitabach—Age 32, Francisco Richard Cruz—Age 28, and Vanessa Gabriela Cruz—Age 28.
8. Education: (List secondary and higher education institutions, dates attended, degree received and date degree granted.)
 Tucson High School, Tucson, AZ, 1954–1957, Diploma
 East Los Angeles College, Los Angeles, CA, 1961–1964, AA (June 1964)
 University of Southern California, Los Angeles, CA, 1964–1966, BA (May 1966)
 University of Southern California, Los Angeles, CA, 1966–1969, MA (May 1969)
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.)
 Teacher (Social Studies), Los Angeles Unified School District, Lincoln High School, Los Angeles, CA, 1967–1969
 Assistant Professor (Chairman of Ethnic Studies Department), Sonoma State College, Sonoma, CA, 1969–1970
 Associate Professor, California State University Long Beach, Long Beach, CA, 1970–1972
 Reporter, KABC-TV, Los Angeles, CA 1972–1975
 Reporter/Anchor, KNBC-TV, Los Angeles, CA, 1975–1985
 Vice President/General Manager, KVEA-TV, Los Angeles, CA 1985–1989
 President/Executive Director, Latino Museum of History, Art & Culture, Los Angeles, CA 1990–1991
 Chairman, Gulf Atlantic Life Insurance Company, Los Angeles, CA, 1991–1995
 President, Cruz & Associates, Laguna Niguel, CA, 1995 to present
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.)
 Member, Advisory Committee on Public Interest Obligations of Digital Television Broadcasters (Gore Commission), 1997–1998
 Member, Board of Directors (Current Chairman), The Corporation for Public Broadcasting, 1994 to present
 Chairman Emeritus, California Institute for Federal Policy Research, 1991 to present

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.)

Member, Board of Directors, Health Net, 1986–1999
 Vice President & General Manager, KVEA–TV, 1986–1989
 Member, Board of Directors/Chairman, Gulf Atlantic Life Insurance Company, 1991–1995
 President, Cruz & Associates, 1995 to present

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

Member, Board of Directors, Los Angeles Area Chamber of Commerce
 Member of Rebuild Los Angeles
 Member, Board of Directors, Latino Museum of Art, History & Culture
 Member, Board of Councilors, University of Southern California School of Public Administration
 Member, Partnership 2000; Member/Chairman, California Institute for Federal Policy Research

13. Political affiliations & 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.

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

Hispanic of the Year, National Hispanic Scholarship Fund
 Golden Mike Award—Anchor (KNBC–TV Outstanding Newscast)
 Los Angeles Press Club, Excellence in Reporting (2 years)
 Emmy Award—“The Latinization of Los Angeles”
 University of Southern California, Outstanding Alumni Award

15. Published Writings: (List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.) “President Clinton’s New Beginning”, panel presentation—economic paper, Donald I. Fine, Inc., 1992; “The Latin Americans: Past & Present,” Houghton-Mifflin, 1972.

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 chosen for this nomination by the President? The President has renominated me for this position because he knows that as a member of CPB’s Board of Directors for the past 6 years I have successfully advocated Public Broadcasting mission of education, diversity and quality programming. The President is aware that I have championed public broadcasting as a clear alternative to the commercial networks, and that I can provide the leadership needed for Public Broadcasting to make the transition from analog to digital television.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment? My background and experience of more than 25 years as broadcaster, business person and educator qualifies me for this position. In addition, the achievements of the CPB Board during the past 6 years while I served as Chairman (currently), Vice Chairman for 2 years, and Chairman of the Audit and Finance Committee for 3 years.

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? No.

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

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with our previous employer, business firms, 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 our 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 investment, 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. 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.) N/A.

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? No.

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. 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. Please describe how your previous professional experience and education qualifies you for the position for which you have been nominated. I have over 25 years of broadcasting, business, and educational experience. Taught at the university level for 5 years. Fourteen years as a reporter and anchor with ABC and NBC. Founder and executive of Telemundo, the Nation's second Spanish-language network. Founder and Chairman of Gulf Atlantic Life Insurance Company. Member of the CPB Board for the past 6 years. The combined broadcast and business background uniquely qualifies me for this position.

2. 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? None.

3. Why do you wish to serve in the position for which you have been nominated? A sincere desire to use my business, broadcasting and educational experience for the benefit of public broadcasting and Americans. Public broadcasting is an American treasure that is undergoing enormous technological changes and it offers an opportunity to reach out to more people in more ways, and I want to serve at this exciting and challenging time.

4. What goals have you established for your first two years in this position, if confirmed? I would like to expand public broadcasting's reach to include more ethnically and racially mixed audiences. A commitment to use new technologies to empower new voices and meet the changing educational needs of students, teachers, and classroom curriculum. Will encourage a new interactive environment that will enable public broadcasting to empower our viewers, our listeners, and our community participants to explore new possibilities in this new media environment.

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 should society's problems be left to the private sector, and what standards should be used to determine when a government program is no longer necessary. I believe that government has a role to play in certain areas of our society. For example, the government plays a key role in the funding and oversight of public broadcasting. And as such, provides the American public with a clear alternative to commercial broadcasting. In turn, public broadcasting leverages the federal dollars with private sector money and fulfills its mission of quality programming to its viewers. Public broadcasting is a marriage of government and the private sector interest which enables it to provide viewers access to the richness of our various cultures, breadth of human knowledge and experience, and the enlightenment of current affairs.

6. In your own words, please describe the agency's current missions, major programs, and major operational objectives. The mission of the Corporation for Public Broadcasting (CPB) is to facilitate the development of, and to ensure that all Americans have access to, noncommercial high quality programming and telecommunications services, including television, radio, on-line and digital services. In doing so, CPB distributes federal funds and provides a variety of other support to more than 1,000 public television and radio stations all across the country.

In carrying out this mission, CPB is committed to funding programs and services that inform, enlighten, and enrich the public. CPB is dedicated to encouraging the development of programming that involves creative risks and that addresses the needs of unserved and under served audiences, especially children and minorities.

Since its creation by Congress in 1967, CPB has been a catalyst for innovation and change within the public broadcasting system. In its role as catalyst and funder, CPB acts as a guardian of the mission for which public broadcasting was established. CPB will continue to focus on and be committed to education and diversity.

7. In reference to question number six, what forces are likely to result in changes to the mission of this agency over the coming five years? In the next five years, the mission of CPB is not likely to change; however, the challenges facing CPB will expand. The conversion from analog to digital will be one of the greatest challenges public broadcasting will face in the coming years.

Not only is technology changing, but the demographics of the U.S. are changing as well. In fifty years, no ethnic population will represent a majority. CPB will play a vital role in making public broadcasting more relevant to older and younger generations, and to an increasingly diverse population.

8. In further reference to question number six, what are the lively outside forces which may prevent the agency from accomplishing its mission? What do you believe to be the top three challenges facing the board/commission and why? While nothing has prevented CPB thus far from accomplishing its mission, a significant decrease in CPB's funding might hinder its ability to carry out that mission. In addition, if individual public broadcasting stations are not able to obtain funding necessary to convert to digital technology, our goal of universal service could suffer.

The top three challenges facing the Board today are education, diversity, and new technology. The Board will be challenged to facilitate the development of programming that is rich in culture and information and stimulates life-long learning, to represent the culture of different racial and ethnic groups, and to take advantage of the new opportunities that digital technology creates.

9. In further reference to question number six, what factors in your opinion have kept the board/commission from achieving its missions over the past several years?

Over the years, CPB has strived to meet its mission consistently and effectively. It has been a strong leader in promoting education, diversity, community, non-commercialism, and in creating greater opportunities for learning using new technology. Although we have made great strides, this should not keep us from doing an even better job in the future.

10. Who are the stakeholders in the work of this agency? The stakeholders are the American people, including Congress, educators, parents, students, children, minorities, and the disadvantaged of our nation. The stakeholders are also the individual public broadcasting stations nationwide, program producers, and the national organizations that represent public broadcasting.

11. What is the proper relationship between your position, if confirmed, and the stakeholders identified in question number ten? I represent the interests and needs of the stakeholders. If confirmed, I will be responsive to the stakeholders, and when interests and voices conflict, I will look objectively at all sides.

12. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you? I am a firm believer that a board member's role is to provide goals and priorities for supervisors who in turn oversee employees. Communications and accountability are key ingredients to a successful supervisor/employee relationship. No complaints have been brought against me.

13. Describe your working relationship, if any, with the Congress. Does your professional experience include working with committees of Congress? If yes, please describe. None.

14. Please explain how you will work with this Committee and other stakeholders to ensure that regulations issued by your board/commission comply with the spirit of the laws passed by Congress. As a member of the Board, I will continue to work to ensure that CPB is responsive to the needs of this Committee and Congress, and that CPB complies with the spirit of the laws.

15. In the areas under the board/commission jurisdiction, what legislative action(s) should Congress consider as priorities? Please state your personal views. I believe that reauthorization of CPB and authorization of digital conversion funds should be top priorities. I also believe that reauthorization of the Elementary and Secondary Education Act (ESEA) is a priority. In particular, emphasis should be placed on teacher professional development and educational content for digital broadcast.

16. Please discuss your views on the appropriate relationship between a voting member of an independent board or commission and the wishes of a particular president. As a voting board member of CPB, my responsibility is to consider the vested interest of CPB and the wishes of a particular president should have no bearing on my decision.

The CHAIRMAN. Mr. Tomlinson. For the record, Mr. Tomlinson and I have known each other for many, many years, and I'm very pleased to see an old friend nominated for this very important position.

Mr. Tomlinson.

STATEMENT OF KENNETH TOMLINSON, NOMINEE, MEMBER OF THE BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING

Mr. TOMLINSON. Mr. Chairman, I am honored to be here. Before I give my statement, I'd like to introduce my wife, Rebecca, and my sons, William and Lucas.

The CHAIRMAN. Welcome. I notice that one of them is in uniform. I'm pleased to see that, Mr. Tomlinson.

Mr. TOMLINSON. We're very proud to see Lucas still in uniform after 4 years over there.

Mr. Chairman, I'll offer to forego reading my entire statement. I would point out that I'm a lifelong journalist; I had the privilege to study broadcasting, since I served as foreign correspondent in the 1970's, as Director of Voice of America; and in the eight or so years I served on the U.S. Board for International Broadcasting, I

had a chance to implement a lot of the ideas I had formed in studying international broadcasting, especially in studying the model of the BBC World Service.

I will pause to say that whenever we gather in a forum like this, I think we should reaffirm our commitment to political balance in our broadcasting, and we certainly want to do so today. I realize that we don't have to look far for a good model, because within PBS there was the great original McNeil/Lehrer Report, now the Jim Lehrer News Hour, which has served as a model for in-depth broadcasting for balance in broadcasting.

I believe passionately in the mission of public broadcasting. I'm especially committed to the role many of our local stations play in the preservation of the culture of music in this country, whether you're talking about delta blues or bluegrass or gospel or jazz. Our local stations, especially some of the ones I've been associated with as a volunteer and supporter of KCY in New York, and WAMU here in Washington, have done a marvelous job at preserving our musical heritage.

I would be happy to answer any questions and to read further from my statement. Mr. Chairman and Members of the Committee, thank you very much for considering my nomination.

The CHAIRMAN. Thank you. I am pleased to see you again, Mr. Tomlinson.

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

PREPARED STATEMENT OF KENNETH TOMLINSON, NOMINEE, MEMBER OF THE BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING

Thank you Mr. Chairman, Senator Hollings, and members of the Committee. It is a great privilege to appear before you today. I do want to express my appreciation to the President for nominating me to this Board—and to those who encouraged this nomination.

Allow me to describe to you briefly how I came to be involved in public broadcasting. I am a life-long journalist, writer, and editor. I also am a life-long fan of broadcasting. Growing up in a rather isolated region of the Blue Ridge Mountains, broadcasting literally was my window to the world.

When I was working as a foreign correspondent in the 1970s, I came to study rather extensively the BBC World Service in search for why this outlet was so far superior to its international broadcast competitors. The lessons I learned during those years of listening to BBC served me well during the two years (1982–84) when I served as Director of the Voice of America (VOA) during the Reagan Administration.

Not coincidentally, one of the first people I sought out for advice when I went to VOA was Jim Lehrer. Not coincidentally, the public affairs broadcast that most resembled the standards of the BBC was the *McNeil/Lehrer Report*, and later the *NewsHour*. This standard also would be my guide during the nearly eight years I served on the U.S. Board for International Broadcasting.

I concluded my 28-year career with *Reader's Digest* with service as the magazine's Editor-in-Chief during which time we opened new editions of the magazine in Russia, Hungary, Poland and the Czech Republic. Following my retirement from the *Digest* in 1996, we moved to a farm near Middleburg, VA, where I breed and race thoroughbred horses. Last year, I became President of the National Sporting Library.

I believe passionately in the mission of public broadcasting. Jim Lehrer's *NewsHour* represents broadcasting which I believe is important to American democracy. For example, this year, public television will provide gavel-to-gavel coverage of the Democratic and Republican political conventions at a time when major networks are abandoning such coverage. As a parent, I also came to recognize the importance of the Public Broadcasting Service's (PBS) children's programming. The educational component of public television—especially as we move toward the new frontiers of digital broadcasting—is worthy of our support.

All this we must do with great economy and efficiency—constantly reviewing what we do and how we do it to ensure that the public's money is spent effectively. We must also insist that public broadcasting reflects the political balance of our nation. As I used to say at VOA, America does not speak with one homogenized voice. You cannot understand the dynamics of America unless you hear the voices of America.

Public television no longer is the only alternative to three networks. At my farm near Middleburg, I have access to something close to 100 channels—and only one represents PBS. Clearly, through quality programming and coverage of events not found on other commercial networks, public television must continue to earn the wide support it enjoys from the people.

Radio, of course, is my passion. If you need justification for National Public Radio (NPR) and the public radio stations in this country, I invite you to take a drive and examine the offerings on your FM dial. We may have experienced extraordinary improvement in the quality of serious AM public affairs and sports broadcasting, but the need for public radio is still great.

In no area is the justification for public radio more profound than in the role many of these stations have played in preserving the culture of traditional American music. Whether we are talking about delta blues or Appalachian bluegrass, gospel or jazz, public radio has been critical in nurturing radio. (In the interest of full disclosure, I once worked as a bluegrass disk jockey on WAMU-FM, that great public radio station in Washington, D.C.)

Preserving the local component of radio in an era of consolidation of broadcast conglomerates is a significant part of our mission. Members of this Committee know better than I the importance of public radio in rural America. I will work to protect these services and expand them wherever possible.

Finally, if I am confirmed, I do look forward to working with Capitol Hill to ensure that the views of the people's representatives are reflected in our work for public television and radio. I am proud of the reputation I earned at VOA for close cooperation with Members of the Senate and the House and their staffs. If confirmed as a member of the CPB Board, I will seek a similar close level of cooperation with this Congress and this Committee.

Thank you for your consideration of my nomination.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nick names used.) Kenneth Y. Tomlinson.
2. Position to which nominated: Board of Directors, Corporation for Public Broadcasting.
3. Date of nomination: June 28, 2000.
4. Address: (List current place of residence and office addresses.) Springbrook Farm, Middleburg, Virginia 20118-1508. Federal Express address: Springbrook Farm, 7863 Old Carters Mill Road, Marshall, Virginia 20115. Business: National Sporting Library, 102 The Plains Road, P.O. Box 1335, Middleburg, Virginia 20118.
5. Date and place of birth: August 3, 1944. Mt. Airy, North Carolina.
6. Marital status: (Include maiden name of wife or husband's name.) Rebecca Moore Tomlinson.
7. Names and ages of children: (Include stepchildren and children from previous marriages.) William Moore Tomlinson, 22, CNN-Sports Illustrated, Atlanta; Lucas Young Tomlinson, 21, United States Naval Academy, Annapolis.
8. Education: (List secondary and higher education institutions, dates attended, degree received and date degree granted.) Galax (Virginia) High School, 1962; Randolph-Macon College, B.S. history, 1967, but listed under class of '66.
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.)
 Reporter, *Richmond Times-Dispatch*, 1965-1968
 Correspondent/Editor, *Reader's Digest*, 1968-82
 Director, Voice of America, 1982-84
 Managing Editor/Executive Editor, *Reader's Digest*, 1984-1989
 Editor-in-Chief, *Reader's Digest*, 1989-96
 Retired, thoroughbred horse breeder, 1996-
 President and Director, National Sporting Library, 1999-
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.)
 Member, National Commission on Voluntary Service (ACTION), 1981-82
 Chairman, National Commission on Libraries and Information Science, 1986

Member, U.S. Board for International Broadcasting (Radio Free Europe/Radio Liberty), 1986–94.

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.) Owner, Sandy Bayou Stable (race thoroughbred horses), H. Graham Motion, Trainer; Owner, Springbrook Farm (where we raise thoroughbred horses).

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable and other organizations.) Union League Club, New York; Capitol Hill Club, Washington; and Trinity Episcopal Church, Upper-ville.

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.

1992, Forbes for President, \$1000.

1993, Hevesi for Comptroller, New York City, \$250.

1996 & 1998, Rohrabacher (CA) for Congress, total of \$500.

1996 Kelly (NY) for Congress, \$250.

1998 Winkelmann (Fauquier, VA) for Supervisor, \$200.

1999 Weeks (Fauquier, VA) for Supervisor, \$200.

1999 Allen (VA) for Senate, \$250.

1999 Pollard (VA) for Delegate, \$250.

2000 Bush for President \$1,000.

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.) Virginia Press Association's Virginian of the Year, 1994; Virginia Communications Hall of Fame, 1994; Doctorate of Letters, Randolph-Macon College, 1995.

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

Co-author *POW*, a history of prisoners of war in Vietnam, 1976

Authored roughly 50 articles for *Reader's Digest* between 1968 and 1981

Numerous racing articles in such publications as the *Blood-Horse*

Columns in *Washington Times*, *Richmond Times-Dispatch*, and *Weekly Standard*

Best known article in recent years in the *Weekly Standard*, "Mike Barnicle's Demise," August 31, 1998, a piece credited by *The New York Times* as having prompted the *Boston Globe* to fire the columnist.

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.

17. Selection:

(a) Do you know why you were chosen for this nomination by the President? I have a life-long interest and involvement in journalism and public affairs broadcasting.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment? I spent my professional life as a journalist and editor. As a foreign correspondent, I became particularly knowledgeable about international broadcasting, particularly the BBC. One of the reasons I was perceived to have been a successful director of the Voice of America was my knowledge of public affairs broadcasting, that is to say international broadcasting.

Also, it is no accident that one of the first people I sought out after being named director of VOA was Jim Lehrer. To me the *News Hour*, from its inception, has been a model for news and public affairs broadcasting.

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? As a retiree, I have severed all formal relations with *Reader's Digest*. I have no business relationships which would conflict with service on the Board of the Corporation for Public Broadcasting.

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. I receive approximately \$100,000 per year in retirement income from *Reader's Digest*, plus executive retirement compensation of approximately \$60,000 per year for ten years. I own approximately 70,000 stock options in *Reader's Digest* at levels ranging from 41 to 46 dollars per share. These options expire in August 2002.

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. 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 would notify appropriate officials of the CPB and remove myself from involvement in any such issues before the board.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer? 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. No.

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. 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. Please describe how your previous professional experience and education qualifies you for the position for which you have been nominated. I am a life-long journalist and writer. As a foreign correspondent, I developed a particular interest in international radio. I was fascinated by why the BBC was so superior to other international broadcasters, and this led me to countless hours listening to this medium. The BBC model, which, after all, reflects the McNeil/Lehrer model (or is it the other way around) reflects news and public affairs broadcasting at its best. My knowledge of all this enabled me to be an effective director of the Voice of America, and, I submit, also made me effective as a long-time member of the U.S. Board for International Broadcasting.

I know the professional standards that should guide journalism and public television and radio. Maintaining these standards has been a lifetime pursuit.

Like countless other Americans, I was a fan of public television from its earliest days. From *Masterpiece Theater* to *Fawlty Towers* the programs of public television enriched our lives.

I have long had a passionate interest in the role public radio stations play in the preservation of American culture. Whether you are talking blues in its various incarnations or mountain music or any of a number of ethnic musical cultures (from Irish to Polish to Greek), the programming of public radio stations has done more to preserve and perpetuate these priceless expressions of our past than any other factor in American life.

For that matter, I am a former (minimum wage) employee of Washington's WAMU-FM. For three months during the summer of 1976, I was WAMU's bluegrass disk jockey.

2. 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 believe I possess the skills necessary to be an effective CPB board member. But the one component which necessarily will be on-going will be the importance of constantly viewing and listening to public television and radio. That is a basic for anyone who would seek to be involved in oversight in the area.

3. Why do you wish to serve in the position for which you have been nominated? I have always sought to be involved in causes for which I have passion. Involvement in public television and radio represents a great opportunity for service in an area of long-time interest to me.

4. What goals have you established for your first two years in this position, if confirmed? I would expect to be doing a great deal of learning. I would also hope to make significant contributions as a member of this board. I believe my past involvement in public broadcasting will enable me to encourage the highest quality in programming on public television and radio broadcasting.

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 should society's problems be left to the private sector, and what standards should be used to determine when a government program is no longer necessary. I once heard President Reagan explain: "Government is rarely the solution. Government is usually the problem!"

Lord Acton said, "The government which governs best, governs least."

While I agree with this political philosophy, I also believe that government has a role to play in addressing challenges facing our country and its people.

Specifically, I believe that government has a role to play in creating public interest broadcasting, even in an era when the consumer, through cable and satellite dishes, has extraordinary choice in programming.

The value of public television children's programming alone is worth government participation in broadcasting. The value of the Jim Lehrer NewsHour is worth government involvement in broadcasting. And I would also submit, as reflected in an earlier answer, that commercial radio does not even come close to the role of cultural preservation which has been such a vital function of public radio.

Anyone who doubts the importance of public radio to this country should drive in the countryside of virtually every section of our nation and compare public radio programming with that available on private local (particularly FM) stations. Now I realize there have been significant developments in (particularly AM) radio in the last decade. But I submit that if we ended National Public Radio we would severely impair the opportunity for our citizens to be informed about what is happening here and abroad. In no area does public broadcasting play a more important role than in our rural regions—from Alaska to Mississippi.

6. In your own words, please describe the agency's current missions, major programs, and major operational objectives. The mission of public television and radio

is to enrich the culture of our nation and to ensure a level of news and public affairs broadcasting that will help our citizens make informed judgments on issues facing our people and our nation. Public broadcasting will accomplish this mission by producing high quality programming—and managing our resources in such a way as to merit public and private support for our broadcasting.

7. In reference to question number six, what forces are likely to result in changes to the mission of this agency over the coming five years. The important, if costly, issue of digital conversion offers the challenge of greatly expanding the value of public television—especially in the area of children’s programming. The already significant value of public television as an educational force will be particularly enhanced if we can find the public and private resources to expand digital broadcasting.

8. In further reference to question number six, what are the likely outside forces which may prevent the agency from accomplishing its mission? What do you believe to be the top three challenges facing the board/commission and why? Addressing the latter question first, providing an environment that will foster the production of quality programming will always be a top objective of CPB. Guiding technological change to enhance the value of public broadcasting is critical. Finally, CPB must provide the type of financial oversight and leadership that will give the public—and Congress—confidence that public broadcasting deserves support.

To accomplish our mission, it is critical that our citizens, reflecting a broad spectrum of political opinion, continue to believe that public broadcasting reflects the highest standard for creativity and fairness in its programming. Maintaining a consensus on the value and merit of public broadcasting—a consensus that reflects viewpoints from conservatives and liberals and moderates—is critical if we are to prevent outside forces from blocking our mission.

9. In further reference to question number six, what factors in your opinion have kept the board/commission from achieving its missions over the past several years? The issue of financial support for public broadcasting is an ever-present challenge to achieving our mission. Also important is maintaining the type of quality of program content that will merit support of public broadcasting from the major elements of political attitudes in this country.

10. Who are the stakeholders in the work of this agency? The people—and the people’s elected representatives.

11. What is the proper relationship between your position, if confirmed, and the stakeholders identified in question number ten? If confirmed, an important aspect of my job is ensuring the faith and support of the stakeholders.

12. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you? I know of no employee complaints. The management philosophy of Peter Drucker is my guide. I believe a supervisor should establish a vision for employees that will guide them in accomplishing their mission. I believe the ideal supervisor leaves employees free to accomplish that mission—but I believe a supervisor must be willing to step in and guide when standards are not being met.

13. 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 extensive experience in dealing with Congress as director of the Voice of America as well as Chairman of the National Commission on Libraries and Information Science and the U.S. Board for International Broadcasting. I am particularly proud of a record which demonstrates the ability to work with both Republicans and Democrats.

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

15. In the areas under the board/commission jurisdiction, what legislative action(s) should Congress consider as priorities? Please state your personal views. I hope Congress will soon see fit to pass an authorization for CPB. I also trust our work at CPB will be of such quality as to inspire continued public support for public broadcasting.

16. Please discuss your views on the appropriate relationship between a voting member of an independent board or commission and the wishes of a particular president. I believe Presidents appoint independent board members to exercise their own considered judgment—so long as we act within the law and in such a way as to merit the support of Congress.

The CHAIRMAN. Dr. Wilson, welcome.

STATEMENT OF DR. ERNEST J. WILSON, III, NOMINEE, MEMBER OF THE BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING

Dr. WILSON. Thank you, Mr. Chairman.

I would first like to introduce my wife, Dr. Francia L. Wilson, who is here with me this morning.

The CHAIRMAN. Welcome, Dr. Wilson.

Dr. WILSON. Mr. Chairman and Members of the Committee, I first want to express my gratitude to you for holding this hearing, and to the President for nominating me to serve on the Corporation for Public Broadcasting. I am deeply honored to be here today.

This is a very exciting time to be a part of public broadcasting. Our rapidly changing technology offers new opportunities to expand public broadcasting's educational mission, and to reach even more diverse audiences than are already being reached today.

The CPB Board has identified three major priorities for the coming years: education, technology, and diversity. If confirmed to serve on CPB's Board, I pledge myself to advance each of those objectives to the fullest of my abilities.

As an educator, I am especially committed to advancing the educational goals of the CPB for all Americans. I've been involved in academia for more than 25 years. I've taught at the University of California at Berkeley, University of Pennsylvania, University of Michigan, and now at the University of Maryland-College Park, where I serve as Director of the Center for International Development and Conflict Management.

In addition, I have experience in broadcasting that includes work with the United States Information Agency, Radio Free Europe, and other federal broadcasting units. I've also had positions within the executive branch, including the National Security Council and the private sector, with the Global Information Infrastructure Commission.

I am also strongly committed to helping public broadcasting think through and advance its commitment to take full advantage of the benefits of the new digital technologies, which are so enormously important and which my colleagues have already addressed. Much of my recent career has been spent working on the issue of the information revolution, and I'm currently in the process of doing a book for M.I.T. on that topic. So I really look forward to working with my colleagues on the issue of digital conversion.

As public broadcasting has always been a leader in putting technology to work for the benefit of all Americans, if confirmed I will work to ensure that public broadcasting remains a leader in developing, testing and implementing these technologies.

For public broadcasters, the goal of universal access means not only providing broadcast service to individuals living across the United States that are geographically isolated or rural, but also reaching out to unserved or underserved populations as well. It is important then that public broadcasting continue to ensure that underserved communities have access to new technologies.

Technology allows adults and children to learn of the world around them and helps all racial, ethnic and socioeconomic groups to understand one another better.

I am committed to working to close the digital divide in technology that exists today in our country, and if confirmed, will work to ensure that public broadcasting continues to meet the needs of underserved communities. By providing these communities access to new technologies, I believe we can enhance the opportunities for them to tell their own local stories. I believe public broadcasting can have a significant impact to help close the digital divide.

I have been a longtime admirer of public broadcasting and believe it is unique in being able to reach out to all Americans.

If confirmed, I hope to serve the nation in these areas where I have experience and I hope some expertise to offer to the Board, especially in helping CPB meet its objectives in education, in technology, and in digital media convergence.

I am committed to upholding the high ideals of public broadcasting, including balance, serving underserved and unserved audiences, and in particular minorities, educators and children.

Thank you very much, Mr. Chairman, for the opportunity to be here today.

The CHAIRMAN. Thank you, Dr. Wilson.

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

PREPARED STATEMENT OF DR. ERNEST J. WILSON, III, NOMINEE, MEMBER OF THE BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING

Good morning Mr. Chairman and Members of the Committee. I first want to express my gratitude to the Chairman for holding this hearing and to the President for nominating me to serve on the Board of the Corporation for Public Broadcasting (CPB). I am honored to be here today.

It is an exciting time to be a part of public broadcasting. Our rapidly changing technology offers new opportunities to expand public broadcasting's educational mission and to reach even more diverse audiences than are already being reached today.

The CPB Board has identified three priorities for the next year and for years to come: education, technology, and diversity. If confirmed to serve on CPB's Board, I will support these three priorities with enthusiasm, and I believe that my background will further add to serve CPB's mission along each of these priorities and beyond them.

As an educator, I am deeply committed to advancing the educational goals of CPB for all Americans. I have been involved in academia for more than 25 years. I began my career as a teacher abroad in Zaire and eventually taught political science at the University of California, Berkeley; the University of Pennsylvania; and the University of Michigan, Ann Arbor. Currently, I am on the faculty at the University of Maryland, College Park and serve as the Director of the Center for International Development and Conflict Management. In addition, I have experience in broadcasting that includes work with the United States Information Agency (USIA), Radio Free Europe, and Radio Martí. I also have held numerous positions in the Executive Branch including the National Security Council and the Global Information Infrastructure Commission.

I am also strongly committed to helping public broadcasting think through and advance its commitment to take full advantage of the benefits of the newest digital technologies. Much of my recent career has been spent researching and analyzing the impact of the global information revolution. I am deeply engaged in studying the educational possibilities of digital technology. I have worked on the subject of the impact of information technology on society with research groups such as RAND and the Center for Strategic and International Studies (CSIS), and lectured at Harvard, George Mason University (GMU) in Virginia, and abroad.

As public broadcasting has always been a leader in putting technology to work for the benefit of all Americans, if confirmed, I will work to ensure that public broadcasting remains a leader in developing, testing, and implementing new technology, and embraces digital technology's promise of new learning opportunities for *all*.

For public broadcasters, the goal of universal access means not only providing broadcast service to individuals living in areas across the United States that are geographically isolated or rural, but also means reaching out to unserved and underserved populations. It is important then, that public broadcasting continue to ensure that underserved communities have access to new technology. Technology allows adults and children to learn about the world around them—outside of their immediate families, their friends, and their neighbors—and helps all racial, ethnic, and socio-economic groups understand each other better.

I am committed to working to close the digital divide in technology that exists today, and if confirmed, will work to ensure that public broadcasting continues to meet the needs of underserved communities. By providing these communities access to new technologies, we can enhance the opportunities for them to tell their own stories. I believe that public broadcasting can have a significant impact on helping to close the digital divide.

I have been a long-time admirer of public broadcasting—I believe it is unique in reaching broad segments of the population, including minority youth, who have grown up on shows like *Sesame Street* where all children can find something to spark their intellectual curiosity and interest in reading.

A new program aimed at helping children with literacy skills, *Between the Lions*, demonstrates public broadcasting's commitment to utilize television as a teaching tool. Preparing and helping children age 4-to-7 learn how to read is a national education challenge. Public broadcasting meets these and other challenges in an effective and high-quality way.

If confirmed, I hope to serve the nation in these areas where I have experience and some expertise to offer, especially in helping CPB meet its objectives in education, technology, and the digital media convergence. I am committed to upholding the high ideals of public broadcasting, and serving unserved and underserved audiences, in particular, minorities, educators, and children.

Thank you.

A. BIOGRAPHICAL INFORMATION

1. Name: Ernest J. Wilson III ('Chico' childhood nickname).
2. Position to which nominated: Board member, Corporation For Public Broadcasting.
3. Date of nomination: November 10, 1999.
4. Address: 415 St. Lawrence Drive, Silver Spring, MD 20901.
5. Date and place of birth: May 3, 1948, Washington, D.C.
6. Marital status: Married.
7. Names and ages of children: Malik Ernest Wilson, 22; Rodney Rusan Gregory Wilson, 15.
8. Education: High School: Capitol Page School, Washington, D.C. 9/63–6/66; College: Harvard University, Cambridge, MA. 9/66–6/70; University of California at Berkeley, M.A.: 6/73, Ph.D.: 1/78.
9. Employment Record:
 - Director, Center for International Development and Conflict Management, University of Maryland, College Park, and Associate Professor, Government and Politics Department, 8/95–present
 - Deputy Director, Global Information Infrastructure Commission, Washington, D.C. 7/94–8/95
 - Director, Policy Planning, U.S. Information Agency Washington, D.C. 2/94–7/94
 - Director, International Programs and Resources National Security Council, White House 1/93–2/94
 - Associate Professor, Government and Politics Department, University of Maryland, College Park 7/92–1/93 (given 2½-year leave of absence for service to work at White House, USIA, GIIC)
 - Visiting Senior Fellow for Africa Council on Foreign Relations New York, 8/92–1/93 (part time while at Maryland)
 - Associate Professor, Department of Political Science, University Michigan, Ann Arbor, Michigan, 1986–1992
 - Director, Center for Research on Economic Development; and Associate Research Scientist, Institute for Public Policy Studies 1987–1992
 - Assistant Professor, Department of Political Science, University of Michigan, Ann Arbor, MI 8/1981–8/1986
 - Assistant Professor (on leave), Department of Political Science, University of Pennsylvania, Philadelphia, Pennsylvania (While on leave, was a Gilbert White Fellow at Resources for the Future, Washington, D.C. and Post Doctoral Fellow, Kennedy School of Government, Harvard University, Cambridge MA 1980–1981)

Assistant Professor, Department of Political Science, and Energy Management and Policy Program, School of Public and Urban Policy, University of Pennsylvania, Philadelphia, Pennsylvania 1977–1980
 Acting Assistant Professor, Department of Afro-American Studies, University of California, Berkeley, “Afro-American Political Strategies” 1977
 Editorial Assistant, *The Black Scholar* Magazine, Sausalito, CA 1976–1977 (graduate student, University of California, Berkeley, 1972–77)
 Teaching Assistant, Department of Political Science, University of California, Berkeley, 1974–75
 Field Research Worker, Survey Research Center, University of California, Berkeley; Conducted and assisted in the evaluation of social science survey in the Bay Area, 1972–1973
 Legislative Assistant to Hon. Charles C. Diggs, Chairman, House Subcommittee on Africa, 1972
 National News Desk, *The New York Times*, Washington Bureau 1971–1972
 Teacher, L’Ecole Secondaire Lapsley, Kasai Oriental, Zaire. Taught Social Studies in French, 1970–1971

10. Government Experience: The Center which I direct at the University of Maryland, (Center for International Development and Conflict Management) has received grants and contracts from USAID, for which I am the Principal Investigator. The support is from the ‘Leland Initiative’ for Internet connectivity in Africa; and a pending grant for work in Rwanda. Advisory/consultative position with National Intelligence Council for scholarly research initiative on global conflict and sovereignty. In addition, I have in the past served as a consultant to various federal agencies, including the State Department, USAID, USIA, NSA, the Interior Department, an advisory board for the state of Michigan (on trade), and several advisory boards for the Congressional Black Caucus.

11. Business Relationships: The following activities are those for which I was a paid consultant:

2000

University of Denver
 State University of New York Press
 World Bank
 National Intelligence Council

1999

Corporate Council on Africa (writer)
 Economic Commission for Africa
 Global Information Infrastructure Commission (advisor and consultant)
 Keizai Koho (speaker)
 World Bank
 National Intelligence Council

1998

American Academy of Ophthalmology (speaker)
 Center for Strategic and International Studies
 Economic Commission for Africa
 George Mason University (speaker)
 Global Information Infrastructure Commission
 International Development and Research Center and Department of Communications, South Africa
 NEC (speaker, consultant)
 NSA
 University of Arkansas Medical School (speaker)
 University of Denver (speaker)
 University of South California (speaker)
 Washington Strategy Group
 World Bank

1997

Corporate Council on Africa (writer)
 Rockefeller Brothers Fund
 University of Denver (speaker)
 World Bank

1996

United Nations Commission on Science and Technology for Development
 USAID

12. Memberships:

Council on Foreign Relations
 Pacific Council on International Policy
 American Political Science Association
 African Studies Association
 Member, Overseas Development Council, 1996–present
Journal of Democracy, Editorial Board
The Black Scholar, Editorial Board
 Member, International Advisory Board, National Academy of Sciences
 Member, Research Advisory Board, Internet Policy Institute
 Member, Advisory Committee, “Briefing the President” Project Internet Policy Institute
 Sigma Pi Phi (fraternity)
 Chair, Y2k Advisory Committee, National Research Council (1998–2000)
 Member, Advisory Board, Telecommunications Project, Rainbow Push Coalition
 Member, Cyber Threats Task Force, Center for Strategic and International Studies
 Member, Study Group on IT and International Relations, Carnegie Endowment for International Peace
 Member, Africa Regional Advisory Panel, Social Science Research Council
 Member, Anwar Sadat Chair Advisory Committee, University of Maryland

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. Volunteer for Gov. Bill Clinton campaign for President, 1992 (made telephone calls in Michigan state primary); wrote occasional policy pieces on foreign affairs. Volunteer for Vice President Gore campaign, 2000.

(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. Contribution to Gore presidential campaign, 1999, \$1,000.

14. Awards and Honors:

Professor-in-Residence and W.E.B. DuBois Lecture, George Mason University, 1998
 Fellow, Center for Global Communications, Tokyo, Japan 1997
 International Affairs Fellow, Council on Foreign Relations, 1985–1986
 National Science Foundation, 1983–1986
 Outstanding Young Men of America, 1983
 Grantee, “Public Sector-Private Sector Relations in Africa”
 Gilbert White Fellow, Resources for the Future, Washington, D.C. 1980–81
 Grantee, Rockefeller Family and Associates, “The Institutionalization of Alternative Energy Technologies in Africa,” 1979–81
 Post Doctoral Fellow, Southern Fellowship Fund, 1980
 Ford Foundation Post Doctoral Fellow, Alternate, 1980
 Post Doctoral Fellow, J. F. Kennedy School of Government, and Joint Fellow, Energy and Environmental Policy Center, and Center for Science and International Affairs, Harvard University, 1980
 Andrew W. Mellon/Aspen Institute for Humanistic Studies Fellow, 1979–80
 Ford Foundation Doctoral fellow, 1972–76
 University Consortium for World Order Studies Fellow, 1975–76
 Ford Foundation Middle East and Africa Research Fellowship for Afro-Americans, 1975
 First Prize, W.E.B. DuBois National Essay Award, 1975
 African American Scholars Council Grantee, 1973
 Ralph Bunche Fellowship, Finalist, 1973
 Graduate Minority Program (Berkeley) Fellow, 1972
 American Political Science Association, Fellow, 1972
 Michael Clarke Rockefeller Fellow, 1970
 Harvard Regular Scholarship, 1966–70

15. Published writings:

Books and Monographs

“Global Information Revolution and Africa,” CIDCM Working Paper, College Park, MD, March 1997.

- The United States and Africa: Toward A New Relationship*, with David F. Gordon, report of a study funded by the Ford Foundation, published by the Center for International Development and Conflict Management, College Park, MD, April 16, 1997.
- Co-Editor, *National Information Initiatives: Political Vision and Public Policy*. Cambridge, MA: MIT Press, 1997 (with Brian Kahn) (translated into Chinese).
- Does the Global Information Highway Lead to Africa?* Center for Strategic and International Studies CSIS Notes, Washington, D.C., May, 1996.
- International Economic Reform: Theoretical and Comparative Perspectives*. (editor) Ann Arbor: C.R.E.D., 1991.
- Politics and Culture in Nigeria*. Ann Arbor: Center for Political Studies, Institute for Social Research, University of Michigan, 1988.
- "Privatization In Ivory Coast: Three Case Studies." Center for Business and Government, J. F. Kennedy School of Government, Harvard University, 1987.
- The Decade of Energy Policy: Policy Analysis in Oil Importing Countries*, Ernest J. Wilson III and Paul Kemezis. New York: Praeger, 1984.

Chapters in Books

- "What Social Science Theory Can Do For Policy Makers: The Relevance of Theory For Foreign Policy" in Miroslav Nincic and Joseph Leggold, eds. *Being Useful: Policy Relevance and International Relations Theory*, Ann Arbor, Mich.: University of Michigan Press, 2000.
- "The What, Why, Where and How of National Information Initiatives" in Brian Kahn and Ernest J. Wilson III, *National Information Infrastructure Initiatives: Vision and Policy Design*, Cambridge, MA: MIT Press, 1997.
- "Business Associations in Africa: New Directions for Comparative Political Economy" in Peter Lewis and Ernest J. Wilson III, eds., *Business Associations in Africa*, forthcoming.
- "Building the African Information Society with Public and Private Sector Cooperation," UN Economic Commission for Africa, 1997.
- "Interest Groups and Foreign Policy Making: A View from the White House," in *The Interest Group Connection: Electioneering, Lobbying, and Policymaking*. Paul S. Herrnson, Ronald G. Shaiko and Clyde Wilcox, eds. Chatham, NJ: Chatham House Publishers, 1997.
- "Privatization in the Ivory Coast," in *State Owned Enterprises in Africa*. Barbara Grosh and Rekaza Mukandala, eds., Boulder, CO: Lynne Rienner, 1994.
- "Creating a Research Agenda for the Study of Political Change in Africa," in *Economic Change and Political Liberalization in Sub-Saharan Africa*. Jennifer Widner, ed., Johns Hopkins University Press, 1994.
- "Privatization," *Oxford Companion to Politics of the World*. Joel Krieger, ed., Oxford University Press, 1993.
- "The Politics and Economics of Privatization in Nigeria," in *Nigeria: The Economics of the Transition to Civilian Rule*. T. Bierstecker, ed., Hoover Institution, forthcoming.
- "Paradigms and Paradoxes: Political Science and African American Politics," (with Michael Dawson), in *Political Science: Theories, Methods and Scope*, William Crotty, ed., Evanston, IL: Northwestern University Press, 1991.
- "Nigeria's Position in a Restructured World Oil Market," in *Nigeria's International Economic Relations*, Joy Ogwu and R. Omotayo Olaniyan, eds. Lagos, Nigeria: Nigerian Institute of International Relations, 1990.
- "A Political Puzzle of African Perestroika," in Richard Joseph, ed., *Glasnost and Perestroika in Africa*, Carter Center, Atlanta, GA, 1989.
- "Privatization in Africa" (with Thomas Callaghy) in Raymond Vernon, ed., *Privatization*. New York: Council on Foreign Relations, 1988, pp. 179-230.
- "The Petro-Political Cycle," in Richard Ender and John Kim, eds., *Energy Resources, Development Politics and Policies*. Greenwood Press, 1987, pp. 7-19.
- New "Introduction" (co-author), *Crisis of the Negro Intellectual*. Harold Cruse, New York: Morrow, 1984.
- "Public Corporations: Goals, Structure and Strategy," in Elliot P. Skinner and Pearl Robinson, eds., *Transformation and Change in Africa*. Washington, D.C.: Howard University Press, 1982, pp. 45-68.
- "A Social Science Research Agenda Through the Year 2000," *Blacks in the Year 2000*. Joseph Washington, ed., Afro-American Studies Program, University of Pennsylvania, 1981.
- "Nigeria," *National Energy Profiles*. Kenneth Stunkel, ed., New York: Praeger, 1980, pp. 315-358.

"Nigeria: African Giant," Chapter in *Yardbird Reader*, Vol. V, with Franeille Rusan Wilson; William Lawson, editor. Yardbird Press, Berkeley, California, 1976.

Journal Articles

- Rubin Patterson and Ernest J. Wilson III, "New IT and Social Inequality: Resetting the Research and Policy Agenda," *The Information Society*. 16:77–86, 2000.
- "Electronic Commerce in Africa: The Contribution of Business Associations," *Electronic Markets*.
- "The Role of Leadership in Making the Information Revolution: Information Revolutionaries in Brazil," DataGram, April 2000.
- "Development of National Information and Communications Services: A Comparison of Malaysia and South Africa," *Journal of Developing Societies*. Vol. XV, April 1999, pp. 47–60.
- "Meeting the Challenges of Internet Inequality," *On The Internet* (official publication of the Internet Society), November/December 1999, pp. 26–30.
- "Inventing the Global Information Future," *Futures*, February 1998.
- "French and United States Commercial Relations in Africa: Explaining Conflict and Cooperation," in *Perspectives on Africa*, Vol I, No. 1, Fall 1997.
- "The Digital Diaspora," *Our World Press* Web Page, August, 1996.
- "Africa and the Global Information Infrastructure," in *Africa Communications*, Vol. 6, 3, May/June, 1995, pp. 40–43.
- "French Support for Structural Adjustment Programs in Africa," *World Development*. Vol. 21, 3, 1993, pp. 331–347.
- "Rational Choice Applications to Developing Areas: A Critical Assessment of the Work of Robert Bates," with Howard Stein, lead article in a special issue devoted to the work of Robert Bates, *World Development*, Vol. 21, 6, 1993, pp. 1035–1050.
- "Poland's Third Revolution: Property Reform," *Public Enterprise*. Special Issue, Privatization in Reforming Socialist Economics, Vol. 11, No's 2–3, pp. 119–132.
- "Global Economic Reform," Review Essay, *American Political Science Review*. December 1991.
- "Strategies of State Control of the Economy: Nationalization and Indigenization in Black Africa," *Comparative Politics*, Volume 22, No. 4, July 1990, pp. 401–419.
- "Privatization et reforme des entreprises publiques en Afrique: Reflexion generale et etude du cas Ivoirien" *Annee Africaine 1987–1988*. (Leading French language annual review of political and economic development in Africa (University of Bordeaux, 1990).
- "The Wide Scope of Economic Reform" (with David Gordon), *Economic Impact*. March 1990.
- "Price Tag of Reform," *Christian Science Monitor*, June 29, 1989.
- "The Crisis and Challenge of African Development," (Review), H. Glickman, Ed., in *Studies in Comparative and International Development*.
- "The Iran-Contra Affair—Errant Globalism in Action," *National Journal of Political Science*, Vol. 1, 1989, pp. 110–113.
- "Privatization: Domestic Causes, Current Status and Future Scenarios" *Issues*: XVI, 2, 1988 pp. 24–29.
- "Patterns of Public Enterprise Control in Africa: Ideology and Administration in the Public Enterprise Sector," *Public Enterprise* 8, No. 2 (April 1988) pp. 188–199.
- "Trials and Tribulations of Petroleum Development: Lessons and Advice for Prospective Producers," with Harry Broadman, *Natural Resources Forum* Vol. II, No. 3, 1987, pp. 241–249, reprinted in *Law and Policy Issues for Petroleum in Non-Opec Developing Countries*. K. Khan, ed. Martinus Nijhoff, 1988.
- "The Privatization Process in Action: Some Lessons from International Experience" in *Restructuring The Nigerian Economy: The Place of Privatization*. Lagos: Securities and Exchange Commission, 1987.
- "The Public-Private Sector Debate," *Africa Report*, July–August 1986, pp. 93–95.
- "Why Political Scientist Don't Study Black Politics but Historians and Sociologist Do," *PS*, Summer, 1985, pp. 600–606.
- "Nigeria and OPEC: More Troubles Ahead," *Geopolitics of Energy*, Vol. 7, No. 1, January 1985.
- "Contested Terrain: A Theoretical and Comparative Re-Assessment of Public Enterprises in Africa," *Journal of Comparative and Commonwealth Studies*, March 1984, reprinted as "Public Enterprises in Africa," *Public Enterprises in the World*. R.K. Mishra & S. Ravishankar, Bombay: Himalaya Publishing House, 1986, pp. 67–97, and in *Estado y Sociedad en el Africa Actual*. Peter Nyong'o,

- ed. El Colegio de Mexico: Mexico City, 1989 as "Territorio en disputa: reconsideration comparativa y teórica de las empresas estatales en Africa."
- "African Governments between Domestic and International Markets," *Rural Africanan*, Special Issue on the World Bank Report on Accelerated Development in Africa, 1984.
- "Blacks and the Industrial Policy Debate," *Focus*, April 1983, pp. 3–4. Reprinted in *Entrepreneurial Economy*.
- "Industrial Policy and Minority Concerns," Washington, D.C.: Congressional Black Caucus Foundation, September 1983.
- "The Energy Crisis and African Underdevelopment," *Africa Today*, October/December 1975. Updated and published in Dunstan Wai, ed., *The Triangular Relationship: Africa, the Arabs and the West*, Westview Press, 1982.
- "The 'Oil Crises' and African Economics: Oil Slick on a Tidal Wave," with Dr. Willard Johnson, *Daedalus*, 1982, pp. 211–241.
- "Two Rivers: An African Journey Home," *Harvard Advocate*, Spring 1974.
- "The Great Energy Gap: 1970–1990," *Black Scholar*, March 1974.
- "Energy, Africa, and World Politics," *Review of Black Political Economy*, 1973.

Current Publishing Activities

The Information Revolution and Developing Countries. MIT Press, under contract.

MultiCulturalism, Double Diversity and U.S. Foreign Policy. Routledge Press, under contract.

Negotiating the Digital Divide: The Policy and Politics of Internet Diffusion in Africa, under preparation (co-editor).

16. Speeches: None.

17. Selection:

(a) Do you know why you were chosen for this nomination by the President? I believe my experiences working with Radio Free Europe, Radio Liberty, Voice of America and other international public broadcasting bodies, and my publishing and professional work in the information revolution, led the President to nominate me.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment? I believe that my experiences with international public broadcasting, my knowledge of digitalization and globalization, and my commitments to reducing the 'digital divide' and to diversity qualify me for membership on the Board.

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? Since this is a part-time unsalaried board appointment, I will retain my current employment as a professor at the University of Maryland.

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. See above. Not applicable.

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? Not applicable.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service? Not applicable.

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

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. 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. 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 would seek the advice of the Office of Government of Ethics, CPB General Counsel, or other appropriate legal counsel to ensure that any future conflict of interest, should one arise, is properly addressed.

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. No.

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, to the best of my abilities.

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, to the best of my abilities.

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, to the best of my abilities.

4. 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. Please describe how your previous professional experience and education qualifies you for the position for which you have been nominated. I believe that my professional and academic background qualifies me for the position on the CPB Board. My professional career encompasses more than 25 years of engagement with international affairs, in particular on globalization and information technology. My experience in broadcasting includes work with the United States Information Agency, Radio Free Europe, and Radio Martí on modernization and consolidation. Presently, I am engaged in academic research for an upcoming MIT Press book on Information Technology and the digital divide in developing countries. I am also deeply engaged in studying the educational possibilities with digital technology, including distance education.

I have held numerous posts within the executive branch that will help me perform well on the CPB Board of Directors. I served as the Director of International Programs and Resources on the National Security Council, Director of the Policy and Planning Unit, Office of the Director, USIA. A decade in the private/NGO sector, I was Deputy Director of the Global Information Infrastructure Commission. My professional and academic career has taken me to live on the East and West Coasts and in the Midwest. I have a graduate degree and Ph.D. from the University of California, Berkeley and a Bachelor's degree from Harvard University. I have a unique perspective on public policy issues based on my experiences.

I currently serve on the faculty at the University of Maryland, College Park and as the Director of the Center for International Development and Conflict Management. I have also held faculty positions at the University of Michigan, Ann Arbor and the University of Pennsylvania.

2. 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

believe I have all the skills necessary to successfully fill the position. At the same time, I look forward to the opportunity to expand my knowledge of public broadcasting. For example, I intend to learn more about the broadcasting activities and contributions of local public television stations, as well as the non-broadcast services these stations provide to their communities.

3. Why do you wish to serve in the position for which you have been nominated? I want to serve the nation in an area where I have expertise, particularly in the policy area of the emerging technology of digital media convergence. The technological changes now taking place are important to the United States. I believe my expertise in this area is well suited for the position for which I have been nominated.

4. What goals have you established for your first two years in this position, if confirmed? I am particularly interested in public broadcasting's role in digitalization, the digital divide, diversity, and education. I would like to help further public broadcasting's leadership in these areas.

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 should society's problems be left to the private sector, and what standards should be used to determine when a government program is no longer necessary. I believe in partnerships, for example, public/private sector partnerships. The government should set the parameters and can contribute in instances where the private sector cannot. I believe in a competitive marketplace, but in some instances certain societal objectives cannot readily nor feasibly be achieved by the private sector. Government programs should be judged on their effectiveness and efficiency. If certain programs do not meet these standards, I do not believe they should be automatically extended.

6. In your own words, please describe the agency's current missions, major programs, and major operational objectives. CPB was established to facilitate the full development of programming of high quality, diversity, creativity, excellence, and innovation from diverse sources. CPB is committed to continued funding of the highest quality programming on television and radio. CPB has also made education, diversity, and conversion to digital technology its top priorities for next year.

7. In reference to question number six, what forces are likely to result in changes to the mission of this agency over the coming five years. I do not foresee the mission of CPB changing over the next five years. Some of the challenges unique to the coming year will be converting public stations to a digital signal, repositioning public broadcasting in a way that maintains its noncommercial, educational nature, yet addresses the changing way people are using media in the face of expanding choices, and maintaining federal and non-federal sources of financial support.

8. In further reference to question number six, what are the likely outside forces which may prevent the agency from accomplishing its mission? What do you believe to be the top three challenges facing the board/commission and why? Based on what I know now, I believe the top three challenges facing the Board will be converting to digital broadcasting, addressing the growing competition from other media outlets, and securing future funds for public broadcasting.

9. In further reference to question number six, what factors in your opinion have kept the board/commission from achieving its missions over the past several years? The pace of technological change and lack of federal funding for digital conversion could hinder CPB's mission.

10. Who are the stakeholders in the work of this agency? The stakeholders are the American people, Congress, and unserved and underserved audiences, particularly minorities, educators and children.

11. What is the proper relationship between your position, if confirmed, and the stakeholders identified in question number ten? My relationship with the stakeholders would be to foster openness, seek advance consultation and input into the process.

12. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you? Throughout my career, I have developed a reputation for being accessible and fair.

13. 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 served as a Congressional aide for a member of Congress, testified before Congress on policy matters, and done pro bono work for the Congressional Black Caucus.

14. Please explain how you will work with this Committee and other stakeholders to ensure that regulations issued by your board/commission comply with the spirit of the laws passed by Congress. I would, when appropriate, consult with the Com-

mittee and other stakeholders to ensure that CPB policy complies with the spirit of the laws enacted by Congress.

15. In the areas under the board/commission jurisdiction, what legislative action(s) should Congress consider as priorities? Please state your personal views. I believe Congress should consider CPB reauthorization, authorization of digital conversion funding, and CPB's annual appropriation as legislative priorities.

16. Please discuss your views on the appropriate relationship between a voting member of an independent board or commission and the wishes of a particular president. A voting member of an independent board should be truly independent while taking into account the wishes of federal interests and other stakeholders.

The CHAIRMAN. I want to thank all witnesses for their willingness to serve. I believe that all of you are well-qualified, and I appreciate again your willingness to take up very important responsibilities.

I would like to discuss one issue with all of you that is in the process of being addressed in some fashion or another, by Congress or by the FCC.

As you may know, recently the FCC has made a decision to allow low-power FM stations to operate, and these broadcasts would take place in neighborhoods and obviously limited geographical areas because of the low power FM status.

In the view of many, including me, this is an opportunity for churches, for neighborhood organizations, and for minorities to set up small broadcasting facilities and have an opportunity that otherwise they would not have if they were required to set up the more elaborate, more expensive, higher power FM facilities.

The National Association of Broadcasters, not surprisingly, is in opposition, basing their opposition that somehow this might interfere with other broadcasting stations.

I have legislation that requires there to be proof these low power FM stations do interfere, and then they can be shut down, with that determination being made by the National Academy of Sciences. There is legislation that is attempting to be inserted in appropriations bills and other ways which would basically shut down low power FM stations.

Much to my surprise, National Public Radio has come out in opposition to my legislation and in opposition to these low power FM stations being set up. All four witnesses have talked about the necessity for diversity, for as many Americans as possible to partake in this business, and I would hope that you would urge the National Public Radio to reexamine their position on this issue.

I don't expect you to respond unless you wish to on this issue, because I don't expect you to be totally up to speed on it. But I hope you will look at this issue, because I view it, as the FCC does, as an opportunity for minorities, for others to have a voice that they otherwise would not be able to take part in broadcasting.

If you would like to make any comments, I would be glad to respond.

Mr. Cruz, you look as if—

Mr. CRUZ. I couldn't agree with you more, Senator McCain, that the idea of the concentration of media in America as we can see has been getting into smaller and smaller and fewer and fewer hands; and this is an excellent opportunity, I think, for community groups and minorities and churches and others to perhaps utilize the airways with the low power FM.

I think your efforts, with your legislation, is a positive step to helping resolve that particular issue and that concern.

The concern that we have had really is one more of technology, and it's not that we're against the concept; it has been more of trying to find out if indeed there is interference.

I might add, in addition to National Public Radio we have about sixty-some odd minority owned radio stations, public broadcasting stations across the country. Most people just know of NPR, but there is Claudio Bilingual, the bilingual station throughout the Southwestern part of the United States. And there's one for Native Americans also, Radio Arrows, and several others across the country that we already support. So we endorse that concept of many voices and diverse voices.

But the issue has been one of the technology influencing and interfering, and I think the suggestions of the legislation you have offered might be a good compromise or a good way of getting at the issue.

The CHAIRMAN. I thank you.

Would you like to comment on any of the other issues?

Ms. ANDERSON. I applaud the policy and agree with you, I would like to see more movement toward the solving of the interference problems.

The CHAIRMAN. Thank you, but Ms. Anderson, I also want to make—it's perfectly clear. The proposed legislation of the opponents—who to my understanding National Public Radio is supporting—will shut down low power FM. Let's be very clear as to the effect of it, because these people don't have the resources or the expertise to prove that they will not interfere under any circumstances.

So let's be very clear about the effect of pending legislation on low power FM. And I don't think any objective observer would argue differently. No one would support any entity beginning that which would interfere with existing broadcasting that is licensed—it would be totally unfair.

The question is whether there should be an organization such as the National Academy of Sciences to make the judgment or not. And that body, in my view, is perfectly qualified and objective enough to make that decision.

So I don't want to belabor it, but I think that time after time throughout the years that I have been on this Committee, we lament the fact that minorities, community-based organizations, religious organizations, et cetera, do not have an opportunity. This is an opportunity and it's about to be killed.

There ought to be a way to make sure that they have that ability and at the same time prevent them from interfering with existing broadcasting capability.

Senator Rockefeller.

Senator ROCKEFELLER. Thank you, Mr. Chairman. I agree with your legislation, and I think it's a very good solution to the problems that have been raised, including by many that just simply don't want to face competition.

I have two questions, really. The first is more philosophical, the second is more specific. One of the things that troubles me as a lover of classical music is that only about 4 or 5 percent of CDs

bought in this country, purchased in this country, are classical; and all the rest is what I would refer to, with the possible exception of bluegrass and jazz, as junk.

Interestingly, I just came back from a week in Thuringia, which is the province of East Germany, where Johann Sebastian Bach grew up, and we traced his footsteps in the various places he had been to; and that is an area which has an enormous loyalty, obviously, to him and to the music of the high baroque. All their record sales are 4 to 5 percent of CDs.

Now I may be wrong, but it's my general impression that although public broadcasters refer to the number of Americans who watch or listen to National Public Radio or television, they always talk about 100 million people a week, but still it's about 4 or 5 percent of the American people who listen to public broadcasting or watch public television on a regular basis.

It's very, very disturbing. We can have all of the talk about digital divide and technology and the rest of it, and I'm very curious, because it comports with things that worry me about democracy, for example; I think there's only about 6 percent of Americans who vote for boards of education. We have 16,000 boards of education; typically they're placed last on the ballot, right before the bond levy, where everybody comes out to vote "no." And I don't know why we place them last on the ballot, but we do, so I've always been of the mind that the local board of education is probably one of the most important elected offices in the land. And, again, the 6 percent factor.

So philosophically, how do you react to that, Mr. Cruz? What does CPB, what can they do other than funding, set certain kinds of policies, to fight that trend? I don't believe that one should accept that as a condition of the American people. I think the condition of the American people depends upon the forces that are applied to them or the enticements that are presented to them.

The 4 or 5 percent is not good. CPB, both public broadcasting and public television is excellent, but the viewership is insufficient and it has not changed in a while. I wonder how you worry about that and what you contemplate when you think about that.

Mr. CRUZ. Let me answer your first question in terms of the classical music. I so happen to be the trustee of the University of Southern California, and it is one of the classical stations for public radio KUSC. There are at least eight, if memory serves me correctly, or so dedicated classical public radio stations across the country.

And in an effort to help them in terms of perfecting fund raising and in terms of getting them to have a better and a higher profile of interest in reference to classical music, we have funded several projects aimed at bringing them together; we have one with the University of Southern California and one in the State of Colorado where we are getting them together so that they can find better ways of running their, if you will, subset of classic music business and industry.

But I couldn't agree with you more. Philosophically, I don't know why the American public doesn't take to that kind of music more or why they don't vote and turn out—I think these are issues that we could debate for quite some time.

In terms of the viewership of public broadcasting, philosophically as a whole and the loss of audience that you were saying, I so happen to have worn that hat of the commercial side for twenty-some-odd years. On the English side for about 16, on the Spanish-language side for about 6. And quite frankly, Senator, sometimes I'm almost embarrassed to tell you how I feel about what the commercial side is doing.

Clearly what drives me with a passion, and in my belief of public broadcasting, is because of the alternative that it does offer. Public broadcasting, study after study recently has shown that—at least one out of Princeton showed that 82 percent of the American public still believed that PBS is as important if not more important than before; indicative of the fact that they feel that we are providing a good alternative service to the American public.

When I sit in Los Angeles in the suburb of Orange County where I live, and I tune in to ABC News or—not to pick on my old networks that I worked for, it's downright embarrassing when an hour's newscast is interrupted because they're going to have a 45-minute high speed chase on the freeways. I mean, that is really a great news disservice and a great disservice to the American public.

We don't do that in public broadcasting. Whenever there are hearings pertaining to violence, violence to children to violence in America, we are conspicuously absent from those hearings because public broadcasting has always been a safe haven for our kids and for our children, and that's really what motivates me and pushes me, to say nothing of what the digital conversion technology has in store for us in the future.

Hopefully in the next 4 or 5 years when it takes over, you will have your regular PBS schedule, and then you will have a working mother come home at 4 or 5 in the afternoon after she picked up her child and on the PBS kids can see Arthur and Barney and *Dragon's Tales*. Or a young man who is growing up in East Los Angeles or in South Central Los Angeles and hasn't been able to get an advanced degree, the Adult Learning Service channel hooked up through his local college can do that for him, late at night when they come in with that extra channel.

So I'm very, very—to use a business phrase, “very bullish” on the future of public broadcasting and the things that it can really do. We often say within staff and with public broadcasting that “Finally, the technology has caught up with the mission of public broadcasting.” Because we look forward to the things that we can do.

Senator ROCKEFELLER. Let me just, without pursuing that, ask if you would be willing to spend a little bit of time writing out for me what I would consider a more direct answer to the question, which is: How do you get the 4 or 5 percent up to 8 or 9 percent? In other words, CPB is the source of funding for all of these places, and it just strikes me as something that CPB would think about, worry about, be unhappy about, 82 percent of the people approving notwithstanding, since obviously a lot of them aren't listening or watching.

Second question I have stems somewhat from that. Because of the lack of, the 4 or 5 percent or whatever the figure is exactly,

PBS has shown, it seems to me, signs of self-preservation in ways that aren't healthy. There have been a number of instances where it seems to be they're reaching for the—they're looking at the bottom line more than they are at what works, and what's right for America and what the mission that you've all talked about really is.

That's obviously made up of stations all over the country, those station managers may be sophisticated or not in national policy, but they have tremendous control, enormous power; more than you all do to the point on programming. It seems to me increasingly there is an instinct to make decisions based upon bottom line financial considerations.

Now one can defend that, because if you're at 4 or 5 percent, you're probably having a survival problem. Or if you're in a small market, you may be having a survival problem, so you can't automatically condemn that. But I just want to note for the record that it's troublesome to me that they are perhaps willing to take a look at eliminating very, very good programs that uplift the national consciousness about news events, whatever, in favor of degrading what they offer because it might in a sense reflect upon what I just said—it might attract more viewers but be of a lower quality.

Now that's a dilemma which I don't pass judgment on at this point, but one that I'd like to raise to you and wonder if you have any thoughts at all on that.

Mr. CRUZ. It's a troubling one for us. Let me just say that for many years, public broadcasting has almost caught itself in a Catch-22 situation: There are those who would like it to be more commercial and then there are those who castigate it for being too commercial. And a lot of it stems from funding, and the lack of or having to constantly meet those kinds of budgets and goals that they must meet.

And it's a difficult one, but I think that—you know, were there to be adequate funding, and we could have a discussion on what ultimately that could be, certainly is an area to pursue, to find other alternate sources of funding.

Commercial radio in some major markets right now, out of an hour's time probably devotes, some major markets, to 30 minutes of commercials. On the television side, an hour on television on prime time can have about 24 minutes of commercial time.

Fortunately, ours is down to about 3 minutes or so at the beginning and at the end. So we are very conscientious and very concerned about that, and still trying to keep it as commercial-free as we can. But it's a difficult one because it ultimately hinges on funding and the stations surviving. Four or 5 of the major stations in public broadcasting could probably do well, but after that, many of the others—it's a struggle, and it's difficult for them to make it. So they must rely on their viewers, on their subscribers to make ends meet, to meet their budgets, and take to some underwriting to do.

But it is a concern to me. Ultimately, if I had my druthers and had an open check, I'd like to get rid of all the commercials, all of the underwriting in public broadcasting. But it's a difficult budgetary dilemma.

Senator ROCKEFELLER. Thank you, sir.

The CHAIRMAN. I thank you all, and we'll move your nominations at the earliest time we can, and I thank you again for your willingness to serve.

This hearing is adjourned.

[Whereupon, at 10:46 a.m., the hearing adjourned.]

APPENDIX

CORPORATION FOR PUBLIC BROADCASTING,
Washington, D.C., July 28, 2000.

Hon. JOHN D. ROCKEFELLER IV,
United States Senate,
Washington, D.C.

Dear Senator Rockefeller:

Thank you for your continued support of public broadcasting. Your comments during the recent Senate Commerce Committee confirmation hearing for the nominees, including myself, to the Board of Directors of the Corporation for Public Broadcasting (CPB), were important and timely. You specifically asked what public broadcasters could do to increase the percentage of Americans who both watch public television and listen to public radio.

Public broadcasting is unique from commercial broadcasting in the sense that programs produced for noncommercial television and radio are first considered on the basis of high-quality content, educational value, and diversity, and not ratings potential. However, ratings are a way to discover who is watching and listening to public broadcasting, but they do not measure the impact of the programs on people's lives.

In fact, public broadcasters have taken measures to increase viewership. While public broadcasting does not have the promotional or advertising budgets that are available to commercial outlets, public television has initiated a national promotion and awareness campaign. The Public Broadcasting Service (PBS) recently announced significant changes to its national schedule. The new changes will start in seven major cities in September with the ultimate aim to expand viewership by moving programs to different time slots to appeal to more viewers.

More than 92 million Americans watched public television each week during the 1997-98 season. Today, nearly 160 million people tune in sometime during a month. Public television's ratings in prime time average 2.0, the percentage of the population tuning in to a program. The public television community recognizes the need to reach more Americans, and continues to create and offer programs to draw more viewers without compromising quality. Considering viewership trends of leading commercial networks, public television has fared well. But we continue to strive to do better.

At the same time, public radio's audience has grown steadily; over the past 10 years the audience size has doubled. In 1999, 22.4 million people listened to public radio weekly. Public radio's cumulative audience is 10 percent of the American people.

Public radio is continuing to pursue ways to reach more audiences, particularly minority communities, and to increase the 10 percent listenership rate. I would like to include, for your review, a recent article by CPB's Vice President of Radio, Rick Madden, which provides a detailed account on the growth of public radio and future steps to attract listeners.

Thank you for your interest.

Sincerely,

FRANK H. CRUZ

Enclosure

It's Time Again for Public Radio to Aim Higher

Richard Madden, VP, Radio, CPB

Public radio's world is changing and changing rapidly. While our public service is growing, listener choices are increasing even faster. Confronted with what appears to be an overlapping sequence of unprecedented challenges, we should remind ourselves about how the industry succeeded when it faced earlier and just as remarkable tests. Put simply, public radio asked more of itself. We did so by shifting our public service expectations.

The result is that public radio's programming is strong and getting stronger. Our audience continues to grow and become more diverse. Listener-sensitive revenues grow annually at double-digit rates. Public radio is on a roll. This paper recounts how we arrived here and suggests some of the issues that must be resolved going forward.

The late 1980s are key to understanding public radio's current achievements. At that time, CPB began redistributing most of its national programming dollars to stations, reserving for itself some funds to launch new programs—that is, the Radio Program Fund. NPR had retired a debt that had nearly caused its bankruptcy. Since CPB was no longer contracting with NPR directly for the production of its major series, NPR began assessing stations a fee for the program purchases. Because stations were being asked for the first time to pay directly for national programs, stations began considering their acquisitions and their air time in a much different context. As our expectations shifted, so did our standards.

Informing all of this was the release of a sequence of CPB-funded research papers titled Audience 88.¹ Audience 88 advanced the notion that programming causes audience. Though this may seem obvious today, it was not a widely held or well understood idea in 1988. Quoting, the study concluded:

- Listeners who choose public radio are significantly different from those who do not.
- Listeners who make a public radio station their favorite are different from those who just sample its programming.
- These differences extend to the kinds of listeners who are attracted to each of public radio's distinctive formats and services.
- All of these differences are reflected in the extent to which listeners consider public radio important and worthy of their financial support.

As outlined in Audience 88, the key linkage between programming and audience is programming appeal—the special attraction that specific programming holds for specific listeners. As the study noted, “appeal is the mechanism through which programming shapes the audience, with a cascade of ramifications for the entire public radio enterprise.”

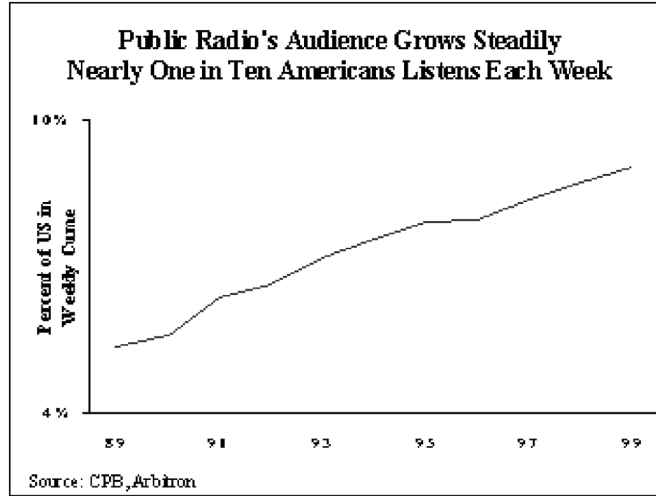
Audience

If programming causes audience—then the character and quality of public radio's public service has improved during the past 10 years.

Over the 22 years from CPB's 1967 creation through 1988, public radio's cumulative audience grew to about five percent of the American people. Over the next decade, public radio nearly doubled audience penetration.

From a different context. Public radio is *only* reaching about 10 percent of the American people. Can we do better? If so, how?

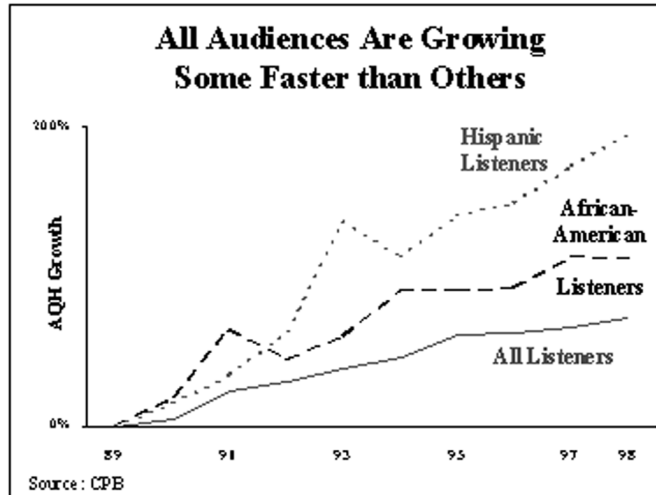
¹Audience 88 was written by Terry Clifford, David Giovannoni, Linda Liebold, and Tom Thomas.



Public radio's audience is also more diverse. The chart and table below show that all public radio audiences are growing, with some audience segments growing faster than others. As the diversity of this country's population continues to expand and as delivery platforms multiply, we must again ask if we can do even better.

Measured minority audience growth can be attributed to public radio's twin strategies of *transcendence* and *targeting*.

Because public radio's mainstream programs *transcend* race, most minority listening results from this approach. Since programming causes audience, this public service outcome affirms the inclusive nature of public radio's mainstream programming.



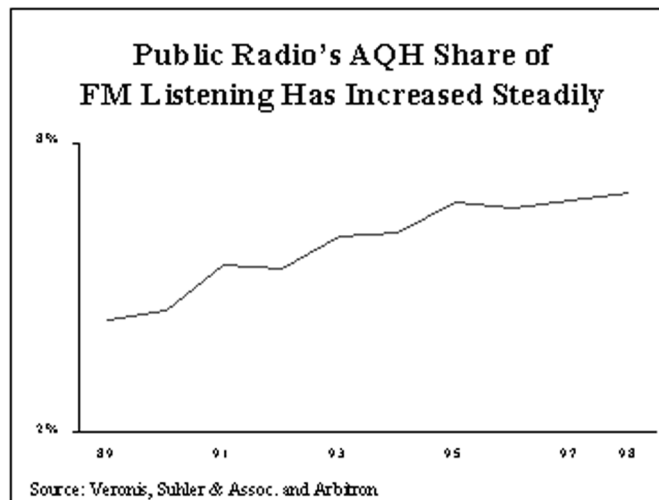
Average Quarter Hour Audience

	1989	1998
All	797,000	1,368,600
African American	48,300	102,200
Hispanic	15,200	44,800
Percent	>8%	>12%

CPB has also pursued a *targeting* strategy, funding dozens of minority controlled and managed stations and creating American Indian Radio on Satellite and Satellite Radio Bilingüe.

Because Arbitron does not measure all minority listening or even all African American or Hispanic listening, we can be confident that public radio's minority audience is larger than indicated and, therefore, greater than 12 percent of the listening audience.

Public radio's share of overall listening has also increased. It has done so because of the relative excellence and special character of our public service.

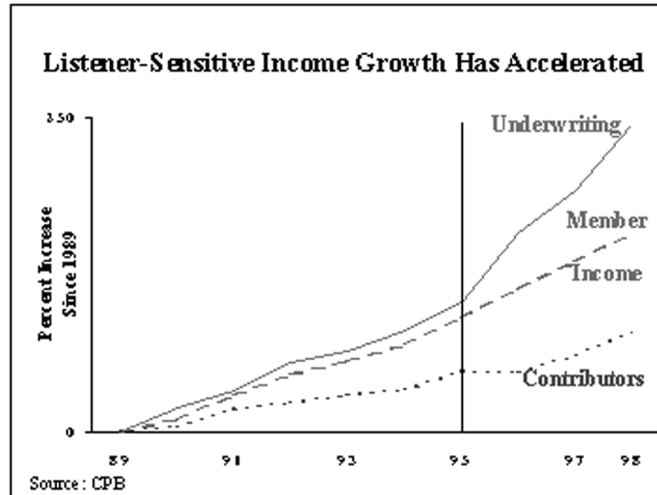


Further, the public radio audience time spent listening has increased modestly over the past five years or so—up three percent from 7.8 hours per week to 8 hours per week—while listening to commercial FM has decreased over the same period—down six percent, from 23.25 hours per week to 21.75 hours per week. Commercial AM audience is down considerably.

In a more competitive environment, what share and time-spent-listening benchmarks should we seek?

Listener Sensitive Revenues

If programming causes audience, audience causes listener-sensitive income. Consistent with the audience growth trend, public radio enjoys similar growth in the amount of listener-sensitive income—member income and underwriting—per the graph to the right. This graph plots growth rates, with underwriting growing much faster than member income.



The table below offers the context. Underwriting has become a more important element in station revenue patterns. Still, in 1998, even after such growth, stations received more than two dollars in member income for every one dollar in underwriting.

Contributors & Listener-Sensitive Income
(millions)

	1989	1995	1998
Contributors	1.2	1.8	2.2
Underwriting	\$21	\$42	\$71
Member Income	\$60	\$114	\$154

The role underwriting plays in station budgets began to shift in 1995. Two things happened—federal funding was challenged and CPB and public radio accepted the challenge. How?

Public radio shifted expectations with an increased emphasis on listener service. Another element of our response was to create the Future Fund. One analysis of the Future Fund may flow from a detailed focus on the numbers. However, no more simple but compelling argument exists for the Future Fund's value than the above picture.

Further, the number of public radio contributors about doubled over the past decade, from 1.2 million to 2.2 million. Much of this growth results from audience increases.

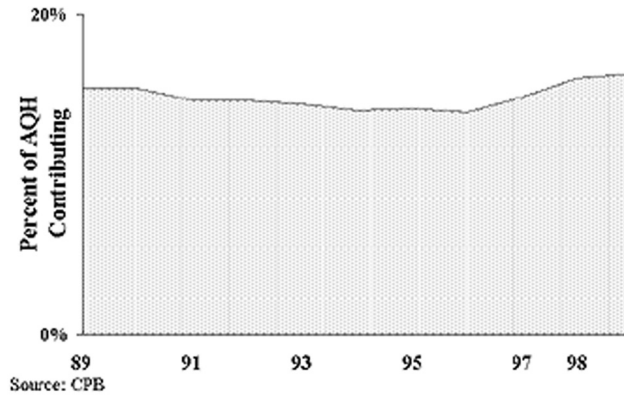
From a different vantage point, the ratio of contributors to AQH audience remained relatively stable—between 13 percent and 15 percent over the decade.

As intriguing as this analysis may be, this examination also suggests the fragility of listener-sensitive income.

For instance, the average member gift decreased almost one dollar between 1997 and 1998. With more than 2 million public radio members, the industry "lost" \$2 million.

In addition, these broader listener-sensitive revenue increases occurred in a healthy economy. What is the exposure, if any, for public radio when the economy is not as healthy? Some listeners may have become anxious about the character of the fund raising.

The Number of Contributors Has Remained Relatively Stable

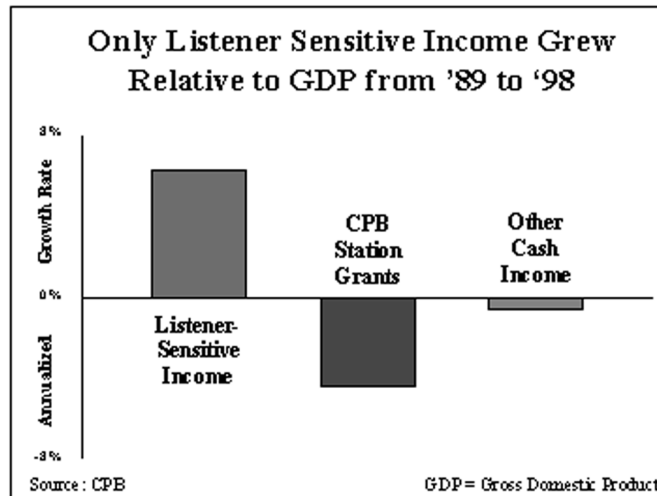


And, in a new media environment, sustained audience growth is not guaranteed. If the audience size plateaus, the number of contributors may do so as well.

Listener-Sensitive Revenues Relative to Other Funding Sources

Not all revenue sources have enjoyed the same relative growth as listener-sensitive income—that is growing faster than the broader economy.

If radio cash income is divided into three sources—listener-sensitive, CPB, and all other—the graph to the right explains public radio's focus on listener-sensitive income.



In 1989, listener-sensitive revenues generated about \$80 million, one dollar in three of direct income. By 1998, stations were reporting an additional \$145 million per year from this source, significantly outperforming the economy and other public radio revenue sources. As of 1998, listener-sensitive income provided one of every two dollars of direct income to stations.

Public Radio Direct Income

(millions)

	1989	1998
Listener-Sensitive Income	\$80	\$224
CPB Station Grants	\$47	\$50
Other Cash Income	\$115	\$167

From CPB station grant support, stations reported an increase of only \$3 million from 1989 to 1998, well below the growth rate of the nation's Gross Domestic Product (GDP). The consequence is that CPB station grant support played a more modest role in the mythical average station's budget, down from one in five dollars in 1989 direct income to only one in nine dollars of 1998 income.²

Note that this is before the significant increase in federal funding scheduled for FY 2000. Even accounting for this major increase, the rate of CPB station grant growth would remain less than the growth in GDP.

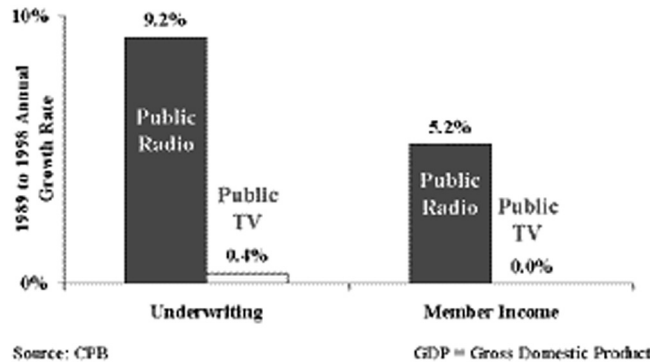
Other cash income—for instance, institutional support and state governments—grew but not as fast as GDP. It remains a significant and a relatively stable portion of public radio's revenue stream.

These other income sources suffer from much the same fragility as listener-sensitive income. Put simply: what goes up may also go down. This is why it is useful to compare public radio's and public television's experience.

Public Radio/Public Television

Public radio and public television are at two distinct points in their life cycles. The graph to the right shows one element of the fundamentally different financial trends of the respective public radio and television industries.

**Listener Sensitive Revenues
Are Growing Relative to GDP;
Viewer Sensitive Revenues are Not**



Over the past decade, public radio listener-sensitive income has exceeded the compound annual growth rate of Gross Domestic Product (GDP).³ Public television viewer-sensitive income has not grown relative to GDP. Why this difference?

² CPB station grants were also spread across more grantees. The number of grantees increased by nearly 100 during the period.

³ Different indices have different assets. Gross Domestic Product was chosen for this analysis. GDP is the broadest measure of economic change in the country. For the 1989–1998 period, the compound annual growth rate of the GDP was 5.1 percent.

Continued

To begin, public radio's audience is growing—for now—and public television's audience is not.

PTV faces direct competition. Public radio's programming remains unique—for now.

Further, public radio is more local, with about half of a typical station's schedule produced locally. Less than 10 percent of a standard PTV schedule is local. (Playing CDs is counted as local programming in radio, a possible soft spot in the new media environment where music will be available from many more sources.)

Radio listeners connect differently with stations, with public radio listeners spending about eight hours listening to just public radio. Television viewers surf dozens of channels, spending only a couple of hours per week with their public television station.

Radio's use of regular programming in its fund raising strengthens the connection between the listener and the station's public service. PTV's extensive use of stunt programs during pledge may have the opposite effect.

Public radio stations may fund raise around their entire schedule. Public television appropriately does not raise funds around children's or instructional programs.

Finally, PTV faces an immediate and sizeable digital programming, technological, and financial hurdle. Though this awaits public radio, the guestimates are that the effect will be less dramatic.

All of that occurs on top of industries where the costs of doing business are markedly different.

The consequence of these differences is that public radio and public television are moving along different vectors as each works to define its public service future.

Despite these factors, CPB has substantially shifted expectations on the minimum nonfederal financial support necessary for public television stations to receive a CPB station grant. Based on the recommendations of an industry advisory committee, CPB has established an FY 2001 minimum NFFS of \$1 million, an increase of more than 50 percent from the FY 1998 requirement of \$650,000 in FY 1998.

What steps should public radio consider regarding its own standards? While our public service is growing, listener choices are increasing even faster. Just as public radio met and surpassed recent funding challenges by focusing on listener service, is it prepared and is now the time to confront new media opportunities with the same emphasis? More important, in an environment that will be shaped more by content than by delivery mechanisms, is there value in expecting more of ourselves as a means of affirming and strengthening our public service?

Future Assumptions

The preceding pages describe in public service terms a dynamic enterprise or, as Audience 88 described it, the "cascade of ramifications" flowing from changes within public radio. In short, the industry's dynamism results from a willingness to ask more of itself. The character and quality of the programming listeners consume today bear witness to the value of a mature industry dedicated to improving its public service—to raising the standards we apply to our work. Our responsibility today is to interpret, freshen, and advance those standards which foster accountability to the public we seek to serve, regardless of platform. As we proceed with that task, CPB begins with several assumptions.

- The American people have entered an era defined by the widening public square of ideas, culture, and values and by the growing virtual communities redefining our existing civic landscape. For these reasons, public radio enjoys multiplying opportunities for public service on existing and new delivery platforms.
- Listeners should find the content they value as they move in unpredictable ways to an unpredictable array of new media.
- Though this may mean that public radio must redefine, if not reinvent itself, our future will continue to be driven primarily by our public service aspirations, which result from the content we are uniquely qualified to produce and the size and character of the audiences we seek to serve.
- Increased public service opportunities will remain available through broadcast for some years to come.

Another widely used, but more focused index is the Consumer Price Index or CPI. This is considered a measure of inflation. During this same period, its compound annual growth rate was 3.1 percent.

- Public radio is reasonably well-positioned to offer additional public service to a wider audience through multiple new distribution platforms but must accomplish more if it is to be as successful as it is through broadcast.
- To achieve a better position, public radio must address a variety of questions about how to strengthen our existing public service, our values, the diversity of audience, content, and delivery mechanisms, our infrastructure, the regulatory environment in which we operate.

Despite the issues and their answers, we believe our future will continue to revolve around the equation that significant programming plus significant audience will equal significant public service—with significant public service always at the core.

Note: An edited version of this paper was reprinted in *Current*, May 22, 2000, p. B1.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. SLADE GORTON
TO FRANCISCO SÁNCHEZ

Question 1. Mr. Sánchez, what role will you play in DOT deliberations over the soon-to-be-announced U.S.-China frequencies and new designation? What are your views on this matter? When do you expect a decision?

Answer. I recognize that this is an important case for the Department. While it would be inappropriate for me to comment on the merits of a case now pending before the Department, I can assure you that I would make a review of the record an immediate and top priority, if confirmed. The Department has consistently stated that it would issue its decision in this case in time for the selected carrier to begin service when the rights become available in April 2001. To facilitate this goal, the Department intends to issue a show-cause order by the end of the summer. Because the Assistant Secretary is not the decision maker in this case, my arrival would not have a delaying effect on the procedural timetable.

Question 2. Do you foresee the United States and China reaching an open skies agreement in the near future? What are the obstacles to reaching a full open skies agreement with China? Would granting China permanent normal trade relations status have an impact on opening up that air services market?

Answer. I understand that it is unlikely that the United States and China can reach an open-skies agreement in the near future. Historically, China has been extremely protective of its airlines. The last agreement was reached in April 1999, and the Chinese granted the US the right to designate only one new carrier in the market, and add 27 additional frequencies. Chinese carriers today only use 26 of the 54 frequencies available to them per week; accordingly China has extensive room to increase services under the present agreement.

While an open-skies agreement is unlikely in the near future, Chinese officials indicated to Secretary Slater during his visit to China this past winter that they are interested in resuming negotiations, and he informed them that the US would be seeking a more liberal regime than currently exists. The Department anticipates such possible talks before the end of this year.

Obviously, granting China permanent normal trade relations should provide a stimulus for increased trade and the need for additional air services to accompany such an increase. However, it appears doubtful that China is ready for an open-skies aviation regime.

Question 3. I understand that there are two important Deputy Assistant Secretary positions beneath the job you are seeking. One of these positions has been vacant for about a year. What are DOT's plans to fill this key position?

Answer. Secretary Rodney E. Slater recently named Susan McDermott to be the Deputy Assistant Secretary for Aviation and International Affairs, filling this key career aviation position in the Office of the Secretary.

Question 4. If confirmed, what role would play in the oversight of ticket distribution issues involving computer reservation systems and the Internet?

Answer. If confirmed, I would continue the Department's effort to examine carefully recent developments in airline distribution so that, if the need arises, the Department can exercise its regulatory authority to prohibit unfair methods of competition and unfair and deceptive practices intelligently. I would also make every effort to expedite the Department's review of the rules governing airline computer reservation systems, taking into consideration the tremendous changes that have occurred as a result of the Internet.

Question 5. As a general matter, do you believe international air cargo talks should be negotiated separately from passenger talks?

Answer. Cargo services are subsumed in all bilateral provisions. In most agreements, including standard open skies, separate provisions for cargo services have not been necessary, because the full array of rights and flexibilities are provided under the scheduled and charter clauses, including intermodal rights. In addition, in the most progressive open skies agreements, the Department has, wherever possible, included 7th freedom rights for cargo services (that is, the ability to serve between our bilateral partner's country and a third country without having to serve the U.S.). In restrictive regimes, when it has been possible to solve problems or negotiate additional benefits for cargo services that are not achievable for combination services (that is, passenger and cargo combined in one aircraft), separate cargo provisions are created (e.g., better route and traffic rights or lesser transition restrictions). For example, DOT negotiators recently concluded an all-cargo open-skies agreement with Australia. A few years earlier, the U.S. conducted a whole series of separate talks with Japan on cargo, resolving many of those issues well ahead of the eventual agreement on combination services. In sum, the Department tries, on a case-by-case basis, to approach each negotiation in the manner with the greatest likelihood of success for our cargo interests as well as passenger services.

Question 6. What would your position be if a country denied U.S. air carriers' rights that are guaranteed under an existing bilateral agreement? What actions should the U.S. take in response to such a situation?

Answer. I believe that our bilateral rights should be enforced. If a country denied rights to which a U.S. carrier was entitled, I would expect DOT and State officials first to consult with the appropriate officials in the foreign government to vindicate those rights. It is my understanding that most such difficulties yield to bilateral consultation. In a case where consultation did not succeed, I would review the full range of measures that might be employed to resolve the problem successfully, including the formal complaint process established by Congress in the International Air Transportation Fair Competitive Practices Act.

Question 7. What is your view of the practice of linking an open skies agreement with the granting of antitrust immunity to an airline alliance that included an airline based in the foreign country?

Answer. The existence of an Open-Skies aviation agreement between the United States and a foreign country is necessary for the Department to consider granting a request for anti-trust immunity from an airline of that foreign country. However, as U.S. negotiators have emphasized to our foreign partners, Open Skies is not a guarantee that immunity will be granted. The merits and competitive implications of any application for immunity are determined by the Department in a regulatory proceeding separate from the negotiation of the Open-Skies agreement.

Question 8. What is your view of the current trend toward global airline alliances? Are there potential problems for consumers if this trend continues?

Answer. Global airline alliances are playing a key role in the evolving international aviation economic and competitive environment. Alliances are changing the structure of the airline industry and are generating new pressures to overcome the limitations of restrictive bilaterals. They provide improved, more competitive services in literally thousands of markets, stimulating additional demand. They have also provided consumers the benefit of substantially lower prices. Consumers recognize the product and service benefits which global alliances provide: a comprehensive route network with the convenience of coordinated schedules, single on-line prices, single point check-in, seamless service and product familiarity, reciprocal frequent flyer programs, and service upgrade potential.

In my view, however, alliances are not *ipso facto* pro-competitive. Each alliance must be examined on a case-by-case basis. It is fundamentally important to consider all aspects of an alliance and the market configuration in which it is set to operate. We are at the very early stages of global aviation liberalization. I am mindful that international aviation and its competitive dynamic are constantly changing. I would therefore maintain the Department's commitment to monitor the development of alliances within the context of aviation liberalization to evaluate their effect on the aviation industry and consumer welfare.

Question 9. There has been talk recently of creating a single, open air services market between the European Union and North America. Do you think this is a realistic prospect in the near term? What would be the obstacles to attaining fully open skies over the Atlantic?

Answer. The possibility of a transatlantic common aviation area is a useful stimulant for thinking about moving beyond bilateral agreements. Possible US-EU avia-

tion negotiations could offer an opportunity for the US and EU, working together, to lead the world away from the traditional, bilateral paradigm as the model for organizing international aviation relations. I am told that Department staff held informal, exploratory discussions with European counterparts in Washington just last month, and I believe it is useful to continue this dialogue. With respect to realistic near-term prospects and the obstacles to be overcome, there are two significant factors to consider: First, the European Commission still lacks a comprehensive negotiating mandate from the member states; there is no current basis for speculation on when that mandate might be achieved. Second, the TCAA proposal includes several issues that present significant policy concerns for the U.S., such as cabotage, foreign ownership and the right of establishment, and carriage of government traffic.

Question 10. In 1995, the U.S. was on the brink of fully liberalizing air cargo rights with the British. Instead, the U.S. concluded a mini deal for passenger carriers only. Five years later, we still don't have such cargo rights. Will the U.S. agree to any aviation pact with the British that does not include full and open cargo rights for U.S. carriers?

Answer. The U.S. objective from the beginning of the Clinton Administration has been to secure an Open-Skies agreement with the British covering both cargo and passenger operations. Late last year, following the unilateral British grant of expanded cargo rights for services to Scotland's Prestwick Airport, the United States gave the British a proposal for immediate open cargo rights for both U.S. and U.K. all-cargo airlines. Unfortunately, the British were unwilling to proceed on that basis. I can assure you that, in the current liberalization talks, the U.S. Delegation has made clear to the British the importance that the United States attaches to cargo liberalization, and we will continue to pursue cargo liberalization aggressively with the United Kingdom.

Question 11. It seems that the U.S. is making little or no meaningful progress in opening the British air service market. Should the U.S. consider renouncing this protectionist agreement?

Answer. The U.S. goal remains an Open-Skies agreement with the British. As a result of contacts between Secretary Slater and U.K. Deputy Prime Minister John Prescott, liberalization talks have been renewed. However, even though the Department is cautiously optimistic that these talks will yield positive result, all options for opening up the U.S.-U.K. aviation relationship, including renunciation of the current agreement, remain available to it.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ERNEST F. HOLLINGS
TO FRANCISCO SÁNCHEZ

Predatory Pricing

Question 1. DOT proposed predatory pricing guidelines in 1998, which were fairly controversial. DOT clearly has authority under existing law to address "unfair methods of competition." The Commerce Committee held a hearing on the guidelines in April 1998, at which Alfred Kahn testified, noting that carriers did engage in predatory conduct and that it was critical that the government preclude such activities. When do you anticipate that you will issue the predatory guidelines, first proposed by the Department of Transportation (DOT) in 1998?

Answer. I agree that the question of potential predatory behavior in the airline industry is important and that the Department should issue soon a final decision about its proposed competition guidelines. The Department published those guidelines for comment because the DOT Secretary determined that the public's input should be obtained, since he wished to begin a debate on the issues and adopt the best possible final policy. The Department has received over 5,000 comments on the proposed policy. In addition, as directed by Congress, the Transportation Research Board of the National Research Council issued a report on airline competition that included an assessment of the Department's proposed policy. I understand that the Department continues to work on its proposed policy statement. The Department felt it necessary to proceed deliberately with this important and very contentious matter. The matter is difficult because of questions on how the Department can best proceed to deal with potential anticompetitive conduct. I understand that the Department plans to make a final decision soon on its proposed policy.

Hub Concentration

Question 2. Included in the recently enacted AIR-21 (FAA Reauthorization bill), airports have to develop and submit plans to increase competition at their airports, which should facilitate the building of gates and facilities for carriers other than the

dominant carrier. Will you use the authority of the Department to aid carriers that want to get into fortress hubs?

Answer. The Department must be committed to eliminating unnecessary entry barriers at airports, thus providing all carriers—new entrants and incumbents alike—with opportunities to expand service and compete. As outlined in the Department's October 1999 report on airport business practices (*Airport Business Practices and Their Impact on Airline Competition*), airport managers have a legal obligation to ensure that air carriers have reasonable access to essential airport facilities. Moreover, over the past several months, OST and FAA staff have worked with new entrant carriers and airport managers to resolve certain complaints that have been raised about airport access.

Beginning in fiscal year 2001 certain large and medium hub airports must submit airport competition plans in order for the FAA to approve the collection of a new Passenger Facility Charge (PFC) or for a grant to be issued under the Airport Improvement Program (AIP). The underlying purpose of this new statutory requirement—and one with which I fully concur—is for those airports that are dominated by one or two air carriers to demonstrate how they will provide for new entrant access and the expansion of service by incumbent carriers. The DOT has issued (May 8, 2000) a regulatory guidance document for airports, as well as a “template” as to what type of information and data the typical airport plan should contain. If confirmed, I will see to it that the Department reviews the plans carefully to ensure that airports are taking all appropriate actions to ensure reasonable access. Further, I will work closely with the Committee in recommending additional steps that may be taken should the current actions prove inadequate.

Question 3. Should we give DOT back the authority to review and approve airline mergers, with tougher standards than were applied before so that other factors can be taken into consideration?

Answer. I do not believe that DOT should be given the authority to review and approve airline mergers. Transferring the authority to DOT to determine whether a merger should be disapproved on antitrust grounds would be inconsistent with deregulation. The Department of Justice has been responsible for enforcing the antitrust laws and blocking anticompetitive mergers and acquisitions since the sunset of the statutory requirement that such transactions obtain the prior approval of the Department of Transportation. Congress' deregulation of the airline industry thereby caused mergers and acquisitions in the airline industry to be treated like mergers and acquisitions in other unregulated industries. I am confident that the Justice Department will effectively enforce the antitrust laws and challenge any airline mergers that may substantially reduce competition in any relevant market. The Justice Department is currently suing Northwest Air Lines to keep it from influencing the operations of Continental Air Lines. I understand, moreover, that, when DOT had the authority to review airline mergers, it approved a few mergers that the Justice Department had opposed.

I do believe, however, that DOT has an important role to play in the analysis of proposed mergers and acquisitions. I fully support that role and look forward to working closely and cooperatively with the Antitrust Division of the Department of Justice on these important matters.

International Aviation/Cargo Rights

Question 4. For years we have complained about the highly restrictive Bermuda 2 air service agreement with the British but we made little progress in improving opportunities for all our carriers. After years of “negotiations,” which have done little to improve the ability of passenger and cargo carriers to provide service to the U.K., do you believe that the Administration should seriously consider renouncing this agreement?

Answer. The U.S. goal remains an Open-Skies agreement with the British. As a result of contacts between Secretary Slater and U.K. Deputy Prime Minister John Prescott, liberalization talks have been renewed. However, even though the Department is cautiously optimistic that these talks will yield positive result, all options for opening up the U.S.-U.K. aviation relationship, including renunciation of the current agreement, remain available to it.

Question 5. Given your background in trade issues, you know how important air cargo is to our economy, Mr. Sánchez. Can you assure me that the U.S. will not agree to any aviation pact with the British that does not include rights for U.S. cargo carriers?

Answer. The U.S. objective from the beginning of the Clinton Administration has been to secure an Open-Skies agreement with the British covering both cargo and passenger operations. Late last year, following the unilateral British grant of ex-

panded cargo rights for services to Scotland's Prestwick Airport, the United States gave the British a proposal for immediate open cargo rights for both U.S. and U.K. all-cargo airlines. Unfortunately, the British were unwilling to proceed on that basis. I can assure you that, in the current liberalization talks, the U.S. Delegation has made clear to the British the importance that the United States attaches to cargo liberalization, and we will continue to pursue cargo liberalization aggressively with the United Kingdom.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN MCCAIN
TO FRANCISCO SÁNCHEZ

Question 1. I know that you are not able to comment on specific matters pending before DOT, such as the United-US Airways proposed merger. I also understand that you are not yet familiar with all the complicated facets of the airline industry. Nevertheless, I am hoping to get a better sense of how you would approach a critical issue like airline industry consolidation. As a general matter, I want to know what concerns you might have, even just as a member of the traveling public, about the possibility that the six largest airlines will pair off to become three mega-airlines. What might be the negative consequences for consumers if there are fewer competitors for passengers? Can you foresee any positive aspects to an industry with three enormous competitors rather than fewer? Please feel free to elaborate on your responses.

Answer. The Department must ensure that airline markets remain competitive in light of the proposed and possible future airline merger and acquisition proposals. It should thoroughly and carefully review the proposed United/US Airways merger and any future merger proposals to see whether they would likely reduce competition. If the Department concludes that any such transaction would likely reduce competition I would urge the Justice Department to challenge the proposed merger or acquisition.

Since the Department has just begun its investigation of the proposed United/US Airways merger's likely impact on competition, I cannot say what the Department will recommend to the Department of Justice. Consumers, however, are generally more likely to obtain the benefits of competition when there are more rather than fewer large airlines operating in the United States. I would be concerned that reduced competition resulting from fewer large airlines would mean higher fares and less choice for the traveling public.

It is important to emphasize that Congress assigned the Department of Justice primary responsibility for allowing or disallowing airline mergers and acquisitions. I believe that the Department of Justice and the Department must prevent any significant loss of competition in the airline industry. Further, I am confident that the Justice Department will oppose any merger or acquisition that reduces the number of large airlines unless the Justice Department has determined that the transaction will not likely reduce competition. As you know, the Justice Department filed an antitrust suit in 1998 to keep Northwest Airlines from retaining the major block of Continental Airlines voting stock. Justice took this action after it concluded that the transaction would violate the antitrust laws (Northwest and Continental are the fourth and fifth largest airlines).

United and US Airways have told the Department and have testified before your Committee that they believe that many consumers will value the greater geographical scope of the network that would be created by their proposed merger. Whether or not that is true, the decisive factor in determining whether the airlines should be allowed to complete the merger must be whether the merger is likely to reduce competition. I look forward to working closely and cooperatively with the Anti-trust Division of the Department of Justice on these important matters.

Question 2. The General Accounting Office and other highly regarded analysts have found the perimeter rule at Reagan National Airport to be an impediment to competition that tends to harm consumers and keep airfares relatively high. Understanding that you are not fully versed on all aspects of this particular issue, can you nonetheless give me a general sense of whether federal laws and regulations that prohibit private airlines from flying routes sought by their customers are warranted in a deregulated industry? To look at it another way, would you view as credible an attempt to limit the distance that passenger ships or rail carriers could travel from a particular port or station? If you believe that these types of federal restrictions on interstate commerce and transportation are acceptable, please explain why.

Answer. Let me say, at the outset, that I believe one of my key responsibilities at the Department will be to protect and promote competition. Enhancing competitive choice for consumers has been a priority for this Administration. Working on

a bipartisan basis with you and this Committee, I believe we have made important strides together. There is, however, more work to be done. If confirmed, I will come to my new position with that understanding and pledge to you that maximizing consumer choice and competition will be a guiding principle of every decision I make.

The decision whether to repeal the Perimeter Rule is a difficult one for Congress to make. You and other supporters of this policy have made strong arguments that such a change would benefit consumer choice and competition. I am convinced that the Perimeter Rule, on its face, operates against all that has been achieved through deregulation. Further, I have noted with great interest the degree of carrier participation in competing for the outside-perimeter slot exemptions authorized by AIR-21, and I recognize that there remains a great deal of pent-up demand for additional service beyond the perimeter. Moreover, the Department's order articulates the potential competitive benefits that can be achieved by allowing airlines to serve cities outside of the perimeter. I fully concur with this assessment.

On the other hand, as a resident of Washington D.C., I am aware there are strongly held local concerns about elimination of the perimeter rule. Up to now Congress has lacked solid empirical data to assess whether the concerns local officials and some of your colleagues have raised are as significant as they fear. For the first time, however, such data will be available. I am referring to the mandate in AIR-21 that an assessment be prepared for the Congress on the local impact of the six daily roundtrip flights beyond the perimeter.

Mr. Chairman, I look forward to reviewing the impact assessment of the new beyond the perimeter flights when it is prepared. I think that the study will be very useful to the Department and to Congress should it revisit the Perimeter Rule issue in the future.

Question 3. As I am sure you are aware by now, there has been an intensive lobbying campaign on Capitol Hill and at DOT with respect to the award of new flights to China. In a Wall Street Journal article, the Acting Assistant Secretary conceded that politics will play some role in the upcoming decision, even though it is supposed to be based solely on the public interest. While the views of members of Congress and what is best for the country are not mutually exclusive, political pressure should in no way affect such decisions. If you are confirmed, can you assure me that you will do what is best for the public, even in the face of political pressure from Capitol Hill or elsewhere?

Answer. I can assure you that, if I am confirmed, I will do what is in the public interest. I will not be swayed by political pressure.

Question 4. Our skies are becoming ever more crowded. With the numbers of flights and passengers increasing each year, the air transportation system seems to get closer and closer to the breaking point. Many observers say that the air traffic control system is simply not up to the task of handling future demand. The problems with the ATC system are in turn said to affect the competitive environment in the airline industry. The airlines have even been known to blame the ATC system for passenger dissatisfaction with their customer service. Do you believe that the ATC is in need of a dramatic overhaul, or will the current system allow the airline industry to remain healthy for the foreseeable future? Do you think that privatization is an option that should be considered to improve the ATC system?

Answer. I believe the air traffic control system needs to be enhanced to match the growth of the industry and to be prepared for the future. Addressing the increasing demand for air travel will require an intense and coordinated effort by the FAA, the airlines, the airports, and Congress. The FAA has taken steps in an effort to improve overall operational efficiency of the National Airspace System. Those efforts include the collaborative decision-making of the Spring/Summer 2000 plan and its successful efforts with Free Flight Phase One. The FAA continues to work with the entire aviation industry to build upon the successes of these initiatives. In addition, the Administration supported the reforms contained in the recently enacted FAA reauthorization, the Wendell H. Ford Aviation and Investment Reform Act for the 21st Century, Pub. L. 106-181. The management and financial reforms contained in the statute are expected to yield considerable benefits towards the modernization of our nation's air traffic control system. The Administration is committed to exploring other options or structural changes that are necessary to respond to the growing demand for air traffic services.

Question 5. As you may know, Richard Branson, CEO of Virgin Atlantic Airways, expressed interest in starting a low fare carrier in the United States. However, federal law currently prohibits him from doing so. Wouldn't a new low fare carrier, regardless of its ownership, inject much needed competition in the U.S. market?

Should the Congress lift the statutory limits on foreign ownership of U.S. air carriers?

Answer. You have identified a key issue in the ongoing debate regarding our ownership and control statute. To relax the current limits clearly would create broader opportunities for additional capital, and therefore more competition, in the domestic airline industry. On the other hand, such an initiative would also involve significant national security and economic policy issues, of many years' standing. I do not believe that, in light of these significant issues, that it would be appropriate to lift the statutory limits on foreign ownership at this time.

Question 6. DOT retains significant authority with respect to slot restrictions at several key domestic airports. As Assistant Secretary, would you urge opening up these airports beyond what was provided in the recent FAA reauthorization act?

Answer. The Administration's legislative proposal to Congress recommended that the slot rules be eliminated at all airports except Ronald Reagan Washington National Airport by September 30, 2004. The administration also recommended the exemption of regional jet services, meeting specific noise requirements, from the High Density Rule at all airports except Reagan National as of September 30, 2000. I fully support the subsequent approach taken by Congress and the difficult compromises it reached in drafting the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) legislation.

The Department has expeditiously implemented this legislation, which relaxed the slot rules at all four slot-controlled airports in varying degrees. At Washington Reagan National, the Department granted 12 exemptions beyond the perimeter and 12 within. At the other three airports, the statute exempted essentially new service to small and non-hub airports with less than 71-seat aircraft. At LaGuardia and JFK, the Department issued two orders per airport: one granting exemptions to new entrants and one granting exemptions for service to small communities. At Chicago O'Hare, the Department issued an order granting blanket exemptions for service to small communities and a separate order granting a total of 30 exemptions to new entrant/limited incumbent carriers. Under the AIR-21 legislation, the slot rule ceases to exist at Chicago O'Hare on July 1, 2002 and at LaGuardia and JFK on January 1, 2007. I believe that the phased approach enacted by Congress will provide the time required for all interested parties to adjust to the changes and ensure a smooth transition. I am also committed to monitor this process and work with the Committee to consider whether additional changes ought to be implemented.

Question 7. One provision in the recent FAA reauthorization act requires DOT to ensure that gates and other essential facilities are available at fair and reasonable prices at large, dominated airports. It is intended to prevent major carriers from using their dominant positions in ways that deter entry by new carriers. What can the Department do to ensure that new entrant airlines have reasonable access to gates at airports they wish to serve?

Answer. The Department must be committed to eliminating unnecessary entry barriers at airports, thus providing all carriers—new entrants and incumbents alike—with opportunities to expand service and compete. As outlined in the Department's October 1999 report on airport business practices (*Airport Business Practices and Their Impact on Airline Competition*), airport managers have a legal obligation to ensure that air carriers have reasonable access to essential airport facilities. Moreover, over the past several months, OST and FAA staff have worked with new entrant carriers and airport managers to resolve certain complaints that have been raised about airport access.

Beginning in fiscal year 2001 certain large and medium hub airports must submit airport competition plans in order for the FAA to approve the collection of a new Passenger Facility Charge (PFC) or for a grant to be issued under the Airport Improvement Program (AIP). The underlying purpose of this new statutory requirement—and one with which I fully concur—is for those airports that are dominated by one or two air carriers to demonstrate how they will provide for new entrant access and the expansion of service by incumbent carriers. The DOT has issued (May 8, 2000) a regulatory guidance document for airports, as well as a “template” as to what type of information and data the typical airport plan should contain. If confirmed, I will see to it that the Department reviews the plans carefully to ensure that airports are taking all appropriate actions to ensure reasonable access. Further, I will work closely with the Committee in recommending additional steps that may be taken should the current actions prove inadequate.