

DEPUTY SECRETARY ELAINE CHAO SPEECHES FROM JANUARY 1989 -

04/16/89	National Transportation Week (speech was canceled)	Washington, D.C.
04/21/89	Opening Statement of Deputy Secretary of Transportation Elaine Chao Before the House Appropriations Subcommittee on Transportation	Washington, D.C.
04/28/89	Federal Bar Association	Washington, D.C.
04/31/89	E.H. Harriman Awards Ceremony	Washington, D.C.
05/01/89	Swearing-In Ceremony of Deputy Secretary of Transportation Elaine Chao	Washington, D.C.
05/04/89	American Institute of Aeronautics and Astronautics	Crystal City, VA
08/01/89	Congressional Interns	
08/09/89	Pacific Coast Association of Port Authorities	Redwood, CA
08/11/89	Whiteman Airport Traffic Control Tower	Pacoima, CA
08/23/89	Seminar of Future Transportation Energy Requirements	Irvine, CA
08/24/89	Innovation and Human Factors Open Forum	Irvine, CA
08/29/89	international Transportation Market Hearing	New York, NY
08/30/89	Seminar of Transportation and National Security	King's Point, NY
09/01/89	1989 Drive for Life Campaign	Washington, D.C.
09/11/89	American Association of Airport Executives and Airport Operators Council International	Washington, D.C.
09/14/89	Inaugural Ceremonies: South Kearny Stactrain Terminal	South Kearny, NJ
09/15/89	Honored Seamen Awards	New Yor, NY
09/19/89	Hispanic Heritage Week Celebration	Washington, D.C.
09/20/89	Talking Points Brown Bag Lunch	Washington, D.C.

09/21/89	Talking Points DOT Executive Women	Washington, D.C.
09/25/89	National Defense Transportation Association	Seattle, WA
10/04/89	Commercial Space Transportation Advisory Committee	Washington, D.C.
10/05/89	Association of Government Accountants	Washington, D.C.
10/11/89	Annual Transportation Research Forum	Williamsburg, VA
10/18/89	Networking for Commercial Space Transportation	Washington, D.C.
10/19/89	DOT Awards Ceremony	Washington, D.C.
10/29/89	American Trucking Association	Chicago, IL
11/02/89	Air Traffic Control Association	Arlington, VA
11/13/89	National Industrial Transportation League	San Diego, CA
11/16/89	Fall Military Airlift Committee	West Palm Beach, CA
11/27/89	Swearing-In Ceremony for General Jerry R. Curry	Washington, D.C.
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12/11/89	Hearing On Transportation And Energy	Detroit, MI
01/07/90	Trans Expo Opening Program	Washington, D.C.

OPENING STATEMENT OF ELAINE CHAO DEPUTY SECRETARY
ON THE FY 1990 OFFICE OF THE SECRETARY BUDGET
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION
APRIL 21, 1989
WASHINGTON, D.C.

Mr. Chairman and members of the Committee, I am pleased to have the opportunity to appear before your Committee to discuss the fiscal year 1990 budget request for the Office of the Secretary of the Department of Transportation. I am especially pleased that my first congressional appearance as Deputy Secretary of Transportation is before this Committee, which has such a strong commitment to effective and efficient transportation programs. The Secretary and I both look forward to a good working relationship with Congress, and especially this Committee, as we develop and manage our transportation programs and policies.

Overall, we are requesting an appropriation of \$56.5 million for salaries and expenses of the Office of the Secretary, together with \$8.1 million for transportation planning, research and development, and \$6.2 million for the working capital fund. Again this year, we are proposing expansion of the Office of Commercial Space Transportation, as well as additional contract funds for policy studies and development of the Department's new accounting system.

For salaries and expenses, total increases of \$3.0 million are requested, including \$1.6 million for higher

personnel costs, and \$1.4 million for non-personnel costs. Offsetting reductions are proposed of \$600 thousand for the Essential Air Service administrative costs (assuming termination of that program) and \$400 thousand for minority business resource center programs, along with a carryover of \$444 thousand from FY 1988.

Total staffing funded directly by the salaries and expenses appropriation is proposed at 662 positions in fiscal year 1990, a net reduction of one position from the fiscal year 1989 level. In addition, the proposed termination of the Essential Air Service function eliminates 20 positions (11 FTE), which more than offsets proposed personnel increases, including 13 direct funded positions for the Policy Office, one for the Contract Appeals Board, and five for the Office of Commercial Space Transportation.

The staff increase for the Policy Office proposed in the Reagan Budget was intended to strengthen the Office of the Secretary's capacity in oversight of safety and security issues. Seven of the positions in the Policy Office are now being funded by the modal administrations by reimbursable agreements and six additional were proposed. The Secretary is reassessing the staffing requirements and priorities for the Office of the Secretary and has determined that the proposed

increases for Policy should be retained to provide safety and security functions, as well as support for the transportation policy development effort -- one of his top priorities, and to meet the needs for oversight of airline competition and environmental issues.

One additional clerical staff for the Contract Appeals Board is needed to respond to increased workload. Deadlines for hearing cases and rendering decisions are established by law and the current clerical staff is inadequate to process the workload within the directed time deadlines.

The additional positions in the Office of Commercial Space Transportation are requested for the licensing area due to an expected large increase in license applications. Licensing operations conducted by this office require pre-application consultation, as well as review and licensing of launches, new sites, and those payloads falling within DOT's review authority.

We strongly urge the Committee to provide a single appropriation in fiscal year 1990 for salaries and expenses. Statutory limits of office-by-office funding create significant restrictions on our ability to operate effectively and efficiently. While the two percent transfer authority takes care of minor payroll fluctuations; for 13 of our 15 offices, it is less than the salary of one employee and provides no real flexibility.

We intend to be responsive to new challenges, responsibilities, and reporting requirements in our oversight of transportation programs. But to do so, the Secretary requires flexibility in the allocation of his staff resources.

We are proposing to repeal the spending cap on advisory committees. These committees provide an important perspective on the issues facing the Department and we appreciate this Committee's actions to include some relief from the cap in your markup of the FY 1989 supplemental appropriations bill. However, a cap constrains the Department's ability to comply with statutorily authorized advisory committees and take advantage of outside expertise to address issues of concern to the Department. We will certainly do our best to ensure prudent spending on advisory committees, but we also need more flexibility to respond to congressional and secretarial initiatives.

For transportation planning, research and development, we request \$8.1 million. This includes \$4.5 million for contract studies and research to support policy issues in the Office of the Secretary and for university research. In addition, the request also includes \$3.6 million for research and development activities in the Office of Commercial Space

Transportation to support its regulatory, safety, environmental, licensing, and policy responsibilities.

We are committed to help American firms compete in the world market for commercial space services. On March 29, we saw the successful suborbital launch of the first U.S.-licensed commercial rocket. Eight additional launches are scheduled for this year, including the first orbital launch which is expected to lift off from Cape Canaveral Air Force Station on May 31. We are happy to report that the Office of Commercial Space Transportation has issued launch licenses for a total of three launches in 1989 and six U.S. firms now market commercial launch services. These six companies have signed contracts worth more than \$500 million in commercial space efforts. In order to prepare for the anticipated increase in activity, additional research is still needed to develop performance based safety standards that will guide the continued formation and growth of a rapidly emerging and technologically complex space industry.

Although the budget proposes to terminate the Essential Air Service (EAS) program, we recognize the support for this program and strong congressional response to the Department's proposal for service cutbacks as required by the 1989 Appropriations Act. The Secretary is committed to working closely with

Congress in resolving the funding requirements. Should the EAS program be continued, \$33 million in subsidy payments and \$600 thousand and 20 positions in the Office of the Secretary will be necessary for its operation.

For the working capital fund, we request an obligation limitation of \$144.4 million. This increase of \$14 million over the FY 1989 level is needed to pay increased costs for GSA space rental, contractual services, communications, utilities, and building maintenance. In addition, we are proposing an appropriation to the working capital fund of \$6.2 million for FY 1990, including \$4.7 million to continue development of the Departmental Accounting and Financial Information System. We are also requesting \$1.5 million to enhance the Department-wide EEO system, develop the Department-wide Uniform Procurement Management System, and begin the first increment of a major OST automation initiative.

This concludes my prepared statement, Mr. Chairman. I would be glad to respond to the Committee's questions.



U.S. Department of
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REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO
FEDERAL BAR ASSOCIATION
WASHINGTON, D.C.
APRIL 28, 1989

It's a pleasure to be here. As some of you may know, I was just confirmed last Wednesday, and this is my first public speaking engagement as Deputy Secretary of Transportation. I must admit though that had the Secretary not accepted this invitation already, I might not have chosen this particular audience for my first speech -- here I am, a non-lawyer speaking before a group of high-powered lawyers who are probably more knowledgeable than I am on the complicated issues involved with drug testing. I really must credit -- or blame -- the persuasive powers of Jim Marquez, in convincing me to step in for Secretary Skinner.

Then I thought it's a good opportunity for me to meet you -- I am sure I'll see many of you in the future -- and sooner or later you'll want to check me out, too. So here I am.

I also feel it's important for me to be here because the Department of Transportation is embarking on a drug-testing program that will impact on many lives.

We at the Department want you to understand how this program works for everyone's benefit. I hope today's conference will contribute toward this goal.

So today, let me take this opportunity to speak to you about the Department's commitment to a drug-free America, and the policy implications of that commitment.

Our sensitivity to protecting the rights of the employee has been deliberate. For any of you who have not done so, I suggest that you read one of our drug testing rules from beginning to end. The Federal Railroad Administration rule may be the best choice since that was our first comprehensive testing rule, and it has withstood the challenges of virtually continuous litigation since it was originally published in 1985. I think you will find the rule presents a careful, measured approach. Numerous features to protect individuals and to guard against abuses -- such as efforts by management to use drug testing as a means of retaliation against an employee -- are built into the rule. The more recent update of the FRA rule, which covers random testing, extends the further protections of HHS's certified lab use and related requirements, to the program.

This is not to say that there are no social costs associated with the rule. There are complaints of abuses, of violations of privacy, of inconvenience. We try to attack these issues head on -- to investigate the complaints. Overall, we think -- and I hope that you will agree -- we struck a good balance. We set forth strict guidelines for taking and transporting the urine sample, in the laboratories that can be used, and in the testing standards to be applied. We will continue to watch lab performance closely, and review data produced.

I also want to stress that the purpose of the drug-testing program is not to "catch" people -- the purpose is to deter their use of drugs. Deterrence is among the most crucial issues of our drug testing policy. We know that a primary benefit of random testing is its deterrent effect. The U.S. Coast Guard, for example, has had a random drug testing program for uniformed personnel since 1983. The results of this program provide the most dramatic evidence that random drug testing works -- detected illegal drug usage has been reduced by 75 percent from about 10 percent to less than 3 percent of those tested.

Together with constitutional concerns, I know we also share concerns about implementation of the rules: questions about enforceability and administrative costs, among others. These are legitimate considerations. The Department recognized that achieving the tremendous benefits anticipated from drug testing requirements would not be inexpensive. The logistics of conducting such extensive testing, and the need to meet strict procedural guidelines are going to be expensive.

For that reason, we have deliberately kept the rules as simple and flexible as possible. For example, employees can join consortiums, and small companies can piggyback onto the programs of larger companies. Existing community services may be used to meet the requirements for Employee Assistance Programs to provide information and training. Recognizing the need to carefully implement a program of this nature, we generally have given everyone in the industry at least a year to comply; and even then have allowed random testing to be phased in. Small companies have been given even more time to comply. We also have eased some of the Health and Human Services Testing Guidelines where costs seemed unwarranted. We are putting out guidance materials and encouraging our staff to attend seminars such as this conference to help explain what is required, and why.

In summary, we want to see these drug-testing rules work, and work right. In this regard, we are committed to carefully monitoring the data on drug use. As with all our rules, if the data indicate changes are warranted, we will make them. But I believe these rules can succeed, and must succeed. And to achieve that success,

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION ELAINE CHAO
AMERICAN TRUCKING ASSOCIATIONS FOUNDATION
KEY LARGO, FLORIDA
APRIL 29, 1989

On behalf of Secretary Skinner, I am delighted to be here today. Not only does it give me an opportunity to introduce myself, but a chance to discuss some of the important issues facing transportation in our nation today.

Transportation is on the threshold of a new era. We now have a nearly complete system of interstate highways. We can also boast of a fine network of waterways and airports, the finest air traffic control system in the world, and a railroad system which is back on track.

We do face a number of challenges, however. With the Interstate System nearing completion, the Federal Aid Highway Program is in a state of transition, with a need for new priorities, new intergovernmental relationships and new financing approaches. A modern, well-maintained infrastructure of highways and bridges is absolutely critical to this country's well-being. However, maintenance and capacity inadequacies are already emerging, suburban congestion is increasing, and our rural communities face special transportation needs.

One of Secretary Skinner's highest priorities is the development of a national transportation policy based on an up-to-date and complete assessment of our transportation system and our projected needs into the 21st century. This will entail a careful and thoughtful examination of the role of the federal government and the states in financing the expanding needs of our nation's infrastructure, in the context of finding new and efficient ways to insure a greater transportation return on every dollar spent.

As we move into the post-Interstate era, we are going to have to begin to look beyond just building new roads. A strategy will have to be devised to maintain our vast, integrated highway system and to maximize the capacity of what's already in place.

A major issue confronting us is the over-burdening of many of our suburban and inter-city highways. While I will discuss highway safety issues shortly, I do want to mention that traffic safety and congestion are bound together. In other words, congestion is one of the causes of accidents and vice-versa, especially in the urban and suburban context. More efficiently managed and more versatile surface transportation strategies must be developed. And, of course, alternatives that encourage motorists to leave their cars

at home will also help ease some of the congestion we are experiencing on our roads.

Secretary Skinner has asked the Department's Federal Highway Administration and the Urban Mass Transportation Administration to make suburban mobility a top priority. I think we have to look at a variety of strategies to alleviate "gridlock." The conventional approach to mass transit isn't enough anymore. In fact, an estimated 45 percent of the workforce now lives and works in the suburbs. We cannot ask people to change their lives to suit whatever service we've chosen to provide. The key decisions, however, on many of these matters should be made at the state and local levels, based on local planning and priorities.

The Federal Highway Administration estimates a need for additional capacity of 11,000 to 15,000 lane-miles on existing highways and new roads, to ensure adequate mobility in the system over the next 16 years. Large numbers of roads and bridges need repairs and improvements to handle even current traffic volume. Through the year 2005, total needs just for bridges on the federal aid system could be as much as \$72 billion.

Unfortunately, with our present federal budget constraints, the cost of meeting these needs is

becoming an increasingly severe problem and new financing approaches will have to be devised. At the same time, I want to reiterate both the Bush Administration and the Secretary's strong opposition to proposals to increase the federal gas tax in order to reduce the deficit. Increased private-sector investment in new infrastructure presents one promising funding alternative. For example, state and local governments are working more closely with developers in building or improving roads, and with business and industry to devise other revenue sources as well, such as leveraged financing and user fees.

As some communities have demonstrated, local highway needs can be met by creating private-public partnerships. Near the Greater Pittsburgh International Airport, for example, region-wide funding for improvements to the Airport Parkway was developed by Pennsylvania's Department of Transportation and Moon Township. These initiatives included the creation of a local transportation authority for the issuing of bonds with a 30-year maturity, and a public-private "transportation development district" dedicated to retiring the bonds. The transportation development district will raise local revenues through a number of funding devices, such as using the Local Economic Revitalization Tax Assistance Act to divert taxes on new

construction to the Transportation Authority. This is just one example of the kind of new, creative approach that is needed.

The Department is strongly committed to an appropriate level of federal highway aid, but new approaches are needed. Recognizing funding restraints in the transit sector, Secretary Skinner recently announced a new approach to urban mass transit grants which places the highest priority on those projects that have the largest over-match from non-federal sources. This will enable private funding sources, whether they are developers, existing businesses, or citizens, to work with local transit agencies and to take a more active role in project development. With this approach the federal government will be able to contribute to more projects.

Along with well-kept roads and bridges, safe driving habits and safe motor vehicles are critical to the efficiency of the highway system. The single most important element when it comes to enhancing safety on highways is the driver. We know that the majority of traffic accidents result from driving error, and that's true of all sizes of vehicles. The American Trucking Associations has done much to improve the trucking industry's image and the safety and professionalism of

truck drivers. We are grateful for your contributions to improving highway safety, notably your development of America's Road Team.

The Secretary and I share your concerns over highway safety and it is one of the Department's highest priorities. Safety is dependent on many factors, including highway design, vehicle safety standards and maintenance, driver training, inspections, law enforcement, and the elimination of drunk or drugged driving. We applaud Tom Donohue and the ATA's recent backing of mandatory random drug testing for truck drivers. Both President Bush and the Department are committed to making every effort we can to rid our nation's highways of the danger posed by drunk or drugged drivers.

In fact, I am happy to report that our efforts in the area of drunk driving are paying off. Most states have toughened their drunken driving laws, and every state has raised the drinking age to 21 -- helping to bring a general drop in drunk driving fatalities.. And while the vast majority of commercial drivers are responsible and concerned about highway safety, the Department issued final rules setting strict alcohol standards for all commercial drivers to help rid our roads of those few who do operate their vehicles while under the influence. Those standards are the same, by the way,

for commercial operators in all modes of transportation regulated by the Department -- air, surface and water.

Also helping to improve highway safety is the fact that 32 states and the District of Columbia now have mandatory safety belt laws -- a small miracle when you realize that in the early 1980's safety belt use across the country was about 10 percent. The combined effect of our safety efforts during the 1980's has been a major improvement in the highway safety picture. Overall, the highway fatality rate per 100 million vehicle miles dropped from 3.3 in 1980 to 2.4 in 1987 and 1988, the lowest in history.

Another important area of mutual interest is the national maximum speed limit law. I know that ATA has supported the 55 mph speed limit. While the Bush Administration continues to believe that setting speed limits is a matter for state legislatures to decide based on their review of available fatality and injury data, the Secretary and I will continue to monitor this situation as new information becomes available.

The trucking industry is among our nation's most valuable assets. I might add as an aside that we at DOT are sending you one of our most valuable assets -- Bob Farris. We wish him well and we look forward to working with all of you as we move forward to meet

the challenges facing transportation today and in the years to come.

Thank you.