

107th Congress }  
*1st Session* }

SENATE

{ REPORT  
{ 107-20

ACTIVITIES OF THE COMMITTEE ON  
GOVERNMENTAL AFFAIRS

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REPORT

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

AND ITS

SUBCOMMITTEES

FOR THE

ONE HUNDRED SIXTH CONGRESS



JUNE 5, 2001.—Ordered to be printed

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AFFAIRS DURING THE 106TH CONGRESS

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JUNE 5, 2001.—Ordered to be printed

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Mr. THOMPSON, from the Committee on Governmental Affairs,  
submitted the following

REPORT

This report reviews the legislative and oversight activities of the Committee on Governmental Affairs during the 106th Congress. These activities parallel the broad scope of responsibilities vested in the Committee by the Legislative Reorganization Act of 1946, as amended, rule XXV(k) of the Standing Rules of the Senate, and additional authorizing resolutions.

I. HIGHLIGHTS OF ACTIVITIES

In the 106th Congress, the Senate Governmental Affairs Committee continued its pursuit of a more efficient and accountable government. The Committee's jurisdiction is extensive. This writ covers not only whether taxpayers are getting their money's worth on over \$2 trillion in annual Federal expenditures, but also includes the \$700 billion in annual regulatory expenditures, the \$1 trillion government loan portfolio, Federal insurance programs and the impact of Federal mandates on State and local governments. The Committee is committed to effective oversight of all of these instruments used by the government.

Over the years, the Committee has consistently worked to create a leaner, more efficient government. Legislation originating from the Committee established a new framework for government accountability. This statutory framework includes the Government Performance and Results Act of 1993 (Public Law 103-62); financial management statutes, such as the Chief Financial Officers Act of 1990 (Public Law 103-356), the Federal Managers' Financial Integrity Act of 1996 (Public Law 104-208), and the Federal Financial Management Improvement Act of 1982 (Public Law 97-255); and acquisition and information technology management reforms, such as the Federal Acquisition Streamlining Act of 1994 (Public Law 103-355), the Clinger-Cohen Act of 1996 (Divisions D and E of Public Law 104-106), the Federal Activities Inventory Reform

Act (Public Law 105–270), and the Government Paperwork Elimination Act (Public Law 105–277). These statutes will be driving Federal agencies to modernize and improve both performance and accountability. Chairman Thompson said “Polls repeatedly show that Americans have little trust or confidence in the Federal Government. They want the Federal Government to work, but they don’t think it does. I am convinced that given the right tools and the proper motivation, with Congress performing its role better, we can change the face of government to the lasting benefit of the American people.”

#### OVERSIGHT OF AGENCY MANAGEMENT

Since enactment of the Government Performance and Results Act (The Results Act) several independent assessments have shown that government-wide implementation of the Results Act has been uneven. One area where there have been too few results is addressing major management challenges that seem to persist year after year at many agencies. The Committee has urged Federal agencies to apply the Results Act’s results-oriented principles—goal setting, performance measurement, and reporting—to address these major management problems.

In 1999, Chairman Thompson wrote individual letters to the heads of the 24 largest Federal agencies to request information on what actions they were taking to address their long-standing management challenges and to determine the extent to which agencies were using the Results Act as a means to address these management problems. These letters to the agencies detailed each agency’s most serious management problems as identified by the General Accounting Office (GAO) and by each agency’s Inspector General (IG). Each letter contained an analysis of how well each of the 24 agency’s annual Results Act Performance Plans for Fiscal Year 2000 addressed the agency’s major management challenges and how well the agency was responding to unresolved GAO and IG audit recommendations designed to remedy these major problems.

Chairman Thompson issued a report detailing the results of this oversight effort: *Major Management Challenges Facing Federal Departments and Agencies*. (S. Prt. 106–63)

#### MANAGEMENT CHALLENGES FACING THE EXECUTIVE BRANCH

As the 106th Congress came to a close, Chairman Thompson issued a series of transition reports to provide greater detail on some of the seemingly intractable management challenges facing the Executive Branch as a whole. The reports focused on the three core capacity problems that would face the incoming administration and Congress: Financial management issues, Federal workforce challenges, and results-oriented governance. The reports were intended to stimulate action on the part of incoming leaders and provide them a useful framework for this important task (see *Management Challenges Facing the New Administration: Part 1: Financial Management Issues, Part 2: Federal Workforce Challenges, and Part 3: Results-Oriented Governance*). (S. Prt. 106–62)

#### REGULATORY ISSUES

In the 106th Congress, the Committee reported a regulatory reform bill that subsequently was passed by the Senate and enacted

into law. The Truth in Regulating Act of 2000, S. 1198, was designed to promote congressional oversight of regulations. The Truth in Regulating Act establishes procedures for congressional committees to request that the General Accounting Office review the regulatory analysis underlying economically significant rules.

Chairman Thompson and 14 other Senators, including Senators Stevens, Voinovich, Gregg, and Roth, sponsored regulatory accounting legislation—the Regulatory Right-to-Know Act, S. 59—to require the Director of the Office of Management and Budget to report each year on the costs and benefits of Federal regulatory programs. This legislation was enacted into law in the form of an amendment to the conference report to the Consolidated Appropriations Act for Fiscal Year 2001 (section 624).

The Committee also considered the Regulatory Improvement Act, S. 746, which was sponsored by Senator Levin, Chairman Thompson and 20 other Senators including Senators Voinovich, Roth, Stevens, and Cochran. S. 746, would have codified requirements for cost-benefit analysis and risk assessment of major rules and executive oversight of the rulemaking process. For major rules costing over \$100 million or having other significant impacts, the bill would have required Federal agencies to do a cost-benefit analysis examining the pros and cons of regulatory alternatives. Major rules addressing risks to the environment, health and safety would be accompanied by a peer-reviewed risk assessment analyzing the risk reduction benefits of the rule. The bill also would have codified procedures and transparency requirements for the regulatory review process conducted by OMB's Office of Information and Regulatory Affairs.

In addition, Committee members initiated GAO investigations of the Administration's management of the regulatory process and its compliance with requirements concerning regulatory analysis and transparency requirements.

#### GOVERNMENT PROCUREMENT REFORM

Given that the Federal Government spends about \$200 billion annually on buying everything from weapons systems to computer systems to everyday commodities, the Committee's role is to ensure that, within that system, industry sellers and government buyers offer and acquire, respectively, maximum value for the taxpayer. Chairman Thompson and Ranking Minority Member Lieberman and Armed Services Committee Chairman John Warner (R-VA) and Ranking Minority Member Levin developed legislation which was added to the National Defense Authorization Acts for Fiscal Year 2000 and Fiscal Year 2001 which continued past efforts to streamline complex government rules and regulations to make it easier for businesses to sell to the Federal Government, but did so in a way that carefully balanced affordability, accountability, and accessibility to make sure taxpayer dollars are protected. Chairman Thompson also opposed legislation and regulations which would have added unnecessary government-unique requirements to Federal contracts and increased costs to the taxpayer.

#### COUNTER-INTELLIGENCE OVERSIGHT

In late 1995 and early 1996, U.S. Government intelligence and nuclear weapons experts concluded that the People's Republic of

China (PRC) had obtained sensitive classified information about the W-88 thermonuclear warhead currently used aboard the Trident D-5 submarine launched ballistic missile—a cornerstone of the United States’ crucial “triad” of nuclear deterrence. An investigation into this compromise of W-88 information carried out by the Energy Department, Justice Department, and Federal Bureau of Investigation quickly came to focus upon Dr. Wen-Ho Lee, a Chinese-American nuclear weapons scientist working at the Los Alamos National Laboratory. Dr. Lee later pleaded guilty to charges of mishandling classified information, and the criminal case against him received extensive public scrutiny. Through its hearings and the issuance of a detailed joint statement by Chairman Thompson and Ranking Minority Member Lieberman, the Committee contributed markedly to understanding the earlier, “counter-intelligence” phase of the Lee investigation and the ways in which it was mishandled. To date, the Thompson/Lieberman joint statement remains the only comprehensive official and unclassified account and analysis of the early stages of the espionage investigation into Dr. Lee.

#### SECURITY OF U.S. NUCLEAR SECRETS

Following the release of the Cox Committee Report that alleged nuclear weapons secrets had been compromised to the People’s Republic of China—apparently from Energy Department laboratories—the Committee co-sponsored two joint Committee Senate hearings into this issue. The first of these hearings, featuring the report of the President’s Foreign Intelligence Advisory Board (PFIAB) into Energy Department security, resulted in the passage of legislation that reorganized America’s nuclear weapons complex into a semi-autonomous organization within the Department of Energy, the National Nuclear Security Administration (NNSA). The second hearing continued the Committee’s close oversight of this nuclear security issue, highlighting the administration’s refusal at that point to follow the letter and intent of the NNSA legislation.

#### INDEPENDENT COUNSEL ACT

The Committee held a series of hearings in 1999 regarding the Independent Counsel Act, which lapsed that year. The hearings sought to determine how well the Act has operated, whether the statute should be reauthorized with changes, whether an alternative should be adopted in its place, or whether the statute should be allowed to expire without replacement. Ultimately, the Committee did not reauthorize the Independent Counsel Act.

#### FEDERALISM

Rule XXV of the Standing Rules of the Senate vests responsibility for intergovernmental relations with the Committee. The cornerstone of the Federal Government’s relationship with the States is Federalism, the constitutional principle that the Federal Government has limited powers and that government closest to the people—States and localities—plays a critical role in our governmental system.

In the 1st Session of the 106th Congress, the Committee held hearings on S. 1214, the Federalism Accountability Act of 1999, sponsored by Chairman Thompson and 13 other Senators including

Senators Levin, Voinovich, Cochran, Roth, Domenici and Collins. The proposed legislation sought to impose accountability for Federal preemption of State and local laws. The Committee also held three hearings on Federalism.

#### GOVERNMENT INFORMATION SECURITY

The Committee investigated the ability of the Federal Government to protect against and respond to potential cyber attacks. Over the years, the Committee has spent considerable time examining the state of Federal Government information systems, which included hearings and reports highlighting the Nation's vulnerability to domestic and international terrorism. Chairman Thompson, along with Ranking Minority Member Lieberman, found that a significant cause of information security weaknesses is inadequate information security program planning and management. Senators Thompson and Lieberman introduced legislation, S. 1993, the Government Information Security Act on November 19, 1999. A similar version of the legislation was enacted as part of the National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398). The legislation established Federal agency accountability for information security, provided for the application of a logical set of controls to be implemented by agencies, and focused on the importance of training programs to strengthen security government-wide.

#### FEDERAL BUDGET PROCESS REFORMS

Federal budget process reform is another priority for the Committee. In an effort to improve the Federal budget process, the Committee took a significant step by approving legislation, S. 92, that would convert the annual budget and appropriations cycle from an annual to a biennial, or 2-year, cycle. Under this process, the first year of the cycle would be reserved for budgeting and appropriations with the second year reserved for authorizations and oversight. The Biennial Budgeting and Appropriations Act is intended to increase Congressional control of the budget process by reducing the amount of time spent on planning the budget while increasing the amount of time Congress can spend examining how taxpayer dollars are actually spent. Enactment of this bill would permit agencies to plan for the longer term, a failure of the current annual process. In addition, a biennial budget would provide greater stability and predictability in Federal funding, benefiting those entities, such as State and local governments, affected by the Federal budget cycle.

The Committee also approved two further legislative initiatives aimed at improving the Federal budget process. S. 557 was intended to reform the budgetary treatment of emergency spending. Under the Balanced Budget and Emergency Deficit Control Act, the President and Congress can designate certain spending or revenue changes as an "emergency," thereby exempting them from the limits on discretionary spending and the pay-as-you-go rules for legislation affecting mandatory spending programs. To address this, S. 557 would provide a point of order in the Senate against any provision in any legislation that is designated as an emergency. If the point of order could be raised and sustained against a provision designated as an emergency, then that provision would

be stricken from the legislation. The point of order can be waived in the Senate by an affirmative vote of a simple majority.

The Committee also approved legislation, S. 558, designed to prevent future shut down of government agencies and departments. When Congress and the President fail to reach timely agreement on the annual appropriations bills, Federal Government activities dependent on such funding are threatened with being shut down for lack of funding. To address this, S. 558 provided for an automatic appropriation (in the form of a continuing resolution) to fund government operations, thereby eliminating the threat of a government shutdown. Enactment of S. 558 would ensure that agencies continue to receive funding at the level of the previous year's appropriation or the amount contained in the President's budget request.

#### INTERACTIVE WEB SITE

The Committee launched, under the leadership of Ranking Minority Member Lieberman, an experimental online, interactive Web site to involve the public in an electronic discussion of a key issue facing the Congress—e-Government—on May 18, 2000. Hundreds of citizens used the opportunity to provide comments on ways to advance the cause of digital government, promote innovative uses of information technology and expand citizen participation in government. Citizens were asked to comment on several key issues, including: What lessons the government might learn from the private sector, the need for centralized leadership, and the usefulness of an online portal to access government information and services.

#### INSPECTORS GENERAL

*Investigation involving the Department of Housing and Urban Development.* In September 1998, the Inspector General for the Department of Housing and Urban Development, Susan Gaffney, testified before the Committee that individuals in the Secretary's office at HUD had manipulated an Equal Employment Opportunity investigation in an ongoing effort to discredit her and drive her out of office. In December 1998, Chairman Thompson requested an investigation by GAO into the allegations raised by Ms. Gaffney. GAO conducted a number of interviews, gathered documents, and prepared a report explaining that HUD officials had removed an existing EEO investigator whose services cost approximately \$2,700 and provided their own outside investigator at a cost of \$100,000 who found against Ms. Gaffney. GAO also stated that they believed that those officials violated procurement regulations. HUD officials denied any wrong doing. After the Committee conducted follow-up interviews, Chairman Thompson released the GAO report.

*Investigation involving the Tennessee Valley Authority.* On June 7, 1999, the Committee received a letter from the Inspector General for the Tennessee Valley Authority (TVA), George Prosser, alleging that he was being forced out of TVA, accompanied by allegations by the TVA Board that Prosser had misused his TVA credit card. Upon receipt of the letter, Chairman Thompson requested an independent investigation by GAO of the cross allegations. GAO interviewed witnesses in Tennessee and Washington, D.C. reviewed numerous documents, reviewed every credit card charge made by

George Prosser from January 1, 1998 through May 12, 1999, and issued a written report. GAO did not find that the credit card charges made by Prosser violated any TVA travel policy or rule, and found that TVA Chairman Craven Crowell's "actions could be viewed as an attempt to undermine the IG's independence." (GAO Report, "Tennessee Valley Authority: Facts Surrounding Allegations Raised Against the Chairman and the IG.") In addition, the Committee approved legislation, which was subsequently enacted, making the TVA IG a presidentially-appointed position.

*Second investigation involving the Tennessee Valley Authority.* During its review of the allegations involving TVA IG, GAO uncovered investigations by the IG of allegations made against the TVA Board members concerning the creation and operation of a \$30 million trust established by TVA and controlled by the Board. At the request of Chairman Thompson, GAO conducted a separate investigation of the issue. GAO obtained relevant documents and interviewed personnel from the Department of Justice, the FBI, and TVA. Committee staff followed up the GAO investigation with additional interviews and document reviews of its own. On February 29, 2000, GAO issued a report which laid out an effort by the Chairman of the TVA Board of Directors to gain considerable power over the Trust funded with TVA funds. GAO described allegations of conflict of interest raised by the U.S. Attorney's Office regarding the role of the Chairman in creating the Trust. It also explained how an officer in the Trust double-billed a research organization for expenses, and described DOJ's response to those allegations. Finally, the report described allegations of shortcomings in the DOJ investigation into the matter and described DOJ's response to those allegations.

#### NATIONAL SECURITY EXPORT CONTROLS

The Committee devoted considerable time to exploring issues related to national security export controls over "dual-use" commodities—i.e., technologies that have both civilian and military applications. These hearings contributed in important ways to debates over these issues that occurred during the 106th Congress.

The Committee's involvement with these issues during the 106th Congress grew out of an extensive review of the implementation of export control rules undertaken at the request of Chairman Thompson by the Inspectors General of the Departments of Commerce, State, Treasury, Defense, and Energy, and the Inspector General of the Central Intelligence Agency (CIA). This six-agency study resulted in two Committee hearings examining the breadth of U.S. export control implementation, and laid the groundwork for work on Export Administration Act (EAA) reauthorization issues with the Armed Services, Foreign Relations, and Intelligence Committees in early 2000. Follow-up Committee hearings also examined the status and prospects of the Wassenaar Arrangement multilateral export control regime and certain aspects of export controls related to high-performance computers—in particular, the concepts of "mass market" status and "foreign availability," which were key components of a bill then pending in the Senate to reauthorize EAA.

## IMPROPER PAYMENTS

One direct consequence of the government's poor financial management is the exposure of taxpayer dollars to fraud, waste, and mismanagement. The work of the Committee, based on GAO and IG reports, documented huge losses to our citizens from fraudulent and other erroneous payments of taxpayer funds. Based on a review of improper payments that agencies disclosed in their own financial statements for Fiscal Year 1998, GAO identified \$19.1 billion in improper payments for that year alone. This report covered only the nine agencies that voluntarily disclosed improper payments for 17 major programs. More agencies did report improper payments in Fiscal Year 1999. But, the problem of erroneous payments appears to be getting worse. When GAO updated for Fiscal Year 1999 improper payments disclosed in agency financial statements, the total had grown to \$20.7 billion.

A powerful line of attack against the massive overpayment problems that plague the Federal Government is to disclose overpayment levels in annual financial statements and combine that disclosure with performance goals to reduce them. Chairman Thompson urged the administration to do this and urged the Federal Accounting Standards Advisory Board to adopt standards that would require agencies to disclose the extent of overpayments in their annual financial statements. The Committee also reported legislation, S. 3030, which was intended to require agencies to identify and recover erroneous payments.

## PRIVACY

S. 3040, the Privacy Commission Act, was sponsored by Chairman Thompson and referred to the Committee on September 13, 2000. This legislation would establish a 17-member Commission to study issues relating to the protection of individual privacy and to submit a report to Congress by December 31, 2001. Issues that the Commission would be directed to study include the monitoring, collection and distribution of personal information by private entities and by Federal, State and local governments; employer practices and policies with respect to employees' personal financial and health-related information; existing remedies for privacy violations and current legislative and self-regulatory efforts to respond to privacy issues; and the targeting of older or disabled individuals for disclosure and use of financial information.

Further, Chairman Thompson initiated a GAO investigation on Federal agencies' use of information-gathering devices called "cookies" on their Web sites. The investigation revealed that several agencies were violating administration policy by using "cookies" without notifying Web site visitors.

Finally, Chairman Thompson worked with Representative Jay Insee (D-WA) to pass an amendment to require agency Inspectors General to report to Congress on agency information collection practices.

## INFORMATION TECHNOLOGY MANAGEMENT

The Committee played a large role in the passage of the Clinger-Cohen Act (CCA), (Divisions D and E of Public Law 104-106), which requires agencies to make sound investment decisions before buying information technology systems. The CCA was the result of

the Committee's reviews of failed computer system acquisitions such as the IRS's \$7 billion Tax Systems Modernization project and the National Weather Service's nearly \$500 million Advanced Weather Interactive Processing System.

In October 2000, Chairman Thompson released a report showing that Federal agencies are not fully complying with the CCA. The report revealed that the administration was not enforcing this law that Congress passed 4 years earlier. The report's findings concluded that 16 Federal agencies neither developed nor submitted information technology management reports that included accomplishments, progress, and identification of areas requiring attention. One quarter of agencies have information technology projects that deviate significantly from cost or schedule goals. And finally, the report concluded that agencies are not using sound business procedures before investing in information technology which inhibits their ability to improve program performance and meet their mission goals.

#### LONG-TERM CARE SECURITY AND RETIREMENT CORRECTIONS

A steady increase in longevity and in the elderly population has led to a rise in the number of Americans likely to need some form of long-term care insurance. Individual premiums for long-term care insurance are expensive. Yet typically, these premiums can be purchased at reduced rates when coverage is obtained by way of large group rates. In an effort to address the growing need for long-term care insurance coverage, the Committee considered and oversaw the enactment of legislation (Public Law 106-265) sponsored by 14 Senators including Senators Collins, Cleland, Akaka, and Durbin which established a long-term care insurance program for the Federal Government. Establishment of this program can serve as a model to other employers across the country whose employees face similar long-term care needs. At Chairman Thompson's request, employees and retirees of the Tennessee Valley Authority were included for coverage in the legislation.

The legislation also included language which provided for the correction of Federal employees who, through no fault of their own, found themselves enrolled in the wrong Federal retirement system. This measure provided long-awaited relief to Federal employees confronted with retirement coverage error through the establishment of a comprehensive legislative framework to address these errors.

#### DECEPTIVE MAIL PREVENTION

With the passage of the Deceptive Mail Prevention and Enforcement Act (Public Law 106-168), introduced by Senator Collins and 41 other Senators, the Committee succeeded in establishing new consumer protections to shield consumers from falling victim to deceptive and fraudulent practices found in some sweepstakes and mail promotions. The law imposed new disclosure requirements on sweepstakes mailings, establishes new, stronger financial penalties, grants the Postal Service greater authority to investigate and stop fraudulent and deceptive mailings, and preserves the ability of States to impose stricter requirements on deceptive mailings. The bill was the product of an investigation commenced by the Permanent Subcommittee on Investigations into deceptive mail practices.

## BREAST CANCER STAMP REAUTHORIZATION

The Committee also approved legislation (Public Law 106–253) intended to aid funding for breast cancer research. This measure extended for an additional 2 years the authority under which postal patrons may contribute to funding for breast cancer research through the voluntary purchase of certain specially issued U.S. postage stamps. Funds raised through the sale of these stamps help fund breast cancer research conducted by the National Institutes of Health and the Department of Defense. The legislation also established a process for the future selection of special fundraising stamps by the Postal Service.

## THRIFT SAVINGS PLAN AMENDMENTS

Encouraging saving for one’s retirement is a critical goal as more and more Americans reach retirement age. For Federal employees, a key component of their retirement savings is active participation in the Thrift Savings Plan. In an effort to improve the operation of this program, the Committee approved legislation (Public Law 106–361), establishing new incentives for employees to participate in the TSP, thus encouraging savings for retirement. It permitted newly hired Federal employees to begin making tax-advantaged contributions toward their own retirement earlier than under current law. Further, the bill allowed employees to contribute “roll-over” distributions from qualified 401(k) plans and IRAs to the TSP. This legislation will bolster the operations of the TSP and help the Federal Government in its effort to recruit and retain a qualified workforce.

## DECENNIAL CENSUS 2000

The Committee monitored the operational management of the Census Bureau’s ability to conduct an accurate 2000 decennial census.

## OVERSIGHT OF JUSTICE DEPARTMENT INQUIRY INTO FUNDRAISING ABUSES

As follow-up to the Committee’s investigation in the 105th Congress (Investigation of Illegal or Improper Activities in Connection with 1996 Federal Election Campaigns (S. Rept. 105–167)), the Committee closely monitored the progress of the Justice Department’s Campaign Finance Task Force (CFTF). Among other things, this oversight included an investigation and hearing into allegations that Justice Department officials had inappropriately impeded the efforts of FBI agents in 1997 to investigate Presidential friend and Democratic National Committee (DNC) fundraiser Yah Lin (“Charlie”) Trie.

By the end of 2000, the CFTF had secured 25 guilty pleas or convictions by individuals or corporations associated with various Democratic fundraising campaigns, including: Maria Hsia (in connection with donations to the DNC); Pauline Kanchanalak and Duangnet Kronenbert (in connection with donations to the DNC); Yogesh Gandhi (in connection with donations to the DNC); Yah Lin “Charlie” Trie (in connection with donations to the DNC); John Huang (in connection with donations to the DNC); Juan Ortiz (in connection with donations to the DNC); Johnny Chung (in connection with donations to the DNC); and Future Tech International (in

connection with donations to the DNC). In addition, four individuals had pled guilty or been convicted of crimes arising from illegal contribution “swaps” involving the International Brotherhood of Teamsters which were also investigated by the Committee. Additional persons stood accused of crimes in cases that had not yet concluded and numerous other individuals or organizations were the subjects of ongoing investigations.

To address some of the reasons that the CFTF was not as effective as the Committee hoped it would be, Chairman Thompson and Ranking Minority Member Lieberman, along with five other Senators including Senator Collins, introduced a bill which would have (i) increased violations of the Federal Election Campaign Act (FECA) involving an aggregate amount of \$25,000 or more to felonies; (ii) increased the statute of limitations for FECA violations from 3 to 5 years; (iii) required the Sentencing Commission to promulgate a guideline for FECA violations; (iv) banned conduit “soft money”; and (v) banned foreign “soft money.”

#### MANAGEMENT OF CLASSIFIED INFORMATION

Following up on hearings held on the subject during the 105th Congress in connection with the release in 1997 of a comprehensive report by the Commission on Protecting and Reducing Government Secrecy, the Committee held a hearing on S. 1801, the “Public Interest Declassification Act.”

#### OTHER OVERSIGHT

In an additional oversight investigation, the Committee conducted an extensive investigation into whether an FBI agent’s notes had been inappropriately tampered with.

Also, due in part to findings of the Department of Justice Inspector General relating to serious information-sharing problems that occurred in connection with FBI and departmental briefings of the Committee during its 1997 Special Investigation, the FBI in late 1999 began a reorganization of its National Security Division. The FBI expects this reorganization to improve the sharing of critical intelligence and other information between the Bureau’s criminal investigative, counter-intelligence, and counter-terrorism components.

Further, as part of the Committee’s continuing oversight of the Inspector General community pursuant to the Committee’s jurisdiction over the Inspector General Act, Committee investigators also conducted an extensive inquiry into allegations of misconduct by senior Defense Department officials relating to the mishandling of classified information by former CIA Director John Deutch in his previous high-ranking positions at the Department. This investigation involved extensive documentary reviews and interviews with officials at the Pentagon, the Office of the Defense Department Inspector General, and the CIA’s Office of the Inspector General. (Dr. Deutch received a Presidential pardon in January 2001.)

## II. COMMITTEE JURISDICTION

In the 95th Congress, the jurisdiction and functions of the Committee on Governmental Affairs were substantially enlarged with the Senate approval of the Committee System Reorganization Amendments of 1977 (S. Res. 4, 95–1, February 4, 1977). S. Res.

4 also changed the Committee's name from the Committee on Government Operations to the Committee on Governmental Affairs.

Rule XXV(1)(k) of the Standing Rules of the Senate requires reference to this Committee of all proposed legislation, and other matters, dealing with (1) archives of the United States; (2) budget and accounting measures, other than appropriations, except as provided in the Congressional Act of 1974; (3) census and collection of statistics, including social and economic statistics; (4) congressional organization, except for matters which amend the rules or orders of the Senate; (5) Federal civil service; (6) Government Information; (7) intergovernmental relations; (8) municipal affairs of the District of Columbia; (9) organization and management of U.S. nuclear export policy; (10) organization and reorganization of the Executive Branch of the Government; (11) Postal Service; and (12) status of officers and employees of the United States including their classification, compensation and benefits.

The Committee is further authorized and directed to (1) receive and examine reports of the Controller General of the United States and to submit to the Senate such recommendations as the Committee deems advisable; (2) study the efficiency, economy and effectiveness of all agencies and departments of the government; (3) evaluate the effects of laws enacted to reorganize the Legislative and Executive Branches of government; and (4) study the intergovernmental relations between the United States and international organizations of which the United States is a member.

In addition, the Committee has primary oversight and legislative jurisdiction over the GAO, the Office of Personnel Management, OMB, the Postal Service, and the General Service Administration, and processes all legislation relating to the disposal and the negotiated sales of Federal surplus property.

### III. BILLS AND RESOLUTIONS REFERRED AND CONSIDERED

During the 106th Congress, 167 Senate bills and 83 House bills were referred to the Committee for consideration. Also, 8 Concurrent Senate Resolutions, 1 Senate Joint Resolution and 2 House Concurrent Resolutions were referred to the Committee. Of the legislation received and considered, 87 bills were reported and 74 were enacted into law.

### IV. HEARINGS

During the 106th Congress, the Committee and its three Subcommittees held a total of 65 hearings on 78 days on legislation, a wide variety of oversight issues, and nominations. The Committee also held 9 business meetings. At the full Committee level, a number of important topics were examined, including:

#### FEDERALISM

In the 106th Congress, the Committee held three hearings on Federalism. On May 5, 1999, the Committee held a hearing on the State of Federalism, followed the next day by a hearing on Federalism and Crime Control. The 2 days of hearings focused on the growing tendency toward federalization of the law and the unique problems posed by increased Federal involvement in criminal law.

On July 14, 1999, the Committee held a hearing on the Federalism Accountability Act, S. 1214.

Witnesses on May 5, 1999, included Michael O. Leavitt, Utah Governor and Vice-Chair of the National Governors' Association; Tommy Thompson, Wisconsin Governor and President of the Council of State Governments; Clarence E. Anthony, Mayor of South Bay, Florida, and President of National League of Cities; Daniel T. Blue, Jr., Majority Leader of the North Carolina House of Representatives and President of the National Conference of State Legislatures; Dr. William A. Galston, Director of the Institute of Philosophy and Public Policy, University of Maryland at College Park; Professor John O. McGinnis, Professor of Law, Cardozo Law School.

Witnesses on May 6, 1999, included Edwin Meese III, Former Attorney General of the United States (1985–1988), Ronald Reagan Distinguished Fellow in Public Policy at the Heritage Foundation, and Chair of the ABA Task Force on the Federalization of Criminal Law; Gil Merritt, U.S. Court of Appeals for the 6th Circuit, Nashville, Tennessee; Professor John S. Baker, Jr., Dale E. Bennett Professor of Law, Paul M. Hebert Law Center, Louisiana State University; John Dorso, Majority Leader of the North Dakota House of Representatives, testifying on behalf of the National Conference of State Legislatures; and Gerald B. Lefcourt, Immediate Past President and Legislative Committee Chair of the National Association of Criminal Defense Lawyers.

The July 14 hearing, which consisted of three panels of witnesses, provided an opportunity to discuss the need for the Federalism Accountability Act, and to address two major issues raised by the administration: (1) judicial review of the federalism assessments of the agencies, and (2) the impact of the rule of construction on implied preemption. On panel 1, John Spotila, OIRA Administrator, and Randy Moss, Acting Assistant Attorney General from the Office of Legal Counsel, DOJ, presented their views on S. 1214. On panel 2, Thomas Carper, Governor of Delaware and Chairman of the National Governors' Association; John Dorso, Majority Leader of the North Dakota House of Representatives, representing the National Conference of State Legislatures; and Alexander G. Fekete, Mayor of Pembroke Pines, Florida, representing the National League of Cities, testified in support of S. 1214, offering examples of problematic Federal preemptions. Panel 3 was composed of academics, including Ernest Gellhorn, Professor of Law at George Mason University; Caleb Nelson, Associate Professor of Law at UVA; and Rena Steinzor, Associate Professor at the University of Maryland Law School.

#### COUNTER-INTELLIGENCE OVERSIGHT

In connection with an extensive investigation conducted jointly by the Majority and Minority staffs, the Committee held closed oversight hearings May 20 and June 9, 1999, entitled "The National Security Methods and Processes Relating to the Wen-Ho Lee Espionage Investigation." These two closed hearings examined the conduct of the Justice Department, Energy Department, and Federal Bureau of Investigation in investigating the compromise of certain design information from the W-88 nuclear warhead to the People's Republic of China (PRC). These hearings, which featured

testimony from numerous witnesses and the examination of hundreds of pages of classified documents, focused upon the government's handling of the counter-intelligence phase of the investigation into Dr. Wen-Ho Lee of the Los Alamos National Laboratory (LANL). Among other things, this Committee investigation examined whether electronic surveillance of Dr. Lee was justified under the Foreign Intelligence Surveillance Act of 1978 (FISA). (In a much-publicized criminal case, Dr. Lee was subsequently prosecuted by the Justice Department and pleaded guilty to mishandling classified information.)

Witnesses on May 20, 1999 included: Neil Gallagher, Assistant Director, FBI National Security Division (NSD); John Lewis, former Assistant Director, FBI NSD; Stephen Dillard, Section Chief, FBI NSD; [name withheld], Unit Chief, NSD; [name withheld], Supervisory Special Agent, Albuquerque Division, FBI; Frances Fragos Townsend, Counsel for Intelligence Policy and Review, Department of Justice; James Baker, Deputy Counsel for Intelligence Operations, Department of Justice; Alan Kornblum, former Deputy Counsel for Intelligence Operations, Department of Justice; Gerald Schroeder, former Acting Counsel for Intelligence Policy and Review, Department of Justice; and Daniel Seikaly, former Director, Executive Office for National Security, Department of Justice.

Witnesses on June 9, 1999 included: Neil Gallagher, Assistant Director, FBI NSD; [name withheld], FBI NSD; [name withheld], former FBI Special Agent, Albuquerque Field Office, FBI; Larry Parkinson, General Counsel, FBI; Frances Fragos Townsend, Counsel for Intelligence Policy and Review, Department of Justice; James Baker, Deputy Counsel for Intelligence Operations, Department of Justice; Allan Kornblum, former Deputy Counsel for Intelligence Operations, Department of Justice; David Ryan, attorney, Office of Intelligence Policy and Review, Department of Justice; Terry Craig, Los Alamos National Laboratory (LANL) Security Office; Larry Sanchez, head of Energy Department Intelligence Office; Notra Trulock, former head of Energy Department Intelligence Office; Robert Vroomin, former head of LANL Counter-Intelligence Office; R. Gary Lee, former team leader for computer security, Division X, LANL; and Robert Ayars, Computer Security Officer, LANL.

Building upon the record established at these hearings and in the Committee staff's investigation, Chairman Thompson and Ranking Minority Member Lieberman issued a joint statement on August 5, 1999 spelling out the grave flaws they found in the conduct of the joint Justice/Energy/FBI investigation into Dr. Lee. This statement was the first—and remains, to date, the only—unclassified official U.S. Government account of the espionage phase of the Lee investigation.

As a result of the Committee's inquiry, as Attorney General Janet Reno and FBI Director Louis Freeh subsequently acknowledged, the FBI in September 1999 reopened its investigation into the loss of the W-88 information and other nuclear weapons design data to China, starting its investigation over from scratch some 4 years after it had first begun. (This reopened FBI reinvestigation is still underway.) The Committee's work on the counter-intelligence phase of the Lee investigation also provided the impetus for

legislative proposals considered by the Judiciary and the Intelligence Committees for reform of the Foreign Intelligence Surveillance Act (FISA).

#### SECURITY OF U.S. NUCLEAR SECRETS

The Committee's first joint hearing with the Energy and Natural Resources Committee on Energy Department nuclear security issues took place on June 22, 1999, and was entitled "The President's Foreign Intelligence Advisory Board Report on DOE." It featured testimony from former Senator Warren Rudman, who then chaired the President's Foreign Intelligence Advisory Board (PFIAB), and from Energy Secretary Bill Richardson. At this hearing, the PFIAB presented a highly critical indictment of a culture of lax security at the Energy Department—a culture of indifference that the Board described as representing "security at its worst." This hearing provided the direct impetus for Congress' passage of legislation reorganizing the Energy Department to create a semi-autonomous National Nuclear Security Administration (NNSA).

Witnesses on June 22, 1999 included: Warren B. Rudman, Chairman, President's Foreign Intelligence Advisory Board and former U.S. Senator; and Bill Richardson, U.S. Secretary of Energy.

The Committee's second joint hearing with the Energy and Natural Resources Committee on Energy Department security issues took place on October 19, 1999, and was entitled "National Nuclear Security Administration." It focused upon the administration's implementation of the NNSA legislation. The hearing looked at the failure of the President and the Secretary of Energy to appoint a NNSA administrator and establish the NNSA as a semi-autonomous institution within the Department reporting to the Secretary. Witnesses on October 19, 1999 included Bill Richardson, U.S. Secretary of Energy.

#### INFORMATION SECURITY

On March 2, 2000, the Committee continued to exercise its oversight over a major part of its jurisdiction: Government information management. In particular, the Committee held a hearing on how people exploit government computer system weaknesses and what Federal agencies should be doing to strengthen the management of these systems. Specifically, the hearing addressed the lack of adequate security controls within the government and allowed Committee Members to receive comments on legislation introduced by Chairman Thompson and Ranking Minority Member Lieberman, S. 1993, the Government Information Security Act.

Witnesses at the hearing were Kevin Mitnick, a reformed hacker; Jack Brock, Director, Government-wide and Defense Information Systems, GAO; Robert Gross, Inspector General, NASA; Kenneth Watson, Manager, Critical Infrastructure Protection, Cisco Systems, Inc.; and James Adams, Chief Executive Officer, Infrastructure Defense, Inc. During the hearing, Mr. Mitnick testified that the government should step up computer security oversight, as well as increase education and training in order to better manage its computer security. Mr. Brock testified that, according to various reports issued by GAO, the Federal Government needs a centralized, coordinated management approach to information security. Ms.

Gross supported the approach to computer security taken in S. 1993, including its emphasis on accountability. Mr. Watson stressed the need for the government to improve its computer system security by managing security threats on a continuous basis and tailoring security needs to meet the agency and department missions. Finally, Mr. Adams strongly supported S. 1993 saying, "by stepping up to the plate and tackling computer security with an innovative, bold approach, the Thompson-Lieberman bill (S. 1993) significantly boosts the chances of reversing the current bureaucratic approach to a dynamic problem."

#### FEDERAL BUDGET PROCESS REFORMS

In an effort to explore reforms to the Federal budget process, the Committee and the Committee on the Budget held a joint hearing January 27, 1999, on proposed Federal budget process reforms. The Committee heard testimony on two proposals. S. 92, the Biennial Budgeting and Appropriations bill, was introduced January 19, 1999 by Senators Domenici, Thompson, Lieberman, Roth, Collins and 11 other Senators. This bill converts the annual Federal budget cycle from a 1-year to a 2-year, or biennial, cycle. S. 93, the Budget Enforcement Act of 1999, was introduced January 19, 1999 by Senators Domenici, Grassley, Gorton, Abraham, Frist, Grams, Gordon Smith, Thomas, Kyl, Mack, and Voinovich and includes the biennial budget proposal as well as proposals to tighten emergency spending, reform pay-as-you-go budget scoring, create an automatic continuing resolution, and streamline the debate process for budget bills.

Witnesses at the hearing were: Senator John McCain (R-AZ); Representatives Jim Nussle (R-IA) and Ben Cardin (D-MD); Martha Phillips, Executive Director of the Concord Coalition; Tim Muris, professor of law at George Mason University; and Van Ooms, an economist with the Committee for Economic Development. Senator McCain criticized the current budget process and said that the Omnibus Appropriations bill enacted at the close of the 105th Congress made a mockery of Congress' role in fiscal matters. He proposed enacting an automatic continuing resolution, endorsed biennial budgeting, and re-establishing Senate Rule 16 points of order against legislation on appropriations bills. He also supported establishing a 60-vote point of order against any item in an appropriations bill which provides more than \$1 million for any program not already specifically authorized in law. He also proposed adoption of a new privileged motion to move to proceed to any appropriations bill after June 30.

Representatives Nussle and Cardin were sponsors of a bipartisan budget process reform bill during the 105th Congress. Their bill, H.R. 4837, provided for: (1) a joint budget resolution to be signed by the President; (2) a reserve fund for emergency spending; (3) procedures to curb the proliferation of new entitlement programs; (4) requiring all authorizing committees to systematically reauthorize all Federal spending programs at least once every 10 years; (5) an automatic continuing resolution at the prior year's level to prevent future government shutdowns; (6) the requirement that budget submissions, budget resolutions, appropriations reports, and cost estimates compare proposed spending and revenue levels with the actual spending levels of the prior year; (7) shifting to an accrual

budgeting for Federal insurance programs; (8) reforms to pay-as-you-go budget scoring to permit tax cuts without offsets so long as the Federal Government is running an on-budget surplus; and (9) the establishment of a “lock box” to ensure that savings from floor amendments to appropriations bills would be used to reduce Federal Government spending.

Representative Nussle acknowledged the difficulty in obtaining support for a 2-year budget bill. He also said he did not believe the proposal would muster a majority of support on the House Budget Committee.

#### NATIONAL SECURITY EXPORT CONTROLS

During the 106th Congress, the Committee held several hearings, and conducted extensive investigatory work, into issues related to national security export controls over so-called “dual-use” commodities—i.e., technologies that have both civilian and military applications, and for the overseas sale of which export licenses are required. These hearings contributed in important ways to public debates over these issues during the 106th Congress.

The Committee’s first hearing on export controls during the 106th Congress was entitled “Dual-Use and Munitions List Export Control Processes and Implementation at the Department of Energy,” and took place on June 10, 1999. This hearing was the first product of an extensive review of the implementation of current U.S. export control rules undertaken at the request of Chairman Thompson by the Inspectors General of the Departments of Commerce, State, Treasury, Defense, and Energy, and the Inspector General of the CIA. Building upon a report presented to the Committee by the Energy Department Inspector General, this hearing examined export control implementation at that Department.

Witness testimony and discussions focused in particular upon the Department’s poor implementation of “deemed export” rules, with the effect that large numbers of foreign visitors given access to Energy Department laboratories—e.g., the Los Alamos National Laboratory (LANL)—were given access to export-controlled technology without adequate licensing approval. As a result of this hearing and the Inspector General’s review, the Department undertook to improve its implementation of “deemed export” controls for its visitor system. (A subsequent review by the Inspector General in early 2000 revealed, however, that significant problems remained.)

Witnesses on June 10, 1999 included: Gregory H. Friedman, Inspector General, Energy Department; Sandra L. Schneider, Assistant Inspector General for Inspections, Energy Department; and Alfred K. Walter, Office of the Inspector General, Energy Department.

The Committee’s second export-control hearing took place on June 23, 1999, and was entitled “Interagency Inspectors General Report on the Export-Control Process for Dual-Use and Munitions List Commodities.” This hearing presented the results of the six-agency Inspectors General review requested by Chairman Thompson, and featured testimony from representatives of the Offices of Inspector General at the Departments of Commerce, Defense, State, Treasury, and Energy, as well as the Inspector General of the CIA. These six agency Inspectors General presented their findings across a wide range of export control implementation subjects

ranging from organization of the interagency export license approval process to the Commerce Department's conduct of post-shipment verification (PSV) visits for high-performance computer export shipments. This hearing catalogued a number of weaknesses in the U.S. export control system and laid the conceptual groundwork for the Committee's continued involvement with export control matters throughout the remainder of the 106th Congress and into the 107th—including work on Export Administration Act (EAA) reauthorization issues with the Armed Services, Foreign Relations, and Intelligence Committees in early 2000.

Witnesses on June 23, 1999 included: Johnnie E. Frazier, Acting Inspector General, Department of Commerce; Gregory H. Friedman, Inspector General, Department of Energy; Donald Mancuso, Acting Inspector General, Department of Defense; John C. Payne, Deputy Inspector General, Department of State; Lawrence Rogers, Acting Inspector General, Department of Treasury; and L. Britt Snider, Inspector General, Central Intelligence Agency.

The next Committee hearing on export controls occurred on April 12, 2000, and was entitled "The Wassenaar Arrangement and the Future of Multilateral Export Controls." This hearing examined the United States' participation in the Wassenaar Arrangement, the principal remaining multilateral export control regime that deals with the full range of "dual-use" technologies—i.e., commodities having both civilian and military uses. Among other things, the hearing examined the difficulties of achieving international agreement upon export control standards and appreciation for the threats posed by "rogue States," the U.S. Government's role in dismantling the previous "COCOM" export control regime, the impact of unilateral U.S. computer export decontrols upon the Wassenaar Arrangement, and the prospects for strengthening Wassenaar through the addition of augmented export notification requirements and/or "catch-all" controls for "dual-use" items.

Witnesses on April 12, 2000 included: John D. Holum, Senior Advisor for Arms Control and International Security, Department of State; William A. Reinsch, Undersecretary for Export Administration, Department of Commerce; Frank J. Gaffney, Jr., Director, Center for Security Policy; Stephen J. Hadley, former Assistant Secretary for International Security Policy, Department of Defense; and Henry D. Sokolski, Executive Director, Nonproliferation Policy Education Center (NPEC).

On May 26, 2000, the Committee held a hearing on "Export Control Implementation Issues with respect to High Performance Computers." In particular, this hearing focused upon the ideas of "mass market" status and "foreign availability," which were key components of a bill then pending in the Senate to reauthorize the EAA. Witness testimony explored the issue of whether high-performance computers—and other "dual-use" commodities subject to national security export controls in order to keep them out of the hands of potential adversaries, problems proliferators, and terrorists—should be freely exportable without a license if they meet the criteria of so-called "foreign availability" or "mass market" status.

Witnesses on May 26, 2000 included: Daniel Hoydysh, Co-Chair, Computer Coalition for Responsible Exports; Harold J. Johnson, Associate Director for International Relations and Trade Issues, National Security and International Affairs Division, General Ac-

counting Office; Robert Lieberman, Assistant Inspector General for Auditing, Department of Defense; and Gary Milhollin, Director, Wisconsin Project on Nuclear Arms Control (WPONAC).

#### REGULATORY REFORM

The Committee held 2 days of hearings on regulatory reform legislation during the 106th Congress. On April 21, 1999, the Committee held a hearing on S. 746, the Regulatory Improvement Act of 1999, a bill co-sponsored by Chairman Thompson and Senator Levin, which would codify requirements for cost-benefit analysis and risk assessment of major rules and executive oversight of the rulemaking process. Witnesses included Greg Lashutka, Mayor of Columbus, Ohio; Robbie Roberts, Director of the Environmental Council of the States; Scott Holman, Chairman of the Regulatory Affairs Committee, U.S. Chamber; Professor Ron Cass, Dean of Boston University Law School; Dr. Lester Crawford, Georgetown Center for Food and Nutritional Policy; Dr. John Graham, Harvard Center for Risk Analysis; Pat Kenworthy, National Environmental Trust; Frank Mirer, Health and Safety Department of the United Auto Workers; and David Vladeck, Public Citizen Litigation Group.

On April 22, 1999, the Committee held a hearing on S. 59, the Regulatory Right-to-Know Act and proposed Congressional Office of Regulatory Analysis legislation. Witnesses included Don Arbuckle, Acting Administrator of OIRA; Steve Saland, New York State Senator, on behalf of the National Conference of State Legislatures; Jim Dyer, small business owner, on behalf of the National Association of Manufacturers; Dr. Robert Litan, The Brookings Institute; Dr. Murray Widenbaum, Center for the Study of American Business; Professor Sid Shapiro, Indiana University School of Law; and Gary Bass, OMB Watch.

#### INSPECTORS GENERAL

On July 19, 2000, the Committee held a hearing to examine an administration proposal to provide statutory law enforcement authority to certain, presidentially-appointed IGs. The Committee learned that each of these IGs currently has law enforcement authority pursuant to biannual deputations. However, that process has administrative problems, lacks proper oversight, and can result in the interruption of ongoing criminal investigations. Following the hearing, the Committee reported out S. 3144 which would codify the process already in place, provide more oversight of the IG's law enforcement activities, and allow the Attorney General to retain the authority to grant and remove authority based on need.

The Committee also heard testimony regarding S. 870, a bill sponsored by Senator Collins which amended the Inspector General Act.

#### INDEPENDENT COUNSEL ACT

The first in a series of hearings on the Independent Counsel Act was held on February 24, 1999. Testifying before the Committee were former Senate Majority Leader Howard H. Baker, Jr.; Former Attorney General Griffin B. Bell; Arthur H. Christy, special prosecutor in the Hamilton Jordan investigation; Joseph di Genova, independent counsel in the Clinton passport file investigation; and

Curtis Emery Von Kann, independent counsel in the investigation of Americorps Chief Eli Segal.

At the second hearing, on March 3, 1999, the witnesses were Robert S. Bennett, counsel for President Bill Clinton, former White House Deputy Chief of Staff Harold Ickes, and former counsel for former Secretary of Defense Caspar Weinberger; Theodore B. Olson, former Assistant Attorney General and former independent counsel investigation subject; Nathan Lewin, former counsel for former Attorney General Edwin Meese; Henry Ruth, special prosecutor of the Watergate Special Prosecution Force; George Beall, former U.S. Attorney for Maryland; and Robert Fiske, former regulatory independent counsel in the initial Whitewater investigation.

The third hearing, on March 17, 1999, featured Attorney General Janet Reno; John Q. Barrett, former associate independent counsel in the Iran-Contra investigation; Philip B. Heymann, former Deputy Attorney General and former Associate Watergate Special Prosecutor; and Charles LaBella, former supervising attorney in the campaign financing task force.

The witnesses at the fourth hearing, on March 24, 1999, were Lawrence E. Walsh, former Independent Counsel in the Iran-Contra investigation; Samuel Dash, former chief counsel to the Senate Watergate Committee and former ethics adviser to White-water Independent Counsel Kenneth Starr; Kenneth G. Gormley, professor of law at Duquesne University; and Julie R. O'Sullivan, former assistant prosecutor in the Whitewater investigation and professor of law at Georgetown University Law Center.

The final hearing, on April 14, 1999, consisted of Kenneth W. Starr, Independent Counsel; Hon. David B. Sentelle, Presiding Judge of the Special Division of the Court of Appeals; Hon. Peter T. Fay, member of the Special Division of the Court of Appeals; and Richard D. Cudahy, member of the Special Division of the Court of Appeals.

Ultimately, the Committee did not reauthorize the Independent Counsel Act.

#### COST OF COLLEGE TUITION

The Committee conducted 2 days of hearings examining the high cost of college tuition. On February 9 and 10, 2000, witnesses testified that affordability poses a growing problem and addressed the need for improved Federal and State aid to students and schools as well as efforts to help colleges and universities control the rate at which their tuition increases.

#### OIL PRICES

On March 24, 2000, and June 29, 2000, the Committee held oversight hearings on "Rising Oil Prices and the Efficiency and Effectiveness of Executive Branch Responses." The first hearing, at the request of Ranking Minority Member Lieberman, focused on the national security implications of the United States' dependence on foreign oil, the rise in home heating oil and gasoline prices, as well as conservation and alternative energy sources.

Witnesses included David L. Goldwyn, Assistant Secretary for International Affairs at the U.S. Department of Energy; Dr. Jay E. Hakes, Administrator of the Energy Information Administration; Red Cavaney, President and Chief Executive Officer of the Amer-

ican Petroleum Institute; Robert E. Ebel, Director of the Energy and National Security Program at the Center for Strategic and International Studies; William M. Flynn, Vice President of the New York State Energy Research and Development Authority; Dr. Richard N. Haass, Vice President and Director, Foreign Policy Studies, The Brookings Institution; Dr. John Holdren, Member of the President's Committee of Advisors on Science and Technology, Belfer Center for Science and International Affairs, Kennedy School of Government; Adam Sieminski, Director, Deutsche Banc Alex. Brown.

The second hearing was chaired by Senator Voinovich and focused on rising gasoline prices. Witnesses included Denise A. Bode, Vice Chairman of the Oklahoma Corporation Commission; Dr. John Cook, Energy Information Administration, U.S. Department of Energy; Ernest Moniz, Under-Secretary of the U.S. Department of Energy; Robert Taft, Ohio Governor; Phyllis Apelbaum, Owner of Arrow Messenger Service; Richard Blumenthal, Connecticut Attorney General; Red Cavaney, President and Chief Executive Officer of the American Petroleum Institute; and J.L. Frank, President of Marathon Ashland Petroleum, LLC.

#### DOE OVERSIGHT

On March 22, 2000, the Committee conducted a hearing on the plight of former employees of Department of Energy nuclear facilities. The Committee heard from workers who had been made ill by exposure to radiation, beryllium, and other toxic substances while working on the production of nuclear weapons. DOE officials also testified about recent studies of the sick workers as well as the current state of the nuclear plants. The Committee learned that many workers had been inadequately monitored, denied sufficient information to make workers' compensation claims, and, in some cases, lied to about their exposures over the last 50 years. That hearing led to an amendment to the National Defense Authorization Act for Fiscal Year 2001 which would provide restitution for thousands of Americans who were made sick working for their country during the cold war.

The witnesses included Vikki Hatfield, daughter of a former nuclear plant worker, and former nuclear plant workers Mrs. Ann Orick, Sam Ray, and Jeff Walburn. Also testifying were Dr. Steven Markowitz, Professor and Director, Center for the Biology of Natural Systems queens College, City University of New York, and Dr. David Michaels, Assistant Secretary for Environment, Safety, and Health, U.S. Department of Energy.

#### OVERSIGHT OF JUSTICE DEPARTMENT INQUIRY INTO FUNDRAISING ABUSES

Throughout the 106th Congress, the Committee closely monitored the progress of the Justice Department's Campaign Finance Task Force (CFTF). During this period, the CFTF obtained a number of guilty pleas from and convictions of individuals identified in the Committee's 1998 Special Investigation report on campaign funding abuses during the 1996 Presidential campaign.

In undertaking oversight of the Justice Department's efforts to pursue campaign finance abusers from the 1996 Presidential elections, the Committee held a hearing on September 22, 1999 into al-

legations that Justice Department officials had inappropriately impeded the efforts of FBI agents in 1997 to investigate Presidential friend and Democratic National Committee (DNC) fundraiser Yah Lin (“Charlie”) Trie. The Committee heard testimony from four FBI agents who detailed their complaints that Justice attorneys placed unreasonable constraints upon their efforts to obtain and execute a search warrant of Trie’s property after the agents concluded that he was destroying documents subpoenaed by the Committee in the course of its 1997 hearings (which were then underway) into campaign fundraising abuses by Trie and other individuals. The Committee also heard testimony from the two Justice Department officials who supervised the CFTF investigation at that time.

Witnesses on September 22, 1999 included: Ivian C. Smith, former Special-Agent-in-Charge, FBI Albuquerque Field Office; Special Agent Roberta Parker, FBI; Special Agent Kevin Sheridan, FBI; Special Agent Daniel Wehr, FBI; Laura Ingersoll, Department of Justice; and Lee Radek, Public Integrity Section, Department of Justice.

#### MANAGEMENT OF CLASSIFIED INFORMATION

Following up on hearings held on the subject during the 105th Congress in connection with the release in 1997 of a comprehensive report by the Commission on Protecting and Reducing Government Secrecy—which had been created by Title IX of the Foreign Relations Authorization Act for Fiscal Year 1994 and Fiscal Year 1995 (Public Law 103–236)—the Committee held a hearing on July 26, 2000 on a legislative proposal (S. 1801) to help expedite reform of the cumbersome system through which the U.S. Government reviews and declassifies classified information. This proposal, the “Public Interest Declassification Act,” was a much narrower reincarnation of legislation reported out by the Committee in 1998, would have created a “Public Interest Declassification Board” to advise the government on matters related to document review and declassification.

Witnesses on July 26, 2000 included: Senator Daniel Patrick Moynihan; Representative Porter J. Goss, Chairman, House Permanent Select Committee on Intelligence (HPSCI); Steven Aftergood, Director, Project on Government Secrecy, Federation of American Scientists (FAS); Steven Garfinkel, Director, Information Security Oversight Office (ISOO), National Archives; Dr. Warren Kimball, Rutgers University; and R. James Woosley, former Director of Central Intelligence.

#### V. REPORTS, PRINTS, STUDIES, AND GAO REPORTS

During the 106th Congress, the Committee prepared and issued 42 reports, prints and studies on these topics:

- (1) Biennial Budgeting and Appropriations Act (S. Rept. 106–12);
- (2) Providing Guidance for the Designation of Emergencies as a Part of the Budget Process (S. Rept. 106–14);
- (3) Government Shutdown Prevention Act (S. Rept. 106–15);
- (4) Congressional Award Act Amendments of 1999 (S. Rept. 106–38);
- (5) Deceptive Mail Prevention and Enforcement Act (S. Rept. 106–102);

- (6) Federal Financial Assistance Management Improvement Act of 1999 (S. Rept. 106–103);
- (7) Look, Listen, and Live Stamp Act (S. Rept. 106–104);
- (8) Centennial of Flight Corrections Act of 1999 (S. Rept. 106–105);
- (9) Regulatory Improvement Act of 1999 (S. Rept. 106–110);
- (10) Organ Donor Leave Act (S. Rept. 106–143);
- (11) District of Columbia College Access Act (S. Rept. 106–154);
- (12) Federalism Accountability Act of 1999 (S. Rept. 106–159);
- (13) District of Columbia Court Employees Act of 1999 (S. Rept. 106–167);
- (14) Federal Erroneous Retirement Coverage Corrections Act (S. Rept. 106–178);
- (15) Office of Government Ethics Authorization Act of 1999 (S. Rept. 106–216);
- (16) A bill to amend the Inspector General Act of 1978 (S. Rept. 106–218);
- (17) Federal Reports Elimination and Sunset Act Amendments of 1999 (S. Rept. 106–223);
- (18) Congressional Accountability for Regulatory Information Act of 1999 (S. Rept. 106–225);
- (19) Government Information Security Act of 1999 (S. Rept. 106–259);
- (20) Reports Consolidation Act of 2000 (S. Rept. 106–337);
- (21) Breast Cancer Research Stamp Reauthorization Act of 2000 (S. Rept. 106–338);
- (22) A bill to amend the Thrift Savings Plan (S. Rept. 106–343);
- (23) Long-Term Care Security Act (S. Rept. 106–344);
- (24) Presidential Transition Act of 2000 (S. Rept. 106–348);
- (25) Day Trading: Case Studies and Conclusion (S. Rept. 106–364);
- (26) Federal Courts Budget Protection Act (S. Rept. 106–379);
- (27) Southeast Federal Center Public-Private Development Act of 2000 (S. Rept. 106–458);
- (28) A bill to amend Title 44, United States Code, to Authorize Appropriations for the National Historical Publications and Records Commission (S. Rept. 106–466);
- (29) Amending Chapter 36 of Title 39, United States Code, to Modify Rates Relating to Reduced Rate Mail Matter (S. Rept. 106–468);
- (30) Modifying the Date on Which the Mayor of the District of Columbia Submits a Performance Accountability Plan to Congress (S. Rept. 106–469);
- (31) Amending the Inspector General Act of 1978 (5 U.S.C. App.) to Establish Police Powers for Certain Inspector General agents engaged in official duties and to provide an oversight mechanism for the exercise of those powers (S. Rept. 106–470);
- (32) Federal Employees Health Benefits Children’s Equity Act of 1999 (S. Rept. 106–492);
- (33) District of Columbia Receivership Accountability Act of 2000 (S. Rept. 106–493);
- (34) To Amend Title 31, United States Code, to Provide for Executive Agencies to Conduct Annual Recovery Audits and Recovery Activities (S. Rept. 106–502);

- (35) Inspector General Act Amendments of 1999 (S. Rept. 106-510);
- (36) Rules of Procedures (S. Prt. 106-12);
- (37) 1997 and 1998 Organization of Federal Executive Departments and Agencies (S. Prt. 106-27);
- (38) Witness Deposition Testimony—Investigation of Illegal or Improper Activities in Connection With 1996 Federal Election Campaigns—Parts I–X (S. Prt. 106-30);
- (39) Policy and Supporting Positions (Plum Book) (S. Prt. 106-54);
- (40) Management Challenges Facing the New Administration (S. Prt. 106-62);
- (41) Major Management Challenges Facing Federal Departments and Agencies (S. Prt. 106-63); and
- (42) Federal Agency Compliance With the Clinger-Cohen Act (S. Prt. 106-64).

Also during the 106th Congress, 98 reports were issued by the General Accounting Office at the request of the Committee:

- (1) Acquisition Reform: NASA's Internet Service Improves Access to Contracting Information, NSIAD-99-37 (February 9, 1999);
- (2) Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers, GGD/AIMD-99-69 (February 26, 1999);
- (3) Financial Audit: Independent Counsel Expenditures for the Six Months Ended September 30, 1998, AIMD-99-105 (March 31, 1999);
- (4) Performance Budgeting: Initial Experiences Under the Results Act in Linking Plans with Budgets, AIMD/GGD-99-67 (April 12, 1999);
- (5) Federal Lobbying: Differences in Lobbying Definitions and Their Impact, GGD-99-38 (April 15, 1999);
- (6) Regulatory Accounting: Analysis of OMB's Reports on the Costs and Benefits of Federal Regulation, GGD-99-59 (April 20, 1999);
- (7) Regulatory Reform: Comments on S. 746—The Regulatory Improvement Act of 1999, T-GGD/RCED-99-163 (April 21, 1999);
- (8) The Results Act: Observations on the Postal Service's Preliminary Performance Plan for Fiscal Year 2000, GGD-99-72R (April 30, 1999);
- (9) Federalism: Implementation of Executive Order 12612 in the Rulemaking Process, T-GGD-99-93 (May 5, 1999);
- (10) Results Act: Observations on the Department of Transportation's Fiscal Year 2000 Performance Plan, RCED-99-153 (May 7, 1999);
- (11) Information Security: Many NASA Missions-Critical Systems Face Serious Risks, AIMD-99-47 (May 20, 1999);
- (12) Independent Counsels: GAO Audit Responsibilities After OIC Termination, AIMD-99-164R (June 4, 1999);
- (13) Results Act: Observations on the U.S. Department of Agriculture's Fiscal Year 2000 Performance Plan, RCED-99-187 (June 7, 1999);
- (14) Defense Modernization Account: Operations and Benefits, NSIAD-99-134 (June 11, 1999);

(15) Federalism: Comments on S. 1214—the Federalism Accountability Act of 1999, T-GGD-99-143 (July 14, 1999);

(16) National Archives: Preserving Electronic Records in the Era of Rapidly Changing Technology, GGD-99-94 (July 19, 1999);

(17) Observations on the Department of Justice’s Fiscal Year 2000 Performance Plan, GGD-99-111R (July 20, 1999);

(18) Observations on the National Aeronautical and Space Administration’s Fiscal Year 2000 Performance Plan, NSIAD-99-186R (July 20, 1999);

(19) Observations on the Nuclear Regulatory Commission’s Fiscal Year 2000 Performance Plan, RCED-99-213R (July 20, 1999);

(20) Managing for Results: Opportunities for Continued Improvements in Agencies’ Performance Plans, GGD/AIMD-99-215 (July 20, 1999);

(21) Observations on the General Services Administration’s Fiscal Year 2000 Performance Plan, GGD-99-113R (July 20, 1999);

(22) Observations on the Department of the Treasury’s Fiscal Year 2000 Performance Plan, GGD-99-114R (July 20, 1999);

(23) Observations on the Department of Commerce’s Fiscal Year 2000 Performance Plan, GGD-99-117R (July 20, 1999);

(24) Observations on the Department of Education’s Fiscal Year 2000 Performance Plan, HEHS-99-136R (July 20, 1999);

(25) Observations on the Department of Veterans’ Affairs’ Fiscal Year 2000 Performance Plan, HEHS-99-138R (July 20, 1999);

(26) Observations on the Department of Health and Human Services’ Fiscal Year 2000 Performance Plan, HEHS-99-149R (July 20, 1999);

(27) Observations on the Department of Labor’s Fiscal Year 2000 Performance Plan, HEHS-99-152R, (July 20, 1999);

(28) Observations on the Social Security Administration’s Fiscal Year 2000 Performance Plan, HEHS-99-162R (July 20, 1999);

(29) Observations on the Department of Defense’s Fiscal Year 2000 Performance Plan, NSIAD-99-178R (July 20, 1999);

(30) Observations on the Department of State’s Fiscal Year 2000 Performance Plan, NSIAD-99-183R (July 20, 1999);

(31) Observations on the U.S. Agency for International Development’s Fiscal Year 2000 Performance Plan, NSIAD-99-188R (July 20, 1999);

(32) Observations on the National Science Foundation’s Fiscal Year 2000 Performance Plan, RCED-99-206R (July 20, 1999);

(33) Observations on the Department of the Interior’s Fiscal Year 2000 Performance Plan, RCED-99-207R (July 20, 1999);

(34) Observations on the Department of Housing and Urban Development’s Fiscal Year 2000 Performance Plan, RCED-99-208R (July 20, 1999);

(35) Observations on the Small Business Administration’s Fiscal Year 2000 Performance Plan, RCED-99-211R (July 20, 1999);

(36) Observations on the Department of Energy’s Fiscal Year 2000 Performance Plan, RCED-99-218R (July 20, 1999);

(37) Observations on the Federal Emergency Management Agency’s Fiscal Year 2000 Performance Plan, RCED-99-226R (July 20, 1999);

(38) Observations on the Environmental Protection Agency’s Fiscal Year 2000 Performance Plan, RCED-99-237R (July 20, 1999);

(39) Department of Defense, General Services Administration, and National Aeronautics and Space Administration: Federal Acquisition Regulation—Reform of Affirmative Action in Federal Procurement, OGC–99–55 (July 29, 1999);

(40) Major Management Challenges and Program Risks: Implementation Status of Open Recommendations, OCG–99–28 (July 30, 1999);

(41) Performance Budgeting: Fiscal Year 2000 Progress in Linking Plans with Budgets, AIMD–99–239R (July 30, 1999);

(42) Performance Plans: Selected Approaches for Verification and Validation of Agency Performance Information, GGD–99–139 (July 30, 1999);

(43) Federal Workforce: Payroll and Human Capital Changes During Downsizing, GGD–99–57 (August 13, 1999);

(44) HUD EEO Investigation: Contracting and Process Irregularities in HUD’s Investigation of the IG, OSI–99–6 (August 8, 1999);

(45) Tennessee Valley Authority: Facts Surrounding Allegations Raised Against the Chairman and the IG, OSI–99–20 (September 15, 1999);

(46) Financial Audit: Independent Counsel Expenditures for the Six Months Ended March 31, 1999, AIMD–99–292 (September 30, 1999);

(47) Financial Management: Federal Financial Management Improvement Act Results for Fiscal Year 1998, AIMD–00–3 (October 1, 1999);

(48) Federal Statutes and Executive Orders Applicable to the Public Building Service’s Leasing Program, GGD–00–27R (October 18, 1999);

(49) Financial Management: Increased Attention Needed to Prevent Billions in Improper Payments, AIMD–00–10 (October 29, 1999);

(50) Pesticides: Use, Effects, and Alternatives to Pesticides in Schools, RCED–00–17 (November 29, 1999);

(51) Financial Management: Information on Agencies’ Fiscal Years 1997 and 1998 FFMIA Remediation Plans, AIMD–00–65R (January 27, 2000);

(52) Human Capital: Key Principles from Nine Private Sector Organizations, GGD–00–28 (January 31, 2000);

(53) Managing for Results: Challenges Agencies Face in Producing Credible Performance Information, GGD–00–52 (February 4, 2000);

(54) Tennessee Valley Authority: Problems with Irrevocable Trust Raise Need for Additional Oversight, OSI–00–6 (February 29, 2000);

(55) Information on Security: Comments on Proposed Government Information Act of 1999, T–AIMD–00–107 (March 2, 2000);

(56) Managing for Results: Barriers to Interagency Coordination, GGD–00–106 (March 29, 2000);

(57) Managing in the New Millennium: Shaping a More Efficient and Effective Government for the 21st Century, T–OCG–00–9 (March 29, 2000);

(58) Financial Audit: Independent Counsel Expenditures for the Six Months Ended September 30, 1999, AIMD–00–120 (March 31, 2000);

(59) General Services Administration: Leasing Practices in Selected Regions, GGD-00-88 (April 14, 2000);

(60) Bid Protests: Characteristics of Cases Filed in Federal Courts, GGD/OGC-00-72 (April 17, 2000);

(61) Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort, HEHS-00-48 (April 27, 2000);

(62) Export Controls: Challenges and Changes for Controls on Computer Exports, T-NSAID-00-187 (May 26, 2000);

(63) Observations on the Department of the Interior's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-204R (June 1, 2000);

(64) Observations on the National Science Foundation's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-205R (June 1, 2000);

(65) Observations on the Department of Commerce's Fiscal Year 1999 Annual Program Performance Report and Fiscal Year 2001 Annual Performance Plan, GGD-00-152R (June 30, 2000);

(66) Federal Rulemaking: Agencies' Use of Information Technology to Facilitate Public Participation, GGD-00-135R (June 30, 2000);

(67) Observations on the Department of Justice's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, GGD-00-155R (June 30, 2000);

(68) Observations on the Office of Personnel Management's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, GGD-00-156R (June 30, 2000);

(69) Observations on the Department of Veterans' Affairs' Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, HEHS-00-124R (June 30, 2000);

(70) Observations on the Department of Labor's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, HEHS-00-125R (June 30, 2000);

(71) Observations on the Social Security Administration's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, HEHS-00-126R (June 30, 2000);

(72) Observations on the Department of Health and Human Services' Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, HEHS-00-127R (June 30, 2000);

(73) Observations on the Department of Education's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, HEHS-00-128R (June 30, 2000);

(74) Observations on the Department of Defense's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, NSIAD-00-188R (June 30, 2000);

(75) Observations on the Department of State's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, NSIAD-00-189R (June 30, 2000);

(76) Observations on the National Aeronautics and Space Administration's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, NSIAD-00-192R (June 30, 2000);

(77) Observations on the Agency for International Development's Fiscal Year 1999 Performance Report and Fiscal Years 2000 and 2001 Performance Plans, NSIAD-00-195R (June 30, 2000);

(78) Observations on the Nuclear Regulatory Commission's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-200R (June 30, 2000);

(79) Observations on the Department of Transportation's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-201R (June 30, 2000);

(80) Observations on the Environmental Protection Agency's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-203R (June 30, 2000);

(81) Observations on the Small Business Administration's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-207R (June 30, 2000);

(82) Observations on the Department of Energy's Fiscal Year 1999 Accountability Report and Fiscal Years 2000 and 2001 Performance Plans, RCED-00-209R (June 30, 2000);

(83) Observations on the Federal Emergency Management Agency's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-210R (June 30, 2000);

(84) Observations on the Department of Housing and Urban Development's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-211R (June 30, 2000);

(85) Observations on the U.S. Department of Agriculture's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan, RCED-00-212R (June 30, 2000);

(86) Financial Management: Improper Payments Reported in Fiscal Year 1999 Financial Statements, AIMD-00-261R (July 27, 2000);

(87) Office of Personnel Management: Health Insurance Premium Conversion, OGC-00-53 (August 7, 2000);

(88) Internet Privacy: Agencies' Efforts to Implement OMB's Privacy Policy, GGD-00-191 (September 5, 2000);

(89) Benefit and Loan Programs: Improved Data Sharing Could Enhance Program Integrity, HEHS-00-119 (September 13, 2000);

(90) Electronic Government: Government Paperwork Elimination Act Presents Challenges for Agencies, AIMD-00-282 (September 15, 2000);

(91) Financial Audit: Independent and Special Counsel Expenditures for the Six Months Ended March 31, 2000, AIMD-00-310 (September 29, 2000);

(92) Program Evaluation: Studies Helped Agencies Measure or Explain Program Performance, GGD-00-204 (September 29, 2000);

(93) Financial Management: Federal Financial Management Improvement Act Results for Fiscal Year 1999, AIMD-00-307 (September 29, 2000);

(94) Implementation of the Federal Vacancies Reform Act of 1998, GGD-00-210R (September 29, 2000);

(95) Facility Relocation: NRC Based Its Decision to Move Its Technical Training Center on Perceived Benefits—Not Costs, GAO-01-54 (October 19, 2000);

(96) Internet Privacy: Federal Agency Use of Cookies, GAO-01-147R (October 20, 2000);

(97) The Challenge of Data Sharing: Results of a GAO-Sponsored Symposium on Benefit and Loan Programs, GAO-01-67 (October 20, 2000); and

(98) Financial Management: Billions in Improper Payments to Continue to Require Attention, GAO-01-44 (October 27, 2000).

#### VI. OFFICIAL COMMUNICATIONS

During the 106th Congress, 1,394 official communications were submitted to the Committee. Of these, 1,361 were Executive Communications, 23 were Petitions or Memorials, and 10 were Presidential Messages. Two hundred ninety of the official communications were reports on District of Columbia legislation. The remainder were reports to advise Congress and mandated annual or semi-annual agency budget and activity summaries.

#### VII. LEGISLATIVE ACTIONS

The Committee was highly productive in the 106th Congress. Important legislation was reported by the Committee, approved by Congress and signed by the President in a variety of areas within the Committee's jurisdiction. The following are brief legislative histories of measures referred to the Committee or within the jurisdiction of the Committee, and in some cases, drafted by the Committee, which (1) became public law; (2) were favorably reported from the Committee and passed by the Senate; and (3) were favorably reported from the Committee but were not subject to further action. For information not included in this section, please refer to the Committee's Legislative Calendar.

##### MEASURES ENACTED INTO LAW

#### *S. 59—Regulatory Right-to-Know Act (Public Law 106-554)*

This bill provides government-wide accounting of regulatory costs and benefits by requiring the Director of the Office of Management and Budget to submit to Congress an accounting statement that estimates the costs and corresponding benefits of Federal regulatory programs and program elements. The statement also must include analysis of the impact of Federal rules on small businesses, the private sector, government, wages and economic growth, as well as recommendations for improving the Federal programs.

The Regulatory Right-to-Know Act was introduced by Chairman Thompson on January 19, 1999. It was passed by both houses of Congress as an amendment to the Treasury and General Government Appropriations Act for Fiscal Year 2001. It was enacted as part of the conference report to the Consolidated Appropriations Act for Fiscal Year 2001 (section 624) which was signed by the President on December 21, 2000. The amendment, which was included as a temporary measure in the Treasury and General Government Appropriations Act for the last 2 years, builds on, strengthens, and makes permanent the original regulatory accounting provisions sponsored by Senator Stevens in 1996 and in 1997.

#### *S. 335—Deceptive Mail Prevention and Enforcement Act (Public Law 106-168)*

This legislation establishes new consumer protections to shield consumers from falling victim to deceptive and fraudulent practices found in some sweepstakes and mail promotions. The law imposes new disclosure requirements on sweepstakes mailings, establishes new, stronger financial penalties, grants the Postal Service greater

authority to investigate and stop fraudulent and deceptive mailings, and preserves the ability of States to impose stricter requirements on deceptive mailings.

On February 3, 1999, S. 335 was introduced by Senators Collins, Cochran, Levin, Durbin and Burns. On March 8 and 9, 1999, the Permanent Subcommittee on Investigations held a hearing (S. Hrg. 106-71) on the problem of deceptive mailings with respect to sweepstakes, lotteries, and skill games. On May 20, 1999, the Committee ordered S. 353 to be reported favorably with an amendment in the nature of a substitute. On July 1, 1999, the Committee reported S. 335 to the Senate with an amendment in the nature of a substitute (S. Rept. 106-102). On August 2, 1999, S. 335 passed the Senate with an amendment and an amendment to the Title by a vote of 93-0. The bill passed the House with amendment under suspension of the rules on November 9, 1999. On November 19, 1999, the Senate agreed to the House amendment by unanimous consent. The President signed the bill on December 12, 1999.

*S. 380—Congressional Award Act Amendments of 1999 (Public Law 106-63)*

S. 380 reauthorizes the Congressional Award Act. The Congressional Award was established in 1979 as a noncompetitive award earned by youth who achieve certain goals in various areas such as public service, physical fitness, and expedition.

S. 380 was introduced by Senator Larry E. Craig (R-ID) on February 4, 1999 and referred to the Committee. On March 4, 1999, the Committee ordered S. 380 to be favorably reported to the Senate by voice vote. The Committee reported S. 380 to the Senate on March 26, 1999. On April 13, 1999, the Senate passed S. 380 by unanimous consent and on September 13, 1999, the House passed S. 380 by voice vote under suspension of the rules. S. 380 was signed into law by the President on October 1, 1999.

*S. 1072—To make certain technical and other corrections relating to the Centennial of Flight Commemoration Act (Public Law 106-68)*

S. 1072 amends the Centennial of Flight Commemoration Act by changing the Act with respect to alternate members on the Commission and Advisory Board, repealing the Commission's duty to represent the United States and take a leadership role with other nations, requiring the Commission to provide recommendations and advice to the President, Congress, and Federal agencies on the most effective ways to carry out such duties, and changing the Commission's procurement authority. The Centennial of Flight Commemoration Act, enacted in the 105th Congress, established a temporary Commission and Advisory Board to help in the commemoration of the centennial of the first flight by the Wright Brothers.

S. 1072 was introduced by Senator Michael DeWine (R-OH) on May 18, 1999 and referred to the Committee. On May 20, 1999, the Committee ordered S. 1072 to be favorably reported to the Senate. The Committee reported S. 1072 to the Senate on July 8, 1999 (S. Rept. 106-105). On August 5, 1999, the Senate passed S. 1072 with amendments offered by Senator Helms (R-NC) and Senator DeWine (R-OH). The House passed S. 1072 by voice vote under sus-

pension of the rules on September 27, 1999, and it was signed into law by the President on October 6, 1999.

*S. 1198—Truth in Regulating Act of 2000 (Public Law 106–312)*

This law establishes a 3-year pilot project to support Congressional oversight to ensure that important regulatory decisions are efficient, effective and fair. Under the pilot project, the chairman or ranking member of a committee of jurisdiction of either House of Congress may request the General Accounting Office to review a proposed economically significant regulation. GAO then has 180 calendar days to submit to the requesting committee a report evaluating the agency's cost-benefit and regulatory analyses of the regulation. This report will help Congress to engage in oversight of the regulation.

Senator Richard Shelby (R-AL) originally introduced the Congressional Accountability for Regulatory Information Act of 1999. Chairman Thompson introduced S. 1244, the Truth in Regulating Act of 1999. These two similar bills were synthesized along with changes made in collaboration with Ranking Minority Member Lieberman. The resulting bill, S. 1198, the Truth in Regulating Act of 2000, was reported by the Committee by voice vote on November 3, 1999. On May 9, 2000, S. 1198, the Truth in Regulating Act of 2000, passed the Senate by unanimous consent. The House of Representatives passed the same legislation under suspension of the rules on October 3, 2000. The President signed the bill on October 17, 2000.

*S. 1334/H.R. 457—Organ Donor Leave Act (Public Law 106–56)*

This law provides Federal employees with paid leave not exceeding 30 days in any calendar year to serve as an organ donor and paid leave not exceeding 7 days to serve as a bone marrow transplant.

H.R. 457 was introduced in the House on February 2, 1999. On May 19, 1999, the Committee on Government Reform ordered reported H.R. 457 by voice vote. The bill was passed by voice vote under suspension of the rules in the House on July 26, 1999. On July 27, 1999, the bill was referred to the Senate Committee on Governmental Affairs.

S. 1334 was introduced on July 1, 1999 by Senators Akaka, Edwards, Frist, Stevens, Levin, Durbin, Sarbanes, Cochran, Collins, Lieberman, Santorum and DeWine. It was referred to the Senate Committee on Governmental Affairs on July 1, 1999 and to the Subcommittee on International Security, Proliferation, and Federal Services on July 15, 1999. It was unanimously reported by polling letter from the Subcommittee on July 23, 1999.

The Committee considered S. 1334 and H.R. 457 on August 3, 1999. The Committee voted to order both bills reported by voice vote. On August 27, 1999, Chairman Thompson reported H.R. 457 to the Senate (S. Rept. 106–143). The Senate passed H.R. 457 by unanimous consent on September 8, 1999, and it was signed by the President on September 24, 1999.

*S. 1438—To establish the National Law Enforcement Museum on Federal Land in the District of Columbia (Public Law 106-492)*

This legislation authorizes the National Law Enforcement Officers Memorial Fund to construct a National Law Enforcement Museum in the District of Columbia.

S. 1438 was introduced by Senator Ben Nighthorse Campbell (R-CO) on July 27, 1999 and referred to the Committee on Energy and Natural Resources. On June 7, 2000, the Committee on Energy and Natural Resources ordered favorably reported S. 1438 with amendments and reported S. 1438 to the Senate on July 10, 2000. Senator Thompson, as Chairman of the Committee, along with Senator Durbin, Ranking Minority Member of the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia asserted the jurisdiction of the Committee over the bill. The Museum proposed by the bill would not be situated on purely Federal land in the District of Columbia, but rather land transferred to D.C. by the Federal Government. Further, the District of Columbia courts were utilized the proposed Museum site and intended to expand an existing Historic courthouse building into the site.

Senators Thompson and Durbin worked with Senator Campbell, interested Members in the House, the Museum Fund, and the District of Columbia courts to resolve this conflict. On September 28, 2000, Senators Thompson and Durbin offered an amendment in the nature of a substitute to S. 1438 which reflected the negotiated agreement between all interested parties. On that same day, the Senate agreed to the substitute amendment and passed S. 1438 by unanimous consent. The House passed S. 1438 by voice under suspension of the rules on October 24, 2000, and it was signed into law by the President on November 9, 2000.

*S. 1688/H.R. 2842—Federal Employees Health Benefits Children's Equity Act of 1999 (Public Law 106-394)*

This bill amends current law to allow an agency to enforce compliance with a child support order to provide health insurance for an employee's children.

S. 1688 was introduced by Senators Levin and Akaka on October 5, 1999, and referred to the Committee on Governmental Affairs. On November 7, 1999, the bill was referred to the Subcommittee on International Security, Proliferation, and Federal Services. On September 27, 2000, the Committee ordered S. 1688 to be reported favorably by voice vote. On October 6, 2000, the Committee reported the bill (S. Rept. 106-492) to the Senate.

A House companion bill, H.R. 2842, introduced on September 13, 1999, was passed by the House under suspension of the rules on September 19, 2000. It was received in the Senate and referred to the Committee on September 20, 2000. On October 13, 2000, the Committee was discharged by unanimous consent, and H.R. 2842 passed the Senate without amendment. The bill was signed by the President on October 30, 2000.

*S. 1707—To make the TVA Inspector General a presidentially-appointed position and to authorize an inspector general training academy and forensic laboratory (Public Law 106-422)*

Currently there are 29 Federal “establishment agencies” whose inspectors general are appointed by the President and 30 “designated Federal entities,” whose inspectors general are appointed (and removed) by the agency head. The duty of an IG is to ferret out fraud, waste and abuse within Federal agencies. To properly carry out their mission, they must maintain independence from their agency. Although most inspectors general enjoy a cooperative relationship with their agency head, there have been several examples over the years of problems, including attempts by agency heads to harass or intimidate their IG.

In response to a Committee investigation into allegations involving the Inspector General of the Tennessee Valley Authority and the TVA Board, Chairman Thompson and Ranking Minority Member Lieberman introduced S. 1707 to help ensure the independence of the TVA IG. Prior to the enactment of S. 1707, the TVA IG was appointed by the TVA Board. S. 1707 elevated the TVA IG to a presidentially-appointed position. In addition, S. 1707 authorized a criminal investigation academy and forensic laboratory for the inspector general community.

The Committee reported S. 1707 with an amendment in the nature of a substitute on November 8, 1999 (S. Rept. 106-218). On November 19, 1999, S. 1707, as amended, passed the Senate by unanimous consent. On October 17, 2000, S. 1707 was passed by the House by voice vote. On November 1, 2000, S. 1707 was signed into law by the President.

*S. 1993—Government Information Security Act (Public Law 106-398)*

After holding numerous hearings and receiving a number of independent reports outlining pervasive, government-wide problems with executive agencies’ handling of sensitive taxpayer information, veterans medical records, and law enforcement documents, Chairman Thompson, along with Ranking Minority Member Lieberman, introduced S. 1993 on November 19, 1999, to provide Federal agencies with a management framework intended to increase the protection of this critical information. A hearing was held on S. 1993 on March 2, 2000 and was ordered reported favorably with an amendment in the nature of a substitute on March 23, 2000. On April 10, 2000, S. 1993 was reported to the Senate with an amendment in the nature of a substitute and placed on the Senate Calendar. On June 19, 2000, the Senate adopted a version of S. 1993 as an amendment to the National Defense Authorization Act for Fiscal Year 2001. The conferees agreed to include the Thompson-Lieberman language in the final version of the National Defense Authorization Act for Fiscal Year 2001 (subtitle G of title 10). The conference report was passed by the House on October 11, 2000, passed by the Senate on October 12, 2000, and signed into law by the President on October 30, 2000.

*S. 2386/H.R. 4437—Breast Cancer Research Stamp Reauthorization Act of 2000 (Public Law 106-253)*

This legislation extends the authorization for the Breast Cancer Research Stamp until July 29, 2002. In 1997, Congress directed the Postal Service to issue a special fundraising stamp with the net proceeds from the sale of the stamp earmarked for breast cancer research. To date, more than \$15 million has been raised for research, with funds going to the National Institutes of Health and the Department of Defense. The legislation also establishes a framework for the Postal Service to issue and sell future special fundraising stamps.

S. 2386 was introduced on April 11, 2000 by Senator Feinstein and referred to the Committee on Governmental Affairs. S. 2386 was then referred to the Subcommittee on International Security, Proliferation, and Federal Services on May 1, 2000. While the Subcommittee on International Security, Proliferation, and Federal Services did not hold a hearing to specifically address S. 2386, a broader based hearing on the subject of semipostal stamps entitled “The Issuance of Semipostal Stamps by the U.S. Postal Service” was held on May 25, 2000 (S. Hrg. 106-674). The Subcommittee subsequently reported the legislation by polling letter to the Committee on June 9, 2000. The Committee ordered S. 2386 to be reported favorably without amendment by a voice vote. The Committee reported S. 2386 to the Senate without amendment on July 13, 2000 (S. Rept. 106-338). On September 6, 2000, the legislation was received in the House and referred to the Committee on Government Reform and the Committee on Rules on September 12, 2000.

H.R. 4437 was introduced on May 11, 2000. H.R. 4437 was ordered to be reported by the Committee on Government Reform on July 17, 2000 (H. Rept. 106-734). The legislation passed the House by voice vote under suspension of the rules on July 17, 2000. The bill was received in the Senate on July 18, 2000. It passed the Senate by unanimous consent on July 26, 2000 and was signed by the President on July 28, 2000.

*S. 2686—Legislation amending the ratemaking procedures for non-profit mail (Public Law 106-384)*

This legislation is designed to address technical problems in the ratesetting structure for nonprofit mailers. If current law had not been revised, nonprofit rates would have been increased at a rate higher than their corresponding commercial mail rate when the new postal rates go into effect in 2001. To address this problem, S. 2686 is designed to lock in the current rate relationship between nonprofit and commercial rate mail.

On June 7, 2000, S. 2686 was introduced by Senators Cochran and Akaka and referred to the Committee. On June 20, 2000, the bill was referred to the Subcommittee on International Security, Proliferation, and Federal Services. On September 8, 2000, the Subcommittee favorably reported S. 2686 by polling letter to the Committee. No hearings were held on the bill. On September 27, 2000, the Committee ordered S. 2686 to be reported (S. Rept. 106-468) without amendment favorably by voice vote. On October 6, 1999, the Senate passed the bill with an amendment by unanimous

consent. On October 11, 1999, the House passed S. 2686 by unanimous consent. The President signed the bill on October 27, 1999.

*S. 3062—District of Columbia Performance Accountability Plan Amendments Act of 2000 (Public Law 106-449)*

This legislation streamlines some of the performance plan requirements of the District of Columbia to help facilitate better management of the D.C. programs.

S. 3062 was introduced by Senator Voinovich on September 18, 2000 and referred to the Committee. Prior to the introduction of the bill, on May 9, 2000, the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia held a hearing on the progress of performance management in the District of Columbia at which Mayor Anthony Williams of the District of Columbia recommended the streamlining accomplished by S. 3062 (S. Hrg. 106-598). S. 3062 was ordered reported by the Committee on September 27, 2000. The Committee reported S. 3062 on October 3, 2000 (S. Rept. 106-469). On October 6, 2000, the Senate passed S. 3062 by unanimous consent. The House passed S. 3062 by unanimous consent on October 19, 2000, and the President signed it into law on November 6, 2000.

*Federal Procurement Issues—National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) and the National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398)*

As part of both laws, language offered by Chairman Thompson and Ranking Minority Member Lieberman, along with Chairman John Warner (R-VA) and Ranking Minority Member Levin of the Committee on Armed Services, was enacted to further streamline and simplify the government-wide procurement system. Provisions were included which simplified Federal accounting standards, permitted additional services performed for the government to be considered commercial services, established a preference for performance-based contracts, and eliminated mandatory minimum education requirements included in information technology service contracts.

*Government Privacy Policy (Public Law 106-554)*

Chairman Thompson worked with Representative Jay Inslee (D-WA) on legislation which requires the Inspector General of each Federal agency to conduct an independent report on the agency's information collection practices, particularly regarding personal information of those individuals who browse Federal Web sites. The language was adopted as part of the conference report to the Consolidated Appropriations Act for Fiscal Year 2001 which was signed by the President on December 21, 2000.

*National Security Export Controls (Public Law 106-346 and Public Law 106-554)*

Given the Committee's jurisdiction over nonproliferation, which includes export controls on "dual-use" technologies—items that have both military and commercial application that can aid rogue states and others in the development of weapons of mass destruction and the means to deliver them—Chairman Thompson devel-

oped legislation that strengthened congressional oversight over U.S. export control policies. This legislation specifically sought to improve the exporting license process for high-performance computers by requiring the GAO to undertake an assessment of the national security implications of computer decontrol decisions. The language was included in the conference report for the Department of Transportation and related agencies for Fiscal Year 2001 and the conference report to the Consolidated Appropriations Act for Fiscal Year 2001, which was signed by the President on December 21, 2000.

*Sunset of Federal employee retirement contribution increase (Public Law 106-346)*

The Committee worked with the Committee on Appropriations to incorporate this provision in the conference report for the Department of Transportation and related agencies for Fiscal Year 2001 (section 505). Congress and the administration, as part of the deficit reduction budget package in 1997, increased Federal employee retirement contributions by 0.5 percent. This increase was scheduled to remain in effect until December 31, 2001. The conference report sunsets the increase, effective December 31, 2000.

*H.R. 207—Federal Physicians Comparability Act of 2000 (Public Law 106-571)*

H.R. 207 made permanent the authority to offer the Physicians Comparability Allowance to Federal physicians. This allowance is intended to help the Federal Government in its efforts to recruit and retain physicians. Further, the legislation permitted the allowance to be included as part of basic pay for Federal retirement calculations. H.R. 207 was introduced on January 6, 1999. It was approved by the House of Representatives under suspension of the rules on October 31, 2000. By request of Chairman Thompson, the bill, which was held at the desk, was approved by the Senate by unanimous consent on December 15, 2000 and signed by the President on December 28, 2000.

*H.R. 208—Legislation strengthening the operation of the Thrift Savings Plan for Federal employees (Public Law 106-361)*

The legislation encourages new incentives for employees to participate in the Thrift Savings Plan (TSP), thus encouraging savings for retirement. It permits newly hired Federal employees to begin making tax-advantaged contributions toward their own retirement earlier than under current law. Further, the bill allows employees to contribute “rollover” distributions from qualified 401(k) plans and IRAs to the TSP. This legislation will bolster the operations of the TSP and help the Federal Government in its effort to recruit and retain a qualified workforce.

H.R. 208 was received by the Senate on April 21, 1999 and referred to the Committee. The legislation was referred to the Subcommittee on International Security, Proliferation, and Federal Services from which it was reported by polling letter on May 13, 2000. No hearings were held.

On June 14, 2000, the Committee considered H.R. 208. Senator Akaka offered an amendment to strike section 3 of the bill and insert an alternative financing mechanism to offset the lost tax reve-

nues incurred as a result of immediate new employee participation in the TSP. Section 3 of the House-passed bill required agencies to increase their FERS contributions to the Civil Service Retirement Trust Fund by 0.01 percent to offset the costs of the bill. The Akaka amendment replaced this financing mechanism. This provision generates savings by allowing the Office of Personnel Management to recognize court orders to retain funds in the Civil Service Retirement Trust, which otherwise might be withdrawn or paid out in an annuity, during the pendency of a divorce or until a court resolves the divorce and property settlement issues before it. The amendment was adopted by voice vote.

On July 13, 2000, the Committee reported the bill (S. Rept. 106-343) to the Senate with an amendment. The bill, as amended, was passed by the Senate by unanimous consent. The House suspended the rules and agreed to the Senate amendments by voice vote on October 10, 2000. The legislation was signed by the President on October 27, 2000.

*H.R. 915—Legislation revising Federal law regarding the pay of administrative law judges (Public Law 106-97)*

This legislation sets six rates of basic pay within level AL-3, which may not be less than 65 percent of the rate of basic pay for level IV of the Executive Schedule. It limits the rate of basic pay for AL-1 to the rate for level IV of such Schedule. It also requires the basic pay rates for administrative law judges to be adjusted by an appropriate amount, as determined by the President, effective at the beginning of the first pay period commencing after General Schedule pay rates are adjusted.

H.R. 915 was introduced in the House March 2, 1999. The House Committee on Government Reform and Oversight approved the legislation, as amended, on October 18, 1999. It was passed by the House under a suspension of the rules on October 25, 1999. The legislation was received in the Senate on October 26, 1999 and referred to the Committee. No hearings were held. On November 3, 1999, the legislation was approved by the Committee without amendments. The Committee reported H.R. 915 to the Senate without a written report on November 4, 1999. On November 8, 1999, the legislation passed the Senate under unanimous consent. On November 12, 1999, the President signed the bill into law.

*H.R. 974—District of Columbia College Access Act of 1999 (Public Law 106-98)*

H.R. 974 allows District of Columbia high school graduates to have access to universities and colleges similar to that of students in the rest of the country. In other areas, students can choose from a network of State public colleges and universities and pay in-state tuition, but D.C. has only one such university. The Act pays the difference between in and out of State tuition to any public college or university a D.C. high school graduate is admitted. It also provides a stipend to those D.C. students who are admitted to a private college or university in the Washington, D.C. area to help cover the cost of tuition.

This legislation was introduced by Representative Thomas M. Davis (R-VA) on March 4, 1999, and on May 24, 1999, passed the House by voice vote under suspension of the rules.

On May 27, 2000, H.R. 974 was received in the Senate and referred to the Committee. On June 21, 1999, H.R. 974 was referred to the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia. The Subcommittee held a hearing regarding H.R. 974 and the Senate counterpart, S. 856, on June 24, 1999 (S. Hrg. 106–252).

S. 856, a different version of the bill, was introduced by Senator James M. Jeffords (R-VT) on April 21, 1999, and also referred to the Committee. The Subcommittee recommended favorable reporting of H.R. 974 by the full Committee on June 24, 1999.

On August 3, 1999, the Committee considered H.R. 974 and agreed to an amendment in the nature of a substitute offered by Subcommittee Chairman Voinovich. In addition, the Committee agreed to amendments to the substitute amendment offered by Senator Durbin, Ranking Member of the Subcommittee, and ordered H.R. 974 as amended to be favorably reported to the Senate. On September 9, 1999, the Committee reported H.R. 974 to the Senate. H.R. 974 was passed by the Senate by unanimous consent on October 19, 1999 with a floor amendment offered by Chairman Thompson. H.R. 974, as amended by the Senate, was sent to the House on October 20, 1999. On November 1, 1999, the House agreed to the Senate amendments by voice vote under suspension of the rules. H.R. 974 was signed into law by the President on November 12, 1999.

*H.R. 3069—Southeast Federal Center Public-Private Development Act of 2000 (Public Law 106–407)*

H.R. 3069 authorizes the General Services Administration to enter into certain agreements with private entities to help redevelop the Southeast Federal Center in Southeast Washington, D.C. The purpose of this authority is to redevelop a portion of the Southeast area of Washington, D.C. by encouraging business and commerce to locate in this area. This legislation was introduced in the House on October 13, 1999, and passed by the House by voice vote under suspension of the rules on May 8, 2000.

On May 9, 2000, H.R. 3069 was received in the Senate and referred to the Committee. On September 27, 2000, the Committee ordered H.R. 3069 to be favorably reported with technical amendments by voice vote. On October 2, 2000, the Committee reported H.R. 3069 to the Senate (S. Rept. 106–458). On October 11, 2000, the Senate passed H.R. 3069 with amendments. The House received H.R. 3069, as amended, on October 12, 2000. On October 17, 2000, the House agreed to the Senate amendments by voice vote under suspension of the rules. H.R. 3069 was signed by the President on November 1, 2000.

*H.R. 3995—District of Columbia Receivership Accountability Act of 2000 (Public Law 106–397)*

This legislation addresses serious management problems regarding receiverships in the District of Columbia. Over the previous 5 years, four D.C. agencies were placed under court-appointed receivers. These receiverships experienced serious management problems sometimes worse than the problems which led to the appointment of a receiver. H.R. 3995 establishes appropriate oversight and management for these receivers.

H.R. 3995 was introduced in the House on March 15, 2000, favorably reported with amendments by the Committee on Government Reform on June 12, 2000, and passed by the House as amended by voice vote under suspension of the rules.

On June 13, 2000, the Senate received H.R. 3995 and referred it to the Committee. On June 20, 2000, the Committee referred H.R. 3995 to the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia. Previously, on May 9, 2000, the Subcommittee held a hearing related to problems associated with the receiverships in the District of Columbia. On September 18, 2000, the Subcommittee recommended favorable reporting of H.R. 3995 to the Committee by unanimous consent. H.R. 3995 was ordered reported by the full Committee on September 27, 2000. On October 6, 2000, the Committee reported H.R. 3995 to the Senate (S. Rept. 106-493). The Senate passed H.R. 3995 by unanimous consent on October 12, 2000. H.R. 3995 was signed by the President on October 30, 2000.

*H.R. 4040/S. 2420—Long-Term Care Security Act and S. 1232, Federal Erroneous Retirement Coverage Corrections Act (Public Law 106-265)*

This legislation creates a long-term care insurance program for Federal civilian and military employees, retirees, and their families. Long-term care insurance can help Federal workers plan for the future and protect themselves from the financial risks associated with caring for oneself and family in the latter years of life. Employees will be responsible for paying 100 percent of the insurance premium, at no cost to the government. By virtue of the size of the group to be insured, premiums are expected to be up to 20 percent less than if employees purchased the insurance on their own. At Chairman Thompson's request, employees and retirees of the Tennessee Valley Authority were included in the legislation.

The legislation also included the provisions of S. 1232, legislation providing for the correction of Federal employees who, through no fault of their own, found themselves enrolled in the wrong Federal retirement system. This legislation provided long-awaited relief to Federal employees confronted with retirement coverage error through the establishment of a comprehensive legislative framework to address these errors. Many of these retirement coverage errors occurred between 1984, when the Civil Service Retirement System (CSRS) was closed to new entrants, and 1987, when the Federal Employees' Retirement System (FERS) was created. S. 1232 was introduced by Senator Cochran and Senator Akaka on June 17, 1999, and was referred to the Committee. On June 21, 1999, the bill was referred to the Subcommittee on International Security, Proliferation, and Federal Services. The Committee ordered S. 1232 reported favorably without amendment on August 3, 1999. A written report was filed on October 8, 1999 (S. Rept. 106-178). The bill was placed on the Senate legislative calendar on October 8, 1999, and passed the Senate with an amendment by unanimous consent on November 3, 1999. Major provisions of S. 1232 were included as part of S. 2420 as it was reported by the Committee.

H.R. 4040 was introduced in the House on March 21, 2000. The bill was ordered reported by the Committee on Government Reform

and Oversight on March 30, 2000, and on May 9, 2000, the House approved H.R. 4040 by voice vote under a suspension of the rules.

On May 10, 2000, the bill was received in the Senate and referred to the Committee. On July 25, 2000, the Committee was discharged by unanimous consent, and the bill was laid before the Senate. The Senate amended H.R. 4040 to include S. 2420, as amended, and passed H.R. 4040 on July 25, 2000. The House passed H.R. 4040, as amended, by voice vote under suspension of the rules, and the Senate then agreed to the House amendments to the Senate amendments by unanimous consent. The President signed the bill on September 19, 2000.

*H.R. 4110—National Historical Publications and Records Commission Authorization Act (Public Law 106-410)*

The Committee worked toward enactment of legislation to provide the National Historical Publications and Records Commission with the ability to provide archivists, historians, State and local governments, and non-Federal agencies and institutions with grants to work on vital American documents. The legislation includes an authorization in the amount of \$10 million over 4 years. The bill passed the House on July 24, 2000 and passed the Senate on October 19, 2000. It was signed by the President on November 1, 2000.

*H.R. 4542—To designate the Washington Opera in Washington, D.C., as the National Opera (Public Law 106-219)*

This legislation renames the Washington Opera in the District of Columbia as the National Opera.

H.R. 4542 was introduced in the House on May 25, 2000. On that same day, a companion bill, S. 2667 was introduced in the Senate by Senator Warner and referred to the Committee. On June 6, 2000, the House passed H.R. 4542 by voice vote under suspension of the rules. On June 7, 2000, H.R. 4542 was received in the Senate and passed by unanimous consent. On June 20, 2000, the President signed H.R. 4542 into law.

*H.R. 4931—Presidential Transition Act of 2000 (Public Law 106-293)*

This legislation is designed to help prepare newly elected Presidents and their appointees for service in the Executive Branch. Chairman Thompson, Ranking Minority Member Lieberman, and Senators Akaka, Collins, Durbin, Levin and Voinovich introduced S. 2705, the Presidential Transition Act of 2000, on June 8, 2000. H.R. 4931 was introduced by Representative Steve Horn (R-CA) on July 24, 2000. Both bills provide briefings and orientations for political appointees, create a “transitions” directory with important agency and administrative information, and require the Office of Government Ethics to report on burdensome disclosure requirements for appointees. The legislation amends the Presidential transition Act of 1963.

S. 2705 was reported by the Committee on July 18, 2000 (S. Rept. 106-348). On September 13, 2000, the House adopted the language of S. 2705 as H.R. 4931. On September 28, 2000, the Senate passed H.R. 4931 by unanimous consent. It was signed by the President on October 12, 2000.

*Private Relief/Civil Service*

*H.R. 660—For the private relief of Ruth Hairston by waiver of a filing deadline for appeal from a ruling relating to her application for a survivor annuity (Private Law 106–9)*

This legislation grants private relief to Ruth Hairston by waiving a 30-day statutory deadline to allow Ms. Hairston to petition the U.S. Court of Appeals to review the decision of the Merit Systems Protection Board decision denying her a survivor annuity.

H.R. 660 was introduced in the House on February 9, 1999, and passed by the House without objection July 20, 1999.

On July 21, 1999, H.R. 660 was received in the Senate and referred to the Committee. H.R. 660 was referred to the Subcommittee on International Security, Proliferation, and Federal Services on July 30, 1999. On October 13, 1999, Senator Dianne Feinstein (D-CA) introduced an identical bill, S. 1720. S. 1720 also was referred to the Committee and then to the Subcommittee on November 7, 1999. On October 27, 2000, the Senate discharged the Committee and passed H.R. 660 by unanimous consent. H.R. 660 was signed by the President on November 9, 2000.

*Postal Naming Bills*

S. 1295, a bill to designate the United States Post Office located at 3813 Main Street in East Chicago, Indiana, as the “Lance Corporal Harold Gomez Post Office” (Public Law 106–289).

S. 3194, a bill to designate the facility of the United States Postal Service located at 431 George Street in Millersville, Pennsylvania, as the “Robert S. Walker Post Office” (Public Law 106–535).

H.R. 100, a bill to establish designations for United States Postal Service buildings in Philadelphia, Pennsylvania (Public Law 106–111).

H.R. 197, a bill to designate the facility of the United States Postal Service at 410 North 6th Street in Garden City, Kansas, as the “Clifford R. Hope Post Office” (Public Law 106–112).

H.R. 642, a bill to redesignate the Federal building located at 701 South Santa Fe Avenue in Compton, California, and known as the Compton Main Post Office, as the “Mervyn Malcolm Dymally Post Office Building” (Public Law 106–231).

H.R. 643, a bill to redesignate the Federal building located at 10301 South Compton Avenue, in Los Angeles, California, and known as the Watts Finance Office, as the “Augustus F. Hawkins Post Office Building” (Public Law 106–232).

H.R. 1191, a bill to designate certain facilities of the United States Postal Service in Chicago, Illinois (Public Law 106–123).

H.R. 1251, a bill to designate the United States Postal Service building located at 8850 South 700 East, Sandy, Utah, as the “Noal Cushing Bateman Post Office Building” (Public Law 106–124).

H.R. 1327, a bill to designate the United States Postal Service building located at 34480 Highway 101 South in Cloverdale, Oregon, as the “Maurine B. Neuberger United States Post Office” (Public Law 106–125).

H.R. 1374, a bill to designate the United States Post Office building located at 680 U.S. Highway 130 in Hamilton, New Jersey, as the “John K. Rafferty Hamilton Post Office Building” (Public Law 106–183).

H.R. 1377, a bill to designate the facility of the United States Postal Service located at 9308 South Chicago Avenue, Chicago, Illinois, as the “John J. Buchanan Post Office Building” (Public Law 106–209).

H.R. 1666, a bill to designate the facility of the United States Postal Service at 200 East Pinckney Street in Madison, Florida, as the “Captain Colin P. Kelly, Jr. Post Office” (Public Law 106–233).

H.R. 2302, a bill to designate the building of the United States Postal Service located at 307 Main Street in Johnson City, New York, as the “James W. McCabe, Sr. Post Office Building” (Public Law 106–315).

H.R. 2307, a bill to designate the building of the United States Postal Service located at 5 Cedar Street in Hopkinton, Massachusetts, as the “Thomas J. Brown Post Office Building” (Public Law 106–234).

H.R. 2357, a bill to designate the United States Post Office located at 3675 Warrensville Center Road in Shaker Heights, Ohio, as the “Louise Stokes Post Office” (Public Law 106–235).

H.R. 2460, a bill to designate the United States Post Office located at 125 Border Avenue West in Wiggins, Mississippi, as the “Jay Hanna ‘Dizzy’ Dean Post Office” (Public Law 106–236).

H.R. 2591, a bill to designate the United States Post Office located at 713 Elm Street in Wakefield, Kansas, as the “William H. Avery Post Office” (Public Law 106–237).

H.R. 2938, a bill to designate the facility of the United States Postal Service located at 424 South Michigan Street in South Bend, Indiana, as the “John Brademas Post Office” (Public Law 106–320).

H.R. 3018, a bill to designate certain facilities of the United States Postal Service in South Carolina (Public Law 106–239).

H.R. 3030, a bill to designate the facility of the United States Postal Service located at 757 Warren Road in Ithaca, New York, as the “Matthew F. McHugh Post Office” (Public Law 106–321).

H.R. 3189, a bill to designate the United States post office located at 14071 Peyton Drive in Chino Hills, California, as the “Joseph Iletto Post Office” (Public Law 106–184).

H.R. 3454, a bill to designate the United States post office located at 451 College Street in Macon, Georgia, as the “Henry McNeal Turner Post Office” (Public Law 106–322).

H.R. 3701, a bill to designate the facility of the United States Postal Service located at 3118 Washington Boulevard in Arlington, Virginia, as the “Joseph L. Fisher Post Office Building” (Public Law 106–241).

H.R. 3909, a bill to designate the facility of the United States Postal Service located at 4601 South Cottage Grove Avenue in Chicago, Illinois, as the “Henry W. McGee Post Office Building” (Public Law 106–325).

H.R. 3985, a bill to designate the facility of the United States Postal Service located at 14900 Southwest 30th Street in Miramar City, Florida, as the “Vicki Coceano Post Office Building” (Public Law 106–326).

H.R. 4157, a bill to designate the facility of the United States Postal Service located at 600 Lincoln Avenue in Pasadena, California, as the “Matthew ‘Mack’ Robinson Post Office Building” (Public Law 106–327).

H.R. 4169, a bill to designate the facility of the United States Postal Service located at 2000 Vassar Street in Reno, Nevada, as the “Barbara F. Vucanovich Post Office Building” (Public Law 106–328).

H.R. 4241, a bill to designate the facility of the United States Postal Service located at 1818 Milton Avenue in Janesville, Wisconsin, as the “Les Aspin Post Office Building” (Public Law 106–242).

H.R. 4315, a bill to designate the facility of the United States Postal Service located at 3695 Green Road in Beachwood, Ohio, as the “Larry Small Post Office Building” (Public Law 106–436).

H.R. 4447, a bill to designate the facility of the United States Postal Service located at 919 West 34th Street in Baltimore, Maryland, as the “Samuel H. Lacy, Sr. Post Office Building” (Public Law 106–333).

H.R. 4448, a bill to designate the facility of the United States Postal Service located at 3500 Dolfield Avenue in Baltimore, Maryland, as the “Judge Robert Bernard Watts, Sr. Post Office Building” (Public Law 106–334).

H.R. 4449, a bill to designate the facility of the United States Postal Service located at 1908 North Ellamont Street in Baltimore, Maryland, as the “Dr. Flossie McClain Dedmond Post Office Building” (Public Law 106–335).

H.R. 4450, a bill to designate the facility of the United States Postal Service located at 900 East Fayette Street in Baltimore, Maryland, as the “Judge Harry Augustus Cole Post Office Building” (Public Law 106–438).

H.R. 4451, a bill to designate the facility of the United States Postal Service located at 1001 Frederick Road in Baltimore, Maryland, as the “Frederick L. Dewberry, Jr. Post Office Building” (Public Law 106–439).

H.R. 4484, a bill to designate the facility of the United States Postal Service located at 500 North Washington Street in Rockville, Maryland, as the “Everett Alvarez, Jr. Post Office Building” (Public Law 106–336).

H.R. 4517, a bill to designate the facility of the United States Postal Service located at 24 Tsienneto Road in Derry, New Hampshire, as the “Alan B. Shepard, Jr. Post Office Building” (Public Law 106–337).

H.R. 4534, a bill to designate the facility of the United States Postal Service located at 114 Ridge Street in Lenoir, North Carolina, as the “James T. Broyhill Post Office Building” (Public Law 106–338).

H.R. 4554, a bill to redesignate the facility of the United States Postal Service located at 1602 Frankford Avenue in Philadelphia, Pennsylvania, as the “Joseph F. Smith Post Office Building” (Public Law 106–339).

H.R. 4615, a bill to redesignate the facility of the United States Postal Service located at 3030 Meredith Avenue in Omaha, Nebraska, as the “Reverend J.C. Wade Post Office” (Public Law 106–340).

H.R. 4625, a bill to designate the facility of the United States Postal Service located at 2108 East 38th Street in Erie, Pennsylvania, as the “Gertrude A. Barber Post Office Building” (Public Law 106–440).

H.R. 4658, a bill to designate the facility of the United States Postal Service located at 301 Green Street in Fayetteville, North Carolina, as the “J.L. Dawkins Post Office Building” (Public Law 106–341).

H.R. 4786, a bill to designate the facility of the United States Postal Service located at 110 Postal Way in Carrollton, Georgia, as the “Samuel P. Roberts Post Office Building” (Public Law 106–441).

H.R. 4831, a bill to redesignate the facility of the United States Postal Service located at 2339 North California Street in Chicago, Illinois, as the “Roberto Clemente Post Office” (Public Law 106–452).

H.R. 4884, a bill to redesignate the facility of the United States Postal Service located at 200 West 2nd Street in Royal Oak, Michigan, as the “William S. Broomfield Post Office Building” (Public Law 106–342).

H.R. 4975, a bill to designate the post office and courthouse located at 2 Federal Square, Newark, New Jersey, as the “Frank R. Lautenberg Post Office and Courthouse” (Public Law 106–347).

H.R. 5210, a bill to designate the facility of the United States Postal Service located at 200 South George Street in York, Pennsylvania, as the “George Atlee Goodling Post Office Building” (Public Law 106–556).

H.R. 5229, a bill to designate the facility of the United States Postal Service located at 219 South Church Street in Odum, Georgia, as the “Ruth Harris Coleman Post Office” (Public Law 106–454).

MEASURES FAVORABLY REPORTED BY COMMITTEE AND PASSED BY  
THE SENATE

*S. 1503—Office of Government Ethics Authorization Act of 1999*

This bill would reauthorize the Office of Government Ethics (OGE) for Fiscal Years 2000 through 2003. The OGE is an independent agency charged with directing Executive Branch polices to prevent conflicts of interests on the part of Federal officers and employees.

S. 1503 was introduced by Chairman Thompson and Ranking Minority Member Lieberman on August 5, 1999, and referred to the Committee. No hearings were held on the legislation. On November 3, 1999, S. 1503 was ordered to be reported by the Committee by voice vote, and a written report was filed on November 5, 1999 (S. Rept. 106–216). The bill was then approved by the Senate on November 19, 1999, by unanimous consent.

*H.R. 858—District of Columbia Court Employees Act of 1999*

This bill provides certain whistleblower protections for employees of the District of Columbia courts. Although these protections are important, the original House version raised serious concerns about local separation of powers issues and the setting of precedent as it relates to the Judicial Branch. The Committee negotiated compromise language to allow an appropriate level of whistleblower protection while still being sensitive to the special interests of the judiciary.

H.R. 858 was introduced by Representative Davis (R-VA) on February 25, 1999, and ordered to be favorably reported by voice vote by Committee on Government Reform on March 10, 1999. On

March 16, 1999, the House passed H.R. 858 by voice vote under suspension of the rules.

On March 17, 1999, H.R. 858 was received in the Senate and referred to the Committee. On April 12, 1999, H.R. 858 was referred to the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia. On May 19, 1999, the Subcommittee agreed unanimously to an amendment offered by Senator Voinovich, Chairman of the Subcommittee, and recommended favorable reporting of H.R. 858 as amended. On May 20, 1999, the Committee ordered favorably reported H.R. 858 with the Voinovich amendment. On September 30, 1999, the Committee reported H.R. 858 as amended to the Senate. On October 8, 1999, the Senate passed H.R. 858 as amended along with a floor amendment by unanimous consent. On October 12, 1999, the House received message of the Senate amendments.

#### SELECTED MEASURES CONSIDERED BY THE COMMITTEE

##### *S. 92—Biennial Budgeting and Appropriations Act*

This legislation converts the current annual budgeting and appropriations process into a 2-year, or biennial, cycle. The legislation is intended to enhance congressional oversight of agency operations by reserving the first year of a Congress for appropriations and budget-related bills, and the second year of the Congress for authorization legislation and agency oversight.

Senator Domenici, Chairman Thompson and Ranking Minority Member Lieberman introduced S. 92 on January 19, 1999. The bill was referred jointly to the Committee and the Committee on Budget. The Committees held a joint hearing (S. Hrg. 106-24) on January 27, 1999. S. 92 was reported with an amendment in the nature of a substitute favorably on March 4, 1999. The Committee reported the bill to the Senate with an amendment in the nature of a substitute on March 10, 1999 (S. Rept. 106-12).

##### *S. 557—To Provide Guidance for the Designation of Emergencies as a Part of the Budget Process*

Under the Balanced Budget and Emergency Deficit Control Act, the President and Congress can designate certain spending or revenue changes as an “emergency,” thereby exempting them from the limits on discretionary spending and the pay-as-you-go rules for legislation affecting mandatory spending programs. To address this, S. 557 provides a point of order in the Senate against any provision in any legislation that is designated as an emergency. If the point of order is raised and sustained against a provision designated as an emergency, then that provision would be stricken from the legislation. The point of order can be waived in the Senate by an affirmative vote of a simple majority.

On March 8, 1999, S. 557 was ordered reported by voice vote as an original bill from the Committee. On March 8, 1999, it was filed with the Senate. On March 15, 1999, a written report, with Additional views, was filed (S. Rept. 106-14). S. 557 was the legislative vehicle for a series of votes on the Social Security lockbox.

*S. 558—Government Shutdown Prevention Act*

When Congress and the President fail to reach timely agreement on the annual appropriations bills, Federal Government activities dependent on such funding are threatened with being shutdown for lack of funding. To address this, S. 558 provides for an automatic appropriation (in the form of a continuing resolution) to fund government operations, thereby eliminating the threat of a government shutdown. Enactment of S. 558 would ensure that agencies continue to receive funding at the level of the previous year's appropriation or the amount contained in the President's budget request.

On March 4, 1999, S. 558 was ordered to be reported as an original bill from the Committee by a vote of 6 yeas and 4 nays and was filed with the Senate on March 8, 1999. On March 16, 1999, a written report, with Minority views, was filed (S. Rept. 106–15).

*S. 712—Look, Listen, and Live Stamp Act*

The purpose of S. 712 is to direct the United States Postal Service to establish a specially-issued postage stamp to allow postal patrons the opportunity to contribute to funding for highway-rail grade crossing safety through the voluntary purchase of these stamps.

S. 712 was introduced on March 24, 1999 by Senators Trent Lott (R-MS), Kay Bailey Hutchison (R-TX), John B. Breaux (R-LA), and Ron Wyden (D-OR), and referred to the Committee. On April 2, 1999, the bill was referred to the Subcommittee on International Security, Proliferation, and Federal Services. On May 10, 1999, the Subcommittee reported S. 712 to the Committee by polling letter. On May 20, 1999, the Committee ordered S. 712 to be favorably reported without amendment. On July 8, 1999, a written report, with Minority views, was filed (S. Rept. 106–104).

*S. 746—Regulatory Improvement Act of 1999*

S. 746, the Regulatory Improvement Act, would increase government accountability by requiring agencies to issue regulatory analyses for major rules. The regulatory analyses would include: (1) cost-benefit analyses examining regulatory alternatives; (2) risk assessments; and (3) scientific information on substitution risks to health, safety, or the environment.

S. 746 was introduced on March 25, 1999, by Senator Levin, Chairman Thompson, and Senators Spencer Abraham (D-MI), Breaux, Cochran, Senator Tom Daschle (D-SD), Senator Mike Enzi (R-WY), Senator Bill Frist (R-TN), Senator Rod Grams (R-MN), Senator Chuck Grassley (R-IA), Senator Blanche L. Lincoln (R-AR), Senator Daniel Patrick Moynihan (D-NY), Senator Chuck Robb (D-VA), Senator John D. Rockefeller IV (D-WV), and Senators Roth, Stevens, and Voinovich. The Committee held a hearing on S. 746 on April 21, 1999 (S. Hrg. 106–179), and ordered the bill reported favorably to the Senate on May 20, 1999. The Committee reported S. 746 to the Senate on July 20, 1999 (S. Rept. 106–110).

*S. 870—Inspector General Act Amendments of 2000*

S. 870 would amend the Inspector General Act to: (i) convert semi-annual reports to Congress to annual reports; (ii) establish an outside review of management practices for inspectors general; (iii)

provide a pay increase for presidentially-appointed inspectors general; (iv) prohibit IGs from receiving cash bonuses or awards; and (v) call for a GAO study into possible consolidation of IGs for Designated Federal Entities. The Committee reported S. 870 to the Senate on October 27, 2000 (S. Rept. 106–510). On December 14, 2000, S. 870, as amended, passed the Senate by unanimous consent.

*S. 1214—Federalism Accountability Act of 1999*

S. 1214, the Federalism Accountability Act of 1999, would require the report accompanying any public bill or joint resolution from a Senate or House committee or conference report to contain an explicit statement on the extent to which the bill or resolution preempts State or local government law and the reasons for such preemption. The Act would also establish a rule of construction providing that courts would not construe a statute or regulation to preempt State or local law unless the statute or regulation explicitly stated that such preemption was intended or unless there was a direct conflict with State or local law.

S. 1214 was introduced on June 10, 1999, by Chairman Thompson and Senators Breaux, Enzi, Lincoln, Roth, Voinovich, Bayh, Cochran, Levin, and Robb. On July 14, 1999, the Committee held a hearing on the bill (S. Hrg. 106–196). On August 3, 1999, the Committee ordered S. 1214 to be reported favorably to the Senate. The Committee reported S. 1214 to the Senate on September 16, 1999 with Minority views. (S. Rept. 106–159).

*S. 1564—Federal Courts Budget Protection Act*

S. 1564 is intended to allow the Judiciary to communicate directly to Congress its budget and courthouse funding requests. Past Presidential budget submissions have attempted to transfer funding requested by the Judiciary for operations and courthouse construction to Executive branch programs. This bill prohibits the President from including in the budget submission a “negative allowance” or any other device designed to reduce the Judicial Branch budget request. Also, S. 1564 directs the Judiciary to include in its own budget request funds for courthouse construction, acquisition, and repairs.

On August 5, 1999, S. 1564 was introduced in the Senate by Senators Cochran, Stevens, Roth and Collins. On June 14, 2000, the Committee considered S. 1564. Senator Cochran offered an amendment in the nature of a substitute, which was approved by voice vote. The bill, as amended, was ordered to be favorably reported by voice vote. On August 25, 2000, the Committee reported S. 1564 favorably with an amendment in the nature of a substitute (S. Rept. 106–379).

*S. 3030—To provide for Executive Agencies to conduct annual recovery audits and recovery activities*

Each year, the Federal Government spends hundreds of billions of dollars for a variety of grants, transfer payments, and the procurement of goods and services. The Federal Government must be accountable for how it spends these funds and for safeguarding against improper payments. The risk of improper payments and the government’s inability to prevent them are significant prob-

lems. S. 3030 is intended to begin to address the recovery of the tens of billions of dollars in improper payments. S. 3030 requires Federal agencies to perform recovery audits if their direct purchases for goods and services total \$500 million or more per fiscal year. Agencies that must undertake recovery auditing also would be required to institute a management improvement program to address underlying problems of their payment systems.

S. 3030 was introduced by Chairman Thompson on September 12, 2000, and referred to the Committee. On September 27, 2000, the Committee considered S. 3030. Chairman Thompson recognized that some issues still remained open and committed to working with the Committee to resolve them prior to bringing S. 3030 up for consideration by the full Senate. The Committee ordered S. 3030 reported without amendment favorably to the full Senate by voice vote. On October 12, 2000, the Committee reported S. 3030 favorably with Additional views (S. Rept. 106–502).

*S. 3144—To provide statutory law enforcement authority to certain Federal inspectors general*

Criminal investigators for the 23 Offices of Inspector General have been exercising law enforcement authorities for many years under designations as Special Deputy U.S. Marshals. Beginning in the mid-1980's, the Department of Justice approved these deputations on a case-by-case basis. However, as the role of IGs has evolved, the need for such appointments was so consistent and the volume of requests so large that "blanket" deputations evolved. Since 1995, virtually all criminal investigators in the offices of the 23 covered IGs have exercised law enforcement authorities in cases under office-wide deputations. These deputations are renewed biannually. The blanket deputation process, however, has some drawbacks. Specifically, it has become a burden on the U.S. Marshals Service, there is a lack of sufficient oversight, and there is a constant threat of gaps in the deputation process at the time of renewal.

Chairman Thompson introduced S. 3144 on October 2, 2000 to provide permanent statutory law enforcement authority for those IGs already covered by blanket deputations. The Attorney General would be charged under the bill with overseeing the authority and could remove it should the need for it in any given agency cease. The Committee reported S. 3144 to the Senate on October 10, 2000 (S. Rept. 106–470).

#### VIII. PRESIDENTIAL NOMINATIONS

During the 106th Congress, the Committee received a total of 41 Presidential nominations. The following 17 were favorably reported by the Committee and confirmed by the Senate:

Anna Blackburne-Rigsby, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years. (Hearing held on May 10, 2000)

Amy L. Comstock, of Maryland, to be Director of the Office of Government Ethics for a term of 5 years. (Hearing held on May 12, 2000)

LeGree Sylvia Daniels, of Pennsylvania, to be a Governor of the United States Postal Service for a term expiring December 8, 2007. (Hearing held on October 21, 1999)

Earl E. Devaney, of Massachusetts, to be Inspector General, Department of the Interior.

Gerald Fisher, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years. (Hearing held on September 13, 2000)

Joshua Gotbaum, of New York, to be Controller, Office of Federal Financial Management, Office of Management and Budget. (Hearing held on October 28, 1999)

Stephen H. Glickman, of the District of Columbia, to be an Associate Judge of the District of Columbia Court of Appeals for the term of fifteen years (Hearing held on April 20, 1999)

John Ramsey Johnson, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years. (Hearing held on September 13, 2000)

Alan Craig Kessler, of Pennsylvania, to be a Governor of the United States Postal Service for a term expiring December 8, 2008. (Hearing held on March 30, 2000)

Thomas J. Motley, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years. (Hearing held on May 10, 2000)

John McAdam Mott, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years. (Hearing held on May 10, 2000)

George A. Omas, of Mississippi, to be a Commissioner of the Postal Rate Commission for a term expiring October 14, 2006. (Hearing held on September 19, 2000)

Carol Waller Pope, of the District of Columbia, to be a Member of the Federal Labor Relations Authority for a term expiring July 1, 2004. (Hearing held on March 30, 2000)

Hiram E. Puig-Lugo, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years. (Hearing held on April 20, 1999)

John T. Spotila, of New Jersey, to be Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget. (Hearing held on April 29, 1999)

John F. Walsh, of Connecticut, to be a Governor of the United States Postal Service for a term expiring December 8, 2006. (Hearing held on October 21, 1999)

Eric T. Washington, of the District of Columbia, to be an Associate Judge of the District of Columbia Court of Appeals for the term of fifteen years. (Hearing held on April 20, 1999)

There were 11 nominations in which the Committee was discharged with the concurrence of the Committee and the nominations confirmed by the Senate. Eight of these 11 nominations are for Inspectors General which, according to a Standing Order of the Senate, are sequentially referred to the Committee and the Committee is subsequently discharged after 20 days:

Glenn A. Fine, of Maryland, to be Inspector General, Department of Justice.

Thomas A. Fink, of Alaska, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring October 11, 2003. (Reappointment)

Phyllis K. Fong, of Maryland, to be Inspector General, Small Business Administration.

Johnnie E. Frazier, of Maryland, to be Inspector General, Department of Commerce.

Don Harrell, of New York, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring September 25, 2002.

Gordon S. Heddell, of Virginia, to be Inspector General, Department of Labor.

James G. Huse, Jr., of Maryland, to be Inspector General, Social Security Administration.

Lorraine Pratte Lewis, of the District of Columbia, to be Inspector General, Department of Education.

Everett L. Mosley, of Virginia, to be Inspector General, Agency for International Development.

Jeffrey Rush, Jr., of Virginia, to be Inspector General, Department of the Treasury.

David C. Williams, of Maryland, to be Inspector General for Tax Administration, Department of the Treasury.

There were two nominations either reported out by the Committee or discharged with the concurrence of the Committee which were not acted upon by the Senate:

Sally Katzen, of the District of Columbia, to be Deputy Director for Management, Office of Management and Budget. (Hearing held on September 15, 1999)

Donald Mancuso, of Virginia, to be Inspector General, Department of Defense.

There were two nominations which were officially withdrawn by the President:

G. Edward DeSeve, of Pennsylvania, to be Deputy Director for Management, Office of Management and Budget.

Myrta K. Sale, of Maryland, to be Controller, Office of Federal Financial Management, Office of Management and Budget.

There was one nomination which was not acted upon by the Committee because notice was given by the President with his intent to withdraw the nomination:

Denis J. Hauptly, of Minnesota, to be Chairman of the Special Panel on Appeals for a term of 6 years.

There were eight nominations not acted upon by the Committee:

James H. Atkins, of Arkansas, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring September 25, 2004. (Reappointment)

Bonnie Prouty Castrey, of California, to be a Member of the Federal Labor Relations Authority for the term of 5 years expiring July 1, 2005.

Andrew Fois, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for a term of fifteen years.

Sheryl R. Marshall, of Massachusetts, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring October 11, 2002. (Reappointment)

Tamar Meekins, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years.

Barbara J. Sapin, of Maryland, to be a Member of the Merit Systems Protection Board for the term of 7 years expiring March 1, 2007.

Beth Susan Slavet, of Massachusetts, to be Chairman of the Merit Systems Protection Board.

John Train, of New York, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring October 11, 2003.

IX. ACTIVITIES OF THE SUBCOMMITTEES  
INTERNATIONAL SECURITY, PROLIFERATION, AND  
FEDERAL SERVICES SUBCOMMITTEE

CHAIRMAN: THAD COCHRAN

RANKING MINORITY MEMBER: DANIEL K. AKAKA

I. HEARINGS

The Subcommittee on International Security, Proliferation, and Federal Services held the following hearings during the 106th Congress:

*The Future of the ABM Treaty (April 28, 1999).*

The Subcommittee held a hearing to examine the ways in which the terms of the 1972 Anti-Ballistic Missile Treaty conflict with plans for a National Missile Defense system and the prospects for resolving those conflicts.

*Witnesses:* Dr. Jeane J. Kirkpatrick, Former U.S. Ambassador to the United Nations, Professor of Government at Georgetown University and Senior Fellow at the American Enterprise Institute; John Rhinelander, Senior Counsel at Shaw, Pittman and Former Legal Advisor to the SALT I Delegation; and Ambassador Robert G. Joseph, Director of the Center for Counter Proliferation Research at the National Defense University and Former U.S. Commissioner to the Standing Consultative Commission.

*The Report of the House Select Committee on U.S. National Security and Military Commercial Concerns with the People's Republic of China (May 26, 1999).*

The Subcommittee held a hearing to examine the findings of the House report on threats to U.S. national security posed by Chinese advances in military and commercial sectors.

*Witnesses:* Representative Chris Cox (R-CA), Chairman, Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China; and Representative Norman Dicks (D-WA), Ranking Member, Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China.

*Has the Russian Space Launch Quota Achieved Its Purpose? (July 21, 1999).*

The Subcommittee held a hearing to explore the goals and implementation of the Space Launch Quota.

*Witnesses:* Will Trafton, President, Lockheed Martin International Launch Services; Catherine Novelli, Assistant U.S. Trade Representative for Europe and the Mediterranean; Walt Slocombe, Under Secretary for Policy, Department of Defense; and John D. Holum, Senior Advisor for Arms Control and International Security, Department of State.

*The Annual Report of the Postmaster General (September 16, 1999).*

The Subcommittee held a hearing to examine points of interest in the Postmaster's Annual Report.

*Witness:* Hon. William J. Henderson, Postmaster General, U.S. Postal Service.

*Guidelines for the Relocation, Closing, Consolidation or Construction of Post Offices (October 7, 1999).*

The Subcommittee held a hearing to explore the change of status of post offices across the United States.

*Witnesses:* Hon. James M. Jeffords, U.S. Senator; Hon. Max Baucus, U.S. Senator; Rudolph Umscheld, Vice President of Facilities, U.S. Postal Service, accompanied by Fred Hintenach, U.S. Postal Service; Howard Foust, President, National Association of Postmasters of the United States, Retired; Richard Moe, President, National Trust for Historic Preservation; and Hon. Edward J. Derwinski, Legislative Consultant, National League of Postmasters.

*The National Intelligence Estimate on the Ballistic Missile Threat to the United States (February 9, 2000).*

The Subcommittee held a hearing to examine the findings of the intelligence community's study of the ballistic missile threat to the United States.

*Witnesses:* Robert Walpole, National Intelligence Officer for Strategic and Nuclear Programs; Dr. William Schneider, Jr., Adjunct Fellow at the Hudson Institute; and Joseph Cirincione, Director of the Non-Proliferation Project at the Carnegie Endowment for International Peace.

*Long-Term Care Insurance for Federal Employees (May 16, 2000).*

The Subcommittee held a hearing to examine legislative proposals to establish a long-term care insurance program for Federal employees, members of the uniformed services, and both civilian and military retirees.

*Witnesses:* Hon. Charles E. Grassley, U.S. Senator; Hon. Barbara A. Mikulski, U.S. Senator; and Hon. Janice Lachance, Director, U.S. Office of Personnel Management.

*The Issuance of Semipostal Stamps by the U.S. Postal Service (May 25, 2000).*

The Subcommittee held a hearing to receive testimony regarding the issuance of semipostal stamps by the U.S. Post Office and to examine and evaluate the results of the Breast Cancer Research stamp program.

*Witnesses:* Hon. Mike DeWine, U.S. Senator; Hon. Dianne Feinstein, U.S. Senator; Deborah Willhite, Senior Vice President, Government Relations and Public Policy, U.S. Postal Service; and Bernard Ungar, Director, Government Business Operations Issues, U.S. General Accounting Office.

*The Annual Report of the Postmaster General (July 13, 2000).*

The Subcommittee held a hearing to receive testimony regarding the activities of the Postal Service in the preceding year.

*Witnesses:* Hon. William J. Henderson, Postmaster General.

*E-Commerce Activities of the U.S. Postal Service (September 7, 2000).*

The Subcommittee held a hearing to explore the proposed activities of the Postal Service in the area of e-commerce.

*Witnesses:* Hon. Charles E. Grassley, U.S. Senator; Hon. Barbara A. Mikulski, U.S. Senator; and Hon. Janice Lachance, Director, U.S. Office of Personnel Management.

*The State of Foreign Language Capabilities in National Security and the Federal Government—Part I (September 14, 2000).*

The Subcommittee held a hearing to examine the current issues relating to the need and resources surrounding demand for foreign language capability by the Federal Government.

*Witnesses:* Ellen Laipson, Vice Chairman, National Intelligence Council; Ruth Whiteside, Deputy Director, National Foreign Affairs Training Center, Department of State; Christopher Mellon, Deputy Assistant Secretary of Defense for Intelligence; and David E. Alba, Assistant Director, Investigative Services Division, FBI.

*The State of Foreign Language Capabilities in National Security and the Federal Government—Part II (September 19, 2000).*

The Subcommittee held a hearing to examine the current issues relating to the need and resources surrounding demand for foreign language capability by the Federal Government.

*Witnesses:* Hon. Richard W. Riley, Secretary of the Department of Education; Dr. Robert Slater, Director of the National Security Education Program; Dr. Dan Davidson, President of the American Councils for International Education; Martha Abbot, Foreign Language Coordinator for Fairfax County Public Schools; and Dr. Frances McLean Coleman, Teacher/Technology Coordinator for Ackerman High School and Weir Attendance Center.

*Iran's Ballistic Missile and Weapons of Mass Destruction Programs (September 21, 2000).*

The Subcommittee held a hearing to explore the emerging threat of Iran's strategic weapons programs.

*Witnesses:* Robert Walpole, National Intelligence Officer for Strategic and Nuclear Programs; A. Norman Schindler, Deputy Director of the Nonproliferation Center; Dr. Stephen Cambone, Staff Director of the Space Commission; and Michael Eisenstadt, Senior Fellow at the Washington Institute for Near East Policy.

## II. LEGISLATION

The following is a list of the measures that were considered by the Subcommittee on International Security, Proliferation, and Federal Services and became public laws:

S. 335, a bill to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to games of chance, administrative procedures, orders, and civil penalties relating to such matter (Public Law 106-168).

S. 1232, the Federal Retirement Coverage Corrections Act, to provide for the correction of retirement coverage errors under chapters 83 and 84 of title 5, United States Code (incorporated into H.R. 4040, Public Law 106-265).

S. 1295, a bill designating a U.S. Post Office in East Chicago, Illinois, as the “Lance Corporal Harold Gomez Post Office” (Public Law 106–289).

S. 1334, the Organ Donor Leave Act, to amend title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor (as H.R. 457, Public Law 106–56).

S. 1441, to amend chapters 83 and 84 of title 5, United States Code, to modify employee contributions to the Civil Service Retirement System and the Federal Employees Retirement System to the percentages in effect before the statutory temporary increase in calendar year 1999 (incorporated into H.R. 4475, fiscal year 2001 Department of Transportation and Related Agencies Appropriations Act, Public Law 106–346).

S. 1498, to amend chapter 55 of title 5, United States Code, to authorize equal overtime pay provisions for all Federal employees engaged in wildland fire suppression operations (incorporated into the Consolidated Appropriations Act 2001, Public Law 106–554).

S. 1688, the Health Benefits Children’s Act, to allow Federal Government agencies to enroll an employee and his or her family in the Federal Employees Health Benefits Program when a State court orders the employee to provide health insurance for a child of the employee but the employee fails to provide the coverage (as H.R. 2842, Public Law 106–394).

S. 1846, a bill designating a Federal building in Los Angeles, California, as the “Augustus F. Hawkins Post Office Building” (as H.R. 643, Public Law 106–232).

S. 1847, a bill designating a Federal building in Compton, California, as the “Mervyn Malcolm Dymally Post Office Building” (as H.R. 642, Public Law 106–231).

S. 1884, a bill designating a Post Office building in Hopkinton, Massachusetts, as the “Thomas J. Brown Post Office Building” (as H.R. 2307, Public Law 106–234).

S. 1964, a bill designating a Post Office building in Chino Hills, California, as the “Joseph Iletto Post Office” (as H.R. 3189, Public Law 106–184).

S. 2234, a bill designating a Post Office building in Merrifield, Virginia, as the “Joel T. Broyhill Postal Building” (as H.R. 3699, Public Law 106–240); and also designating a Post Office building in Arlington, Virginia, as the “Joseph L. Fisher Post Office Building” (as H.R. 3701, Public Law 106–241).

S. 2303, a bill designating a Post Office building in Miramar City, Florida, as the “Vicki Coceano Post Office Building” (as H.R. 3985, Public Law 106–326).

S. 2386, the “Breast Cancer Research Stamp Reauthorization Act of 2000,” to extend the Stamp Out Breast Cancer Act, and the sale of the semipostal stamp (as H.R. 4437, “Semipostal Authorization Act,” Public Law 106–253).

S. 2404, to amend chapter 75 of title 5, United States Code, to provide that any Federal law enforcement officer who is convicted of a felony shall be terminated from employment (incorporated into the Consolidated Appropriations Act 2001, Public Law 106–554).

S. 2420, the Long-Term Care Security Act, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees, members of the uniformed services, and civilian and military retirees (incorporated into H.R.4040, Public Law 106-265).

S. 2458, a bill designating a Post Office building in Janesville, Wisconsin, as the "Les Aspin Post Office Building" (as H.R. 4241, Public Law 106-242).

S. 2620, a bill designating a Post Office building in Reno, Nevada, as the "Barbara F. Vucanovich Post Office Building" (as H.R. 4169, Public Law 106-328).

S. 2629, a bill designating a Post Office building in Lenoir, North Carolina, as the "James T. Broyhill Post Office Building" (as H.R. 4534, Public Law 106-338).

S. 2686, to amend chapter 36 of title 39, United States Code, to modify rates relating to reduced rate mail matter (Public Law 106-384).

S. 2804, a bill designating a Post Office building in South Bend, Indiana, as the "John Brademas Post Office" (as H.R. 2938, Public Law 106-320).

S. 2893, a bill designating a Post Office building in Ithaca, New York, as the "Matthew F. McHugh Post Office" (as H.R. 3030, Public Law 106-321).

S. 2895, a bill designating a Post Office building in Omaha, Nebraska, as the "Reverend J.C. Wade Post Office" (as H.R. 4615, Public Law 106-340).

H.R. 100, a bill designating three Post Office buildings in Philadelphia, Pennsylvania, as the "Roxanne H. Jones Post Office," the "Freeman Hankins Post Office," and the "Max Weiner Post Office" (Public Law 106-111).

H.R. 197, a bill designating a Post Office building in Garden City, Kansas, as the "Clifford R. Hope Post Office" (Public Law 106-112).

H.R. 208, to amend title 5, United States Code, to allow for the contribution of certain rollover distributions to accounts in the Thrift Savings Plan, to eliminate certain waiting-period requirements for participating in the Thrift Savings Plan (Public Law 106-361).

H.R. 642, a bill redesignating a Federal building in Compton, California, as the "Mervyn Malcolm Dymally Post Office Building" (identical to S. 1847, Public Law 106-231).

H.R. 643, a bill redesignating a Post Office building in Los Angeles, California, as the "Augustus F. Hawkins Post Office Building" (identical to S. 1846, Public Law 106-232).

H.R. 705, to make technical corrections with respect to the monthly reports submitted by the Postmaster General on official mail of the House of Representatives (Public Law 106-19).

H.R. 807, the "Federal Reserve Board Retirement Portability Act," to amend title 5, United States Code, to provide portability of service credit for persons who leave employment with the Federal Reserve Board to take positions with other Government (incorporated into S. 335, Public Law 106-168).

H.R. 1191, a bill designating four Post Office buildings in Chicago, Illinois, as the “Cardiss Collins Post Office,” the “Otis Grant Collins Post Office,” the “Robert LeFlore, Jr. Post Office” and the “Mary Alice (Ma) Henry Post Office” (Public Law 106–123).

H.R. 1251, a bill designating a Post Office building in Sandy, Utah, as the “Noal Cushing Bateman Post Office Building” (Public Law 106–124).

H.R. 1327, a bill designating a Post Office building in Cloverdale, Oregon, as the “Maurine B. Neuberger United States Post Office” (Public Law 106–125).

H.R. 1374, a bill designating a Post Office building in Hamilton, New Jersey, as the “John K. Rafferty Hamilton Post Office Building” (Public Law 106–183).

H.R. 1377, a bill designating a Post Office building in Chicago, Illinois, as the “John J. Buchanan Post Office Building” (Public Law 106–209).

H.R. 1666, a bill designating a Post Office building in Madison, Florida, as the “Captain Colin P. Kelly, Jr. Post Office” (Public Law 106–233).

H.R. 2302, a bill designating a Post Office building in Johnson City, New York, as the “James W. McCabe, Sr. Post Office Building” (Public Law 106–315).

H.R. 2307, a bill designating a Post Office building in Hopkinton, Massachusetts, as the “Thomas J. Brown Post Office Building” (identical to S. 1884, Public Law 106–234).

H.R. 2357, a bill designating a Post Office building in Shaker Heights, Ohio, as the “Louise Stokes Post Office” (Public Law 106–235).

H.R. 2460, a bill designating a Post Office building in Wiggins, Mississippi, as the “Jay Hanna ‘Dizzy’ Dean Post Office” (Public Law 106–236).

H.R. 2591, a bill designating a Post Office building in Wakefield, Kansas, as the “William H. Avery Post Office” (Public Law 106–237).

H.R. 2952, a bill designating a Post Office building in Greenville, South Carolina, as the “Keith D. Oglesby Station” (Public Law 106–238).

H.R. 3018, a bill designating (1) a Post Office building in Eastover, North Carolina, as the “Layford R. Johnson Post Office”; (2) a Post Office building in Charleston, North Carolina, as the “Richard E. Fields Post Office”; (3) a Post Office building in Charleston, North Carolina, as the “Marybelle H. Howe Post Office”; and (4) a Post Office building in Columbia, North Carolina, as the “Mamie G. Floyd Post Office” (Public Law 106–239).

H.R. 3030, a bill designating a Post Office building in Ithaca, New York, as the “Matthew F. McHugh Post Office” (identical to S. 2893, Public Law 106–321).

H.R. 3189, a bill designating a Post Office building in Chino Hills, California, as the “Joseph Iieto Post Office” (identical to S. 1964, Public Law 106–184).

H.R. 3454, a bill designating a Post Office building in Macon, Georgia, as the "Henry McNeal Turner Post Office" (Public Law 106-322).

H.R. 3699, a bill designating a Post Office building in Merrifield, Virginia, as the "Joel T. Broyhill Postal Building" (identical to S. 2234, Public Law 106-240).

H.R. 3701, a bill designating a Post Office building in Arlington, Virginia, as the "Joseph L. Fisher Post Office Building" (identical to S. 2234, Public Law 106-241).

H.R. 3909, a bill designating a Post Office building in Chicago, Illinois, as the "Henry W. McGee Post Office Building" (Public Law 106-325).

H.R. 3985, a bill designating a Post Office building in Miramar City, Florida, as the "Vicki Coceano Post Office Building" (identical to S. 2303, Public Law 106-326).

H.R. 4040, the "Long-Term Care Security Act," to provide for the establishment of a program under which long-term care insurance is made available to Federal employees, retirees, annuitants, and the members of the uniformed services; and also provides for the correction of retirement coverage errors for Federal employees (identical to S. 2420, Public Law 106-265).

H.R. 4157, a bill designating a Post Office building in Pasadena, California, as the "Matthew 'Mack' Robinson Post Office Building" (Public Law 106-327).

H.R. 4169, a bill designating a Post Office building in Reno, Nevada, as the "Barbara F. Vucanovich Post Office Building" (identical to S. 2620, Public Law 106-328).

H.R. 4447, a bill designating a Post Office building in Baltimore, Maryland, as the "Samuel H. Lacy, Sr. Post Office Building" (Public Law 106-333).

H.R. 4448, a bill designating a Post Office building in Baltimore, Maryland, as the "Judge Robert Bernard Watts, Sr. Post Office Building" (Public Law 106-334).

H.R. 4449, a bill designating a Post Office building in Baltimore, Maryland, as the "Dr. Flossie McClain Dedmond Post Office Building" (Public Law 106-335).

H.R. 4484, a bill designating a Post Office building in Rockville, Maryland, as the "Everett Alvarez, Jr. Post Office Building" (Public Law 106-336).

H.R. 4517, a bill designating a Post Office building in Derry, New Hampshire, as the "Alan B. Shepard, Jr. Post Office Building" (Public Law 106-337).

H.R. 4534, a bill designating a Post Office building in Lenoir, North Carolina, as the "James T. Broyhill Post Office Building" (identical to S. 2629, Public Law 106-338).

H.R. 4554, a bill redesignating a Post Office building in Philadelphia, Pennsylvania, as the "Joseph F. Smith Post Office Building" (Public Law 106-339).

H.R. 4615, a bill designating a Post Office building in Omaha, Nebraska, as the "Reverend J.C. Wade Post Office" (identical to S. 2895, Public Law 106-340).

H.R. 4658, a bill designating a Post Office building in Fayetteville, North Carolina, as the “J.L. Dawkins Post Office” (Public Law 106–341).

H.R. 4884, a bill redesignating a Post Office building in Royal Oak, Michigan, as the “William S. Broomfield Post Office Building” (Public Law 106–342).

The following bill was reported favorably by polling letter from the Subcommittee on International Security, Proliferation, and Federal Services, passed the Senate, but did not become public law:

S. 2043, a bill designating a Post Office building in Santa Ana, California, as the “Hector G. Godinez Post Office.”

The following bill was reported favorably by polling letter from the Subcommittee on International Security, Proliferation, and Federal Services, but withdrawn at the September 27, 2000, Business Meeting of the Governmental Affairs Committee:

H.R. 4430, a bill designating a Post Office building in Savage, Maryland, as the “Alfred Rascon Post Office.”

The investigation and oversight hearings of the Subcommittee on International Security, Proliferation, and Federal Services regarding international security and proliferation issues contributed greatly to the development of the following legislative initiative: S. 257—The National Missile Defense Act of 1999

This bill, introduced on January 20, 1999 by Senator Cochran and 52 other Senators, including Chairman Thompson and Senators Inouye, Hollings, Akaka, Lieberman, Lott, Thurmond, Stevens, Helms, Warner, Nickels, Kyl, Collins, Hutchison, Domenici, and Bennett, makes it “the policy of the United States to deploy as soon as is technologically possible an effective National Missile Defense system capable of defending the territory of the United States against limited ballistic missile attack, (whether accidental, unauthorized, or deliberate).” It was referred to the Committee on Armed Services and favorably reported to the Senate without amendment on February 12, 1999. The Senate began consideration of the bill on March 11, 1999. On March 15, Senator Cochran offered an amendment clarifying that deployment funding was, as for all defense programs, subject to the annual authorization and appropriation process; this amendment was agreed to 99–0. An amendment offered by Senator Landrieu on March 16, 1999 and supported by Senator Cochran stated that it was “the policy of the United States to seek continued negotiated reductions in Russian nuclear forces,” a reiteration of long-standing U.S. policy. That amendment was agreed to 99–0. On March 17, the Senate passed S. 257, as amended, 97–3.

On May 18, 1999, by unanimous consent the Senate passed the text of S. 257 as H.R. 4, and on May 20, 1999, the House of Representatives passed the Senate-amended H.R. 4 by 345–71. The National Missile Defense Act became Public Law 106–38 when it was signed by President Clinton on July 22, 1999.

### III. REPORT AND GAO REPORTS

1. *Stubborn Things: A Decade of Facts About Ballistic Missile Defense*. In September, 2000, Subcommittee Chairman Senator Thad Cochran released a chronology of facts detailing the Clinton Admin-

istration's actions with respect to ballistic missile defense and the proliferation of weapons of mass destruction. Among the facts documented in the report, which was based on hearings of the Subcommittee and other work conducted by the Majority Staff of the Subcommittee, were the dramatic growth of the ballistic missile threat, the decline in missile defense funding under the Clinton Administration, and the Administration's decision to forgo the development of new missile defense technologies that might 1 day conflict with arms control agreements.

2. The following reports were issued by the General Accounting Office (GAO) at the request of the Chairman and/or Ranking Member of the Subcommittee on International Security, Proliferation, and Federal Services:

*Breast Cancer Research Stamp: Millions Raised for Research, but Better Cost Recovery Criteria Needed*, GAO/GGD-00-80 (April 2000).

*U.S. Postal Service: Postal Activities and Laws Related to Electronic Commerce*, GAO/GGD-00-188 (September 2000).

*Status of the National Missile Defense Program*, GAO/NSIA-00-131 (May 2000).

*Northern Mariana Islands Procedures for Processing Aliens and Merchandise*, GAO/GGD-00-97 (May 2000).

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT  
MANAGEMENT, RESTRUCTURING AND THE  
DISTRICT OF COLUMBIA

CHAIRMAN: GEORGE V. VOINOVICH

RANKING MINORITY MEMBER: RICHARD DURBIN

I. HEARINGS

The Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia held the following hearings during the 106th Congress:

*1. Multiple Program Coordination in Early Childhood Education (March 25, 1999)*

This hearing was the first of two hearings that the Subcommittee held which used the Results Act to highlight the extent to which the various agencies involved in early childhood education were coordinating their efforts to achieve maximum results.

*Witnesses:* Mamie Shaul, Ph.D., Associate Director, Education, Workforce and Income Security Issues, U.S. General Accounting Office (GAO). She was accompanied by Eleanor Johnson, Ed.D., Harriet Ganson, Ph.D., and Janet Macia, all of the General Accounting Office.

In this first hearing, the Subcommittee attempted to lay a foundation for subsequent hearings focusing on barriers to coordination and improving collaborative efforts among agencies. GAO evaluated the Departments of Education and Health and Human Services' 5-year Strategic Plans, and Fiscal Year 1999 and Fiscal Year 2000 Annual Performance Plans with regard to their coordination efforts. GAO found that both Departments' plans are not living up

to their full potential. While they addressed the issue of coordination, the plans provided little detail about their intentions to implement such coordination efforts. The Results Act is a valuable tool to identify strengths and weaknesses in agency coordination and should be used further to evaluate agency performance.

*2. Management Reform in the District of Columbia (May 3, 1999)*

This was the first in a series of hearings that reviewed the District Government's system for measuring the progress and performance of management reforms in District programs and agencies.

*Witnesses:* Anthony Williams, Mayor, District of Columbia; Dr. Alice Rivlin, Chairman, District of Columbia Financial Responsibility and Management Assistance Authority; and Linda Cropp, Chairman, Council of the District of Columbia.

In this first hearing, the Subcommittee attempted to lay a foundation for subsequent hearings focusing on benchmarking and measuring the health and operations of the city. Mayor Williams testified that his administration has made rapid and substantial progress in addressing the short term agenda items. The mayor articulated his long term strategic plan, the importance of setting clear expectations and benchmarking, the role of performance indicators, and a community scorecard. Dr. Rivlin testified on the recovering economy and the current status of local governance. Chairman Cropp testified on management reform and the District Government's system for measuring the progress and performance of management reform in programs and agencies.

*3. Multiple Program Coordination in Early Childhood Education: The Agency Perspective (May 11, 1999)*

This was the second hearing that used the Results Act to highlight the extent to which the various agencies involved in early childhood education are coordinating their efforts to achieve maximum results. In this second hearing, the Department of Health and Human Services and the Department of Education responded to testimony given by the General Accounting Office on March 25, 1999. This hearing gave both Departments the opportunity to comment on criticism of their Fiscal Year 2000 Annual Performance Plans.

*Witnesses:* Olivia Golden, Deputy Assistant Secretary, Administration for Children and Families, U.S. Department of Health and Human Services; and Judith Johnson, Acting Assistant Secretary, Office of Elementary and Secondary Education, U.S. Department of Education.

Ms. Golden testified that HHS intended to achieve program coordination through four methods: (1) ensuring that funding strategies provide incentives for collaboration; (2) supporting collaboration through Federal policies; (3) providing technical assistance to remove barriers to collaboration and sharing successful models and strategies; and (4) convening federal, State, and local partners to facilitate collaboration. Ms. Golden further testified on the direction of the Administration for Children and Families. Ms. Johnson testified that her department intends to approach coordination through a joint research effort, over a number of agencies, and with program performance measurement.

4. *HR. 974—The District of Columbia College Access Act and S 856—Expanded Options in Higher Education for District of Columbia Students Act of 1999 (June 24, 1999)*

The purpose of the hearing was to explore the D.C. college tuition concept as well as the differences between the House and Senate bills.

*Witnesses:* Panel I included the House and Senate bill sponsors, Senator James Jeffords (R-VT), Representative Tom Davis (R-VA), and Delegate Eleanor Holmes Norton (D-DC). Panel II included the potential administrators of the program, D.C. Mayor Anthony Williams and Maureen McLaughlin, Deputy Assistant Secretary for Policy, Planning and Innovation, Department of Education. Panel III included: Lucio Noto, Chairman and CEO, Mobil Corporation; Dr. Julius Nimmons, President, University of the District of Columbia; and Patricia McGuire, Chair of the Government, Relations Committee, Consortium of Universities of the Washington Metropolitan Area.

During their testimony, the sponsors of the bills, Senator Jeffords and Reps. Davis and Norton, explained the various provisions of their bills and argued in favor of their respective approaches. Both bills would allow D.C. young people to attend colleges or universities outside the District of Columbia at the in-state tuition rate, although a number of policy differences were evident between the two. Mayor Williams articulated the city's preference for the House bill, reaffirmed the program's economic importance to the city, expressed disapproval of inclusion of a means test, and articulated preference for administration of the program to be placed in the Mayor's office. Ms. McLaughlin expressed the Clinton Administration's support of the Senate approach. Mobil Corporation is a lead sponsor of the new private sector College Access Program for District students, D.C.-CAP. The program is based on the successful and nationally recognized Cleveland Scholarship Program. Mr. Noto testified on the new initiative and on the importance of the college tuition bill concept as a companion program. Dr. Nimmons expressed the difficulties and challenges facing UDC and discussed the impact that diminished funding has had on the university. McGuire articulated the Consortium's support of the House bill.

5. *Egg Safety: Are There Cracks in the Federal Food Safety System? (July 1, 1999)*

This was the first Subcommittee hearing on food safety, and it focused on oversight of egg safety as a case study on the effectiveness of the Federal food safety regime. At the request of Senator Durbin, the U.S. General Accounting Office (GAO) issued a report entitled, "Food Safety: U.S. Lacks a Consistent Farm-to-Table Approach to Egg Safety," that was the subject of the hearing. The Subcommittee addressed questions such as: Can the egg safety system be better organized and managed? Do the health risks posed by *Salmonella enteritidis* (SE) in eggs warrant a substantial reorganization of the present system? What changes can be made to the current system to enhance the safety of eggs?

*Witnesses:* Panel I included Larry Dyckman, Director of Food and Agriculture Issues, U.S. General Accounting Office. He was accompanied by Stephen Secrist, Senior Evaluator of Food and Agriculture Issues. Representing the administration were Margaret

Glavin, Associate Administrator of Food Safety and Inspection Service, U.S. Department of Agriculture, and Dr. Morris E. Potter, Director of the Food Safety Initiative, Food and Drug Administration, U.S. Department of Health and Human Services. Panel II included: Michael F. Jacobson, Ph.D., Executive Director, Center for Science in the Public Interest; Jill A. Snowdon, Ph.D., Director of Food Safety Programs, Egg Nutrition Center; Keith Mussman, with the United Egg Producers and the co-owner of Mussman's Back Acres; and Harold DeVries, Vice President of Mallquist Butter and Egg Company.

Mr. Dyckman and Mr. Secrist described how current Federal oversight of egg safety resides in three agencies of the Department of Agriculture and the Food and Drug Administration. In addition, there are usually two agencies in every State, agriculture and health services, that have egg safety responsibilities. Under this fragmented regulatory structure, responsibility for egg safety shifts back and forth between various Federal and State agencies as eggs move through production. This framework makes it difficult to ensure that resources are directed to the areas of highest risk and that policies are effectively coordinated. Mr. Dyckman recommended that Congress consider consolidating responsibility for egg safety in a single Federal department. The report also contained three recommendations for the Executive Branch to improve egg safety, including the more widespread use of science-based hazard analysis and critical control point systems. Mr. Dyckman recommended that FDA develop a model prevention-based program for egg farms and processing plants which States can adopt to reduce *Salmonella enteritidis* contamination. The USDA should develop regulations that would require prevention-based programs at plants where egg products are processed. Finally, the USDA and FDA should jointly study the costs and benefits of implementing rapid cooling techniques in egg processing and packaging operations. In addition, he stated that in commenting on the draft report, the USDA and FDA generally agreed with the recommendations made.

Ms. Glavin and Dr. Potter stated that GAO was too critical of Federal egg safety efforts. They explained that their agencies have worked closely on a number of initiatives over the last decade to prevent SE and to ensure safe eggs, and that GAO failed to note all of the positive steps the agencies have taken. They point to a decline of over 40 percent in the number of SE cases over the past few years as proof of good coordination and an effective system in general. They did, however, concur with GAO's recommendations for improving the system, although they disagree with the proposal to consolidate oversight of egg safety into a single agency.

Dr. Jacobson focused on the health risks of SE, asserted that the government did not do enough to stem its outbreak, and that the government lacks the organization to do so now. Specifically, he noted the failure of all agencies involved to require testing of chicken flocks for SE, and that eggs from flocks known to be carriers of SE either be destroyed or diverted to egg processing plants where egg products are pasteurized. He believes that eggs provide one of the best illustrations of the need for a centralized Federal framework for food safety.

Dr. Snowdon testified that egg safety is a success story, and pointed to the recent decline in the number of reported SE cases. Ms. Snowden also discussed the efforts of industry to reduce the risks of SE, the challenges of making eggs more safe, and said that more work needed to be done by both government and industry.

Mr. Mussman and Mr. DeVries discussed the egg industry's efforts to reduce the health threat of eggs, and emphasized voluntary programs and partnerships with Federal and State regulatory agencies as the most effective method. Mr. Mussman outlined the "Five Star Total Quality Assurance Program," that was developed by the United Egg Producers to enhance egg safety. Mr. DeVries detailed the success of the State of Illinois in reducing the threat of SE in eggs. They were both skeptical of GAO's recommendation to consolidate Federal egg safety efforts, and stated that creating a new bureaucracy would not improve the situation.

*6. Total Quality Management: State Success Stories as a Model for the Federal Government (July 29, 1999)*

This was the first in a series of management oversight hearings. The purpose of the hearing was to define total quality management (TQM), learn of its successful implementation in the State of Ohio, and examine applying TQM throughout the Federal Government.

*Witnesses:* Panel I included Steve Wall, Director of the Ohio Office of Quality Services, and Teresa Shotwell-Haddix, Union Quality Coordinator for the Ohio Department of Transportation. The Subcommittee was forced to adjourn before the second panel could be called, so the following witnesses' testimony were submitted for the record: Christopher Mihm, Associate Director for Federal Management and Workforce Issues, General Accounting Office, and Deidre Lee, Acting Deputy Director for Management, Office of Management and Budget (OMB).

Total quality management is a system that (1) focuses on internal and external customers; (2) establishes an environment which facilitates team building, employee contribution and responsibility, risk taking, and innovation; (3) analyzes work processes and systems; and (4) institutionalizes a goal of continuous improvement. Other important elements of TQM are management-union partnerships, employee training, reforming personnel policies, and establishing a system to measure program outcomes.

Mr. Wall and Ms. Shotwell-Haddix described Ohio's version of total quality management, the Quality Services through Partnership initiative (QStP). It has emphasized customer focus, union-management partnerships, empowering workers through training and incentive/rewards programs, and a results orientation. They discussed how QStP was implemented, where it has been successful, what mistakes were made, and what was learned from them. QStP has made a substantial contribution to the reinvention of Ohio State Government.

Due to multiple votes on the Senate floor, Mr. Mihm and Ms. Lee submitted their statements for the record. Mr. Mihm stated that if the Federal Government is to achieve major improvements envisioned by the Results Act, it must have management and process improvement initiatives that employ the principles of quality management. Ms. Lee stated that quality management principles and practices are widespread throughout the Federal Government. She

said that Federal departments and the National Partnership for Reinventing Government were focused on fiscal discipline, downsizing, restructuring, and other initiatives to make government “work better and cost less,” while OMB has been focused on implementation of the Results Act, the 24 Priority Management Objectives, and streamlining.

7. *“Overlap And Duplication in the Federal Food Safety System”*  
(August 4, 1999)

In this second hearing on food safety, the Subcommittee focused on the organization of the food safety system, which is composed of 10 different agencies within 4 cabinet level departments, as well as 2 independent agencies, with a combined food safety budget of over \$1 billion a year. The system is governed by more than 35 different laws, some of which are more than 100 years old.

*Witnesses:* Panel I included Catherine E. Woteki, Ph.D., Under Secretary for Food Safety at the U.S. Department of Agriculture (USDA); Dr. Jane E. Henney, M.D., Commissioner of the Food and Drug Administration (FDA) at the U.S. Department of Health and Human Services; Lawrence Dyckman, Director of Food and Agriculture Issues at the U.S. General Accounting Office (GAO). Mr. Dyckman was accompanied by Keith Oleson, who is an Assistant Director of Food and Agriculture Issues, GAO. Lastly, Carol Tucker Foreman, Distinguished Fellow and Director at the Food Policy Institute of the Consumer Federation of America (CFA). Panel II included Nancy Donley, President of S.T.O.P.—Safe Tables Our Priority; Caroline Smith DeWaal, Director of Food Safety Programs at the Center for Science in the Public Interest; Rhona Applebaum, Ph.D., Executive Vice President for Scientific and Regulatory Affairs at the National Food Processors Association (NFPA); and Stacy Zawel, Ph.D., Vice President for Scientific and Regulatory Policy of the Grocery Manufacturers of America (GMA).

The Subcommittee examined this organization with these questions in mind: If the Federal Government were to create a food safety system from scratch, would it resemble the current system? Is this the best and most logical organization for Federal food safety agencies? In addition, the Subcommittee discussed S. 1281, the “Safe Food Act of 1999.” This bill, which was introduced by Senator Durbin and referred to the Subcommittee, would consolidate several agencies with food safety jurisdiction into a single, unified food safety administration.

Representing the administration were Catherine E. Woteki (USDA), and Dr. Jane E. Henney, M.D. (FDA). They testified that even though there are many agencies with jurisdiction over food safety, it is not a problem if efforts are properly coordinated. They also said that the President’s Council on Food Safety is examining ways to make oversight of food more efficient and effective.

Mr. Dyckman (GAO) outlined GAO’s work in this area which has spanned more than two decades and included dozens of reports. The accounting agency has long recommended that Federal food safety efforts be merged into a single agency. They stated that the current system was fragmented and broken, and that even excellent coordination between the various agencies could not overcome serious organizational deficiencies which have contributed to a lack of effectiveness and accountability. Fundamental changes to the

food safety system would minimize the risk of foodborne illnesses. Currently, there are 12 agencies involved with food safety. Such fragmented responsibilities can cause problems for the food industry because there is not completely clear, unified communication about the health risks associated with contaminated foods. He also stated that the National Academy of Sciences agrees that a food system must be headed by a single official. Regardless of where a single agency is housed, what is important is the adherence to four key principles. First, a clear commitment by the Federal Government to consumer protection. Second, a system that is founded on uniform laws that are risk-based. Third, adequate resources to carry out the system. Fourth, competent and aggressive administration of the laws by the responsible agency and effective oversight by Congress.

Ms. Foreman (CFA) discussed her experience as an Assistant Secretary at USDA with responsibility for food safety. She described how different jurisdictions led to turf battles between the various agencies. She said that this is the result of the food safety system being developed incrementally over time, without any central plan, and argued that the current system was in need of reorganization. Ms. Foreman stated that a food safety system built from scratch would not resemble the current system. The current system is not the best or most logical organization for Federal food safety agencies. The present system does not produce an acceptable level of public health protection. Consolidating food safety in one agency, with one budget, one leader, and ultimately, one authorizing statute is the only way to protect public health.

Ms. Donley (S.T.O.P.) discussed her own experience of losing a child to *E. coli* poisoning, and believes that the current system needs to be reorganized to make the Nation's food more safe. Her thoughts were echoed by Caroline Smith DeWaal, who believes that, even though our food supply is among the safest in the world, it could be even safer, and that the creation of a single food agency would be a step in that direction. The Center for Science in the Public Interest strongly supports the Safe Food Act of 1999. S.T.O.P. Safe Tables Our Priorities, strongly supports the implementation of a single independent food safety agency. She cited an example of a loophole in the current system, stating that the single pathogen in *E. coli* affects products that are regulated by the FDA, FSIS, and EPA. So, while FSIS was dealing with the *E. coli* problem in meat, prevention strategies were not put in place for other products that could be affected by the same pathogen and that was because no one was looking at the overall picture.

Dr. Applebaum (NFPA), and Dr. Zawel (GMA), both testified that a single food agency is not necessarily the best course of action. They noted that the United States already has one of the safest food supplies in the world, and conclude that the current regulatory structure functions well. Furthermore, they assert that before the agency structure is modified, the 35 laws that govern food safety and direct how oversight is conducted need to be reformed to reflect the changes in the food-borne threats to humans and the significant advances in food safety science and technology.

### 8. *Quality Management at the Federal Level (October 15, 1999)*

This was the second in a series of management oversight hearings. The purpose of the hearing was to examine Federal agencies which are currently in the midst of substantial management and organizational change. It focused on the Internal Revenue Service and the General Services Administration, both of which are in the process of adopting quality management principles and other best practices in their organizations. Officials from the Internal Revenue Service (IRS) and the General Services Administration (GSA) discussed the ongoing changes at their agencies. The Subcommittee also received testimony from the national presidents of the two largest Federal employee unions, the American Federation of Government Employees (AFGE) and the National Treasury Employees Union (NTEU), and heard their perspectives on the ongoing changes at these two agencies. Finally, officials from the U.S. General Accounting Office (GAO) discussed the elements that must be present for a Federal agency to successfully reform its operations, and the extent to which those elements are present at the two agencies being examined.

*Witnesses:* Panel I included Hon. Charles O. Rossotti, Commissioner of the Internal Revenue Service, and Martha Johnson, Chief of Staff of the General Services Administration. Panel II included: Colleen M. Kelley, National President of the National Treasury Employees Union (NTEU); Bobby L. Harnage, Sr., National President of the American Federation of Government Employees (AFGE); J. Christopher Mihm, Associate Director of Federal Management and Workforce Issues, General Government Division, U.S. General Accounting Office. Mr. Mihm was accompanied by James R. White, Director of Tax Policy and Administration Issues, General Government Division, and Bernard Ungar, Director of Government Business Operations Issues, General Government Division.

Commissioner Rossotti (IRS) discussed how the IRS is changing as a result of the reorganization that was mandated by Congress. The agency has developed a new mission statement and now considers customer service, as opposed to enforcement actions, its highest priority. He discussed how rank and file employees were being involved in major decisions, and how important this is to a successful reorganization. He also discussed some of the agency's greatest challenges, such as replacing antiquated information and data systems. While the IRS has made good initial progress, the reform effort underway will take at least a decade.

Ms. Johnson (GSA) discussed the changes that have been underway at the agency for the last several years. GSA is no longer a mandatory supplier for Federal agencies, and as a result, GSA has tried to make itself more competitive by leveraging technology and focusing on customer service. At the same time, the agency has also downsized significantly during the 1990's, going from roughly 20,000 employees to 14,000, and has been reorganized to reflect the leaner workforce.

Ms. Kelley (NTEU) and Mr. Harnage (AFGE) testified on behalf of unionized Federal employees. Ms. Kelley discussed the involvement of NTEU members in the IRS reorganization, and on balance is pleased with their participation and the results to date. Mr. Harnage was less complimentary of GSA's management, saying that they were reluctant to involve employees in major agency deci-

sions. He did, however, point to two other examples that he believes illustrate excellent management-labor relations: The U.S. Mint and the U.S. Navy Crane Naval Surface Warfare Center. He also expressed his hope that relations with GSA management improve in the future.

Mr. Mihm (GAO) discussed six elements which must be present for government agencies to successfully undertake reforms: (1) a demonstrated leadership commitment and accountability for change; (2) the integration of management improvement initiatives into programmatic decision making; (3) thoughtful and rigorous planning to guide decisions, particularly to address human capital and information technology issues; (4) employee involvement to elicit ideas and build commitment and accountability; (5) organizational alignment to streamline operations and clarify accountability; and (6) strong and continuing congressional involvement.

The auditors painted a bleak picture of the involvement of Federal managers in the activities of their agencies. Mr. Mihm testified, based on a survey conducted in late 1996 and 1997, that: Only one-third of non-Senior Executive Service managers (as opposed to nearly three-fourths of the Senior Executive Service managers) reported they had been involved in establishing long-term strategic goals for their agencies; less than one-third of non-Senior Executive Service managers felt that to a great or very great extent they had the decision-making authority needed to accomplish strategic goals; only about half of the managers surveyed reported that they were being held accountable for program results; and only one-fourth of non-Senior Executive Service managers reported that to a great or very great extent employees received positive recognition from their agencies for efforts to help accomplish strategic goals.

*9. Managing Human Capital in the Twenty-first Century (March 9, 2000)*

This hearing focused on the human capital management challenges that will confront the Federal Government during the coming decade and what should be done to meet those challenges.

*Witnesses:* Hon. David M. Walker, Comptroller General of the United States, U.S. General Accounting Office (GAO), and Hon. Janice R. Lachance, Director, Office of Personnel Management (OPM).

In his testimony, Mr. Walker (GAO) stated that he has worked to raise the profile of and has directed substantial GAO resources to human capital issues, which may be placed on GAO's High-Risk list starting next January. He pointed out that while many laws passed in the 1990's addressed financial management, information management, procurement reform, and performance measurement, no consensus has emerged on the fundamental structural or policy changes that may be needed to address agencies' management of their human capital. He said that, "as the Federal performance management framework has evolved over the last decade, the government's human capital management has emerged as the missing link." He further stressed that "there is no time to waste," and that Congress and the Executive Branch must do all they can to modernize human capital practices within the context of current law, while working together on the legislative reforms that will be needed. Mr. Walker stated that a human capital framework should

have five elements: Strategic planning, organizational alignment, leadership, talent, and performance culture. GAO has recently issued two reports on human capital issues. One described the best practices of nine private sector companies; the other is a human capital self-assessment checklist for agency leaders that GAO hopes Federal managers will use.

In her testimony, Ms. Lachance described the administration's efforts in this area. As part of this year's budget submission, the Office of Management and Budget's list of Priority Management Objectives included "*Align Federal human resources to support agency goals*: Recognizing that people are critical to achieving results Americans care about, the Administration will undertake a strategic approach to human resources management." Under this initiative, OPM is developing a workforce planning model that agencies will be able to tailor to their particular needs. The project was initiated in late 1998, after analysis showed that large numbers of employees across all agencies would be eligible for retirement in the coming decade. Ms. Lachance also described some of the other initiatives of her office intended to improve the quality of the Federal workforce.

*10. The Effectiveness of Federal Employee Incentive Programs (May 2, 2000)*

The Subcommittee examined whether current Federal incentives—including recruitment bonuses, flexible office hours, telecommuting, onsite daycare, vacation time and performance pay—are adequate to bring quality people into government service and retain the best and brightest. Most people who seek employment in the Federal Government are motivated by the desire to serve their country, but this spirit cannot be taken for granted when the employment opportunities in the private sector are more attractive than ever before because of the thriving economy. The Federal Government must act to counter this trend by offering the incentives that will make it a more attractive place to work.

*Witnesses:* Henry Romero, Associate Director of Workforce Compensation and Performance Service, Office of Personnel Management (OPM); Hon. Roberta Gross, Inspector General of the National Aeronautics and Space Administration (NASA); Colleen M. Kelley, National President, National Treasury Employees Union (NTEU); and Michael Brostek, Associate Director, Federal Management and Workforce Issues, U.S. General Accounting Office (GAO).

Mr. Romero (OPM) described the various incentives that are available to agencies and the flexibilities that agencies have under the law to customize programs to meet their particular needs. Agencies can offer recruitment and retention bonuses, flexible work schedules, tuition assistance and reimbursement, and family and medical leave. He also stressed the importance of competitive pay.

NASA Inspector General Roberta Gross explained how many prospective employees are discouraged by the government's slow hiring process. "It is my experience that it just takes too long to hire staff. We have lost leading candidates . . . to private sector competitors because companies can hire top-performing candidates faster than we can." She also stressed that flexibility is key to personnel management in an agency like NASA, and that granting

greater flexibility to managers should be central to any reform efforts.

Ms. Kelley (NTEU) offered the union perspective on how to best attract, retain and motivate Federal employees. The most important incentives, she said, are good pay, and retirement and health benefits. She argued that the Federal Employees Pay Comparability Act of 1990 (FEPCA), which was meant to close the gap between public and private sector pay for similar work, has not been followed, and that “fully implementing FEPCA would do more to address recruitment and retention in the Federal Government than all of the remaining incentive programs in place today.” Ms. Kelley observed that budget constraints often prevent the use of recruitment and retention bonuses. She also asked that Federal agencies be permanently given the authority to use their appropriated funds to subsidize child-care expenses for their lower paid employees.

Mr. Brostek (GAO) had three main points. First, Federal agencies have broad authority to design and implement a variety of incentive programs, and this is very useful because no one incentive program is optimal in all circumstances. Second, over the last 5 years, agencies have used this flexibility to decrease their emphasis on awards that are tied directly to employees’ performance appraisals and to increase their emphasis on alternative forms of compensation, such as special act, service, or gainsharing awards. Third, while agencies have been making use of the range of incentives available to them and have been altering the types of awards they give, many agencies do not assess whether their award programs are effective in motivating employees.

#### *11. Has Government Been “Reinvented”? (May 4, 2000)*

The hearing focused on the National Partnership for Reinventing Government, (formerly known as the National Performance Review), which was part of the Office of Vice President Gore. As the Subcommittee is interested in ongoing management reforms, Chairman Voinovich thought it appropriate to examine the administration’s major management reform initiative to determine what it had accomplished during the last 7 years.

*Witnesses:* The Subcommittee chose a balanced panel of witnesses for the hearing, composed of a government auditor, scholars and representatives from think-tanks: J. Christopher Mihm, Associate Director of Federal Management and Workforce Issues, U.S. General Accounting Office (GAO); Paul Light, Vice President and Director of the Governmental Studies Program, The Brookings Institution; Donald Kettl, Professor of Political Science and Public Affairs, LaFollette Institute of Public Affairs, University of Wisconsin-Madison; Ronald C. Moe, Project Coordinator, Government and Finance Division, Congressional Research Service (CRS); and Scott Hodge, Director of Tax and Budget Policy, Citizens for a Sound Economy. Morley Winograd, Senior Advisor to Vice President Gore and Director of the National Partnership for Reinventing Government, declined the Subcommittee’s invitation to testify.

Mr. Kettl said, “problem areas like the GAO high-risk list and OMB’s own priority management objective list have not been addressed . . . in many ways these problems have gotten worse and not better. This is largely a product of the fact that the reinventing

government effort has not been engaged in attacking these issues head-on." Mr. Moe believes that, "A case can be made that the core [management] competencies of government have eroded under NPR and are likely to continue to erode." Mr. Hodge said, "Redundancy and duplication abound, and many government programs have simply become immortalized in the Federal budget," and that NPR "has tinkered with the process of government rather than go in and analyze and determine the substance of what government should and should not do."

For the last several years, GAO has reported that because agencies did not strategically assess their human resources requirements before downsizing was initiated, the Federal Government faces a skills and experience imbalance in its workforce. Mr. Mihm said, "It is by no means clear that the current workforce is adequately balanced and positioned to achieve results and agency missions. This is due in part to an apparent lack of adequate strategic and workforce planning across the government."

Mr. Light agreed that downsizing "has been haphazard, random, and there is no question that in some agencies we have hollowed out institutional memory, and we are on the cusp of a significant human capital crisis." In some agencies, the loss of middle management positions has hindered many agencies' ability to carry out their missions and plan for the future. Mr. Kettl said that, "The primary goal [of NPR] is to try to reduce the workforce, to get people out the door," and it paid little attention to strategic planning to ensure that agencies had the right balance of skills to carry out their missions.

Currently, the Federal Government does not have a comprehensive plan to address its human capital problems, and GAO may well include human capital in its high-risk series in January 2001. The panelists agreed that while NPR has been avidly advocating reducing the size of the bureaucracy, it has not seemed as concerned with addressing personnel issues. Mr. Light said, "I think we have got to tackle the current condition of the public service. I think that is a real miss in reinventing government. We just have not done anything to deal with the human service crisis in the Federal Government." Mr. Kettl mentioned this throughout the hearing as well. He said, "We have no alternative but to confront the fundamental question of what the Federal workforce ought to look like, what kind of skills it ought to have to do the job that we know must be done, and my concern is that the first 7 years of reinventing government has not really addressed that question," and "The problem is that we have increasingly created a gulf between the people who are in the government and the skills needed to run that government effectively."

Furthermore, for all of this downsizing, the Federal Government remains massive, and does not provide fewer services or functions. Mr. Light said, "It is only by the most narrow definition of workforce [full-time equivalents] that a president could say the era of big government is over." Rather, as has been documented by Mr. Light, there is now a "shadow workforce" of almost 13 million contractors, grantees, and State and local government employees complying with Federal mandates and working side by side with Federal employees.

NPR claims approximately \$137 billion in savings from its efforts to reinvent the Federal Government. GAO reviewed recommendations representing 22 percent of the total amount of NPR's savings claims and over two-thirds of the \$44.3 billion in savings that NPR claimed had been achieved from its recommendations to individual Federal agencies. Mr. Mihm stated, "that NPR claimed savings from agency-specific recommendations . . . could not be fully attributed to its efforts."

For example, NPR recommended that the Department of Energy "continue" the reduction of funding for nuclear weapons production, research, testing programs, and infrastructure. Mr. Mihm described how the Office of Management and Budget (OMB) attributed savings associated with the downsizing of the nuclear weapons complex, \$6.9 billion, to NPR. OMB failed to consider that the end of the Cold War and the Comprehensive Nuclear Test Ban Treaty would have changed the organization of the weapons labs regardless of whether NPR had made the recommendation. GAO found similar examples with the Department of Agriculture and NASA. Although GAO examined only a portion of the total savings claimed by NPR, these points raise serious questions as to the validity of claimed savings overall.

Several of the witnesses discussed NPR's positive aspects and achievements. NPR stressed that many of the problems of the government were, as Mr. Light said, the result of "good people trapped in bad systems." Consistent with that approach, it has tried to improve the image of the civil service, which has been tarnished in recent years. Mr. Light stated that, "I like the general approach [of NPR] that we have decent, hard-working people in government and that we need to figure out ways to give them the tools to do their work."

NPR has worked to cut red tape and remove burdensome and seemingly outdated regulations which hamper government performance. It directed that government agencies focus on customer service, pushed the use of innovative information technology in the workplace, and assisted with the implementation of procurement reforms passed by Congress. Finally, regardless of the outcome of the next presidential election, management improvement initiatives will have to continue, just as NPR itself was the continuation of previous reform efforts. Mr. Kettl said, "This is an effort that cannot, simply will not end at the end of this administration . . . whoever it is who is [the next] president will have no alternative but to reinvent reinvention."

*12. Performance Management in the District of Columbia: A Progress Report (May 9, 2000)*

This is the second in a series of hearings that monitor the District Government's system for measuring the progress and performance of management reform in District programs and agencies. In the first hearing, the Subcommittee attempted to lay a foundation for subsequent hearings focusing on benchmarking and measuring the health and operations of the city. Mayor Williams, Control Board Chair Rivlin and Council Chair Cropp testified at that hearing.

*Witness: Anthony Williams, Mayor, District of Columbia.*

At the second hearing, the Subcommittee invited Mayor Williams to report on the progress the District has made in establishing and monitoring performance management initiatives in the city. Mayor Williams testified on the success of the "Short-term Action Agenda" in achieving its goals, and he also introduced his "Citywide Strategic Plan." In addition to the strategic plan, the Mayor discussed the "2000 Mayor's Scorecard," performance contracts, as well as the performance accountability plans and reports mandated by Congress.

In conclusion, while the city has yet to focus in on one specific tool for monitoring management reform progress, it appears that steps have been taken in this regard.

### *13. Training Federal Employees to Be Their Best (May 18, 2000)*

The purpose of the hearing was to examine the Federal Government's commitment to train and educate its employees to maintain their skills, enhance their performance and ensure they are able to keep pace with the ever-changing needs of the American public. Training is a vital component in making a world-class civil service.

*Witnesses:* Panel I included Hon. John U. Sepulveda, Deputy Director, Office of Personnel Management (OPM); Hon. Diane M. Disney, Ph.D., Deputy Assistant Secretary of Defense, Civilian Personnel Policy, Department of Defense (DOD); Michael Brostek, Associate Director of Federal Management and Workforce Issues, U.S. General Accounting Office (GAO). Panel II included: Bobby L. Harnage, National President, American Federation of Government Employees (AFGE); Thomas J. Mosgaller, Vice President and Director of Organizational Development, American Society for Quality (ASQ); and Tina Sung, President and CEO, American Society for Training and Development (ASTD). The Office of Management and Budget was asked to provide a witness but declined to testify.

Mr. Sepulveda (OPM) described actions taken by the administration to improve training and human capital management. In January 1999, the President issued Executive Order 13111, the purpose of which is to provide direction to government leaders on using technology to improve training opportunities for Federal employees. In the 2001 budget proposal, the administration added aligning human resources to support agency goals as one of its Priority Management Objectives, and tasked OPM with assisting agencies to accomplish this goal. Mr. Sepulveda noted that Federal agencies need to do a better job of aligning training and development initiatives, and indeed human capital management generally, with their strategic plans.

Mr. Sepulveda then discussed OPM's two principal roles with respect to training the Federal workforce. One is to provide executive and managerial development for the Senior Executive Service (SES). The second is to set government-wide policies that Federal agencies use to administer their own training programs, and OPM is proposing or implementing new programs to improve training. One proposal would establish an exchange program for members of the SES, who would work in leading private sector organizations. They would bring back valuable contacts, experience and knowledge of private sector best practices that would benefit Federal agencies. OPM has also established an "Individual Learning Account" (ILA) pilot program in 13 agencies. ILAs allow managers to

put either money or hours or both into an account upon which an employee can draw to obtain training, which can be provided by either government or the private sector. OPM is assessing the program and determining whether to authorize it government-wide.

Dr. Disney (DOD) described how the Department of Defense (DOD) was changing its approach to developing its civilian workforce. She noted that, "civilians are generally expected to bring the necessary education and training with them. As a result, the Department has long invested more in the military, whose future it controls, than in the civilians, who are part of the Federal-wide system. However, DOD is transforming its approach to civilian education and training to focus on the idea of investment rather than cost." For example, in 1997, DOD created the Defense Leadership and Management Program (DLAMP) to improve its internal management accession. The program is the first systematic departmentwide program to prepare civilians for key leadership positions. It requires rotational assignments, professional military education at the senior level, and at least 10 advanced level graduate courses in subjects important for defense leaders. DLAMP has heightened awareness of the need for similar investments in other areas.

Mr. Brostek (GAO) stated that training and retraining employees is critical to achieving meaningful improvements in agencies' performance, and that the government needs to make greater investments in its employees. He then described three steps that high performing organizations consistently take when designing and implementing training and development programs. First, they identify the knowledge, skills, abilities, and behaviors that employees need to support the mission and goals of an organization, and they determine to what extent their employees possess those competencies. Second, they design training programs to meet any identified gaps in competencies. Third, they evaluate the training programs to ensure that they are actually increasing employees' competencies and the organization's performance.

GAO has been examining training activities at several Federal agencies. All of the agencies reported that a lack of staff and resources were affecting their ability to deliver training that they believed was appropriate to develop and maintain the skills needed by their workforce. GAO believes that agencies need to make a business case for adequate training funds to Congress. Agencies have to identify what training is needed and how that training is likely to produce improved performance by both individuals and the agency. Furthermore, if agencies are unable to obtain what they believe to be adequate resources through the appropriations process, they may need to consider internal reallocation of resources to cover training requirements.

Mr. Harnage (AFGE) said that agencies seldom ask for or include union participation when formulating training activities and budgets. He also noted that, "the trend line for Federal spending on training, then, is apparently a downward one, even though it could be expected to be increasing because of the smaller Federal workforce and the increased demands put on each worker." AFGE believes that training budgets are often sacrificed for cost-cutting reasons, and that agencies still do not consider employees a resource in which to be invested.

Mr. Mosgaller (ASQ) stated that much training is wasted because it is never used on the job. "People go through expensive and time-consuming training, then go home and put the manuals on the shelf, never to be used again. The training has to be applied quickly because it is well known and documented that learning that is not used decays." The result is irrelevant training and a waste of the organization's resources. He described how the purpose of training is to create value for the organization. "The only way to create value is to take the emphasis off of training delivery systems and put it on aligning the organization for performance excellence. Making every training activity an integral part of a highly focused performance improvement system. The individual learning must be connected to results you want to achieve."

Ms. Sung (ASTD) stated that, "workplace learning is becoming the smartest strategic solution to the largest human resources challenge ever facing employers . . . for both the private sector and government, attracting, optimizing, and retaining talent will require a continuous investment in people." She pointed out that there is a strong link between training and retention, and that many companies have secured lower turnover rates and higher employee satisfaction as a result of employee career development initiatives. To address perceived shortfalls in training in the Federal Government, she believes that human capital issues should be aggressively addressed by the next administration. For training programs to be successful, they must be supported at the highest levels. "During the first 100 days of the new administration, each cabinet secretary should convene political appointees and staff in order to develop strategies for identifying skill needs, building worker competencies, and aligning human capital management policies with performance management principles." In addition, agencies should collect and widely disseminate data on their training investments, practices, and outcomes.

*14. Assessing the Progress of Performance Management in the District of Columbia (October 3, 2000)*

This was the third in a series of hearings that monitor the District Government's system for measuring the progress and performance of management reform in District programs and agencies.

*Witnesses:* J. Christopher Mihm, Director, Strategic Issues, U.S. General Accounting Office (GAO), and Hon. Anthony A. Williams, Mayor, District of Columbia. Mayor Williams was accompanied by John Koskinen, Deputy Mayor and City Administrator, District of Columbia.

At the hearing, Mayor Williams and Mr. Koskinen testified on the District's progress in achieving its Fiscal Year 2000 goals, reporting progress but acknowledging that the District still has room for improvement. Mr. Mihm (GAO) stated that the District still lacks one unified strategic plan and that no system is currently in place to verify the District's performance data. The Subcommittee followed up with the Mayor's office to ensure that the recommendations GAO made at the hearing were implemented.

## II. GAO REPORTS

During the 106th Congress, the Subcommittee worked in conjunction with the General Accounting Office on 24 reports and studies.

Results Act: Using Agency Performance Plans to Oversee Early Childhood Programs, T-HEHS-99-93 (03/25/1999)

Food Safety: U.S. Needs a Consistent Farm-to-Table Approach to Egg Safety, T-RCED-99-232 (07/01/1999)

Management Reform: Using the Results Act and Quality Management to Improve Federal Performance, T-GGD-99-151 (07/29/1999)

Food Safety: U.S. Needs a Single Agency to Administer a Unified, Risk-Based Inspection System, T-RCED-99-256 (08/04/1999)

Managing for Results: Answers to Hearing Questions on Quality Management, GGD-99-181R (09/10/1999)

Management Reform: Elements of Successful Improvement Initiatives, T-GGD-00-26 (10/15/1999)

Human Capital: Key Principles From Nine Private Sector Organizations, GGD-00-28 (01/31/2000) (this report also addressed to Senate Committee on Governmental Affairs and the Subcommittee on International Security, Proliferation and Federal Services)

Early Childhood Programs: Characteristics Affect the Availability of School Readiness Information, HEHS-00-38 (02/28/2000)

Evaluations of Even Start Family Literacy Program Effectiveness, HEHS-00-58R (03/08/2000)

Human Capital: Managing Human Capital in the 21st Century, T-GGD-00-77 (03/09/2000)

District of Columbia Government: Performance Report's Adherence to Statutory Requirements, GGD-00-107 (04/14/2000)

Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs, HEHS-00-78 (04/28/2000)

Human Capital: Using Incentives to Motivate and Reward High Performance, T-GGD-00-118 (05/02/2000)

Management Reform: Continuing Attention Is Needed to Improve Government Performance, T-GGD-00-128 (05/04/2000)

Human Capital: Design, Implementation, and Evaluation of Training at Selected Agencies, T-GGD-00-131 (05/18/2000)

Sales Taxes: Electronic Commerce Growth Presents Challenges; Revenue Losses Are Uncertain, GGD/OCE-00-165 (06/30/2000)

Confirmation of Political Appointees: Eliciting Nominees Views on Leadership and Management Issues, GGD-00-174 (08/11/2000)

Title I Preschool Education: More Children Served, but Gauging Effect on School Readiness Difficult, HEHS-00-171 (09/20/2000)

Reinventing Government: Status of NPR Recommendations at 10 Federal Agencies, GGD-00-145 (09/21/2000)

Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities, RCED/GGD-00-220 (09/29/2000)

Financial Management: Census Monitoring Board Disbursements, Internal Control Weaknesses, and Other Matters, AIMD-00-317 (09/29/2000)

District of Columbia Government: Progress and Challenges in Performance Management, GAO-01-96T (10/03/2000)

Managing for Results: Federal Managers' Views Show Need for Ensuring Top Leadership Skills GAO-01-127 (10/20/2000)

## III. LEGISLATION

The following bills were considered by the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia during the 106th Congress:

S. 205—This bill establishes a Federal Commission on Statistical Policy to study the reorganization of the Federal statistical system, to provide uniform safeguards for the confidentiality of information acquired from exclusively statistical purposes, and to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records among designated agencies for statistical purposes under strong safeguards. Cited as the Federal Commission on Statistical Policy Act of 1999. The bill was introduced on January 19, 1999, by Senator Moynihan for himself and Senator Kerrey.

S. 351—This bill provides that certain Federal property shall be made available to States for State and local organization use before being made available to other entities. Cited as the “Taxpayer Oversight of Surplus Property Act,” the bill was introduced on February 3, 1999, by Senator Grams for himself and Senators Johnson, Sessions and Bennett. The bill requires that nonlethal excess supplies of the Department of Defense be made available to a State or a local government upon request before such supplies are made available for humanitarian relief purposes. Permits the President to make such supplies available for humanitarian purposes before they are made available to a State or local government in response to a natural disaster emergency. Amends the Foreign Assistance Act of 1961, with respect to the transfer of property for environmental protection in foreign countries, to prohibit such transfers unless the Administrator of General Services (GSA Administrator) determines that there are no Federal or State use requirements for the property under any other provision of law. Requires the GSA Administrator to report to the Congress on the effectiveness of surplus personal property donation and disposal programs (except for any program that grants access to personal property by local communities affected by the closure of a military base), along with recommendations for consolidating such programs under a single Federal authority.

S. 468—This bill seeks to improve the effectiveness and performance of Federal financial assistance programs, simplify Federal financial assistance application and reporting requirements, and improve the delivery of services to the public. This bill was introduced on February 25, 1999, by Senator Voinovich for himself, Chairman Thompson, and Senators Lieberman and Durbin. The Subcommittee unanimously approved reporting favorably S. 468 to the full Committee on May 19, 1999. S. 468 passed the Senate with amendments by unanimous consent on July 15, 1999. The bill passed the House on November 2, 1999, and became Public Law 106–107 on November 20, 1999.

S. 856—This bill directs the Secretary of Education to award grants to eligible institutions in Maryland or Virginia that enroll eligible District of Columbia students to pay the difference between in-State tuition and out-of-State tuition (with ratable reductions, if appropriations are insufficient) on behalf of each eligible D.C. student enrolled in the eligible institution. Cited as the “Expanded

Options in Higher Education for District of Columbia Students Act of 1999,” the bill was introduced on April 21, 1999 by Senator Jeffords for himself and Senators Hutchison and Warner. The Subcommittee unanimously approved reporting favorably S. 856 to the full Committee on July 28, 1999.

S. 1281—This bill establishes in the Executive Branch, an independent Food Safety Administration which shall administer and enforce the food safety laws for the protection of the public health. Directs the Administrator of Food Safety to oversee the: (1) implementation of Federal food safety inspection, enforcement, and research efforts, based on scientifically supportable assessments of risks to public health; (2) development of consistent and science-based standards for safe food; (3) coordination and prioritization of food safety research and education programs with other Federal agencies; (4) coordination of the Federal response to foodborne illness outbreaks with other Federal agencies and State agencies; and (5) integration of Federal food safety activities with State and local agencies. Transfers to the administration all functions of the following Federal agencies that relate to administration or enforcement of the food safety laws, as determined by the President: (1) the Food Safety and Inspection Service of the Department of Agriculture; (2) the Center for Food Safety and Applied Nutrition of the Food and Drug Administration (FDA); (3) the Center for Veterinary Medicine of FDA; (4) the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration of the Department of Commerce as it relates to the Seafood Inspection Program; and (5) such others as the President may designate by Executive order. This bill was introduced by Senator Durbin on June 24, 1999 for himself and Senators Cleland, Mikulski, and Torricelli.

S. 2242—This bill seeks to amend the Federal Activities Inventory Reform Act of 1998 to improve the process for identifying the functions of the Federal Government that are not inherently governmental functions, for determining the appropriate organizations for the performance of such function on the basis of competition. S. 2242—The Federal Activities Inventory Reform Act Amendments of 2000, was introduced on March 9, 2000 by Senator Thomas.

H.R. 409—This bill directs each Federal agency to develop and implement a plan that, among other things, streamlines and simplifies the application, administrative, and reporting procedures for Federal financial assistance programs administered by the agency. Requires each agency to publish the plan in the Federal Register, receive public comment, and hold public forums on the plan. Requires the designated lead agency official to consult with the representatives of non-Federal entities during plan development and implementation. Cited as the Federal Financial Assistance Management Improvement Act of 1999, the bill was introduced by Congressman Rob Portman on January 19, 1999. H.R. 409 passed the House on February 24, 1999, was received in the Senate on February 25, 1999. (See S. 468.)

H.R. 858—This bill would amend title 11, District of Columbia Code, to extend coverage under the whistleblower protection provisions of the District of Columbia Comprehensive Merit Personnel Act of 1978 to personnel of the courts of the District of Columbia. Cited at the District of Columbia Court Employees Whistleblower Protection Act of 1999, this bill was introduced on February 25,

1999 by Representative Davis for himself and Representatives Morella, Moran and Norton. The Subcommittee unanimously approved reporting favorably H.R. 858 to the full Committee on July 28, 1999.

H.R. 974—This bill establishes a program to afford high school graduates from the District of Columbia the benefits of in-State tuition at State colleges and universities outside the District of Columbia. This bill was introduced on March 4, 1999, by Representative Davis for himself and Representatives Norton, Morella, Hoyer, Wynn, Horn, Cunningham, Ehrlich, and Moran. The bill passed the House on May 24, 1999. The bill was sent to the Senate and referred to the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia. The Subcommittee held a hearing on June 25, 1999 (S. Hrg. 105-252). The Bill passed the Senate with an amendment (S. Amdt. 2317) on October 19, 1999 by unanimous consent. It became Public Law 106-98 on November 12, 1999.

H.R. 3995—District of Columbia Receivership Accountability Act of 2000—Requires each court-appointed District of Columbia receiver who administers departments, offices, and agencies of the District of Columbia Government to: (1) administer such entities through practices which promote the financial stability and management efficiency of the District Government; (2) ensure that the costs incurred in the administration of such entities (including the receiver's personnel costs) are consistent with applicable regional and national standards; (3) administer the entities by applying generally accepted accounting principles and fiscal management practices; (4) consult with the Mayor and Chief Financial Officer of the District in preparing the entity's annual budget for a Fiscal Year; and (5) prepare and submit to the Mayor, for inclusion in the District's annual budget, estimates of the expenditures and appropriations necessary for the maintenance and operation of such entities for the year. This bill was introduced on March 15, 2000 by Delegate Norton for herself and Representative Davis. The bill passed the house on June 12, 2000, the Senate on October 12, 2000 by unanimous consent, and became Public Law 106-397 on October 30, 2000.

S.J. Res. 35—Disapproves the action of the District of Columbia Council on November 3, 1998, the Legalization of Marijuana for Medical Treatment Initiative of 1998, approved by the electors of the District of Columbia. The resolution was introduced on October 4, 1999 by Senator Voinovich.

#### IV. OTHER ACTIVITIES

##### A. *Training Survey*

The Subcommittee conducted an examination of the level of investment in employee training by Federal agencies as part of its human capital oversight agenda. Senator Voinovich is concerned that in general, Federal employees are not receiving the training they need to maintain skills, enhance performance or keep pace with the ever-changing needs of the American public. This impression was buttressed by testimony the Subcommittee received at its May 18, 2000, hearing on employee training, as well as the testi-

mony of Comptroller General David Walker on March 9, 2000, who observed:

In cutting back on the hiring of new staff in order to reduce the number of their employees, agencies also reduced the influx of new people with the new competencies needed to sustain excellence. As you are aware, little data exists on the overall Federal expenditures on training, but the anecdotal evidence is that, in trying to save on workforce-related costs, agencies cut back on the training investments needed if their smaller workforces were to make up for institutional losses in skills and experience.

Neither the Office of Management and Budget nor the Office of Personnel Management collects agency training budgets and activities. Therefore, Senator Voinovich decided to ask selected agencies for this information directly. Through this survey, which included 18 questions on the agencies' workforce, training requirements, and actual training budgets, the Subcommittee has developed a more in-depth understanding of how training budgets are formulated. As a result of what the Subcommittee has learned in this survey and other activities, it has developed a number of recommendations to improve training, which are included in Chairman Voinovich's human capital report.<sup>1</sup>

The following 12 agencies received the survey:

- Administration for Children and Families, Department of Health and Human Services;
- Bureau of Consular Affairs, Department of State;
- Defense Contract Audit Agency, Department of Defense;
- Defense Finance and Accounting Service, Department of Defense;
- Employment and Training Administration, Department of Labor;
- Food Safety and Inspection Service, Department of Agriculture;
- Health Care Financing Administration, Department of Health and Human Services;
- Immigration and Naturalization Service, Department of Justice;
- Occupational Safety and Health Administration, Department of Labor;
- Office of Personnel Management;
- U.S. Customs Service, Department of the Treasury, and the U.S. Mint, Department of the Treasury.

The staff of the Subcommittee met with officials from all 12 agencies. The meetings allowed the Subcommittee to explain both the purpose of the inquiry, and collect valuable information from the agencies. Agency officials shared several observations that although not applicable to the whole Executive Branch, are nevertheless illuminating. Based upon these meetings and the review of the agency submissions,<sup>2</sup> the Subcommittee has made the following observations:

<sup>1</sup> Report to the President: The Crisis in Human Capital.

<sup>2</sup> The Subcommittee received official responses from only 11 of the 12 agencies surveyed.

- Eleven of the agencies surveyed did not have “training” budgets. Only one agency had a dedicated employee training budget. The other agencies disperse training funds throughout various other accounts, such as: Agency operations and maintenance; compensation, travel, and purchased services; labor, travel, tuition and base operations; salaries and expenses; program management accounts; and Federal administration budgets. In addition, most agencies have decentralized training activities. Several agencies are centralizing their training activities to help identify training requirements.
- Because of this decentralized dispersal, most of the agencies indicated that it was difficult for them to determine the exact size of their training budgets. It takes a great deal of effort for an agency to pull this information together from the different parts of the budget in order to present a complete picture of training activities. Several of the agencies were unable to provide information on their training budgets from previous years because their record keeping is poor or non-existent.
- Nine agencies reported the amount of their payroll budget that was spent on employee training from Fiscal Year 1997 through Fiscal Year 2000. The overall average was 1.99 percent. One agency devoted 4.75 percent, while another devoted just .58 percent of its payroll to employee training. However, as noted above, many of the agencies noted that these figures might not represent the exact amount spent on employee training. According to the American Society for Training and Development, private organizations that are recognized for their excellence in employee training spend on average 3.6 percent of payroll on training. The average private organization spends 2 percent on training, similar to what the surveyed agencies spend.
- Eight agencies said that their training budgets were adequate. Only two agencies stated that their training budgets were clearly inadequate for their current mission.
- Six of the agencies said that they could make effective use of additional training resources. Four of the agencies said that they could not make effective use of additional training funds at this time.
- Only one of these agencies expressed confidence that additional training resources would be made available if they were requested from their department.
- When agencies undergo budget cuts, training is often hit hard. Other costs funded out of the same accounts, such as administration, payroll, and physical plant are fixed and cannot be cut.
- Most agencies said that a single line-item for training would be a double-edged sword. While it would raise the profile of training within the budget, it would leave it more vulnerable to reprogramming.
- All of the surveyed agencies said that biennial budgeting and appropriations would greatly assist the agency in formulating its training activities and policies in both the short and the long-term. While agency budget requests are sent to Congress 8 months before the start of the Fiscal Year, the appropriations bills are usually signed into law weeks and some times only

days before the start of the Fiscal Year (and of course sometimes after the start of the Fiscal Year). It can take weeks for an agency to sift through its budget, determine how much it was actually appropriated for training, and then begin to implement its training plan. Furthermore, budget fluctuations from year to year make it difficult to establish continuity in training activities and develop long-term training plans.

- Several agencies said they were incorporating distance learning into their training activities so as to lessen the reliance on and use of classroom training.
- Some agencies found that they needed better management succession programs to develop future leaders.
- The agencies differed in the number of political appointees and the training those appointees receive. Two of the agencies had no appointees. Two of the agencies had a single appointee who receives no formal training or orientation. One agency with one appointee provided media training, sexual harassment prevention training, and attendance at a leadership conference. The appointees of another agency received management training from OPM and briefings on the administration's domestic policy and coordination between cabinet agencies and the White House. Another agency's training consisted of briefings on ethics, civil rights, and risk communications. (This agency also noted that its appointees are required by law to have expertise in their appointed area.) Another agency with three political appointees provides training in ethics, information security, and management. Finally, another two agencies provide their appointees with ethics training and distribute handbooks designed specifically for political appointees entitled, *Surviving the Bureaucratic Maze*.

#### *B. Report to the President: The Crisis in Human Capital*

During his first 2 years as Chairman of the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia, Senator Voinovich has focused considerable attention on the impending human capital crisis that threatens to deplete our Federal Government of vital expertise. This report, entitled *Report to the President: The Crisis in Human Capital*, is the formal product of the Subcommittee's 2-year investigation into the human capital crisis—the hearings, reports and findings—as well as the Subcommittee's recommendations to the new administration on empowering the Federal workforce and helping to minimize the human capital crisis.

The Subcommittee crafted its investigation around two primary objectives: (1) identifying and addressing the barriers, both administrative and legislative, that hinder Federal employees in maximizing their potential, and (2) encouraging the Federal Government to invest sufficient resources in human capital development. Senator Voinovich believes that the Federal Government must do more to improve training and employee incentives in order to attract and retain the talent necessary to maintain the vitality and competence of our Federal workforce.

In formulating its recommendations to reform the Federal Government's human resources management policies, Senator

Voinovich held a total of six hearings to discuss topics ranging from State success stories in empowering public servants, to a critique of the effectiveness of the National Partnership for Reinventing Government. In addition, the Subcommittee tasked the U.S. General Accounting Office with drafting numerous reports that analyze various aspects of human capital management, ranging from an audit of the private sector's human capital best practices to an analysis of the effect of results-oriented management practices on human capital management in the Federal Government. The Subcommittee also conducted a survey of 12 Federal agencies to determine their level of investment in human capital and employee training.

The findings of the Subcommittee leave little doubt that the Federal Government is in dire need of a unified strategy to rebuild the Federal workforce. Based upon the investigation, the Subcommittee proposes a number of recommendations to the next administration that should begin to address the pending human capital crisis. Some of the recommendations do not require legislative authority (i.e., the development of comprehensive agency workforce plans and the encouragement of telecommuting), while others do require new legislation (i.e., a more flexible pay system).

Political appointees in the next administration must understand the importance of managing human capital to the success of Federal departments and agencies. Senator Voinovich looks forward to working with the appointees of the next administration to identify and refine the policies and practices that will lead to a world-class civil service, thus better meeting the challenges of governing in the 21st Century.

*C. Summary of U.S. General Accounting Office Report Confirmation of Political Appointees: Eliciting Nominees' Views on Leadership and Management Issues, GAO-GGD-00-174, August 2000, requested by Senator Voinovich.*

In 2001 and beyond, the Senate will consider the confirmation of hundreds of the next administration's nominees to senior positions. Nominees to political appointments should be highly qualified for the positions they are seeking. Years of inattention to human capital, the struggle to modernize financial and information management systems, and Congress' insistence that agencies measure and demonstrate results require new agency leaders to have a proven track record in the nuts and bolts of sound management and performance. At the Subcommittee's March 9, 2000, hearing on human capital management, GAO Comptroller General David Walker stated:

It is clear that Federal agency leaders must create an integrated, strategic view of their human capital—and then sustain that attention to create real improvements in the way they manage their people. One of the emerging challenges for new presidential appointees will be to add to their traditional policy portfolios an understanding of the importance of performance management issues—and particularly, human capital issues—to the accomplishment of their agencies' policy and programmatic goals. Through its role in the appointment and confirmation process, the Senate may wish to ensure that future nominees to leadership roles in the Executive agencies are committed to sound Fed-

eral management, and in particular, to ensuring that their agencies recognize and enhance the value of their people.

Senator Voinovich requested a management questionnaire for political appointees from GAO which will assist the Senate in its constitutional role to advise and consent on presidential appointments. The report was released by Senator Voinovich on September 7, 2000. Given the large turnover of political appointees that will occur in the coming months, this product could not be more important or timely.

The report includes 31 questions on human capital, performance measurement, financial management, and other factors that influence the quality of Federal programs and services. Senator Voinovich envisions committees submitting the questions to nominees either before or during confirmation hearings. The questions are intended for those appointees who will have significant program management responsibilities, and their responses will inform the Senate of their management experience and preparedness for addressing the top management challenges facing Federal agencies. The following is a sample of the questions:

Are you familiar with the strategic plan, annual performance plans, annual accountability report, and financial statements of your prospective agency?

What do you consider to be the most important priorities and challenges facing the agency as it strives to achieve its goals?

What changes, if any, do you feel might be necessary in these plans?

How would you address a situation in which you found that reliable, useful, and timely financial information was not routinely available?

Based on your experience, please explain the role technology should play in your agency to support mission needs?

What measures would you implement to show the impact technology has in meeting these needs?

If you have spoken with your predecessors—those who have held the position you now seek—about their “lessons learned” on how to manage the agency effectively, describe how their advice and experience has influenced your thinking and plans.

To what extent, if any, do you believe that Federal employees’ pay should be more closely tied to their agencies’ strategic and annual performance goals, and why?

Senator Voinovich does not expect any committee to ask a prospective nominee to answer all 31 questions, and some questions may not be appropriate for all nominees. Unlike the disclosure forms from the White House or Office of Government Ethics, the use of these questions is not mandatory. Rather, Senator Voinovich intends for this report to be a valuable tool in determining the qualifications of nominees. He urges his colleagues to use the questions in a manner they see fit, in conjunction with the procedures already employed by their committee and depending on the position to be confirmed and the amount of information the Committee may require.

Senator Voinovich is cognizant that nominees for senior positions already face a daunting array of background investigations and questions regarding their suitability for appointment. The purpose is not to simply give prospective nominees additional paperwork, but to improve the quality of Federal programs by improving the quality of the people appointed to manage them. We cannot afford, nor should we tolerate, the waste of taxpayer dollars due to incompetent or ill-prepared managers. Political appointees must be prepared to substantively address the problems at their agencies, not just give policy direction to the career civil servants. The questionnaires convey the message that the Senate considers effective managerial skills to be a priority for all nominees to senior agency positions.

## PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

CHAIRMAN: SUSAN M. COLLINS

RANKING MINORITY MEMBER: CARL LEVIN

The following is the annual Activities Report of the Permanent Subcommittee on Investigations during the 106th Congress:

## I. SUBCOMMITTEE HEARINGS DURING THE 106TH CONGRESS

A. *Deceptive Mailings and Sweepstakes Promotions (March 8 and 9, 1999)*

Following a 6-month investigation, the Subcommittee held 2 days of hearings into the activities of sweepstakes companies. The investigation and hearings highlighted misleading sweepstakes mailings and their effect on consumers. The investigation produced evidence of thousands of individuals who purchased millions of dollars of products because they believed that purchases would improve their chances of winning a prize. The hearings presented the testimony of individuals who made a large number of purchases in response to sweepstakes mailings; a representative from a seniors citizen advocacy organization; and officials from the major sweepstakes firms.

The hearings examined the practices of the four major sweepstakes companies: American Family Publishers, Publishers Clearinghouse, Time, Inc., and Readers Digest. The hearing's particular focus was upon whether these firms did enough to make it clear to consumers that no purchase was necessary to enter their sweepstakes, and that buying something did not increase consumers' chances of winning. Among other things, the Subcommittee heard testimony indicating that the existing disclaimers used by the large sweepstakes companies are of little value because they are deliberately obscurely worded, hard to locate, and often appear only in tiny print.

Family members told of loved ones who were so convinced that they had won a sweepstakes that they actually refused to leave their homes—for fear that they would miss the arrival of the “Prize Patrol.” The Subcommittee investigated many cases of senior citizens who, enticed by the apparent promises of sweepstakes solicitations, spent their Social Security checks, squandered their life savings, and borrowed money to buy magazines and other merchandise they neither wanted nor needed, all in the hope of increasing their chances of winning. One of the witnesses, Eustace Hall, broke down in tears at the hearing as he recounted how he had bought \$15,000 worth of products in an effort to win. Family members of several seniors who similarly fell victim to deceptive solicitations described sweepstakes companies bombarding elderly relatives with repeated mailings, and enticing elderly family members to spend thousands of dollars, in the vain hope that the next trinket or magazine subscription would be their ticket to the grand prize.

The Subcommittee received thousands of letters in response to these hearings. A 74-year-old woman from New York, for example, wrote to Senator Collins about how sweepstakes purchases put her deeply into debt. Though her only source of income was a monthly Social Security check totaling \$893, this woman estimated that she

had spent between \$10,000 and \$20,000 on sweepstakes during the previous 19 years—money borrowed in part from her daughter—in the mistaken belief that she was virtually certain to win between \$1 million and \$10 million. Sadly, this woman was far from atypical: In its hearing testimony, the American Association of Retired Persons (AARP) described the results of a recent survey showing that 23 percent of senior citizens surveyed still believe that purchasing a product increases their chances of winning a sweepstakes prize. (It does not.) Another 17 percent reported that purchasing a product *might* increase their chance of winning, bringing to 40 percent the proportion of seniors surveyed who believed there to be a connection between purchasing and winning.

The sweepstakes companies testified that the majority of individuals do not respond to sweepstakes mailings, and that of those who do respond, the majority do not purchase a product. They recognized, however, that they had problems with persons who did not understand sweepstakes and other contest mailings.

Witnesses at the hearings on March 8, 1999 included a number of sweepstakes victims including: Eustace Hall of Florida, Carol Gelinan of Maine, Patti McElligott of Texas, Stephanie Beukema of Massachusetts, Charles Doolittle of Florida, and Karol Carter of Michigan. Also appearing on March 8 were Maryland Attorney General Joseph Curran, Jr., and Virginia Tierney of the AARP Board of Directors. Witnesses on March 9 included Naomi Bernstein of American Family Publishers, Deborah Holland of Publishers Clearing House, Peter Davenport of The Reader's Digest Association, and Elizabeth Valk Long of Time, Inc.

*B. Securities Fraud on the Internet ((March 22 and 23, 1999)*

The Subcommittee's second set of hearings in March 1999 examined common securities frauds perpetrated on the Internet, and explored the ways consumers can protect themselves from such frauds, as well as current online trading issues. Specifically, the hearings focused upon Federal and State efforts to combat securities fraud on the Internet—particularly penny stock fraud—and on whether Federal and State consumer education programs designed to disseminate information about securities fraud on the Internet are adequate.

The Subcommittee heard testimony from victims of Internet securities fraud, and from Federal and State regulators responsible for helping fight such crimes. Testimony from the General Accounting Office (GAO) and from the founder of a popular on-line financial forum also helped explain the various types of fraud perpetrated in cyberspace—and how this new electronic medium enhances the opportunities available to unscrupulous criminals who infiltrate on-line bulletin boards, chat rooms, and newsletters, and use mass E-mailings to lure victims. In addition to allowing traditional securities frauds to become even more widespread, the Subcommittee learned, the Internet has provided opportunities for *new* types of fraud. In response to these challenges the Securities and Exchange Commission (SEC) has been taking steps both to train its investigatory staff in Internet-related issues and to improve consumer awareness of Internet fraud dangers. Nearly half of all State regulatory agencies have also established specific programs to combat Internet frauds that violate State securities laws. Nevertheless,

as GAO pointed out, SEC and State regulatory agency programs to combat Internet securities fraud are new and face significant challenges that could limit their effectiveness in the long-term—*e.g.*, by placing significant burdens on regulators' limited investigative staff resources and thereby limiting the agencies' capacity to respond effectively to credible fraud allegations.

Witnesses on March 22, 1999 included fraud victims Galen O'Kane of Maine and Kristin Morris of Virginia, and three expert witnesses on the nature and scope of Internet securities fraud: Tom Gardner of the Motley Fool, Professor Howard Friedman of the University of Toledo, and GAO Associate Director Richard Hillman. Witnesses on March 23 included SEC Enforcement Director Richard Walker, Peter Hildreth of the North American Securities Administrators Association (NASSA), and Philip Rutledge of the Pennsylvania Securities Commission. (The GAO report commissioned by Senator Collins in connection with this hearing was *Securities Fraud: The Internet Poses Challenges to Regulators and Investors*, T-GD-99-34 of March 22, 1999.)

*C. Home Health Care: Will The New Payment System and Regulatory Overkill Hurt Our Seniors? (June 10, 1999)*

The Subcommittee's hearing on June 10 examined a problem in the government's management of Medicare programs focused upon home health care that had been growing for some years. By the mid-1990's, home health care had become the fastest-growing component of Medicare spending, prompting Congress to enact changes intended to make the program more cost-effective and efficient. Until this system was implemented, however, home health agencies were to be paid according to Medicare's Interim Payment System (IPS). Unfortunately, however, the IPS was structured in such a way as, in effect, to penalize the most cost-efficient agencies—and to restrict access to health care by the beneficiaries who need it the most—the sicker patients with complex chronic care needs.

By 1999, many home health agencies across the country were experiencing acute financial problems due to the new IPS. These agencies were finding it increasingly difficult to cope with cash-flow problems, which in turn inhibited their ability to deliver care to patients. Moreover, the IPS reimbursement problems have been exacerbated by a number of new regulatory requirements imposed by the Health Care Financing Administration (HCFA). Those regulations include the implementation of HCFA's new Outcome and Assessment Data Set (OASIS), sequential billing, medical review, and IPS overpayment recoupment. The Subcommittee's hearing examined the combined effect that these payment reductions—coupled with the multiple new regulatory requirements—have had on home health agencies' ability to meet the needs of beneficiaries, and discussed the need for HCFA expeditiously to address these problems.

Witnesses at this hearing included Maryanna Arsenault of Maine, representing the Visiting Nurse Associations of America, Mary Suther of the National Association of Home Care, Rosalind Stock of the Visiting Nurse Association of Texas, Barbara Markham Smith of the Center for Health Services Research and Policy at George Washington University, and Kathleen Buto and Mary Vienna of HCFA.

*D. The Hidden Operators of Deceptive Mailings (July 20, 1999)*

The Subcommittee's July 20, 1999, hearing was a continuation of the Subcommittee's examination of deceptive practices used in sweepstakes, ostensible "skill contests," and government look-alike mailings. This hearing was prompted by evidence gathered by the Subcommittee after its March 1999 hearings into deceptive mailings. Many individuals contacted the Subcommittee in response to these hearings, and provided the Subcommittee with sample mailings from smaller sweepstakes companies that were, indeed, quite misleading. This public response prompted an expansion of the Subcommittee's investigation into the deceptive practices of these smaller sweepstakes companies.

At the hearing, an official from the United States Postal Inspection Service (USPIS) testified about companies that USPIS has investigated and acted against for sending deceptive sweepstakes mailings. Two industry insiders also provided testimony about some of the practices of smaller, less prominent sweepstakes companies. According to these various witnesses, many of the smaller companies at issue tend to be fly-by-night operations that use multiple trade names to hide their identities and to confuse consumers. In some cases, these firms are run by promoters for no more than a year or two before ceasing to operate; the owner then forms a new company under another name. (Company names are themselves often specifically chosen to lend unwarranted credibility to the contest or to deceive consumers.) These companies profit not only from their deceptive mailings, but also by reselling the names of their customers to other operators, who then inundate the unlucky consumers with further mailings.

The Subcommittee's investigation made clear that this business is quite lucrative. The small companies that the Subcommittee investigated sent approximately 100 million promotional mailings in 1998, and received over 4 million purchases in return—which are conservatively estimated to have cost consumers more than \$40 million. In return, most individuals received no more than a discount coupon book that was frequently followed by numerous additional mailings urging the unwary contestant to send more money to buy more copies of the same coupon book.

Anonymity, the hearing demonstrated, is crucial to the success of many of these small operators. Far from being the widely-known entities discussed at the Subcommittee's earlier deceptive mailings hearings (*e.g.*, Time, Inc. or Publishers Clearinghouse), these smaller firms depend on working in the shadows, "underneath the radar" of State and Federal regulators. Accordingly, many of these companies attempt to conceal their identities through multiple corporate names and the use of various mail drops in different States. As the hearings also showed, their mailings are often designed to deceive even the most cautious consumer. In response to questions from Senator Collins about the deceptive nature of his mailings, in fact, one operator who appeared as a hearing witness twice invoked his Fifth Amendment privilege against self-incrimination.

Witnesses at this hearing included Subcommittee Chief Investigator Glynna Parde, David Dobin of Lone Star Promotions, Anthony Kasday of Neopolitan Consultants, USPIS Chief Postal Inspector Kenneth Hunter, and U.S. Postal Inspector Attorney Robert DeMuro.

*E. Day Trading: An Overview (September 16, 1999)*

The Subcommittee's September 16, 1999, hearing focused on the growth of day trading, which has been made possible technological changes allowing investors direct computerized access to the trading floor in ways never before possible. The hearing examined practices and operations of the securities day trading industry, examining the financial risks that day trading poses to the average investor, the extent of fraudulent and questionable practices—such as deceptive advertising—in the day trading industry, and the impact of day trading on the securities markets. Witnesses were closely questioned about the risks and impact of day trading in this overview hearing, which the Subcommittee used to set the stage for its follow-up hearing and report on the subject (see below).

Witnesses at the September 16 hearing included SEC Chairman Arthur Levitt, Mary Schapiro of the National Association of Securities Dealers (NASD), Peter Hildreth of the North American Securities Administrators Association (NASAA), David Shellenberger of the Massachusetts Securities Division, and Saul Cohen of the Electronic Traders Association.

*F. Conquering Diabetes: Are We Taking Full Advantage of the Scientific Opportunities for Research? (October 14, 1999)*

This Subcommittee hearing examined the devastating impact—in both human and economic terms—that diabetes and its associated complications have had on Americans of all ages. It focused both upon the sheer magnitude of this problem and upon the extraordinary scientific opportunities available today in diabetes research. In addition, the hearing reviewed recent recommendations of the congressionally-established Diabetes Research Working Group, and looked at the current Federal commitment to diabetes research in order to determine whether sufficient funding is being provided to take advantage of unprecedented opportunities better to understand and ultimately to conquer this disease.

Witnesses at this hearing included Dr. Phillip Gorden of the National Institute of Diabetes and Digestive and Kidney Diseases at the National Institutes of Health (NIH), cyclist Pam Fernandes, actor Gordon Jump, former football player William Fuller, Ryan Dinkgrave of the Juvenile Diabetes Foundation, Dr. Ronald Kahn of the Diabetes Research Working Group, Dr. Edward Leiter of the Jackson Laboratory, and Dr. Jeffrey Bluestone of the Ben May Institute for Cancer Research.

*G. Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities (November 9 and 10, 1999)*

The Subcommittee held 2 days of hearings on the vulnerabilities of U.S. private banks to money laundering, focusing upon the role of U.S. banks in the growing and competitive private banking industry, their services and clientele, and the adequacy of their current anti-money laundering efforts. Picking up in the tradition of former Subcommittee Chairman William Roth of Delaware—who chaired Subcommittee hearings in the mid-1980's on the use of offshore banks to launder money—this hearing was the culmination of the first phase of an extensive Minority investigation into money laundering.

The hearings on November 9 and 10 examined how U.S. private banks accept clients and the extent to which they undertake “know your customer” due diligence to weed out money launderers, how they can use shell corporations and secrecy jurisdictions to open accounts and move funds relatively anonymously around the world on behalf of their private banking clients, how such banks monitor their clients’ transactions, and how they identify and respond to suspicious activity. The Subcommittee also examined the role of bank auditors and regulators in fighting money laundering through private banking accounts. Finally, the hearing focused on bank policies and procedures, discussing particular examples such as the questionable accounts opened and maintained at prominent U.S. banks for clients such as Raul Salinas—the brother of the former President of Mexico who transferred between \$90 and \$100 million in suspicious funds out of that country—President Omar Bongo of Gabon, and the sons of former Nigerian dictator General Sani Abacha.

Witnesses on November 9 included Subcommittee Minority Deputy Chief Counsel Elise Bean and Minority Counsel Robert Roach, Chairman John Reed of Citigroup, and Amy Elliot, Albert Misan, Alain Ober, Edward Montero, Todd Thomson, and Mark Musi of Citibank Private Bank. Witnesses on November 10 included convicted money launderer Antonio Giraldi, Raymond Baker of The Brookings Institution, Ralph Sharpe of the Office of the Comptroller of the Currency (OCC), and Richard Small of the Federal Reserve.

*H. Day Trading: Everyone Gambles But The House (February 24 and 25, 2000)*

The Subcommittee’s 2 days of hearings on February 24 and 25, 2000 were part of its continuing examination of the day trading industry and its practices (see above). These hearings centered around three case studies developed by the Subcommittee, examining the extent to which the growing day trading phenomenon poses risks to investors and to the stability of financial markets. In particular, the hearing examined the extent to which the day trading industry may engage in deceptive advertising, customer suitability requirements for the day trading industry, the propriety of lending programs established by some day trading firms to cover margin requirements for their customers and the potential for abuses, and the extent of third-party trading in the day trading industry and its potential for abuse.

Witnesses on February 24 included Subcommittee Counsel Deborah Field, Alyce Wenzel (the mother of murdered day trader Scott Webb), attorney Steve Buchwalter, day trader Huan Van Cao of Providential Securities, Fred Zayas, Barry Parish, and Justin Hoehn of All-Tech Direct, and former All-Tech Direct customers Carmen Margala and Sandra Harlacher. Witnesses on February 25 included Harvey Houtkin of All-Tech Direct, Henry Fahman of Providential Securities, James Lee of Momentum Securities, Lori Richards of the SEC, Barry Goldsmith of NASD Regulation, Inc., and Deborah Bortner, of the Washington Department of Financial Institutions.

*I. Oversight of HCFA's Settlement Policies: Did HCFA Give Three Providers Special Treatment? (March 28, 2000)*

The Subcommittee's hearing on March 28, 2000 was part of its continuing examination of the Medicare program (see above) aimed at preventing waste and fraud that siphon money out of the Medicare trust fund—costing billions of dollars and jeopardizing health care for disabled and elderly Americans. This hearing examined settlements between the Health Care Financing Administration (HCFA) and certain Medicare providers, attempting to assess whether these settlements conformed to HCFA regulations.

Specifically, the hearing reviewed settlement agreements between the HCFA on behalf of the Department of Health and Human Services—and three health care organizations: The Visiting Nurse Service of New York (VNSNY), the New York City Health and Hospitals Corporation (NYCHHC), and the County of Los Angeles (LA County). According to GAO, the three claims settled by these agreements represented two-thirds of *all* Medicare overpayments during the 8½-year period examined. In these settlements, however, HCFA agreed to accept payment of only \$120 million out of the \$332 million owed to the Medicare trust fund by these providers. Moreover, these three settlements—uniquely among HCFA's 96 settlement agreements during this period—were concluded outside normal channels, were never reviewed by HCFA's Office of General Counsel, were never approved by the Department of Justice, and contained strict secrecy provisions apparently intended to prevent other health care providers from ascertaining their terms. Moreover, according to GAO, then-HCFA Administrator Bruce Vladeck had directed his subordinates to settle these matters. GAO said this raised concerns about the appearance of a conflict of interest because Vladeck had had a professional association with two of the three providers just prior to his appointment as HCFA Administrator. The Subcommittee's hearing presented the results of a GAO investigation into these irregularities and discussed how such problems could have occurred.

Witnesses at this hearing included Robert Hast and William Hamel of GAO's Office of Special Investigations (OSI), GAO General Counsel Robert Murphy, former HCFA Administrator Bruce Vladeck, and Jean Ohl, Tony Seubert, Charles Booth of HCFA. (The GAO report commissioned by Senator Collins in connection with this hearing was *Health Care Financing Administration: Three Largest Medicare Overpayment Settlements Were Improper*, T-OSI-00-7 of March 28, 2000.)

*J. Phony IDs and Credentials Via the Internet—An Emerging Problem (May 19, 2000)*

This hearing was part of the Subcommittee's continuing examination of the extent to which fraud and criminal activities affect commerce on the Internet. The Subcommittee's 6-month investigation and hearing focused on the widespread availability of false identification documents and credentials on the Internet—often through the provision of document computer templates that allow individuals to manufacture authentic-looking identification documents in the seclusion of their own homes—and the criminal uses to which such identification is too often put. The variety and seeming authenticity of such products is remarkable, even extending to

the falsification of State seals, holograms, and bar codes. (As part of this investigation, for example, Subcommittee staff easily obtained false documentation that would have permitted Chairman Collins to pass as a member of the U.S. Armed Forces, a reporter, a student at Boston University, and a licensed driver in Florida, Michigan, or Wyoming. Identification was also easily available that replicated Federal agency credentials, including those of the Federal Bureau of Investigation and the Central Intelligence Agency.)

Testimony before the Subcommittee demonstrated that the availability of false identification documents from the Internet is a rapidly-growing problem, and that the advent of the Internet allows those specializing in the sale of counterfeit identification to reach a broader market of potential buyers than ever before. Little information is available about the size of the false identification industry, but Subcommittee staff found that some Web site operators apparently have made hundreds of thousands of dollars through the sale of phony identification documents. According to a convicted felon who testified at the hearing, someone with modest computer experience could use widely available materials and false-identification Web sites to manufacture false identity documents—which the Director of the U.S. Secret Service testified are used in most financial crimes.

Witnesses at this hearing included Subcommittee Chief Counsel and Staff Director K. Lee Blalack, David Myers of the Division of Alcoholic Beverages and Tobacco at the Florida Department of Business and Professional Regulation, convicted felon Thomas Seitz, and U.S. Secret Service Director Brian Stafford.

*K. HUD's Government Insured Mortgages: The Problem of Property "Flipping" (June 29 and 30, 2000)*

The Subcommittee's 2 days of hearings in June 2000 examined the nationwide crisis of mortgage fraud which is commonly known as "flipping." Flipping is a complex phenomenon in which multiple parties conspire to defraud home buyers, lenders, and—in the case of loans insured by the Federal Housing Authority (FHA)—the Federal Government. The practice of mortgage flipping, in which individuals ("flippers") sell homes at artificially inflated prices, creates the false illusion of a robust real estate market through the use of phony paperwork and deceptive sales pitches.

The Subcommittee's investigation found that flippers have purchased hundreds of rundown houses and resold them—sometimes within hours—to unsuspecting, unsophisticated buyers. Buyers pay inflated prices and high mortgage payments often result in foreclosure, abandonment, or bankruptcy. Buyers are left with their credit ratings tarnished and neighborhoods are left with boarded-up houses. Unfortunately, the investigation also revealed that the Department of Housing and Urban Development (HUD) in effect subsidizes flipping through the FHA by securing many of the mortgages that finance these fraudulent transactions. Furthermore, according to GAO, HUD's process for granting FHA-approved lenders direct endorsement authority—*i.e.*, the ability to underwrite loans and determine their eligibility for FHA mortgage insurance without HUD's prior review provides only limited assurance that lenders receiving this authority are qualified, and HUD officials have not adequately focused on monitoring the lenders and loans that pose

the greatest insurance risks. The Subcommittee's hearing assessed the extent of the flipping problem and explored ways in which HUD can and should take action to fight it.

Witnesses at the June 29 hearing included U.S. Senator Barbara Mikulski of Maryland, Lisa Smith of New York, Sonia Pratts of Florida, Stekeena Rollins of Illinois, and GAO Associate Director for Housing and Community Development Issues Stanley Czerwinski. Witnesses on June 30 included HUD Assistant Secretary William Apgar and HUD Inspector General Susan Gaffney. (The GAO report commissioned by Senator Collins in connection with this hearing was *Single-Family Housing: Stronger Oversight of FHA Lenders Could Reduce HUD's Insurance Risk*, T-RCED-00-213 of June 29, 2000.)

## II. LEGISLATIVE ACTIVITIES DURING THE 106TH CONGRESS

The Permanent Subcommittee on Investigations does not have legislative authority, but because its investigations play an important role in bringing issues to the attention of Congress and the public, the Subcommittee's work frequently contributes to the development of significant legislative initiatives. The Subcommittee's activity during the 106th Congress was no exception, with Subcommittee hearings and Members playing prominent roles in the development of a number of legislative initiatives.

### A. *Telephone Service Fraud Prevention and Enforcement Act of 1999*

(S. 58—by Senators Collins, Durbin, and Jeffords)

Senator Collins introduced this bill to improve protections against telephone service "slamming," to provide protections against telephone billing "cramming," and to provide the Federal Trade Commission jurisdiction over unfair and deceptive trade practices of telecommunications carriers. This bill grew out of the Subcommittee's 1998 investigation into American consumers' growing problems with telephone "slamming"—the unauthorized switching of telephone service subscribers from one telecommunications carrier to another.

S. 58 would establish new criminal penalties for intentional slamming, and would disqualify anyone convicted of intentional slamming from being a telecommunications service provider. Designed to help law enforcement officials better combat slamming, the bill would also reduce the financial incentive for companies to engage in the practice in the first place by allowing "slammed" consumers to pay their original carrier at their previous rate in lieu of the company that did the slamming. Finally, the bill would require all telecommunications carriers to report slamming violations to the FCC, on a quarterly basis. (Currently, there is no central repository for slamming complaints, and the FCC must rely on consumers to write or call the FCC to report a slamming incident.) No action was taken on this legislation.

*B. Deceptive Mail Prevention and Enforcement Improvement Act*

(S. 335—by Senators Collins, Cochran, Levin, Durbin, and Burns)

As a result of the Subcommittee's investigation and hearings examining deceptive mailings, Senators Collins and Levin—the Chairman and Ranking Minority Member of the Subcommittee, respectively—introduced legislation to establish a number of consumer safeguards for sweepstakes and other mailings. This legislation passed the Senate by a vote of 93–0 on August 2, 1999, and was later signed into law on December 12, 1999, as Public Law 106–168.

The new law requires sweepstakes mailings clearly and conspicuously to display several important disclaimers and consumer notices, including a statement that no purchase is necessary to enter and a statement that such a purchase will not improve the contestant's chances of winning. These statements must appear in three places—on the order form, in the rules, and in the body of the mailing. In addition, mailings must state the odds of winning, the value and nature of the prize, and the name and address of the sponsor. Sweepstakes mailings will also be required to include all the rules and entry procedures for the contest, and it will be illegal to describe the recipient as a “winner” unless that individual has indeed won a prize. The new law also includes a provision drafted by Senator Edwards to require companies sending sweepstakes or skill contest mailings to establish a system that will allow consumers to have their names removed from sweepstakes mailing lists.

In addition, the new law strengthens existing law regulating “government look-alike” mailings by prohibiting mailings that imply a connection to, approval by, or endorsement by the Federal Government, unless the mailings carry two disclaimers already contained in existing law. New Federal standards are also imposed on facsimile checks sent in any mailing: Each must bear a statement that it is non-negotiable and has no cash value. Finally, the new law grants the Postal Inspection Service subpoena authority, nationwide “stop-mail” authority, and the ability to impose strong civil penalties for the first violation.

*C. Internet False Identification Prevention Act of 2000*

(S. 2924—by Senators Collins, Durbin, and Feinstein)

Senator Collins introduced this legislation after the Subcommittee's investigation and hearing into the availability of false identification on the Internet. The bill was approved by both the House and Senate on December 15, 2000, and signed into law on December 28, 2000 as Public Law 106–578.

This statute strengthens Federal laws against false identification, making them better suited to the Internet age by clarifying that it is illegal to sell or distribute false identification documents through computer discs, files, and templates. It also makes it easier to prosecute criminals who manufacture, distribute, or sell counterfeit identification documents by ending the practice of allowing easily-removable disclaimers as ostensible parts of “novelty” items that otherwise resemble real identification. Finally, the new law encourages more aggressive enforcement of the laws prohibiting the trafficking of false identification documents by establishing a

multi-agency coordinating committee to concentrate resources on investigating and prosecuting the creation of false identification documents.

*D. Medicare Insulin Pump Coverage Act of 1999*

(S. 617—by Senator Collins)

Related to the Subcommittee's work on diabetes, this bill would have amended Title XVIII of the Social Security Act to provide for coverage under the medicare program of insulin pumps as items of durable medical equipment. (Insulin pumps have proven to be more effective in controlling blood glucose levels than conventional injection therapy for many insulin-dependent diabetics.) This bill was referred to the Committee on Finance. Under pressure from Senator Collins to review and amend its coverage policy, however, HCFA reversed its approach in September 1999 to permit Medicare coverage for insulin infusion pumps for persons with Type I diabetes who would otherwise have difficulty achieving optimal control of their blood glucose levels.

*E. Inspector General Act Amendments of 1999*

(S. 870—by Senators Collins, Roth, Grassley and Bond)

Senator Collins introduced this bill to amend the Inspector General Act of 1978 in order to increase the efficiency and accountability of Offices of Inspector General (OIGs) within Federal departments. (This bill was a modification of S. 2167, introduced by Senators Collins and Grassley during the 105th Congress.) Among other provisions, the bill would prohibit the receipt of any cash award or cash bonus by an Inspector General, provide for an external review of OIGs for specified Federal agencies at least every 3 years by the GAO or a private entity, modify OIG annual and semi-annual reporting requirements, change the rate of pay of specified Inspectors General from Level IV to Level III of the Executive Schedule, and require the Comptroller General to: (1) develop criteria for determining whether the consolidation of Federal Inspector General offices would be cost-efficient and in the public interest; (2) study the offices using such criteria to determine whether any should be consolidated; and (3) report to Congress recommendations for legislative action based on the study. This bill was referred to the Governmental Affairs Committee, passed the Senate by unanimous consent, and was referred to the House of Representatives.

*E. Imported Food Safety Improvement Act*

(S. 1123—by Senators Collins, Frist, Abraham, Snowe, Jeffords, and Coverdell)

This bill was the culmination of a 16-month, in-depth Subcommittee investigation during the 105th Congress that involved 5 days of hearings with 29 witnesses. This bill would enhance the authority of the Food and Drug Administration (FDA) to deny entry into the United States for unsafe food, to require the destruction of unsafe food, to ensure that food designated as unsafe upon arrival in fact remains outside the country, and to encourage foreign countries to ensure their food safety systems offer an equivalent

level of public health as domestic U.S. food safety systems. The bill would also provide more resources for the FDA and the Centers for Disease Control (CDC), and would enact tougher enforcement provisions and penalties, by allowing repeat serious offenders of food safety laws to be debarred from importing food into our market, and establishing a “sliding scale” of higher bonding requirements for importers who have violated food safety laws. This bill was referred to the Committee on Agriculture.

*F. Microcap Fraud Prevention Act of 1999*

(S. 1189—by Senators Collins, Cleland and Gregg)

This bill, which grew out of the Subcommittee’s work on securities fraud, would allow Federal securities enforcement actions to be predicated on State securities enforcement actions (so as to prevent migration of rogue securities brokers between and among financial services industries), authorize the Securities and Exchange Commission (SEC) to bar individuals who have committed fraud in other financial sectors from entering the securities industry, broaden the penny stock bar to prevent a barred penny stock promoter from participating in a micro-cap offering, and broaden the statutory officer and director bar to include all publicly traded companies. This bill was referred to the Governmental Affairs Committee, where its provisions were replaced by an amendment in the nature of a substitute before being passed by the Senate and referred to the House of Representatives.

*G. Medicare Fraud Prevention and Enforcement Act of 1999*

(S. 1231—by Senators Collins, Durbin and Grassley)

Arising out of the Subcommittee’s work on Medicare fraud, this bill would amend the Social Security Act to establish additional provisions to combat waste, fraud, and abuse within the Medicare program. It would direct the Secretary of Health and Human Services (HHS) to conduct additional site inspections in order to ensure that health care providers are in full compliance with all the conditions and standards of participation and requirements for obtaining Medicare billing privileges. The bill would also set forth additional rules for conducting background checks on any individual or entity applying for a Medicare provider number, require the registration of all applicant billing agencies, and require the assignment of a unique identification number to each registered agency.

Among other provisions, the bill would also provide better access to the Health Integrity Protection Database (HIPDB), criminalize the misuse of HIPDB information, authorize the HHS Secretary to bar from participation in any Federal health care program any billing agency involved in fraudulent billing, and deny discharges in bankruptcy for: Civil monetary penalties for fraudulent activities by a health care provider or supplier; overpayments to service providers under Medicare part A and of benefits under Medicare part B; and past-due obligations arising from breach of scholarship and loan contract. Finally, it would authorize augmented search and arrest powers for the HHS Office of Inspector General. This bill was referred to the Committee on Finance.

*H. Medicare Home Health Equity Act of 1999*

- (S. 1310—by Senators Collins, Bond, Levin, Bennett, Santorum, Hutchison, Torricelli, Lugar, Allard, Specter, Edwards, Brownback, Lautenberg, Cochran, Enzi, Frist, Helms, and Abraham)

Similarly growing out of the Subcommittee’s work on Medicare, this bill would amend the Social Security Act in order to eliminate the 15 percent home health services payment reduction which would occur if the Secretary of Health and Human Services did not establish a prospective payment system (PPS). Among other provisions, it would also exclude additional Medicare part B (Supplementary Medical Insurance) costs from determination of the Medicare part B premium. This bill was referred to the Committee on Finance.

*I. The Money Laundering Abatement Act of 1999*

- (S. 1920—by Senators Carl Levin and Arlen Specter)

Senator Levin introduced this bill to strengthen anti-money laundering controls with respect to U.S. private banking in light of the Subcommittee’s investigation into that activity.

Key provisions of the bill would require that: A U.S. depository institution or U.S. branch of a foreign bank could not open or maintain an account in the United States for a foreign entity unless the owner of the account is identified on a form or record maintained in the United States and unless the foreign bank is subject to comprehensive supervision or regulation; the Secretary of the Treasury issue regulations ensuring that client funds flowing through a bank’s administrative or concentration accounts (commingling funds from various accounts) identify each client’s fund; banks engaged in private banking implement anti-money laundering due diligence procedures for their private bank clients, including verifying the client’s identity and obtaining sufficient information about the client’s source of funds to meet the bank’s anti-money laundering obligations; the list of foreign crimes triggering a U.S. money laundering offense be expanded to include fraud against a foreign government, bribery of a foreign public official or misappropriation of a foreign government’s funds under the laws of the country in which the conduct occurred or in which the public official holds office, misuse of IMF funds, and similar misconduct; the United States courts be given “long-arm” jurisdiction over foreign persons and institutions that commit money laundering offenses that occur in whole or in part in the United States. The bill was introduced and referred to the Banking committee. No action was taken on this legislation.

III. REPORTS, PRINTS, AND STUDIES

*A. Day Trading: Case Studies and Conclusions—Subcommittee Report 106–364 (July 27, 2000)*

On July 27, 2000, the Subcommittee issued its report on “Day Trading: Case Studies and Conclusions,” which recounted its findings from the 8-month investigation and hearing described above. This report examined the state of the day trading industry and the consumer risks attendant thereto, concluding that this highly spec-

ulative activity “can be fairly compared to certain types of gambling.” As detailed in this study, some day trading firms do not adequately disclose risks in their dealings with customers, and frequently fail to gather information about their prospective customers necessary to determine whether those persons are suitable for day trading. (Firms that *do* gather such information, moreover, frequently accept customers outside their own suitability guidelines anyway.) Some day trading firms also fail to hire qualified personnel to manage and supervise their branch offices, and permit customers who cannot satisfy margin calls to obtain from other customers short-term loans at high interest rates. Finally, many firms allow individuals to day trade the accounts of third parties without verifying that these individuals are registered as investment advisors or are exempted from requirements that they be so registered.

The Subcommittee found that recent rule changes by the New York Stock Exchange (NYSE) and National Association of Securities Dealers (NASD) will help combat some of the abuses in the day trading industry—at least, at any rate, if these changes are accompanied by effective enforcement measures. Overall, the Subcommittee determined that day trading has had both positive and negative effects upon the securities markets. These effects have been positive in that day trading has “democratized” the stock market, expanded access to financial information, driven broker-dealers to lower commission costs, and increased market liquidity. These effects have been negative, however, insofar as day trading may be contributing to an increase in volatility for individual stocks and the market as a whole.

#### *B. Requested and Sponsored Reports*

In connection with its investigations into the above topics, the Subcommittee made extensive use of the resources and expertise of the General Accounting Office (GAO), the Offices of Inspectors General (OIGs) at various Federal agencies, and other entities. In the process, the Subcommittee requested a number of reports and studies on issues of importance to Congress and to U.S. consumers. Among these reports were the following:

- (1) *Food Safety: Experiences of Four Countries in Consolidating Their Food Safety Systems*—GAO (RCED-99-80) of April 20, 1999

This report reviewed the experiences of four foreign countries that are consolidating their food safety responsibilities, focusing upon the costs and savings, if any, associated with consolidation, efforts to assess the effectiveness of the revised food safety systems, and lessons that the United States may learn from these countries' experiences. According to GAO, the countries examined had consolidated their food safety systems for different reasons, but were all incurring short-term costs in the anticipation of long-term benefits in terms of money saved and improved food safety for the money spent. None of the countries, however, had yet developed performance measures and data that would permit an assessment of the effectiveness of their new systems. Nevertheless, foreign officials interviewed identified several common lessons from their experiences that they believed could be applicable to any U.S. consolidation effort.

(2) *U.S. Customs Service: Efforts to Curtail the Exportation of Stolen Vehicles*—GAO (OSI-99-10) of May 12, 1999

This GAO report reviewed the efforts of the U.S. Customs Service to curtail the export of stolen vehicles from the United States, focusing upon applicable regulations, Customs Service policies and procedures, methods used to illegally export such vehicles, and improvements in operations being considered by Customs. According to GAO, thieves commonly use false documentation, altered vehicle identification numbers, containerized concealment spaces, and other means in order to circumvent Customs Service procedures designed to fight the export of stolen vehicles. Recent changes in Customs Service procedures have reduced the range of documentation acceptable for export purposes, and Customs officials, State and Federal law enforcement agencies, and the insurance industry are exploring methods—such as computer-assisted documentation checks and nonintrusive cargo container examinations—to further curtail the export of stolen vehicles.

(3) *Medicare: Improprieties by Contractors Compromised Medicare Program Integrity*—GAO (OSI-99-7) of July 14, 1999

This GAO report assessed whether Medicare contractors had participated in improper or questionable practices that contributed to fraud, waste, or abuse in the Medicare Federal health insurance program. According to GAO, Medicare contractor fraud—involving improperly handled claims, improperly destroyed or deleted records, failure to recoup overpayments to Medicare providers or collect required interest payments on time, falsification of documentation and reports to HCFA, and alteration of claims files—had become virtually a way of doing business for some contractors because HCFA reviews of Medicare contractors rely too much on information provided by contractors without independent verification. With such lax oversight, criminal and other improper activities were uncovered only after whistleblowers, or relators, filed *qui tam* complaints under the False Claims Act.

(4) *Medicare Contractors: Despite Its Efforts, HCFA Cannot Ensure Their Effectiveness or Integrity*—GAO (HEHS-99-115) of July 14, 1999

This report reviewed HCFA oversight of its claims administration contractors, focusing upon whether weaknesses in contractor oversight activities may make Medicare more vulnerable to fraud and what changes in HCFA's contracting authority may improve its ability to manage its contractors. According to GAO, HCFA's oversight of Medicare claims administration contractors has significant weaknesses that leave the agency without assurance that contractors are paying providers appropriately. Even though inadequate management controls and falsified data are a common theme in recent fraud cases, GAO found that HCFA still does not regularly check contractors' internal management controls, management and financial data, and key program safeguards to prevent payment errors. Furthermore, among other things, GAO found that HCFA's headquarters office generally did not set oversight priorities, leading to uneven contractor evaluations by regional reviewers and making it more difficult for HCFA to determine which contractors are performing effectively.

(5) *Telecommunications: State and Federal Actions to Curb Slamming and Cramming*—GAO (RCED-99-193) of July 27, 1999

This report reviewed Federal and State efforts to prevent telephone slamming, focusing upon the number of complaints about slamming and cramming received by State and Federal authorities, the types of protections in place to increase consumers' ability to protect themselves against such practices; and enforcement actions taken against slamming and cramming violations since 1996. According to GAO, slamming continued to be a significant—and growing—problem for consumers. To help protect consumers against slamming and cramming, most State public utilities commissions: (a) require telephone companies to obtain oral or written authorization from consumers before making changes to their service; (b) have procedures for resolving consumers' complaints; and (c) provide consumers with information on ways to prevent telephone slamming and cramming. At the Federal level, the Federal Communications Commission (FCC) also adopted new rules against slamming in December 1998 that strengthen procedures for verifying changes in service and absolve consumers of liability, within certain limits, for charges by unauthorized companies. The FCC also adopted new rules in April 1999 requiring telephone companies to format their bills so that consumers can more easily identify any unauthorized charges.

(6) *Telecommunications: FCC Does Not Know if All Required Fees Are Collected*—GAO (RCED-99-216) of August 31, 1999

This GAO report assessed the effectiveness of the FCC's fee collection activities, focusing upon controls for ensuring that required regulatory and application fees are paid and the extent to which the FCC is collecting the civil monetary penalties resulting from its enforcement actions against entities that have violated its regulations. According to GAO, the FCC does not know if it is collecting all its required fees, and—for lack of a system to ensure that fees are being paid—relies heavily on the telecommunications industry to comply voluntarily with its fee payment schedule. Furthermore, the FCC does not have sufficient information to identify all the entities that should pay regulatory fees or determine whether these entities have paid the full amounts required, and has difficulty performing routine automated checks on whether all licensees have paid their regulatory fees. Both the FCC's Office of Managing Director and Office of Inspector General, however, now have begun to make efforts to improve the fee collection process. Nevertheless, on the basis of experience from prior years, about 75 percent of the outstanding proposed or assessed penalties may still remain uncollected.

(7) *Funeral-Related Industries: Complaints and State Laws Vary, and FTC Could Better Manage the Funeral Rule*—GAO (GGD-99-156) of September 23, 1999

This GAO report examined various issues involving consumers' dealings with funeral-related (or "death care") industries, which include businesses that provide funeral and cemetery goods or services. The study focused upon the availability of information on the nature and extent of consumer complaints about death care industries, efforts by the Federal Trade Commission (FTC) to ensure

compliance with its Funeral Rule, and State governments' roles in protecting consumers in their death care transactions. According to GAO, comprehensive information on consumer complaints that would indicate the overall nature and extent of problems that consumers experienced with various aspects of death care industries was not available.

The FTC's Funeral Rule requires that funeral providers give consumers accurate, itemized price information and various other disclosures about funeral goods and services, and the Commission has taken steps to promote compliance with the Funeral Rule because it was concerned about what it perceived as a relatively low level of compliance—about one-third—among funeral homes in the late 1980's. That said, the FTC does not have a systematic or structured process for measuring funeral homes' compliance so that overall conclusions can be drawn about their actual compliance with the Rule. GAO's analysis indicated that among the limited sample of homes visited, compliance indeed was high for the Funeral Rule's core requirement and somewhat lower for other elements of the Rule GAO reviewed.

(8) *Health Care: Fraud Schemes Committed by Career Criminals and Organized Criminal Groups and Impact on Consumers and Legitimate Health Care Providers*—GAO (OSI-00-1R) of October 5, 1999

This report discussed the proliferation of Medicare, Medicaid, and private health insurance fraud by the part of criminals and organized criminal groups, focusing upon the makeup and prior activities of such groups, how organized criminal groups created medical entities or used legitimate medical entities or individuals in various fraud schemes, and the impact that such illegal activity has on consumers and legitimate health care providers. According to GAO, while the full extent of the problem remains unknown, career criminal and organized criminal groups are involved in Medicare, Medicaid, and private insurance health care fraud or alleged fraud throughout the country. Many group members, in fact, have prior criminal histories for criminal activity unrelated to health care fraud, indicating that they moved from one field of criminal activity to another. Groups studied by GAO created as many as 160 sham medical entities—including medical clinics, physician groups, diagnostic laboratories, and durable medical equipment companies, often using fictitious names or the names of others on paperwork—or used the names of uninvolved legitimate providers to bill for services and equipment not provided or not medically necessary. Such activities affect consumers, beneficiaries, health care providers, and law enforcement officials in several ways: Consumers pay increased health care costs in the form of taxes, because taxpayer contributions support Medicare and Medicaid; insured individuals pay increased private insurance premiums; and law enforcement officials find it difficult to keep up with this growing and widespread form of fraud and are often unable to seize or recoup fraudulent proceeds.

(9) *Food Safety: Agencies Should Further Test Plans for Responding to Deliberate Contamination*—GAO (RCED-00-30) of October 27, 1999

This GAO report the preparedness of the Federal food safety regulatory agencies to respond to acts or threats of deliberate food contamination, including those by terrorists, focusing upon the extent to which food has been deliberately contaminated with a biological agent (bacteria, virus, or toxin) or threatened with such contamination, and plans and procedures for responding to threats and acts of deliberate food contamination with a biological agent. According to GAO, threats of such contamination have been rare in the United States, but the FDA has written procedures for contacting key FDA and other Federal officials and experts in order quickly to develop an approach to respond to threats or acts of contamination. The Food Safety and Inspection Service (FSIS) also has written procedures for responding to acts of contamination, which include conducting a preliminary investigation to assess health hazards and, if necessary, requesting a recall. The FSIS is developing a plan that will include coordination steps with other affected Federal agencies in the event of threats of contamination .

(10) *Private Banking: Raul Salinas, Citibank, and Alleged Money Laundering*—GAO (T-OSI-00-3) of November 9, 1999

This GAO report recounted its 1998 investigation of alleged illegalities involving Raul Salinas de Gotari—brother of the former President of Mexico, Carlos Salinas de Gotari—and a U.S. bank, Citibank. According to GAO, Raul Salinas was able to transfer \$90 million to \$100 million between 1992 and 1994 by using a private banking relationship formed by Citibank New York in 1992. These funds were transferred through Citibank Mexico and Citibank New York to private banking investment accounts in Citibank London and Citibank Switzerland, and Citibank assisted Salinas with these transfers—effectively disguising the funds’ source and destination. In fact, Citibank set up an offshore private investment company to hold Mr. Salinas’ assets, waived its own bank reference and “know your customer” (KYC) policies for Salinas, facilitated Patricia Paulina Salinas’ use of another name to initiate fund transfers in Mexico, had funds wired from Citibank Mexico to a Citibank New York commingled account before forwarding them to offshore Citibank investment accounts.

(11) *Money Laundering: Observations on Private Banking and Related Oversight of Selected Offshore Jurisdictions*—GAO (T-GGD-00-32) of November 9, 1999

This report discussed money laundering in relation to private banking, and highlighted some regulatory issues related to the vulnerability of selected offshore jurisdictions to money laundering, focusing upon: (1) regulators’ oversight of private banking in general; (2) oversight of private banking in selected offshore jurisdictions; (3) barriers that have hampered oversight of offshore banking; and (4) future challenges that confront efforts to combat money laundering in offshore jurisdictions. According to GAO, Federal banking regulators have overseen private banking through examinations that, among other things, focus on banks’ “know your customer” policies. In cases that involve private banking activities conducted

by branches of U.S. banks operating in offshore jurisdictions, examiners rely primarily on banks' internal audit functions. GAO found that the key barriers to U.S. regulatory oversight of offshore banking activities are foreign bank secrecy laws that restrict access to banking information or that prohibit on-site examinations of U.S. bank branches in offshore jurisdictions.

*(12) Securities Operations: Day Trading Requires Continued Oversight—GAO (GGD-00-61) of February 24, 2000*

This GAO report reviewed the emerging day trading industry, focusing upon the nature and extent of day trading, regulatory actions taken to address its risks, and actions day trading firms have taken to address regulatory concerns. According to GAO, day traders, who represent less than one-tenth of 1 percent of all individuals who bought or sold securities, accounted for perhaps 10 to 15 percent of Nasdaq volume. Approaches taken to day trading varied considerably. Some firms permit any individual who wants to be a day trader—and has the capital to begin trading—to use the firm's systems and facilities to trade, risking the trader's own capital. Others allow day trading only by people who are qualified and able to be professional traders, but are willing to allow such persons to risk the firms' capital.

The effects of day trading on both individuals who engage in it and the markets as a whole are uncertain, but Federal regulators have taken some actions to address the risks of day trading. The regulatory arm of the NASD—called NASD Regulation (NASDR)—and the SEC have made a special effort to target their examination resources during the last 2 years on day trading firms. NASDR has also recently submitted proposed rule changes to SEC that would require day trading firms to assess the propriety of day trading for each potential customer, and fully to disclose the risks of day trading. NASDR and the New York Stock Exchange have also submitted proposed rule changes to SEC to tighten margin requirements. All in all, however, determining the adequacy and extent of oral disclosures, screening, and planned restrictions presents a difficult challenge because neither the regulators nor GAO could directly observe the interactions between the firms and traders or potential traders.

*(13) HCFA: Three Largest Medicare Overpayment Settlements Were Improper—GAO (OSI-00-4) of February 25, 2000*

This GAO report reviewed the application of the Federal Claims Collection Act to HCFA's settlement of overpayment matters with providers and examined specific settlements that may have been improper. According to GAO, HCFA acted inappropriately in the three largest claims settlements between 1991 and 1999—settlements which constituted 66 percent of all Medicare overpayment settlements for which HCFA provided records. In these suspect settlements, HCFA agreed to accept \$120 million for debts exceeding \$332 million. Though HCFA's own regulations required any compromise of a claim over \$100,000 to be approved by the Department of Justice, and those who settled the matter thought approval was necessary, HCFA never sought such approval.

HCFA also appears to have disregarded the permissible settlement criteria established by regulation, since evidence suggests

that the providers were all able to pay the entire overpayment amount, that HCFA would have prevailed if matters were litigated, and that the amount of recovery would have exceeded the cost of collecting each of these multimillion-dollar debts. GAO's investigation revealed also that former HCFA Administrator Bruce Vladeck had directed subordinates to settle these matters and that his participation in the largest of these settlements raised conflict-of-interest concerns.

(14) *Single-Family Housing: Stronger Oversight of FHA Lenders Could Reduce HUD's Insurance Risk*—GAO (RCED-00-112) of April 28, 2000

This report provided information on oversight by the Department of Housing and Urban Development (HUD) of lenders participating in Federal Housing Administration (FHA) mortgage insurance programs for single-family homes, focusing upon: (1) how HUD ensures that lenders granted direct endorsement authority by FHA are qualified to receive such authority; (2) the extent to which HUD focuses on high-risk lenders in monitoring the lenders participating in FHA's mortgage insurance programs; and (3) the extent to which HUD holding lenders are accountable for poor performance. According to GAO, HUD's process for granting FHA-approved lenders direct endorsement authority provides only limited assurance that lenders receiving this authority are qualified. Contrary to HUD's guidance, moreover, its homeownership centers' monitoring of lenders does not adequately focus on the lenders and loans that pose the greatest insurance risks to the Department; the centers often do not review the lenders that they consider to be the highest risk.

GAO also found that HUD has not taken sufficient steps to hold lenders accountable for poor performance and program violations. If HUD had reviewed all of the lenders' Fiscal Year 1999 loans, for example, GAO calculated that the percentage of poor ratings probably would have exceeded 30 percent. HUD's recent Credit Watch program—designed to terminate the loan origination authority of lenders with excessive defaults and insurance claims on FHA-insured mortgages—also had problems because the program's regulations pertain only to the lenders that originated the troubled loans and HUD does not always hold accountable lenders that underwrote and approved the loans.

(15) *On-Line Trading: Better Investor Protection Information Needed on Brokers' Web Sites*—GAO (GGD-00-43) of May 9, 2000

This GAO report discussed on-line stock trading, focusing upon: (1) the growth in on-line trading; (2) the extent to which on-line broker-dealers had experienced trading system delays and outages, including the causes of these problems and their reported effect on investors; and (3) how on-line broker-dealers address investor protection issues related to margin, privacy of information, risk disclosures, best execution, suitability, and advertising. According to GAO, the number of broker-dealers offering on-line trading more than doubled from 1997 to 1999, the number of on-line trading accounts established nearly tripled, and the volume of on-line trades increased to about 37 percent of all retail trading volume in equities and options. This growth has been accompanied by a series of

delays and outages in broker-dealers' automated trading systems that have caused some investors to suffer losses or miss investment opportunities. Industry officials expect such delays and outages to continue because they must constantly upgrade their systems' services and capacity to remain competitive and to keep up with the growth in on-line trading.

To help investors make informed decisions, the SEC and the securities self-regulatory organizations (SROs) require that broker-dealers furnish investors information relating to margin trading, have proposed rules concerning privacy of information, and recommend that broker-dealers also furnish information about trading risks and best execution of trades. The broker-dealers contacted by GAO, however, did not always provide their customers all such information.

*(16) Training at the Environmental Protection Agency's Office of Inspector General—GAO (GAO-01-36R) of October 20, 2000*

In this report, GAO examined how the Office of the Inspector General (OIG) at the Environmental Protection Agency (EPA) provided training to its staff during Fiscal Years 1998 and 1999. GAO found that the program—which cost about \$630,000 in Fiscal Year 1998 and about \$970,000 in Fiscal Year 1999—was part of a quality control system providing reasonable assurance that staff conform with professional standards.

*(17) Suspicious Banking Activities—Possible Money Laundering by U.S. Corporations Formed for Russian Entities—GAO (OSI-01-120) of October 31, 2000*

This GAO report identified serious weaknesses in State incorporation procedures and corporate account opening practices at two U.S. banks, creating serious money laundering vulnerabilities. The report identified possible money laundering involving \$1.4 billion over the last 9 years by foreign persons using bank accounts at Citibank New York and Commercial Bank of San Francisco.

The bank accounts at issue were opened in the name of corporations established in Delaware by a registered agent at the request of Russian brokers. The GAO determined that a corporate registration agent was able to open bank accounts for 236 corporations at Citibank and Commercial Bank of San Francisco even though he did not know the true identity of the owners or the business purposes of the corporations. Once the corporate bank accounts were established, \$1.4 billion moved through the accounts during a 9-year period, the large majority of which was wired into and out of the accounts from foreign sources. Moreover, large amounts of funds moved through some accounts in a very short period of time.

GAO also reported that some States, such as Delaware, require only minimal information to establish a new corporation. GAO reported that in Delaware there is no requirement that the owners or the particular purpose of the corporation be disclosed to the State or that the registered agent know the identify of the owners of the corporation; providing the name, address and phone number of a registered agent is lawfully sufficient. In most of the filings re-

viewed by GAO, an employee of the registered agent's office signed the incorporation document.

