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OF THE

HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

ONE HUNDRED FIFTH CONGRESS

FIRST AND SECOND SESSIONS

1997–1998

(Pursuant to House Rule XI, 1(d))

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[1] Elected to committee January 21, 1997 (H.Res. 32).
[2] Resigned from committee February 5, 1997 by communication to the Speaker.
[3] Resigned from committee February 5, 1997 by communication to the Speaker.
[4] Elected to committee February 5, 1997 (H.Res. 36).
[5] Resigned from committee March 19, 1997 by communication to the Speaker.
[6] Elected to committee April 9, 1997 (H.Res. 108). Resigned from committee November 13, 1997 by communication to the Speaker.
[7] Resigned from committee April 17, 1997 by communication to the Speaker.
[8] Elected to committee April 17, 1997 (H.Res. 120).
[9] Elected to committee November 13, 1997 (H.Res. 331).
[10] Deceased March 25, 1998.
[11] Elected to committee May 13, 1998 (H.Res. 429).

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, DC, January 2, 1999.

Hon. JEFF TRANDAHL,
Clerk of the House of Representatives
Washington, DC.

DEAR MR. TRANDAHL: I am pleased to submit the enclosed report entitled, "Activities of the House Committee on Government Reform and Oversight, 105th Congress, First and Second Sessions."

This report follows the committee's past practice of publishing its activities report annually as an interim report at the end of each first session of a Congress and as a separate final report at the end of a full Congress.

The present report includes matters required by Rule XI, 1(d) to be reported to the House not later than January 2, 1999, on the activities of the committee and in carrying out its duty under Rule X to "review and study, on a continuing basis, the application, administration, execution, and effectiveness" of laws whose subject matter is within the jurisdiction of the committee.

The present report describes fully the committee's jurisdiction and organization, and details its activities. Of particular note, in a productive Congress, are committee efforts in the following areas: the year 2000 computer crisis (Y2K); the Federal Employees Health Benefits Program; the Persian Gulf war veterans illness; oversight and implementation of the Results Act; the investigation of political fundraising improprieties; and, review of the Food and Drug Administration and its regulations respecting terminally ill patients and their ability to access desired treatments.

Sincerely yours,

DAN BURTON, *Chairman*

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Union Calendar No. 484

105TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 105–843

ACTIVITIES OF THE HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

JANUARY 2, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BURTON, from the Committee on Government Reform and Oversight, submitted the following

REPORT

FINAL REPORT ON THE ACTIVITIES OF THE HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, 105TH CONGRESS, 1ST AND 2D SESSIONS, 1997 AND 1998

PART ONE. GENERAL STATEMENT OF ORGANIZATION AND ACTIVITIES

I. Jurisdiction, Authority, Powers, and Duties

The Rules of the House of Representatives provide for election by the House, at the commencement of each Congress, of 19 named standing committees, 1 of which is the Committee on Government Reform and Oversight.[1] Pursuant to House Resolutions 12 and 13 (adopted January 7, 1997), and House Resolution 14 (adopted January 7, 1997), establishing the membership at 41. Subsequent membership was set at 42 pursuant to House Resolution 32 (adopted January 21, 1997), membership was decreased to 40 pursuant to communication to the Speaker on February 5, 1997, House Resolution 36 (adopted February 5, 1997) filled the vacancies of the membership, on March 19, 1997, membership was decreased to 43 pursuant to communication to the Speaker, House Resolution 108 (adopted April 9, 1997) increased the membership to 44, on April 17, 1997, membership was decreased to 43 pursuant to communica-

[1] Rule X.

tion to the Speaker, membership increased to 44 pursuant to House Resolution 120 on April 17, 1997, membership was decreased to 43 pursuant to communication to the Speaker on November 13, 1997, and on November 13, 1997, membership was increased to 44 pursuant to House Resolution 331. The death of a member on March 25, 1998, decreased membership to 43. Membership increased to 44 pursuant to House Resolution 429 on May 13, 1998.

Rule X sets forth the committee's jurisdiction, functions, and responsibilities as follows:

RULE X

ESTABLISHMENT AND JURISDICTION OF STANDING COMMITTEES

THE COMMITTEES AND THEIR JURISDICTION

1. There shall be in the House the following standing committees, each of which shall have the jurisdiction and related functions assigned to it by this clause and clauses 2, 3, and 4; and all bills, resolutions, and other matters relating to subjects within the jurisdiction of any standing committee as listed in this clause shall (in accordance with and subject to clause 5) be referred to such committees, as follows:

* * * * * * *

(g) Committee on Government Reform and Oversight

(1) The Federal Civil Service, including intergovernmental personnel; the status of officers and employees of the United States, including their compensation, classification, and retirement.

(2) Measures relating to the municipal affairs of the District of Columbia in general, other than appropriations.

(3) Federal paperwork reduction.

(4) Budget and accounting measures, other than appropriations.

(5) Holidays and celebrations.

(6) The overall economy and efficiency of Government operations and activities, including Federal procurement.

(7) National archives.

(8) Population and demography generally, including the Census.

(9) Postal service generally, including the transportation of the mails.

(10) Public information and records.

(11) Relationship of the Federal Government to the States and municipalities generally.

(12) Reorganizations in the executive branch of the Government.

In addition to its legislative jurisdiction under the preceding provisions of this paragraph (and its oversight functions under clause 2(b) (1) and (2)), the committee shall have the function of performing the activities and conducting the studies which are provided for in clause 4(c).

* * * * * * *

GENERAL OVERSIGHT RESPONSIBILITIES

2. (a) In order to assist the House in—

(1) its analysis, appraisal, and evaluation of (A) the application, administration, execution, and effectiveness of the laws enacted by the Congress, or (B) conditions and circumstances which may indicate the necessity or desirability of enacting new or additional legislation, and

(2) its formulation, consideration, and enactment of such modifications of or changes in those laws, and of such additional legislation, as may be necessary or appropriate,

the various standing committees shall have oversight responsibilities as provided in paragraph (b).

(b)(1) Each standing committee (other than the Committee on Appropriations and the Committee on the Budget) shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee, and the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof, in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the Congress and whether such programs should be continued, curtailed, or eliminated. In addition, each such committee shall review and study any conditions or circumstances which may indicate the necessity or desirability of enacting new or additional legislation within the jurisdiction of that committee (whether or not any bill or resolution has been introduced with respect thereto) and shall on a continuing basis undertake future research and forecasting on matters within the jurisdiction of that committee. Each such committee having more than twenty members shall establish an oversight subcommittee, or require its subcommittees, if any, to conduct oversight in the area of their respective jurisdiction, to assist in carrying out its responsibilities under this subparagraph. The establishment of oversight subcommittees shall in no way limit the responsibility of the subcommittee with legislative jurisdiction from carrying out their oversight responsibilities.

(2) The Committee on Government Reform and Oversight shall review and study, on a continuing basis, the operation of Government activities at all levels with a view to determining their economy and efficiency.

* * * * * * *

(c) Each standing committee of the House shall have the function of reviewing and studying on a continuing basis the impact or probable impact of tax policies affecting subjects within its jurisdiction as described in clauses 1 and 3.

* * * * * * *

ADDITIONAL FUNCTIONS OF COMMITTEES

4. * * *

(c)(1) The Committee on Government Reform and Oversight shall have the general function of—

(A) receiving and examining reports of the Comptroller General of the United States and of submitting such recommenda-

tions to the House as it deems necessary or desirable in connection with the subject matter of such reports;

(B) evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government; and

(C) studying intergovernmental relationships between the United States and the States, and municipalities, and between the United States and international organizations of which the United States is a member.

(2) In addition to its duties under subparagraph (1), the Committee on Government Reform and Oversight may at any time conduct investigations of any matter without regard to the provisions of clause 1, 2, or 3 (or this clause) conferring jurisdiction over such matter upon another standing committee. The committee's findings and recommendations in any such investigation shall be made available to the other standing committee or committees having jurisdiction over the matter involved (and included in the report of any such other committee when required by clause 2(1)(3) of Rule XI).

* * * * * * *

Rule XI provides authority for investigations and studies, as follows:

RULE XI

RULES OF PROCEDURE FOR COMMITTEES IN GENERAL

1. * * *

(b) Each committee is authorized at any time to consider such investigations and studies as it may consider necessary or appropriate in the exercise of its responsibilities under Rule X, and (subject to the adoption of expense resolutions as required by clause 5) to incur expenses (including travel expenses) in connection therewith.

* * * * * * *

(d) Each committee shall submit to the House, not later than January 2 of each odd-numbered year, a report on the activities of that committee under this rule and Rule X during the Congress ending at noon on January 3 of such year.

* * * * * * *

COMMITTEE RULES

* * * * * * *

Power to sit and act; subpoena power

(m)(1) For the purpose of carrying out any of its functions and duties under this rule and Rule X (including any matters referred to it under clause 5 of Rule X), any committee, or any subcommittee thereof, is authorized (subject to subparagraph (2)(A) of this paragraph)—

(A) to sit and act at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, and to hold such hearings, and

(B) to require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as it deems necessary.

The chairman of the committee, or any member designated by such chairman, may administer oaths to any witness.

(2)(A) A subpoena may be authorized and issued by a committee or subcommittee under subparagraph (1)(B) in the conduct of any investigation or series of investigations or activities, only when authorized by a majority of the members voting, a majority being present. The power to authorize and issue subpoenas under subparagraph (1)(B) may be delegated to the chairman of the committee pursuant to such rules and under such limitations as the committee may prescribe. Authorized subpoenas shall be signed by the chairman of the committee or by any member designated by the committee.

(B) Compliance with any subpoena issued by a committee or subcommittee under subparagraph (1)(B) may be enforced only as authorized or directed by the House.

Use of committee funds for travel

(n)(1) Funds authorized for a committee under clause 5 are for expenses incurred in the committee's activities; however, local currencies owned by the United States shall be made available to the committee and its employees engaged in carrying out their official duties outside the United States, its territories or possessions. No appropriated funds, including those authorized under clause 5, shall be expended for the purpose of defraying expenses of members of the committee or its employees in any country where local currencies are available for this purpose; and the following conditions shall apply with respect to travel outside the United States or its territories or possessions:

(A) No Member or employee of the committee shall receive or expend local currencies for subsistence in any country for any day at a rate in excess of the maximum per diem set forth in applicable Federal law, or if the Member or employee is reimbursed for any expenses for such day, then the lesser of the per diem or the actual, unreimbursed expenses (other than for transportation) incurred by the Member or employee during that day.

(B) Each Member or employee of the committee shall make to the chairman of the committee an itemized report showing the dates each country was visited, the amount of per diem furnished, the cost of transportation furnished, any funds expended for any other official purpose and shall summarize in these categories the total foreign currencies and/or appropriated funds expended. All such individual reports shall be filed no later than sixty days following the completion of travel with the chairman of the committee for use in complying with reporting requirements in applicable Federal law and shall be open for public inspection.

(2) In carrying out the committee's activities outside of the United States in any country where local currencies are unavailable, a member or employee of the committee may not receive reim-

bursement for expenses (other than for transportation) in excess of the maximum per diem set forth in applicable Federal law, or if the member or employee is reimbursed for any expenses for such day, then the lesser of the per diem or the actual, unreimbursed expenses (other than for transportation) incurred, by the member or employee during any day.

(3) A member or employee of a committee may not receive reimbursement for the cost of any transportation in connection with travel outside the United States unless the member or employee has actually paid for the transportation.

(4) The restrictions respecting travel outside of the United States set forth in subparagraphs (2) and (3) shall also apply to travel outside of the United States by Members, officers, and employees of the House authorized under clause 8 of rule I, clause 1(b) of this rule, or any other provision of these Rules of the House of Representatives.

(5) No local currencies owned by the United States may be made available under this paragraph for the use outside of the United States for defraying the expenses of a member of any committee after—

(A) the date of the general election of Members in which the Member has not been elected to the succeeding Congress; or

(B) in the case of a Member who is not a candidate in such general election, the earlier of the date of such general election or the adjournment sine die of the last regular session of the Congress.

The committee also exercises authority under a number of congressional mandates.[2]

5 U.S.C. § 2954

Information to committees of Congress on request

An Executive agency, on request of the Committee on Government Operations of the House of Representatives or of any seven members thereof, or on request of the Committee on Government Operations of the Senate, or any five members thereof, shall submit any information requested of it relating to any matter within the jurisdiction of the committee.

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[2] For legislation imposing duties specifically on the committee, see, for example, sec. 203(e)(6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(6)(e)), relating to negotiated disposal of Federal surplus property. It requires that, with limited exceptions, explanatory statements be sent "to the appropriate committees of the Congress" in advance of negotiated disposal under the Act. It covers disposal of all real and personal property whose estimated fair market is over $15,000 in the case of personal property and over $100,000 in the case of real property. The current language stems from a 1988 amendment (Public Law 100–612), which retained the explanatory statement requirement but changed the dollar value thresholds, which theretofore had been $1,000 for both personal property and real property. The House and Senate Government Operations Committees are expressly identified as the appropriate panels in House Report 1763, 85th Congress, which accompanied the measure that contained the 1958 amendment. See also GSA's Federal Property Management Regulations at 41 CFR–47.304–12(d).

[N. B. The further examples given in the original footnote text cover sections (section 414 of the 1969 Housing Act and section 304 of the Intergovernmental Cooperation Act) have been repealed. The reference to sections 191–194 of title 2, U.S. Code, does not deem pertinent here.]

18 U.S.C. § 1505

Obstruction of proceedings before departments, agencies, and committees

Whoever, with intent to avoid, evade, prevent, or obstruct compliance, in whole or in part, with any civil investigation demand duly and properly made under the Antitrust Civil Process Act, willfully withholds, misrepresents, removes from any place, conceals, covers up, destroys, mutilates, alters, or by other means falsifies any documentary material, answers to written interrogatories, or oral testimony, which is the subject of such demand; or attempts to do so or solicits another to do so; or

Whoever corruptly, or by threats or force, or by any threatening letter or communication influences, obstructs, or impedes or endeavors to influence, obstruct, or impede the due and proper administration of the law under which any pending proceeding is being had before any department or agency of the United States, or the due and proper exercise of the power of inquiry under which any inquiry or investigation is being had by either House, or any committee of either House or any joint committee of the Congress—

Shall be fined not more than $5,000 or imprisoned not more than five years, or both.

31 U.S.C. § 712

Investigating the use of public money

The Comptroller General shall—

* * * * * * *

(3) analyze expenditures of each executive agency the Comptroller General believes will help Congress decide whether public money has been used and expended economically and efficiently;

(4) make an investigation and report ordered by either House of Congress or a committee of Congress having jurisdiction over revenue, appropriations, or expenditures; and

(5) give a committee of Congress having jurisdiction over revenue, appropriations, or expenditures the help and information the committee requests.

31 U.S.C. § 719

Comptroller General reports

* * * * * * *

(e) The Comptroller General shall report on analyses carried out under section 712(3) of this title to the Committees on Governmental Affairs and Appropriations of the Senate, the Committee on Government Operations and Appropriations of the House, and the committees with jurisdiction over legislation related to the operation of each executive agency.[3]

[3] For other requirements which relate to General Accounting Office reports to Congress and which affect the committee, see secs. 232 and 236 of the Legislative Reorganization Act of 1970 (Public Law 91–510).

II. Historical Background

The committee was initially named the "Committee on Expenditures in the Executive Departments." Its antecedents are summarized in Cannon's Precedents of the House of Representatives, vol. VII, sec. 2041, p. 831 (1935), as follows:

> This committee was created, December 5, 1927, by the consolidation of the eleven Committees on Expenditures in the various Departments of the Government, the earliest of which has been in existence since 1816. As adopted in 1816, the rule did not include the committees for the Departments of Interior, Justice, Agriculture, Commerce, and Labor. The committees for these Departments date, respectively, from 1860, 1874, 1889, 1905 and 1913.

The resolution providing for the adoption of the rules of the 70th Congress discontinued the several committees on expenditures and transferred their functions to the newly created Committee on Expenditures in the Executive Departments:

> On March 17, 1928, the jurisdiction of the committee was further enlarged by the adoption of a resolution, reported from the Committee on Rules, including within its jurisdiction the independent establishments and commissions of the Government.[4]

From 1928 until January 2, 1947, when the Legislative Reorganization Act of 1946 became effective, the committee's jurisdiction was set forth in Rule XI, 34, of the House Rules then in force (H. Doc. 810, 78th Cong., 2d Sess. (1945)), as follows:

POWERS AND DUTIES OF COMMITTEES

* * * * * * *

34. The examination of the account and expenditures of the several departments, independent establishments, and commissions of the Government, and the manner of keeping the same; the economy, justness, and correctness of such expenditures; their conformity with appropriation laws; the proper application of public moneys; the security of the Government against unjust and extravagant demands; retrenchment; and enforcement of the payment of moneys due the United States; the economy and accountability of public officers; the abolishment of useless offices, shall all be subjects within the jurisdiction of the Committee on Expenditures in the Executive Departments.

The Legislative Reorganization Act of 1946, section 121(b), as adopted in paragraphs (a), (b), and (c) of Rule XI, 8, of later Rules of the House (XI, 9, the 93d Congress), provided:

[4] Examples of the wide-ranging scope of the committee's jurisdiction may be found in Cannon's Precedents, *supra* VII, secs. 2042–2046, pp. 831–833 (1935).

(a) Budget and accounting measures, other than appropriations.
(b) Reorganizations in the executive branch of Government.
(c) Such committee shall have the duty of—

(1) receiving and examining reports of the Comptroller General of the United States and of submitting such recommendations to the House as it deems necessary or desirable in connection with the subject matter of such reports;

(2) studying the operation of Government activities at all levels with a view to determining the economy and efficiency;

(3) evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government;

(4) studying intergovernmental relationships between the United States and the States and municipalities, and between the United States and international organizations of which the United States is a member.

(d) For the purpose of performing such duties the committee, or any subcommittee thereof when authorized by the committee, is authorized to sit, hold hearings, and act at such times and places within the United States, whether or not the House is in session, is in recess, or has adjourned, to require by subpoena or otherwise the attendance of such witnesses and the production of such papers, documents, and books, and to take such testimony as it deems necessary. Subpoenas may be issued under the signature of the chairman of the committee or of any subcommittee, or by any member designated by any such chairman, and may be served by any person designated by any such chairman or member.[5]

Rule X, 1(h), of later Rules of the House, effective January 3, 1975 (H. Res. 988, 93d Congress), added the additional jurisdiction of general revenue sharing (formerly within the jurisdiction of the Committee on Ways and Means), and the National Archives (formerly within the jurisdiction of the Committee on Post Office and Civil Service).

Rule X, 1(j)(6), of later Rules of the House listed the additional jurisdiction of measures providing for off-budget treatment of Federal agencies or programs, which was added by sec. 225 of Public Law 99–177, the Balanced Budget and Emergency Deficit Control Act of 1985 (December 12, 1985).

The 1946 Act contained the following proviso:

> *Provided:* That unless otherwise provided herein, any matter within the jurisdiction of a standing committee prior to January 2, 1947, shall remain subject to the jurisdiction of that committee or of the consolidated committee succeeding to the jurisdiction of that committee.

This proviso was omitted from the Rules of the House adopted January 3, 1954.[6]

Under the Constitution (Art. I, sec. 5, cl. 2), "Each House may determine the Rules of its Proceedings." Omission of the proviso made no substantive change, since the scope of the committee's ju-

[5] Paragraph (d) was adopted by the House Feb. 10, 1947.
[6] H. Res. 5, 83d Cong. (99 Cong. Rec. 15). Cf. rules in H. Doc. 562, 82d Congress, 2d session p. 328 and in H. Doc. 739, 81st Congress, 2d session, p. 326.

risdiction prior to January 2, 1947, was embraced within the committee's jurisdiction as stated in existing rules and precedents.

The committee's membership, which was fixed at 21 when it was consolidated on December 5, 1927, was increased to 25 when the Legislative Reorganization Act of 1946 became effective on January 2, 1947. In 1951, the committee's membership was increased to 27.[7] From 1953 until January 1963, the committee's membership remained at 30.[8]

Pursuant to H. Res. 108, 88th Congress, adopted January 17, 1963, the committee was enlarged to 31 members. In the 89th Congress the membership of the committee was increased to 34 through passage of H. Res. 114, January 14, 1965. The committee membership in the 90th and 91st Congresses of 35 was first established by H. Res. 128, 90th Congress, approved January 16, 1967. The committee membership in the 92d Congress of 39 was established by H. Res. 192, approved February 4, 1971. It was raised to 41 by H. Res. 158, adopted January 24, 1973. The committee membership of 42 was established by H. Res. 1238, adopted July 17, 1974. It was increased to 43 by H. Res. 76 and 101, adopted January 20 and 28, 1975. Membership was maintained at 43 in the 95th Congress by H. Res. 117 and 118, adopted January 19, 1977. The committee membership was set at 39 in the 96th Congress by H. Res. 62 and 63, adopted January 24, 1979. The committee membership was set at 40 in the 97th Congress by H. Res. 44 and 45, adopted January 28, 1981. The committee size was increased to 41 by the adoption of H. Res. 370 on February 24, 1982. Pursuant to House Res. 26 and 27, adopted January 6, 1983, the committee membership for the 98th Congress was set at 39.

In the 99th Congress, the membership of the committee was set at 39, pursuant to House Res. 34 and 35, adopted January 30, 1985.

In the 100th Congress, the membership of the committee was set at 39, pursuant to House Res. 45 and 54, adopted January 21 and 22, 1987, respectively.

The committee membership in the 101st Congress was established at 39 by H. Res. 29 and H. Res. 45, adopted January 19 and 20, 1989. In the 102d Congress, the membership of the committee was set at 41, pursuant to H. Res. 43, 44, and 45, adopted January 24, 1991. The committee membership was set at 42 in the 103d Congress by adoption of H. Res. 8 and 9 on January 5, 1993; H. Res. 34 on January 21, 1993; H. Res. 67 on February 4, 1993; and H. Res. 92 and 93 on February 18, 1993. The membership was increased to 44 by the adoption of H. Res. 185 on May 26, 1993 and H. Res. 219 on July 21, 1993. Beginning September 28, 1949, the moneys appropriated to the committee were, by House resolution in each session of Congress, available for expenses incurred in conducting studies and investigations authorized under Rule XI, whether made within or without the United States.[9] In the 103d Congress, these matters are covered in paragraph (b) of clause 1

[7] H. Res. 60, 83d Congress, 1st session (97 Cong. Rec. 194).

[8] H. Res. 98, 83d Cong. (99 Cong. Rec. 436); H. Res. 94, 84th Cong. (101 Cong. Rec. 484); H. Res. 89, 85th Cong. (103 Cong. Rec. 412); H. Res. 120, 86th Cong. (105 Cong. Rec. 841); H. Res. 137, 87th Cong. (107 Cong. Rec. 1677).

[9] See items under (1) in footnote 3, of the final calendar of the committee for the 93d Congress (Dec. 31, 1974).

of Rule XI, as set forth above and by clause 5 of Rule XI. The funds for the committee's studies and oversight function during the first session of the 103d Congress were provided by H. Res. 107 adopted March 30, 1993 (H. Rept. 103–38).

The committee's name was changed to "Committee on Government Operations" by House resolution adopted July 3, 1952.[10] The *Congressional Record* indicates the reasons underlying that change in name were, in part, as follows:[11]

> This committee is proposing the indicated change in the present title, in view of the fact that it is misleading and the committees' functions and duties are generally misunderstood by the public.

* * * * * * *

In suggesting the proposed change the committee based its decision on what it considers to be the major or primary function of the committee under the prescribed duties assigned to it to study "the operations of Government activities at all levels with a view to determining its economy and efficiency." It was the unanimous view of the members of the committee that the proposed new title would be more accurate in defining the purposes for which the committee was created and in clearly establishing the major purpose it serves.

On January 4, 1995, the 104th Congress opened with a Republican majority for the first time in forty years. The shift in power from Democrats to Republicans has resulted in a realignment of the legislative priorities and committee structure of the House of Representatives. Perhaps more than any other committee, the Government Reform and Oversight Committee embodies the changes taking place in the House of Representatives. The committee itself was created by consolidating three committees into one, resulting in budget and staff cuts of nearly 50 percent. The committees that were merged include the Committee on Government Operations, the Committee on the Post Office and Civil Service, and the Committee on the District of Columbia.

In order to fulfill the Republican *Contract with America,* the committee held a record number of hearings and mark-ups, and members cast more votes during this 100 day period than in any of the previous committees' histories. Over the course of the first session, 295 bills and resolutions were referred to the committee and its subcommittees, and 180 hearings and mark-ups were held. Five of these measures have been signed into law.

In addition to its greatly expanded legislative jurisdiction, the Government Reform and Oversight Committee serves as the chief investigative committee of the House, with the authority to conduct governmentwide oversight. Because the committee only authorizes money for a small number of Federal agencies and programs, it is able to review government activities with an independent eye.

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[10] H. Res. 647, 82d Cong. (98 Cong. Rec. 9217). The Senate had made a similar change of name on Mar. 3, 1952, after conference between the chairman of the House and Senate Committees on Expenditures in the Executive Departments to ensure both Houses would adopt the change in name. S. Res. 280, 82d Cong. (98 Cong. Rec. 1701–1702). See also S. Rept. No. 1231, 80th Congress, 2d Session, p. 3 (May 3, 1948).

[11] Letter of Feb. 19, 1952, from the chairman, Senate Committee on Expenditures in the Executive Departments, Senator McCellan to Senator Hayden (98 Cong. Rec. 1702).

The 105th Congress and the Committee on Government Reform and Oversight under the leadership of Chairman Dan Burton (R–IN) enjoyed a productive year as Congress continued to move closer to its goals established with the *Contract of America* to seek to achieve a smaller, smarter, and more efficient common sense government.

In addition to the committee's oversight responsibilities, the Government Reform and Oversight Committee has pursued an active, ambitious agenda throughout the 105th Congress with its ongoing investigation of suspected illegal activities during the 1996 elections. The committee and its eight subcommittees conducted 252 hearings during the 105th Congress. Hearings covered the following diverse range of subjects: the year 2000 computer crisis; the Federal Employees Health Benefits Program; the Persian Gulf war veterans illnesses; oversight and implementation of the Results Act; the investigation of political fundraising improprieties; and the review of the Food and Drug Administration and its regulations respecting terminally ill patients and their ability to access desired treatments. The committee staff developed a web site (www.house.gov/reform) to post up-to-minute witness testimonies and reports for quick availability.

III. Organization

A. SUBCOMMITTEES [12]

In the 104th Congress, significant steps were taken to reduce the number of committees, subcommittees, and the number of congressional staff. As a result, the Congress eliminated the District of Columbia Committee and the Post Office and Civil Service Committee. The jurisdiction of these committees were merged into the Government Operations Committee and its name was changed to the Committee on Government Reform and Oversight.

In order to perform its functions and to carry out its duties as fully and as effectively as possible, the committee under the leadership of its chairman, the Honorable Dan Burton of Indiana, at the beginning of the 105th Congress, established seven standing subcommittees, which cover the entire field of executive expenditures and operations. On November 13, 1997, the U.S. House of Representatives passed House Resolution 326, authorizing the Committee on Government Reform and Oversight to establish an eighth subcommittee to accomodate the need for extensive oversight over the census. The names, chairpersons, and members of these subcommittees are as follows:

SUBCOMMITTEE ON THE CENSUS, Dan Miller, *Chairman;* members: Thomas M. Davis, John B. Shadegg, Vince Snowbarger, Ron Lewis, Carolyn B. Maloney, Rod R. Blagojevich, and Danny K. Davis.

SUBCOMMITTEE ON THE CIVIL SERVICE, John L. Mica, *Chairman;* members: Michael Pappas, Constance A. Morella, Christopher Cox, Pete Sessions, Elijah E. Cummings, Eleanor Holmes Norton, and Harold E. Ford, Jr.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA, Thomas M. Davis, *Chairman;* members: Constance A. Morella, Ileana Ros-Lehtinen, Stephen Horn, Eleanor Holmes Norton, and Thomas H. Allen.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY, Stephen Horn, *Chairman;* members: Pete Sessions, Thomas M. Davis, Joe Scarborough, Marshall "Mark" Sanford, John E. Sununu, Ron Lewis, Dennis J. Kucinich, Paul E. Kanjorski, Major R. Owens, Carolyn B. Maloney, and Jim Turner.

SUBCOMMITTEE ON HUMAN RESOURCES, Christopher Shays, *Chairman;* members: Vince Snowbarger, Benjamin A. Gilman, David M. McIntosh, Mark E. Souder, Michael Pappas, (vacancy), Edolphus Towns, Thomas H. Allen, Tom Lantos, Bernard Sanders, Thomas M. Barrett, and Dennis J. Kucinich.

[12] The chairman and the ranking minority member of the committee are ex-officio members of all subcommittees on which they do not hold a regular assignment (Committee Rule 9).

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS, David M. McIntosh, *Chairman;* members: John E. Sununu, J. Dennis Hastert, Joe Scarborough, John B. Shadegg, Steven C. LaTourette, Vince Snowbarger, Bob Barr, Pete Sessions, John F. Tierney, Bernard Sanders, Harold E. Ford, Jr., Paul E. Kanjorski, Gary A. Condit, Dennis J. Kucinich, and (vacancy).

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE, J. Dennis Hastert, *Chairman;* members: Mark E. Souder, Christopher Shays, Ileana Ros-Lehtinen, John M. McHugh, John L. Mica, John B. Shadegg, Steven C. LaTourette, Bob Barr, (vacancy), Thomas M. Barrett, Tom Lantos, Robert E. Wise, Jr., Gary A. Condit, Rod R. Blagojevich, Jim Turner, Elijah E. Cummings, and John F. Tierney.

SUBCOMMITTEE ON THE POSTAL SERVICE, John M. McHugh, *Chairman;* members: Marshall "Mark" Sanford, Benjamin A. Gilman, Steven C. LaTourette, Pete Sessions, Chaka Fattah, Major R. Owens, and Danny K. Davis.

B. RULES OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

Rule XI, 1(a)(1) of the House of Representatives provides:

> The Rules of the House are the rules of its committees and subcommittees so far as applicable, except that a motion to recess from day to day, and a motion to dispense with the first reading (in full) of a bill or resolution, if printed copies are available, are nondebatable motions of high privilege in committees and subcommittees.

Rule XI, 2(a) of the House of Representatives provides, in part:

> Each standing committee of the House shall adopt written rules governing its procedures.

In accordance with the foregoing, the Committee on Government Reform and Oversight, on February 12, 1997, adopted the rules of the committee. The rules read as follows:

Rule 1.—Application of Rules

Except where the terms "full committee" and "subcommittee" are specifically referred to, the following rules shall apply to the Committee on Government Reform and Oversight and its subcommittees as well as to the respective chairmen.

[See House Rule XI, 1.]

Rule 2.—Meetings

The regular meetings of the full committee shall be held on the second Tuesday of each month at 10 a.m., when the House is in session. The chairman is authorized to dispense with a regular meeting or to change the date thereof, and to call and convene additional meetings, when circumstances warrant. A special meeting of the committee may be requested by members of the committee following the provisions of House Rule XI, 2(c)2. Subcommittees

shall meet at the call of the subcommittee chairmen. Every member of the committee or the appropriate subcommittee, unless prevented by unusual circumstances, shall be provided with a memorandum at least three calendar days before each meeting or hearing explaining (1) the purpose of the meeting or hearing; and (2) the names, titles, background and reasons for appearance of any witnesses. The ranking minority member shall be responsible for providing the same information on witnesses whom the minority may request.

[See House Rule XI, 2(b).]

Rule 3.—Quorums

A majority of the members of the committee shall form a quorum, except that two members shall constitute a quorum for taking testimony and receiving evidence, and one-third of the members shall form a quorum for taking any action other than the reporting of a measure or recommendation. If the chairman is not present at any meeting of the committee or subcommittee, the ranking member of the majority party on the committee or subcommittee who is present shall preside at that meeting.

[See House Rule XI, 2(h).]

Rule 4.—Committee Reports

Bills and resolutions approved by the committee shall be reported by the chairman following House Rule XI, 2(l).

Every investigative report shall be approved by a majority vote of the committee at a meeting at which a quorum is present. Supplemental, minority, or additional views may be filed following House Rule XI, 2(l)(5). The time allowed for filing such views shall be three calendar days, beginning on the day of notice but excluding Saturday, Sundays, and legal holidays (unless the House is in session on such a day), unless the committee agrees to a different time, but agreement on a shorter time shall require the concurrence of each member seeking to file such views. A proposed report shall not be considered in subcommittee or full committee unless the proposed report has been available to the members of such subcommittee or full committee for at least three calendar days (excluding Saturdays, Sundays, and legal holidays) before consideration of such proposed report in subcommittee or full committee. An investigative report or oversight report will be considered as read if available, to the members, at least 24 hours before consideration, excluding Saturdays, Sundays and legal holidays unless the House is in session on such days. If hearings have been held on the matter reported upon, every reasonable effort shall be made to have such hearings available to the members of the subcommittee or full committee before the consideration of the proposed report in such subcommittee or full committee. An investigative or oversight report may be filed after sine die adjournment of the last regular session of the Congress, provided that if a member gives timely notice of intention to file supplemental, minority or additional views, that member shall be entitled to not less than seven calendar days in which to submit such views for inclusion with the report.

Only those reports approved by a majority vote of the committee may be ordered printed, unless otherwise required by the Rules of the House of Representatives.

Rule 5.—Proxy Votes

In accordance with the Rules of the House of Representatives, members may not vote by proxy on any measure or matter before the committee or any subcommittee.

[See House Rule XI, 2(f).]

Rule 6.—Roll Calls

A roll call of the members may be had upon the request of any member upon approval of a one-fifth vote.

[See House Rule XI, 2(e).]

Rule 7.—Record of Committee Actions

The committee staff shall maintain in the committee offices a complete record of committee actions from the current Congress including a record of the rollcall votes taken at committee business meetings. The original records, or true copies thereof, as appropriate, shall be available for public inspection whenever the committee offices are open for public business. The staff shall assure that such original records are preserved with no unauthorized alteration, additions, or defacement.

[See House Rule XI, 2(e).]

Rule 8.—Subcommittees; Referrals

There shall be seven subcommittees with appropriate party ratios that shall have fixed jurisdictions. Bills, resolutions, and other matters shall be referred by the chairman to subcommittees within two weeks for consideration or investigation in accordance with their fixed jurisdictions. Where the subject matter of the referral involves the jurisdiction of more than one subcommittee or does not fall within any previously assigned jurisdiction, the chairman shall refer the matter as he may deem advisable. Bills, resolutions, and other matters referred to subcommittees may be reassigned by the chairman when, in his judgement, the subcommittee is not able to complete its work or cannot reach agreement therein. In a subcommittee having an even number of members, if there is a tie vote with all members voting on any measure, the measure shall be placed on the agenda for full committee consideration as if it had been ordered reported by the subcommittee without recommendation. This provision shall not preclude further action on the measure by the subcommittee.

[See House Rule XI, 1(a)(2).]

Rule 9.—Ex Officio Members

The chairman and the ranking minority member of the committee shall be ex officio members of all subcommittees. They are authorized to vote on subcommittee matters; but, unless they are regular members of the subcommittee, they shall not be counted in de-

termining a subcommittee quorum other than a quorum for taking testimony.

Rule 10.—Staff

Except as otherwise provided by House Rule XI, 5 and 6, the chairman of the full committee shall have the authority to hire and discharge employees of the professional and clerical staff of the full committee and of subcommittees.

Rule 11.—Staff Direction

Except as otherwise provided by House Rule XI, 5 and 6, the staff of the committee shall be subject to the direction of the chairman of the full committee and shall perform such duties as he may assign.

Rule 12.—Hearing Dates and Witnesses

The chairman of the full committee will announce the date, place, and subject matter of all hearings at least one week before the commencement of any hearings, unless he determines, with the concurrence of the ranking minority member, or the committee determines by a vote, that there is good cause to begin such hearings sooner. So that the chairman of the full committee may coordinate the committee facilities and hearings plans, each subcommittee chairman shall notify him of any hearing plans at least two weeks before the date of commencement of hearings, including the date, place, subject matter, and the names of witnesses, willing and unwilling, who would be called to testify, including, to the extent he is advised thereof, witnesses whom the minority members may request. The minority members shall supply the names of witnesses they intend to call to the chairman of the full committee or subcommittee at the earliest possible date. Witnesses appearing before the committee shall so far as practicable, submit written statements at least 24 hours before their appearance and, when appearing in a non-governmental capacity, provide a curriculum vitae and a listing of any Federal Government grants and contracts received in the previous fiscal year.

[See House Rules XI, 2(g)(3), (g)(4), (j) and (k).]

Rule 13.—Open Meetings

Meetings for the transaction of business and hearings of the committee shall be open to the public or closed in accordance with Rule XI of the House of Representatives.

[See House Rules XI, 2 (g) and (k).]

Rule 14.—Five-Minute Rule

(1) A committee member may question a witness only when recognized by the chairman for that purpose. In accordance with House Rule XI, 2(j)(2), each committee member may request up to five minutes to question a witness until each member who so desires has had such opportunity. Until all such requests have been satisfied, the chairman shall, so far as practicable, recognize alternately based on seniority of those majority and minority members

present at the time the hearing was called to order and others based on their arrival at the hearing. After that, additional time may be extended at the direction of the chairman.

(2) The chairman, with the concurrence of the ranking minority member, or the committee by motion, may permit an equal number of majority and minority members to question a witness for a specified, total period that is equal for each side and not longer than thirty minutes for each side.

(3) The chairman, with the concurrence of the ranking minority member, or the committee by motion, may permit committee staff of the majority and minority to question a witness for a specified, total period that is equal for each side and not longer than thirty minutes for each side.

(4) Nothing in paragraph (2) or (3) affects the rights of a Member (other than a Member designated under paragraph (2)) to question a witness for 5 minutes in accordance with paragraph (1) after the questioning permitted under paragraph (2) or (3). In any extended questioning permitted under paragraph (2) or (3), the chairman shall determine how to allocate the time permitted for extended questioning by majority members or majority committee staff and the ranking minority member shall determine how to allocate the time permitted for extended questioning by minority members or minority committee staff. The chairman or the ranking minority member, as applicable, may allocate the time for any extended questioning permitted to staff under paragraph (3) to members.

Rule 15.—Investigative Hearings; Procedure

Investigative hearings shall be conducted according to the procedures in House Rule XI, 2(k). All questions put to witnesses before the committee shall be relevant to the subject matter before the committee for consideration, and the chairman shall rule on the relevance of any questions put to the witnesses.

Rule 16.—Stenographic Record

A stenographic record of all testimony shall be kept of public hearings and shall be made available on such conditions as the chairman may prescribe.

Rule 17.—TV, Radio, and Photographs

An open meeting or hearing of the committee or a subcommittee may be covered, in whole or in part, by television broadcast, radio broadcast, and still photography, or by any such methods of coverage, unless closed subject to the provisions of House Rule XI, 3.

Rule 18.—Additional Duties of Chairman

The chairman of the full committee shall:

(a) Make available to other committees the findings and recommendations resulting from the investigations of the committee or its subcommittees as required by House Rule X, 4(c)(2);

(b) Direct such review and studies on the impact or probable impact of tax policies affecting subjects within the committee's jurisdiction as required by House Rule X, 2(c);

(c) Submit to the Committee on the Budget views and estimates required by House Rule X, 4(g), and to file reports with the House as required by the Congressional Budget Act;

(d) Authorize and issue subpoenas as provided in House Rule XI, clause 2(m), in the conduct of any investigation or activity or series of investigations or activities within the jurisdiction of the committee;

(e) Prepare, after consultation with subcommittee chairmen and the minority, a budget for the committee which shall include an adequate budget for the subcommittees to discharge their responsibilities;

(f) Make any necessary technical and conforming changes to legislation reported by the committee upon unanimous consent; and

(g) Will designate a vice chairman from the majority party.

Rule 19.—Commemorative Stamps

The committee has adopted the policy that the determination of the subject matter of commemorative stamps properly is for consideration by the Postmaster General and that the committee will not give consideration to legislative proposals for the issuance of commemorative stamps. It is suggested that recommendations for the issuance of commemorative stamps be submitted to the Postmaster General.

Rule 20.—Interrogatories and Depositions

The chairman, upon consultation with the ranking minority member, may order the taking of interrogatories or depositions, under oath and pursuant to notice or subpoena. Such authorization may occur on a case-by-case basis, or by instructions to take a series of interrogatories or depositions. Notices for the taking of depositions shall specify the date, time, and place of examination. Answers to interrogatories shall be answered fully in writing under oath and depositions shall be taken under oath administered by a member or a person otherwise authorized by law to administer oaths. Consultation with the ranking minority member shall include three business day's written notice before any deposition is taken. All members shall also receive three business day's written notice that a deposition has been scheduled.

The committee shall not initiate contempt proceedings based on the failure of a witness to appear at a deposition unless the deposition notice was accompanied by a committee subpoena issued by the chairman.

Witnesses may be accompanied at a deposition by counsel to advise them of their rights. No one may be present at depositions except members, committee staff designated by the chairman or ranking minority member, an official reporter, the witness, and the witness's counsel. Observers or counsel for other persons or for agencies under investigation may not attend.

A deposition shall be conducted by any member or committee staff attorney designated by the chairman or ranking minority member. When depositions are conducted by committee staff attorneys, there shall be no more than two committee staff attorneys of

the committee permitted to question a witness per round. One of the committee staff attorneys shall be designated by the chairman and the other shall be designated by the ranking minority member. Other committee staff members designated by the chairman or the ranking minority member may attend, but are not permitted to pose questions to the witness.

Questions in the deposition shall be propounded in rounds. Each round of questioning shall last one hour. A member or committee staff attorney designated by the chairman shall ask questions first, and the member or committee staff attorney designated by the ranking minority member shall ask questions second. Thereafter, the member or committee staff designated by the chairman and the member or committee staff attorney designated by the ranking minority member shall ask questions in alternating rounds, until each side has had the opportunity to pose all questions to the witness.

An objection by the witness as to the form of a question shall be noted for the record. If a witness objects to a question and refuses to answer, the member or committee staff attorney may proceed with the deposition, or may obtain, at that time or a subsequent time, a ruling on the objection by telephone or otherwise from the chairman or a member designated chairman. The committee shall not initiate procedures leading to contempt proceedings based on a refusal to answer a question at a deposition unless the witness refuses to testify after an objection of the witness has been overruled and after the witness has been ordered by the chairman or a member designated by the chairman to answer the question. Overruled objections shall be preserved for committee consideration within the meaning of clause 2(k)(8) of House Rule XI.

Committee staff shall insure that the testimony is either transcribed or electronically recorded, or both. If a witness's testimony is transcribed, the witness or the witness's counsel shall be afforded an opportunity to review a copy. No later than five days thereafter, the witness may submit suggested changes to the chairman. Committee staff may make any typographical and technical changes requested by the witness. Substantive changes, modifications, clarifications, or amendments to the deposition transcript submitted by the witness must be accompanied by a letter requesting the changes and a statement of the witness's reasons for each proposed change. A letter requesting any substantive changes, modifications, clarifications, or amendments must be signed by the witness. Any substantive changes, modifications, clarifications, or amendments shall be included as an appendix to the transcript conditioned upon the witness signing the transcript.

The individual administering the oath, if other than a member, shall certify on the transcript that the witness was duly sworn. The transcriber shall certify that the transcript is a true record of the testimony and the transcript shall be filed, together with any electronic recording, with the clerk of the committee in Washington, DC. Interrogatories and depositions shall be considered to have been taken in Washington, DC, as well as at the location actually taken once filed there with the clerk of the committee for the committee's use. The chairman and the ranking minority member shall

be provided with a copy of the transcripts of the deposition at the same time.

All depositions and interrogatories received pursuant to this rule shall be considered as taken in executive session.

A witness shall not be required to testify unless the witness has been provided with a copy of the committee's rules.

This rule is applicable to the committee's investigation of political fundraising improprieties and possible violations of law, and is effective upon adoption of a resolution, in the House of Representatives, providing the committee with special investigative authorities.

Rule 21.—Letters Rogatory and International Government Assistance

The chairman, after consultation with the ranking minority member, may obtain testimony and evidence in other countries through letters rogatory and other means of international government cooperation and assistance. This rule is applicable to the committee's investigation of political fundraising improprieties and possible violations of law, and is effective upon adoption of a resolution, in the House of Representatives, providing the committee with special investigative authorities.

IV. Activities, 105th Congress

SUMMARY

1. In the 105th Congress, the committee approved and submitted to the House of Representatives 9 investigative reports. In addition, the committee issued 8 committee prints.

2. In the 105th Congress, 458 bills and resolutions were referred to the committee and studied. Of these, the committee reported 53. In addition, 12 Memorials, 2 Petitions, and 7 Presidential messages were referred to the committee.

3. Pursuant to its duty of studying reports of the Comptroller General, the Congress officially received 1,410 such reports during the 105th Congress, and the committee studied 95. In addition, 1,587 Executive Communications were referred to the committee under clause 2 of Rule XXIV of the House of Representatives.

4. The full committee met 48 days during the 105th Congress while the subcommittees met a total of 305 days in public hearings, markups, and meetings.

The significant actions taken by the committee with respect to these and a considerable number of other matters are discussed in detail below.

A. INVESTIGATIVE REPORTS

During the 105th Congress, the Committee on Government Reform and Oversight approved and submitted to the Congress 9 reports of an investigative nature.

For convenience, the published reports are listed here with the names of the originating subcommittees. A more detailed discussion of the material will be found in part two below in the breakdown of the committee's activities by subcommittee:

First Report (H. Rept. 105–37): "A Citizen's Guide on Using the Freedom of Information Act and the Privacy Act of 1974 to Request Government Records." (Subcommittee on Government Management, Information, and Technology)

Second Report (H. Rept. 105–388): "Gulf War Veterans' Illnesses: VA, DOD Continue to Resist Strong Evidence Linking Toxic Causes to Chronic Health Effects."* (Subcommittee on Human Resources)

Third Report (H. Rept. 105–664): "Making the Federal Government Accountable: Enforcing the Mandate for Effective Financial Management."* (Subcommittee on Government Management, Information, and Technology)

Report (H. Rept. 105–728): "Contempt of Congress—Refusal of Attorney General Janet Reno to Produce Documents Subpoe-

*Denotes report accompanied by additional, dissenting, minority, separate, or supplemental views.

naed by the Government Reform and Oversight Committee."* (Full Committee)

Fourth Report (H. Rept. 105–827): "The Year 2000 Problem."* (Subcommittee on Government Management, Information, and Technology)

Fifth Report (H. Rept. 105–828): "Investigation of the Conversion of the $1.7 Million Centralized White House Computer System, Known as the White House Database, and Related Matters."* (National Economic Growth, Natural Resources, and Regulatory Affairs Subcommittee)

Sixth Report (H. Rept. 105–829): "Investigation of Political Fundraising Improprieties and Possible Violations of Law."* (Full Committee)

Seventh Report (H. Rept. 105–820): "Hepatitis C: Silent Epidemic, Mute Public Health Response." (Subcommittee on Human Resources)

Eighth Report (H. Rept. 105–821): "Medicare Home Health Services: No Surety in the Fight Against Fraud and Waste." (Subcommittee on Human Resources)

B. LEGISLATION

The legislative jurisdiction of the Committee on Government Reform and Oversight covers a wide range of important governmental operations. In accordance with jurisdiction assumed from the former Committee on Government Operations, the committee receives all budget and accounting measures other than appropriations; all measures relating to the overall economy and efficiency of Government operations and activities, including Federal procurement, intergovernmental relationships, general revenue sharing (the latter subject was formerly within the jurisdiction of the Committee on Ways and Means), and the National Archives (formerly within the jurisdiction of the Committee on Post Office and Civil Service); all reorganization plans and bills providing for the establishment of new departments in the executive branch such as the Department of Energy and the Department of Education; and most other reorganization legislation, examples of which are legislation to reorganize the intelligence community, international trade, and regulatory agencies. Other legislation includes debt collection and proposals relating to delinquent payments and paperwork reduction. It also receives legislation dealing with the General Services Administration, including the Federal Property and Administrative Services Act of 1949 and special bills authorizing the Administrator of General Services to make specific transfers of property, plus legislation dealing with the General Accounting Office, the Office of Management and Budget, the Administrative Expenses Act, the Travel Expenses Act, the Employment Act of 1946, and the Javits-Wagner-O'Day Act relating to the sale of products and services of blind and other handicapped persons. In addition, the committee has jurisdiction over the Freedom of Information provisions of the Administrative Procedure Act, the Privacy Act, the Government in

*Denotes report accompanied by additional, dissenting, minority, separate, or supplemental views.

the Sunshine Act, and the Federal Advisory Committee as well as the Inspector General Act.

Rule X, 2(b) of the standing Rules of the House, requires the committee to see and review the administration of all laws in the legislative jurisdiction, and Rule XI, 1(d) requires that the committee report to the House thereon by the end of each Congress. The present report outlines the extent and nature of the committee and subcommittee activities constituting the review.

During the 105th Congress, the committee studied 458 bills and resolutions referred to it and reported 53 to the House. The measures reported or ordered reported are discussed more fully in part two below. However, they are listed with the name of the subcommittee that initially considered them:

H.R. 173, a bill to amend the Federal Property and Administrative Services Act of 1949, to authorize donation of surplus Federal Law Enforcement canines to their handlers. (Subcommittee on Government Management, Information, and Technology; passed House amended; passed Senate June 26, 1997; Public Law 105–27.)

H.R. 240, to amend Title 5, United States Code, to provide that consideration may not be denied to preference eligibles applying for certain positions in the competitive service, and for other purposes. (Subcommittee on the Civil Service; H. Rept. 105–40, Pt.1; passed House amended on April 9, 1997; received in Senate on April 10, 1997; referred to Senate Committee on Governmental Affairs.)

H.R. 282, to designate the United States Post Office building located at 153 East 110th Street, New York, New York, as the "Oscar Garcia Rivera Post Office Building." (Subcommittee on the Postal Service; passed House October 21, 1997; passed Senate November 9, 1997; Public Law 105–87.)

H.R. 404, to amend the Federal Property and Administrative Services Act of 1949 to authorize the transfer to State and local governments of certain surplus property for use for law enforcement of public safety purposes. (Subcommittee on Government Management, Information, and Technology; passed House amended November 4, 1997; received in the Senate and referred to Senate Governmental Affairs Committee on November 13, 1997.)

H.R. 514, to permit the waiver of District of Columbia residency requirements for certain employees of the Office of the Inspector General of the District of Columbia, and for other purposes. (Subcommittee on the District of Columbia, H. Rept. 105–29; Public Law 105–7.)

H.R. 680, a bill to amend the Federal Property and Administrative Services Act of 1949, to authorize the transfer to States of surplus personal property for donation to nonprofit providers of necessaries to impoverished families and individuals. (Subcommittee on Government Management, Information, and Technology; passed House amended April 29, 1997; Roll Call Vote 418–0; passed Senate amended on July 9, 1997, and the House agreed to these amendments on September 18, 1997; Public Law 105–50.)

H.R. 681, to designate the United States Post Office building located at 313 East Broadway in Glendale, California, as the "Carlos J. Moorhead Post Office Building." (Subcommittee on the Postal Service; passed House October 21, 1997; passed Senate November 9, 1997; Public Law 105–88.)

H.R. 930, Travel and Transportation Reform Act of 1997. (Subcommittee on Government Management, Information, and Technology; passed House amended April 16, 1997; received in the Senate and referred to the Committee on Governmental Affairs; Public Law 105–264.)

H.R. 956, to amend the National Narcotics Leadership Act of 1988 to establish a program to support and encourage local communities that first demonstrate a comprehensive, long-term commitment to reduce substance abuse among youth, and for other purposes. (Subcommittee on National Security, International Affairs, and Criminal Justice; H. Rept. 105–105, Pt I; passed House amended May 22, 1997; Roll Call Vote 420–1; passed Senate; Public Law 105–20.)

H.R. 1057, to designate the building in Indianapolis, Indiana, which houses the operations of the Circle City Station Post Office as the "Andrew Jacobs, Jr. Post Office Building." (Subcommittee on the Postal Service; passed House amended June 17, 1997; Roll Call Vote 413–0; passed Senate November 9, 1997; Public Law 105–90.)

H.R. 1058, to designate the facility of the United States Postal Service under construction at 150 West Margaret Drive in Terre Haute, Indiana, as the "John T. Myers Post Office Building." (Subcommittee on the Postal Service; passed House June 17, 1997; Roll Call Vote 416–0; passed Senate November 9, 1997; Public Law 105–91.)

H.R. 1316, to amend chapter 87 of Title 5, United States Code, with respect to the order of precedence to be applied in the payment of life insurance benefits. (Subcommittee on the Civil Service; H. Rept. 105–134; passed House amended on June 24, 1997; received and referred to the Senate Governmental Affairs Committee on June 25, 1997; Public Law 105–205.)

H.R. 1553, to amend the President John F. Kennedy Assassination Records Collection Act of 1992 to extend the authorization of the Assassination Records Review Board until September 30, 1998. (Subcommittee on National Security, International Affairs, and Criminal Justice; H. Rept. 105–138, Pt. I; passed House June 23, 1997; passed Senate June 27, 1997; Public Law 105–25.)

H.R. 1704, to establish a Congressional Office of Regulatory Analysis. (Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs; H. Rept. 105–441, Pt. II.)

H.R. 1836, to amend chapter 89 of Title 5, United States Code, to improve administration of sanctions against unfit health care providers under the Federal Employees Health Benefits Program, and for other purposes. (Subcommittee on the Civil Service; H. Rept. 105–374; passed House amended on November 4, 1997 under suspension of the rules; received and

referred to the Senate Committee on Governmental Affairs on November 5, 1997; Public Law 105–266.)

H.R. 1962, to provide for the appointment of a Chief Financial Officer and Deputy Chief Financial Officer in the Executive Office of the President. (Subcommittee on Government Management, Information, and Technology; H. Rept. 105–331; passed House amended on October 21, 1997; Roll Call Vote 413–3; received in the Senate and referred to the Committee on Governmental Affairs on October 22, 1997.)

H.R. 2013 (S. 973), to designate the facility of the United States Postal Service located at 551 Kingstown Road in South Kingstown, Rhode Island, as the "David B. Champagne Post Office Building." (Subcommittee on the Postal Service; passed House October 21, 1997; passed Senate October 24, 1997; Public Law 105–70.)

H.R. 2129, to designate the United States Post Office located at 150 North 3rd Street in Steubenville, Ohio, as the "Douglas Applegate Post Office." (Subcommittee on the Postal Service; passed House October 21, 1997; passed Senate November 9, 1997; Public Law 105–97.)

H.R. 2508, to provide for the conveyance of Federal land in San Joaquin County, California, to the City of Tracy, California. (Subcommittee on Government Management, Information, and Technology; passed House September 14, 1998; referred to Senate Committee on Governmental Affairs.)

H.R. 2526, to amend Title 5, United States Code, to make the percentage limitations on individual contributions to the Thrift Savings Plan more consistent with the dollar amount limitation on elective deferrals, and for other purposes. (Subcommittee on Civil Service; H. Rept. 105–809.)

H.R. 2564, to designate the United States Post Office located at 450 North Centre Street in Pottsville, Pennsylvania, as the "Peter J. McCloskey Facility." (Subcommittee on the Postal Service; passed House October 21, 1997; passed Senate November 9, 1997; Public Law 105–99.)

H.R. 2566, to amend Title 5, United States Code, to expand the class of individuals under the Civil Service Retirement Systems eligible to elect the option under which the deposit which is normally required in connection with a refund previously taken may instead be made up through an actuarially equivalent annuity reduction. (Subcommittee on Civil Service; no written report.)

H.R. 2610, to amend the National Narcotics Leadership Act of 1988 to extend the authorization for the Office of National Drug Control Policy until September 30, 1999, to expand the responsibilities and powers of the Director of the Office of National Drug Control Policy, and for other purposes. (Subcommittee on National Security, International Affairs and Criminal Justice; passed House amended under suspension of rules on October 21, 1997; received and referred to the Senate Committee on the Judiciary; reported with amendment November 6, 1997; no written report.)

H.R. 2623, to designate the United States Post Office located at 16250 Highway 603 in Kiln, Mississippi, as the Ray J. Favre

Post Office Building. (Subcommittee on Postal Service; passed House September 9, 1998; reported to Senate by Senate Committee on Governmental Affairs September 25, 1998; no written report.)

H.R. 2675, to require that the Office of Personnel Management submit proposed legislation under which group universal life insurance and group variable universal life insurance would be available under chapter 87 of Title 5, United States Code, and for other purposes. (Subcommittee on the Civil Service; H. Rept. 105–373; passed House amended on November 4, 1997 under suspension of the rules; received in the Senate and referred to the Committee on Governmental Affairs on November 5, 1997; Public Law 105–311.)

H.R. 2766, to designate the United States Post Office located at 215 East Jackson Street in Painesville, Ohio, as the Karl Bernal Post Office Building. (Subcommittee on Postal Service; passed House February 24, 1998; reported to Senate by Senate Committee on Governmental Affairs April 21, 1998; no written report filed.)

H.R. 2773, to designate the facility of the United States Postal Service located at 3750 North Kedzie Avenue in Chicago, Illinois, as the Daniel J. Doffyn Post Office Building. (Subcommittee on Postal Service; passed House February 24, 1998; reported to Senate by Senate Committee on Governmental Affairs April 21, 1998; no written report filed.)

H.R. 2798, to redesignate the building of the United States Postal Service located at 2419 West Monroe Street in Chicago, Illinois, as the Nancy B. Jefferson Post Office Building. (Subcommittee on Postal Service; passed House June 3, 1998; reported to Senate by Senate Committee on Governmental Affairs September 25, 1998; no written report filed.)

H.R. 2799, to designate the building of the United States Postal Service located at 324 South Laramie Street, in Chicago, Illinois, as the Reverend Milton R. Brunson Post Office Building. (Subcommittee on Postal Service; passed House June 3, 1998; reported to Senate by Senate Committee on Governmental Affairs September 25, 1998; no written report filed.)

H.R. 2836, to designate the building of the United States Postal Service located at 180 East Kellogg Boulevard in Saint Paul, Minnesota, as the Eugene J. McCarthy Post Office Building. (Subcommittee on Postal Service; passed House February 24, 1998; reported to Senate by Senate Committee on Governmental Affairs April 21, 1998; no written report filed.)

H.R. 2883, to amend provisions of law enacted by the Government Performance and Results Act of 1993 to improve Federal agency strategic plans and performance reports. (Subcommittee on Government Management, Information, and Technology; reported amended by roll call vote (21–12) March 5, 1998; H. Rept. 105–429; passed House (242–168) March 12, 1998; referred to Senate Committee on Governmental Affairs.)

H.R. 2943, 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, and for

other purposes. (Subcommittee on Civil Service; reported July 23, 1998; H. Rept. 105–752; passed House October 5, 1998.)

H.R. 3120, to designate the United States Post Office located at 95 West 100 South Street in Provo, Utah, as the Howard C. Nielson Post Office Building. (Subcommittee on Postal Service; passed House February 24, 1998; reported to Senate by Senate Committee on Governmental Affairs April 21, 1998; no written report filed.)

H.R. 3249, to provide for the recertification of certain retirement coverage errors affecting Federal employees, and for other purposes. (Subcommittee on Civil Service; reported amended July 14, 1998; H. Rept. 105–625, Pt. I; Committee on Ways and Means H. Rept. 105–625, Pt. II July 20, 1998; passed House July 20, 1998.)

H.R. 3310, to amend chapter 35 of Title 44, United States Code, for the purpose of facilitating compliance by small businesses with certain Federal paperwork requirements, and to establish a task force to examine the feasibility of streamlining paperwork requirements applicable to small businesses. (Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs; reported amended March 19, 1998; H. Rept. 105–462, Pt. I; passed House (267–140) March 26, 1998; referred to Senate Committee on Governmental Affairs April 2, 1998.)

H.R. 3630, to redesignate the facility of the United States Postal Service located at 9719 Candelaria Road NE in Albuquerque, New Mexico, as the Steven Schiff Post Office. (Subcommittee on Postal Service; passed House (391–0) June 3, 1998; reported to Senate by Senate Committee on Governmental Affairs September 25, 1998; no written report filed.)

H.R. 3725, to make the Occupational Safety and Health Act of 1970 applicable to the United States Postal Service in the same manner as any other employer. (Subcommittee on Postal Service; reported to House July 23, 1998; no written report filed.)

H.R. 3808, to designate the United States Post Office located at 47526 Clipper Drive in Plymouth, Michigan, as the Carl D. Pursell Post Office. (Subcommittee on Postal Service; passed House (389–0) June 3, 1998; reported to Senate by Senate Committee on Governmental Affairs September 25, 1998; no written report filed.)

H.R. 3810, to designate the United States Post Office located at 202 Center Street in Garwood, New Jersey, as the James T. Leonard, Sr. Post Office. (Subcommittee on Postal Service; passed House September 9, 1998; reported to Senate by Senate Committee on Governmental Affairs September 25, 1998; no written report filed.)

H.R. 3939, to designate the United States Postal Service building located at 658 63rd Street, Philadelphia, Pennsylvania, as the Edgar C. Campbell, Sr. Post Office Building. (Subcommittee on Postal Service; passed House September 9, 1998; reported to Senate by Senate Committee on Governmental Affairs September 25, 1998; no written report filed.)

H.R. 3999, to designate the United States Postal Service building located at 5209 Greene Street, Philadelphia, Pennsylvania, as the David P. Richardson, Jr. Post Office Building. (Subcommittee on Postal Service; passed House September 9, 1998; reported to Senate by Senate Committee on Governmental Affairs September 25, 1998; no written report filed.)

H.R. 4000, to designate the United States Postal Service building located at 400 Edgmont Avenue, Chester, Pennsylvania, as the Thomas P. Foglietta Post Office Building. (Subcommittee on Postal Service; passed House October 5, 1998; received in Senate October 6, 1998.)

H.R. 4001, to designate the United States Postal Service building located at 2601 North 16th Street, Philadelphia, Pennsylvania, as the Roxanne H. Jones Post Office Building. (Subcommittee on Postal Service; passed House October 5, 1998; received in Senate October 6, 1998.)

H.R. 4002, to designate the United States Postal Service building located at 5300 West Jefferson Street, Philadelphia, Pennsylvania, as the Freeman Hankins Post Office Building. (Subcommittee on Postal Service; passed House September 15, 1998; referred to Senate Committee on Governmental Affairs September 16, 1998.)

H.R. 4003, to designate the United States Postal Service building located at 2037 Chestnut Street, Philadelphia, Pennsylvania, as the Max Weiner Post Office Building. (Subcommittee on Postal Service; passed House September 15, 1998; referred to Senate Committee on Governmental Affairs September 16, 1998.)

H.R. 4052, to establish designations for United States Postal Service buildings located in Coconut Grove, Opa Locka, Carol City, and Miami, Florida. (Subcommittee on Postal Service; passed House October 9, 1998; received in Senate October 9, 1998.)

H.R. 4243, to reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, and Federal benefit programs, and for other purposes. (Subcommittee on Government Management, Information, and Technology; passed House October 14, 1998; received in Senate October 15, 1998.)

H.R. 4244, to amend the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.) to provide for measurement of the performance of the Federal procurement system, to enhance the training of the acquisition workforce, and for other purposes. (Subcommittee on Government Management, Information, and Technology; reported amended July 23, 1998.)

H.R. 4259, to allow Haskell Indian Nations University and the Southwestern Indian Polytechnic Institute each to conduct a demonstration project to test the feasibility and desirability of new personnel management policies and procedures, and for other purposes. (Full Committee; reported (20–16) July 23, 1998; H. Rept. 105–700, Pt. I; passed House October 6, 1998; passed Senate October 14, 1998; Public Law 105–337.)

H.R. 4280, to provide for greater access to child care services for Federal employees. (Subcommittee on Civil Service; reported amended October 1, 1998 H. Rept. 105–756, Pt. I; passed House October 5, 1998; received in Senate October 6, 1998.)

H.J. Res. 56 (S.J. Res. 11), Celebrating the end of slavery in the United States. (Subcommittee on the Civil Service; passed House June 17, 1997; Roll Call Vote 419–0; received in Senate on June 18, 1997.)

S. 916, to designate the United States Post Office building located at 750 Highway 28 East in Taylorsville, Mississippi, as the Blaine H. Eaton Post Office Building. (Subcommittee on Postal Service; passed House February 24, 1998; Public Law 105–161.)

S. 985, to designate the United States Post Office located at 194 Ward Street in Patterson, New Jersey, as the Larry Doby Post Office. (Subcommittee on Postal Service; passed House February 24, 1998; Public Law 105–162.)

OTHER LEGISLATIVE ACTION

The following bills were referred to the Committee on Government Reform and Oversight. After analysis by committee staff members the committee was discharged from further consideration, and therefore, the bills were not reported. Latest action is shown:

H.R. 497, to repeal the Federal charter of Group Hospitalization and Medical Services, Inc., and for other purposes. (Subcommittee on the District of Columbia; passed House under suspension of the rules; Roll Call Vote 417–0; passed Senate with amendments on November 8, 1997.)

H.R. 499, to designate the facility of the United States Postal Service under construction at 7411 Barlite Boulevard in San Antonio, Texas, as the "Frank M. Tejeda Post Office Building." (Passed House 400–0; passed Senate; Public Law 105–4.)

H.R. 513, to exempt certain contracts entered into by the government of the District of Columbia from review by the Council of the District of Columbia. (Subcommittee on the District of Columbia; passed House under suspension of rules; Roll Call Vote 390–7 on March 6, 1997; received in the Senate and referred to Senate Committee on Governmental Affairs on March 6, 1997.)

H.R. 633, to amend the Foreign Service Act of 1980 to provide that the annuities of certain special agents and security personnel of the Department of State be computed in the same way as applies generally with respect to Federal law enforcement officers, and for other purposes. (Subcommittee on Civil Service; passed House October 5, 1998; passed Senate October 20, 1998; Public Law 105–382.)

H.R. 852 (H. Res. 88), to amend chapter 35 of Title 44, United States Code, popularly known as the Paperwork Reduction Act, to minimize the burden of Federal paperwork demands upon small businesses, educational and nonprofit institutions, Federal contractors, State and local governments, and other persons through the sponsorship and use of alternative information technologies. (Subcommittee on National Economic

Growth, Natural Resources, and Regulatory Affairs; H. Rept. 105–7, Pt. 1; passed House; received in the Senate.)

H.R. 892, to redesignate the Federal building located at 223 Sharkey Street in Clarksdale, Mississippi, as the Aaron Henry United States Post Office. (Subcommittee on Postal Service; rereferred to House Committee on Transportation and Infrastructure April 24, 1997.)

H.R. 1003, to clarify Federal law with respect to restricting the use of Federal funds in support of assisted suicide. (Subcommittee on Human Resources; passed amended; passed Senate; Public Law 105–12.)

H.R. 1254, to designate the United States Post Office building located at Bennett and Kansas Avenue in Springfield, Missouri, as the "John N. Griesemer Post Office Building." (Subcommittee on the Postal Service; passed House amended September 16, 1997; passed Senate November 13, 1997; Public Law 105–131.)

H.R. 1585, to allow postal patrons to contribute to funding for breast cancer research through the voluntary purchases of certain specially issued United States postage stamps. (Subcommittee on the Postal Service; passed House amended; passed Senate July 24, 1997; Public Law 105–41.)

H.R. 1778, to reform the Department of Defense. (H. Rept. 105–133, Pt. I.)

H.R. 2348, 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 Dymally Post Office Building. (Subcommittee on the Postal Service; passed House October 7, 1998; received in Senate October 8, 1998.)

H.R. 2349, 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. (Subcommittee on the Postal Service; passed House October 12, 1998; received in Senate October 13, 1998.)

H.R. 2366, to transfer to the Secretary of Agriculture the authority to conduct the census of agriculture, and for other purposes. (Subcommittee on National Security, International Affairs, and Criminal Justice; passed House October 21, 1997; passed Senate November 10, 1997; Public Law 105–113.)

H.R. 2676, to amend the Internal Revenue Code of 1986 to restructure and reform the Internal Revenue Service, and for other purposes.

H.R. 2977, to amend the Federal Advisory Committee Act to clarify public disclosure requirements that are applicable to the National Academy of Sciences and the National Academy of Public Administration. (Subcommittee on Government Management, Information, and Technology; passed the House November 9, 1997; passed Senate November 13, 1997; Public Law 105–153.)

H.R. 3025 (H.R. 497), to repeal the Federal charter of Group Hospitalization and Medical Services, Inc., and for other purposes. (Subcommittee on the District of Columbia; passed

House November 13, 1997; passed Senate November 13, 1997; Public Law 105–149.)

H.R. 3167, to designate the United States Post Office located at 297 Larkfield Road in East Northport, New York, as the Jerome Anthony Ambro, Jr. Post Office Building. (Subcommittee on Postal Service; passed House September 9, 1998; referred to Senate Committee on Governmental affairs September 10, 1998.)

H.R. 3829, to amend the Central Intelligence Agency Act of 1949 to provide a process for agency employees to submit urgent concerns to Congress, and for other purposes. (Subcommittee on Government Management, Information, and Technology; placed on Union Calendar, Calendar No. 468, October 20, 1998.)

H.R. 3864, to designate the post office located at 203 West Paige Street, in Tompkinsville, Kentucky, as the Tim Lee Carter Post Office Building. (Subcommittee on Postal Service; passed House September 9, 1998; referred to Senate Committee on Governmental Affairs September 10, 1998.)

H.R. 4237, to amend the District of Columbia Convention Center and Sports Arena Authorization Act of 1995 to revise the revenues and activities covered under such Act, and for other purposes. (Discharged July 30, 1998; passed House July 30, 1998; passed Senate July 31, 1998; Public Law 105–227.)

H.R. 4250, to provide new patient protections under group health plans. (Committee waived jurisdiction July 21, 1998; passed House (216–210) July 24, 1998; tabled in Senate (50–47) October 9, 1998.)

H.R. 4516, to designate the United States Postal Service building located at 11550 Livingston Road, in Oxon Hill, Maryland, as the Jacob Joseph Chestnut Post Office Building. (Subcommittee on Postal Service; passed House October 9, 1998; received in Senate October 10, 1998.)

H.R. 4550, to provide for programs to facilitate a significant reduction in the incidence and prevalence of substance abuse through reducing the demand for illegal drugs and the inappropriate use of legal drugs. (Subcommittee on National Security, International Affairs, and Criminal Justice; passed House (396–9) September 16, 1998; received in Senate September 17, 1998.)

H.R. 4566, to make technical and clarifying amendments to the National Capital Revitalization and Self-Government Improvement Act of 1997. (Subcommittee on District of Columbia; passed House October 10, 1998; passed Senate October 14, 1998; Public Law 105–274.)

H.R. 4614, to provide for the conveyance of Federal land in New Castle, New Hampshire, to the town of New Castle, New Hampshire, and to require the release of certain restrictions with respect to land in such town. (Subcommittee on Government Management, Information, and Technology; failed House (230–168) October 5, 1998.)

H.R. 4616, to designate the United States Post Office located at 3813 Main Street in East Chicago, Indiana, as the Corporal Harold Gomez Post Office. (Subcommittee on Postal Service;

passed House October 7, 1998; received in Senate October 8, 1998.)

H.R. 4857, to reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, and for other purposes. (See H.R. 4243; Committee discharged October 20, 1998; passed House October 20, 1998; received in Senate October 21, 1998.)

H. Res. 183, honoring the life of Betty Shabazz. (Subcommittee on Civil Service; Committee discharged July 31, 1997; agreed to by House July 31, 1998.)

H. Res. 431, disapproving the manner in which Representative Burton has conducted the Committee on Government Reform and Oversights' investigation of political fund-raising improprieties and possible violations of law. (Considered as privileged matter May 14, 1998; tabled by House (223–196) May 14, 1998).

H. Res. 440, expressing the sense of Congress that the Committee on Government Reform and Oversight should confer immunity from prosecution for information and testimony concerning illegal foreign fundraising activities. (Agreed to by House (402–0) May 19, 1998.)

H. Res. 447, expressing the sense of the House of Representatives regarding financial management by Federal agencies. (Subcommittee on Government Management, Information, and Technology; agreed to by House (415–0) June 9, 1998.)

H. Res. 452, expressing the sense of the House of Representatives that the Board of Governors of the United States Postal Service should reject the recommended decision issued by the Postal Rate Commission on May 11, 1998, to the extent that it provides for any increase in postage rates. (Subcommittee on Postal Service; agreed to by House (393–12) June 22, 1998.)

H. Res. 520, congratulating Mark McGwire of the St. Louis Cardinals for breaking the Major League Baseball single-season home run record. (Committee discharged September 15, 1998; agreed to by House September 15, 1998.)

H. Res. 536, congratulating Sammy Sosa of the Chicago Cubs for tying the current major league record for home runs in one season. (Committee discharged September 15, 1998; agreed to by House September 15, 1998.)

H. Res. 590, recognizing and honoring Hunter Scott for his efforts to honor the memory of the captain and crew of the *U.S.S. Indianapolis* and for the outstanding example he has set for the young people of the United States. (Subcommittee on Civil Service; agreed to by House October 10, 1998.)

H. Con. Res. 61, honoring the lifetime achievements of Jackie Robinson. (Subcommittee on the Civil Service; passed House under suspension of rules; passed Senate.)

H. Con. Res. 95, recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and fortitude. (Subcommittee on the Civil Service; passed House on September 16, 1997, under suspension of the rules; received

and referred to the Senate Committee on the Judiciary on September 17, 1997.)

H. Con. Res. 102, Expressing the sense of the Congress that the cost of government spending and regulatory programs should be reduced so that American families will be able to keep more of what they earn. (Passed Housed under suspension of rules; Roll Call Vote 386–20; received in the Senate on June 25, 1997.)

H. Con. Res. 109, recognizing the many talents of the actor Jimmy Stewart and honoring the contributions he made to the Nation. (Passed House on September 16, 1997, under suspension of the rules; received and referred to the Senate Committee on the Judiciary on September 17, 1997.)

H. Con. Res. 302, recognizing the importance of children and families in the United States and expressing support for the goals of National Kids Day and National Family Month. (Subcommittee on Civil Service; passed House October 8, 1998; received in Senate October 9, 1998.)

S. 314, to provide a process for identifying the functions of the Federal Government that are not inherently governmental functions, and for other purposes. (Subcommittee on Government Management, Information, and Technology; passed House October 5, 1998; Public Law 105–270.)

S. 1364, to eliminate unnecessary and wasteful Federal reports. (Passed House amended (390–19) October 13, 1998; passed Senate amended October 21, 1998; Public Law 105–362.)

S. 1378, to extend the authorization of use of official mail in the location and recovery of missing children, and for other purposes. (Subcommittee on the Postal Service; passed Senate November 5, 1997; passed House on November 12, 1997; Public Law 105–126.)

S. 2071, to extend a quarterly financial report program administered by the Secretary of Commerce. (Committee discharged September 28, 1998; passed House September 28, 1998; Public Law 105–252.)

S.J. Res. 58, recognizing the accomplishments of Inspectors General since their creation in 1978 in preventing and detecting waste, fraud, abuse, and mismanagement, and in promoting economy, efficiency, and effectiveness in the Federal Government. (Subcommittee on Civil Service; passed House October 10, 1998; Public Law 105–349.)

S. Con. Res. 83, remembering the life of George Washington and his contributions to the Nation. (Subcommittee on Civil Service; passed House October 15, 1998.)

C. REORGANIZATION PLANS

The most recent authority of the President to transmit reorganization plans to Congress was reestablished by Public Law 98–614. Approved November 8, 1984, this authority expired on December 31, 1984. Legislation extending executive reorganization authority was not enacted during the 105th Congress.

D. COMMITTEE PRINTS

Eight committee prints, resulting from work by the committee staff, were issued during the 105th Congress, as follows:

"Rules of the Committee on Government Reform and Oversight, House of Representatives, Together with Selected Rules of the House of Representatives (Including Clause 2 of House Rule XI) and Selected Statutes of Interest." (Full Committee.) (February 1997.)

"Title 5, United States Code: Government Organization and Employees" (Subcommittee on Civil Service.) (February 1997.)

"Oversight Plans for all House Committees with Accompanying Recommendations by the Committee on Government Reform and Oversight, House of Representatives (Required by Clause 2 of House Rule XI)." (Full Committee.) (March 1997.)

"Rules of the Committee on Government Reform and Oversight, House of Representatives, Together with Selected Rules of the House of Representatives (Including Clause 2 of House Rule XI) and Selected Statutes of Interest." (Full Committee.) (June 1997.)

"Title 13, United States Code—Census." (Full Committee.) (January 1998.)

"Interim Report of the Activities of the Committee on Government Reform and Oversight, First Session." (Full Committee.) (March 1998.)

"Rules of the Committee on Government Reform and Oversight, House of Representatives, Together with Selected Rules of the House of Representatives (Including Clause 2 of House Rule XI) and Selected Statutes of Interest." (Full Committee.) (June 1998.)

"Title 39, United States Code—U.S. Postal Service and Selected Additional Provisions of Law." (Subcommittee on the Postal Service.) (December 1998.)

E. COMMITTEE ACTION ON REPORTS OF THE COMPTROLLER GENERAL

Rule X, 4(c)(1)(A), of the rules of the House, imposes the duty upon this committee to receive and examine reports of the Comptroller General referred to and to make such recommendations to the House as it deems necessary or desirable in connection with the subject matter of the reports.

In discharging this responsibility, each report of the Comptroller General received by the committee is studied and analyzed by the staff and referred to a subcommittee for action. Furthermore, in implementation of section 236 of the Legislative Reorganization Act of 1970, the committee regularly receives GAO reports that are not addressed to Congress but contain recommendations to heads of the Federal agencies. The committee received a total of 1,410 such GAO reports to Federal agencies or other committees and Members within the legislative branch.

Periodic reports are received from the subcommittees on actions taken with respect to individual reports, and monthly reports are made to the chairman as to reports received. During the session, the committees used the reports to further specific investigations

and reviews. In most cases, additional information concerning the findings and recommendations of the Comptroller General was requested and received from the administrative agency involved, as well as from the General Accounting Office. More specific information on the actions taken appears in part two below.

Complete files are maintained by the committee on all Comptroller General's reports received. Detailed records are kept showing the subcommittee to which the report is referred, the date of referral, and the subsequent action taken.

The committee will review all of the Comptroller General's reports received during the Congress in the light of additional information obtained and actions taken by the subcommittees, and determinations will be made whether specific recommendations to the House are necessary or desirable under Rule X.

PART TWO. REPORT OF COMMITTEE ACTIVITIES

I. Matters of Interest, Full Committee

A. GENERAL

1. Oversight Plans of the Committees of the U.S. House of Representatives.

The 104th Congress adopted a new Rule that provides for each standing committee of the House to formally adopt oversight plans at the beginning of each year. Specifically, the Rule states in part:

> Rule X, clause (2)(d)(1). Not later than February 15 of the first session of a Congress, each standing committee of the House shall, in a meeting that is open to the public and with a quorum present, adopt its oversight plans for that Congress. Such plans shall be submitted simultaneously to the Committee on Government Reform and Oversight and to the Committee on House Oversight.

On March 31, 1997, Committee Chairman Dan Burton submitted the oversight plans of each House committee together with recommendations to ensure the most effective coordination of such plans.

RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

OVERSIGHT PLANS OF THE COMMITTEES OF THE HOUSE

Congressional oversight, as envisioned by the majority leadership of the House, is ultimately about the public interest, the liberty of citizens, and the taxpayers' dollars. The ability, and duty, of popularly-elected representatives to oversee the executive branch is a fundamental component of the system of checks and balances established by the founding fathers. The Rules of the House of Representatives ensure Congress' responsibility to the public in this regard. Pursuant to House Rule X, clause 2(b)(1), each standing committee of the House "shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within the jurisdiction of the committee and the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof, in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the Congress and whether such programs should be continued, curtailed, or eliminated."

Congressional oversight in the 105th Congress should focus on three fundamental efforts:

(1) Review the implementation by the Executive Branch of recent policy changes enacted by Congress to assess their effectiveness. Congress enacted significant reform legislation in the 104th Congress. These reforms include the termination of 270 useless Federal programs, offices, agencies and projects, and the privatization of four major government programs. Other reform efforts, such as the Unfunded Federal Mandates Reform Act, the Federal Acquisition Reform Act, the Line-Item Veto Act, the Paperwork Reduction Act, the Debt Collection Improvement Act, and the Information Technology Management Reform Act, will enhance management practices government-wide, and help reduce unnecessary burdens placed upon State and local governments. Still other legislative reforms make improvements in specific programs areas. These include the enactment of comprehensive welfare reform, telecommunications reform, and lawsuit abuse reform. Many of these reforms have already resulted in major cost savings and improvements in the efficiency of the Federal Government. But they will need continued monitoring and oversight by the Congress to ensure their success as effective legislative changes. In their oversight plans for the 105th Congress, House committees recognize the importance of their responsibility to oversee the implementation of recent legislative reforms. ***The Government Reform and Oversight Committee recommends that committees fully utilize the auditing and oversight services of the General Accounting Office, the Congressional Research Service, and agency Inspectors General to augment their efforts to oversee implementation of these critical legislative reforms.***

(2) Review existing Government programs in order to inform the public and build a compelling case for further change and reform. While the legislative successes of the 104th Congress are laudable, many other opportunities for streamlining, improving efficiency, and reducing costs to the American taxpayer exist. The following committee oversight plans reveal priority areas for programmatic and agency reform efforts in the 105th Congress, including: fundamental reform of the tax code; structural reform of the Internal Revenue Service; Medicare reform; reform of the Immigration and Naturalization Service; reform of the General Services Administration; reform/restructuring of the Commerce Department, State Department, Labor Department, and Department of Housing and Urban Development; reform of the National Park Service; deregulation of electric utilities; and, reform of the U.S. intelligence community. All but a small handful of House committees have incorporated into their oversight plans their intentions with regard to the GPRA, or Results Act. This important act codifies the fundamental way Congress and the executive branches should be assessing Federal Government missions and activities. ***The Government Reform and Oversight Committee recommends that each committee take full advantage of the House Leadership's current efforts to coordinate agency and program review as legislated by the Government Performance and Re-***

sults Act of 1993. This includes reaching out to our minority counterparts as well as the Senate.

(3) Review Government programs to root out waste, fraud and abuse, thereby maximizing accountability in the Federal Government to the public. The merits of Federal programs and activities are, of course, subject to intense debate—particularly in times of budget deficits and keen competition for limited Federal resources. However, the importance of efficient, effective, and honest management is not a debatable issue. Fraud, waste, abuse, and mismanagement serve no legitimate constituency or political interest. They cheat both the taxpayers and the intended beneficiaries of the programs and activities they affect. They also undermine the confidence of the American people in the capacity and will of the Federal Government to perform its functions effectively. ***The Government Reform and Oversight Committee recommends that committees carefully review the findings in (1) the General Accounting Office's "High Risk List" of 25 Federal programs at risk for serious fraud, waste, and abuse; (2) agency Inspector General semi-annual and annual reports to Congress; and (3) the Government Reform and Oversight Committee September 1996 Report entitled "Federal Government Management: Examining Government Performance As We Near the Next Century." These documents are an important source of serious problems currently existing in the Federal Government that need immediate attention by Congress.***

Collectively, the committee oversight plans cover a wide array of Federal programs and management issues. The challenges of dealing with the serious, pervasive problems that continue to impede effective management and efficient program delivery is formidable.

A major breakthrough in prospects for improving Federal management, as well as congressional oversight of Federal programs, has been provided by two recent laws: the Chief Financial Officers Act and Government Performance and Results Act. Together, these acts provide a framework necessary to help achieve improved government accountability and stewardship and to lower costs by focusing on results. The Congress framed it this way: Set goals, operate programs, and measure results using reliable financial and management information.

While these acts are still in the process of being implemented, efforts already completed or underway in response to both acts offer committees a valuable source of information and insight into the management problems and issues. These include issues that impact individual programs, as well as those that cut across agency programs and organizational boundaries.

The committees of the House should: (1) conduct oversight to ensure that these statutes are being aggressively implemented, and (2) use the information produced by the implementation of these statutes and the General Accounting Office's [GAO] high risk list to assess the management weaknesses in the agencies within their jurisdiction.

2. Views and Estimates for Fiscal Year 1999.

On March 24, 1998, pursuant to section 301(d) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, the committee submitted its views and estimates to the Committee on the Budget on matters that were included in the President's fiscal year 1999 budget within the committee's jurisdiction.

3. Investigations.

a. Oversight of Implementation of the Government Performance and Results Act of 1993.—The Government Performance and Results Act (Results Act) is designed to provide policymakers and the public with systematic, reliable information about where Federal programs and activities are going, how they will get there, and how we will know when they have arrived. This is to be accomplished through agency reports to Congress providing strategic and performance planning. The act will only succeed if Congress then uses the information to better inform authorizing and budgetary decisionmaking.

As described in the section on "Review of Laws Within the Committee's Jurisdiction," the Government Reform and Oversight Committee has worked closely with the House Republican leadership during 1997 to educate and involve all congressional committees in the successful implementation of the Results Act. Part of that educational process has included two full committee hearings highlighting the potential of the act as a tool for more productive oversight and ultimately, better informed policy decisions.

The first hearing, entitled "The Government Performance and Results Act: Sensible Government for the Next Century," was held on February 12, and was chaired by Dan Burton. In his opening statement, Chairman Burton stressed the practical elements of the Act—setting performance goals and linking budget to performance—as such elements are often applied in private sector businesses. The chairman hoped that the hearing would signal to the administration and the American public the importance of using the Results Act to make sure citizens are getting what they expect and pay for from Federal programs.

The lead witness, Majority Leader Dick Armey, testified regarding the importance the House Republican leadership places on the Results Act. He spoke of the opportunity the act presents for Democrats, Republicans and those in the executive branch to work together to improve the way Washington works—to alleviate waste, inefficiencies, ineffectiveness, fraud, and bad management. The majority leader stressed that for the act to be successful, each congressional committee and each elected representative must devote more attention to agencies' major plans and objectives, and show a new willingness to reexamine pet projects with an ear toward objective, credible information about the results of these programs. He concluded his prepared testimony by reiterating a point Chairman Burton had made about the Results Act's similarity to processes widely used by private businesses to enhance efficiency and effectiveness.

The second panel of witnesses included James Hinchman, Acting Comptroller General of the General Accounting Office [GAO], and

John Koskinen, Deputy Director for Management, Office of Management and Budget [OMB]. Mr. Hinchman testified that GAO had made three important conclusions as a result of examining management issues throughout the Federal Government. The first is that the Federal Government is rift with management problems. The second is that Congress has put in place a sound statutory framework for addressing such management problems, including the Chief Financial Officers Act, the Paperwork Reduction Act, the Clinger-Cohen Act, and as cornerstone, the Results Act. And the third conclusion of the GAO is that Congress has an important role to play in the implementation of the Results Act, beginning with consultations with the agencies on their strategic plans. Mr. Hinchman also stressed the important role of congressional oversight hearings to improve management in Federal agencies.

Mr. Koskinen, the last witness for this hearing, testified on behalf of OMB that the agencies had been encouraged to consult with Congress on their strategic plans for over a year (although at the time of the hearing, no consultations had occurred). He discussed OMB's guidance which had been issued 18 months earlier on the preparation and submission of strategic plans. He indicated his belief that the draft agency strategic plans OMB had reviewed allowed them to conclude that the final plans due in the fall of 1997 would be useful and informative strategic plans.

Another Results Act hearing entitled, "The Results Act: Are We Getting Results?" was held on October 30. Chairman Burton opened the hearing by expressing his disappointment in the dismal lack of compliance found in the agency draft strategic plans, and his greater disappointment that it appeared the final plans were only marginally improved over the drafts.

For the second time, the lead witness was Majority Leader Armey, who was only able to give part of his testimony before being called to vote. His written statement reflected on a year of hard work that Congress and the executive branch agencies had dedicated to the implementation of the Results Act and the lessons we were learning from the experience.

Others scheduled to testify included Franklin Raines, Director, Office of Management and Budget, James Hinchman, Acting Comptroller General, General Accounting Office, and the Honorable Maurice McTigue, distinguished visiting scholar, Center for Market Processes at George Mason University.

b. Review of the Federal Government's Acquisition Strategy Regarding the Federal Telecommunications System 2001 Program.—The Federal Telecommunications System 2000 [FTS 2000] is the Government's current long distance telecommunications service. The multi billion dollar program provides telecommunications services to approximately 1.7 million users across the Federal Government. The FTS program was largely successful leveraging the emerging competition in the long distance markets to save billions of dollars over the General Services Administration's [GSA] prior Federal Telecommunications Service network. The current FTS 2000 contracts were awarded in 1988, will expire in December 1998, with the awarding of the FTS2001 contracts anticipated in December 1998.

The telecommunications industry has changed dramatically since the initial contracts were awarded: the array of available commercial services is broader; the number of service providers has increased; and the availability and nature of the underlying technologies themselves continue to change. The Government's needs for communications services has changed as well, for more advanced data and video services outdistancing growth in basic voice communication services. It is imperative that the FTS2001 program embrace an acquisition strategy that is based on commercial practices which maximizes the use of commercially available services to meet agency needs while following an appropriate strategy for managing complex Government operations.

The committee's monitoring the development of the FTS2001 procurement will ensure that the Federal Government receives the most technically effective and cost efficient telecommunications services. The Government and more importantly the taxpayer will be able to take maximum advantage of the economies associated with increasing competition in the new telecommunications environment. Through a combination of the best prices and excellent service quality the executive agencies will be able to do their jobs of serving the citizens more efficiently and effectively.

The General Services Administration worked closely with the interagency group and a broad cross section of industry preparing an acquisition strategy. Initial proposals failed to take full advantage of telecommunications reform along with today's rapidly changing landscape of advancing technologies, new services, and emerging service providers. Working closely with this committee, GSA ultimately developed a proposal that addressed many of the issues raised by the Committee on Government Reform and Oversight and others which will enable the Government to take full advantage of the rapid changes in the telecommunications service environment. This procurement will make maximum use of commercial services and practices in designing solutions to the Government's requirements. It will also enable the Government to leverage its position as the country's largest user of telecommunications services to obtain the best prices for the taxpayers. GSA is proceeding with this FTS2001 acquisition strategy, which should be fully in place by the end of the calendar year.

The committee held two hearings entitled, "Federal Telecommunications System Acquisition Strategy," on March 6, 1997, and "Federal Telecommunications System Acquisition Strategy: An Industry Perspective," on March 12, 1997.

c. The Committee's Investigation of Political Fundraising Improprieties and Possible Violations of Law.—At the beginning of the 105th Congress, the committee undertook a major investigation into political fundraising improprieties and possible violations of law relating predominantly to the 1992 and 1996 elections. In the closing months of the 1996 campaign, there were numerous revelations about foreign money coming into the U.S. political system. The initial allegations concerned possible illegal fundraising conducted by Democratic National Committee [DNC] Finance Vice-Chair John Huang and Presidential appointee Charlie Trie, both long time friends of President Clinton. However, as the committee carried on its investigation, it uncovered evidence of serious illegal-

ities in the 1992 and 1996 Presidential campaigns that involved a wide range of individuals, as well as foreign money from South America and Asia. During its investigation, the committee issued over 700 subpoenas, deposed over 130 witnesses, and held 15 hearings. While the committee did uncover evidence of serious wrongdoing by a number of individuals involved in the 1996 campaign, it was frustrated in its efforts to uncover the whole truth by persistent stonewalling. One hundred twenty witnesses either fled the country, refused to be interviewed, or invoked their fifth amendment privileges when contacted by the committee. A number of these individuals were close associates of the President, such as John Huang, Charlie Trie, Mark Middleton, and Webb Hubbell. In addition, the White House and DNC attempted to frustrate the committee's investigation through delayed responses to the committee's inquiries.

In October 1998, the committee issued an interim report containing its conclusions to date regarding the investigation. Due to the unprecedented stonewalling faced by the committee, it was unable to complete the investigation and issue a final report. While the committee did not make any final conclusions about the precise role or actions of senior White House and DNC officials, including the President and Vice-President, in the campaign finance scandal, it will continue to explore their actions. The high level of suspicion surrounding the President's actions in the 1996 campaign has been noted by others. Federal Bureau of Investigation Director Louis Freeh and the former Justice Department Task Force Chief Prosecutor, Charles La Bella, already have told the Attorney General that the actions of those at the highest levels of the White House and DNC necessitate the appointment of an independent counsel under the mandatory provisions of the independent counsel law. Some have suggested that there might be a larger conspiracy to violate numerous election laws which necessitates an independent counsel.

The committee's investigation largely focused on the political fundraising activities of John Huang, Yah Lin "Charlie" Trie, Johnny Chung, and the Sioeng family. In the case of Ted Sioeng, he gave to Republicans as well as Democrats, and these Republican ties were investigated. Each of these individuals was involved in contributing or soliciting large amounts of money for the Democratic party between 1994 and 1996. In addition, each had unusual access to the White House and to President Clinton personally. The committee uncovered millions of dollars worth of illegal or improper contributions that were made during the 1996 election. It also discovered a disturbing pattern of conduct by which individuals giving illegal and improper contributions were rewarded with unusual access to the President and the administration by the DNC and the Clinton White House.

The investigation of the campaign finance scandal was designed in part to ensure that political parties follow the campaign finance laws that are currently in place. Federal election laws are designed so that those who are involved in the process of funding our election system are citizens or residents with a stake in the United States' system of democratic government. Federal laws are also designed to provide full disclosure to the American people about who

is funding candidates for public office. U.S. election laws do not allow for contributions from foreign sources. When the laws governing our elections are broken, the very system designed to govern our free elections is threatened. If money is given illegally, that can, in and of itself, change the outcome in any given election. That is why tracking the huge infusion of foreign money from, among other sources, those with Communist Chinese Government ties, and determining how and why this was done, is so important.

Masking donations through conduit donors is one way in which the true source of funds can be hidden, thereby increasing the influence of either a foreign or illegal source of money. Using conduit contributions also allows a single individual to make more hard dollar contributions than they would otherwise be allowed to make under law. An individual can give up to $20,000 in "hard money" to a party committee. When an individual provides conduit funds to a new individual who has not previously donated, that first $20,000 contributed by that conduit donor will also be counted as "hard money" donations. It should be noted that throughout the 1996 campaign, there was a big push to obtain more hard money. Memos authored by White House Deputy Chief of Staff Harold Ickes, who coordinated the campaign, raised the issue of a shortage of "hard money" throughout the 1996 campaign season.

The committee has tracked hundreds of thousands of dollars in conduit contributions and learned that many illegal conduit funds have yet to be returned by the DNC and other Democratic entities. Now that it has been clearly established that much of the millions of dollars in illegal contributions came from foreign bank accounts or conduits, the troubling question persists: Were foreign sources of any kind buying access to the White House and trying to influence the 1996 elections?

To date, the President, White House officials and DNC officials all claim no prior knowledge of the massive amount of illegal foreign money raised by John Huang, Charlie Trie, Johnny Chung, their associates and others. However, senior White House and DNC officials were all part of a reckless fundraising scheme which involved providing extensive opportunities for large DNC donors to gain access to the President and senior administration officials. White House perks such as Lincoln Bedroom overnights, White House coffees, Air Force One trips and Kennedy Center tickets, also were provided to donors and their friends. A number of the individuals who received the perks and White House VIP treatment, were later deemed inappropriate. These included individuals such as a drug dealer, an arms merchant, and many foreign nationals with unknown agendas.

Over the past 2 years, the millions of dollars in illegal foreign money that went to the DNC and other Democratic entities have been traced to a small number of key figures, namely John Huang, Charlie Trie, Johnny Chung, and Ted Sioeng. These individuals were provided unique access to the White House and senior administration officials. They also used their access to bring their foreign business associates to the White House and DNC functions. Even though many of these foreign nationals were not eligible to contribute, they funneled money into the coffers of the DNC. As the committee has continued its investigation, more information about the

foreign ties of key DNC fundraisers have come to light. For example, Johnny Chung's confession that tens of thousands of dollars which he contributed were given to him from a Chinese Government source was ultimately not surprising. Indeed, some at the DNC had suspected he was doing this. The connections with foreign campaign money and foreign business associates also is apparent with Charlie Trie and his associate Antonio Pan, John Huang, and the Riady family, Ted Sioeng and his foreign associates, as well as others. As the committee continues to follow the money trail and push for foreign cooperation and an end to the stonewalling by dozens of key witnesses, it is very likely more foreign ties will be discovered.

Finally, the committee believes that the House's investigation continues to provide additional support to the issues as set out by the Senate Governmental Affairs majority report on "The China Plan." The illegal foreign money solicited by these individuals is doubly suspect because of their extensive ties to the People's Republic of China. The original—but as yet unidentified—sources of these funds were traced to bank accounts in Hong Kong, Macau, and Indonesia. As the Senate Governmental Affairs Committee Final Report on campaign finance noted, "officials at the highest levels of the Chinese government approved of efforts to increase the PRC's involvement in the U.S. political process. There are indications that the plan or parts of the plan and possibly related PRC activities were implemented covertly in this country." Since the Senate issued its report in March 1998, the committee has developed a more extensive record on the key fundraising figures and their foreign ties. Finally, in addition to the Asian sources of foreign money, the committee has also identified South American foreign money that first came into the DNC coffers in 1992, as well as funds from a German national which were largely ignored by the FEC.

Throughout the course of the investigation, the committee uncovered significant new facts and made that evidence public. Frequently, because of the lack of cooperation from witnesses who either pled the fifth amendment or fled the country, these facts could be uncovered only through bank and telephone records. For example the committee uncovered the following facts:

- Yah Lin "Charlie" Trie carried out a scheme by which he funneled $35,000 of money from Asia into the coffers of the DNC, using his sister and her boyfriend to make illegal conduit contributions.
- Trie also distributed at least $200,000 in travelers checks from Indonesia across the United States. A total of $50,000 of this Indonesian money was used to make illegal contributions to the DNC.
- The committee's interim report determined that, despite having returned $3.4 million in questionable contributions connected to Charlie Trie, John Huang, and Johnny Chung, the DNC had failed to return an additional $1.8 million in clearly illegal and highly-suspect contributions connected to these same individuals.

- The committee released information showing that $45,000 in contributions to the DNC from Lippo Group subsidiaries in 1992, directly from Indonesia.
- One Clinton administration official checked the amount of political contributions made by potential appointees to government boards before allowing their appointment. This same official, who processed Charlie Trie's appointment to a high-level trade commission, stated that Trie was a "must appointment" whose name had come "directly from the highest levels of the White House."
- The committee immunized witnesses and received testimony that Johnny Chung formed fraudulent partnerships in the United States with Chinese officials to help them obtain visas to come to the United States for DNC fundraisers and to pursue other ventures.
- Chung brought a high-level delegation from a Chinese Government-owned oil company to the Treasury Department to seek low interest government loans.

d. The Committee's Oversight of the Department of Justice Campaign Finance Investigation.—The committee's investigation of the campaign finance scandal also led it to conduct vigorous oversight of the Justice Department's parallel investigation. The committee became troubled in December 1997, when it learned that the Director of the FBI had recommended that the Attorney General seek the appointment of an independent counsel to investigate the campaign finance scandal, and that the Attorney General had rejected that advice. The committee sought the memorandum in which Director Freeh outlined his views to Attorney General Reno, but the Attorney General refused to produce the memorandum. In July 1998, the committee learned that the Attorney General's handpicked head of the Justice Department task force investigating the campaign finance scandal, Charles La Bella, had also recommended that the Attorney General appoint an independent counsel. Like she had with Director Freeh's recommendation, Ms. Reno ignored the advice of Mr. La Bella, and refused to seek an independent counsel.

The committee was troubled to hear that the Attorney General had refused to follow the recommendation of her two closest advisors regarding the campaign finance scandal. Accordingly, the committee decided to see for itself the recommendation of those advisors to determine whether Ms. Reno was properly carrying out her duties. On July 24, 1998, the chairman issued a subpoena to the Attorney General for the memoranda prepared by Director Freeh and Mr. La Bella. The Attorney General refused to comply with the committee's subpoena, and refused to offer any justification for failing to produce the memoranda to the committee. Accordingly, on August 6, 1998, the committee voted to cite the Attorney General for Contempt of Congress, and provided to the full House a report detailing the Attorney General's failure to produce the subpoenaed documents.

Conduit Payments to the Democratic National Committee, October 9, 1997.

At the committee's first hearing, the committee received testimony from three witnesses: Manlin Foung, Joseph Landon, and David Wang. These three witnesses offered testimony regarding the illegal fundraising activities of Yah Lin "Charlie" Trie, a major fundraiser for the Democratic National Committee, and a close friend of President Clinton. All three testified that they had been used by Mr. Trie to provide conduit contributions to the DNC.

White House Compliance with Committee Subpoenas, November 6–7, 1997.

The committee received testimony from a number of witnesses at the White House Counsel's office regarding the White House's failure to comply with committee subpoenas. The committee heard from Charles F.C. Ruff, White House Counsel; Cheryl Mills, Deputy White House Counsel; Lanny Breuer, Special Counsel; and Dimitri Nionakis, Associate White House Counsel. The witnesses were questioned regarding the failure of the White House to comply with committee subpoenas for records, including the videotapes of DNC fundraisers taken by the White House Communications Agency.

Johnny Chung: His Unusual Access to the White House, His Political Contributions and Related Matters, November 13–14, 1997.

At this hearing, the committee received testimony from Brooke Darby, executive assistant at the National Security Council; Robert Suettinger, former director of Asian Affairs at the National Security Council; Nancy Hernreich, Deputy Assistant to the President for Appointments and Scheduling; Kelly Crawford, former staff assistant to Ms. Hernreich; and Carol Khare, the former assistant to the chairman at the DNC. These witnesses were questioned about the frequent visits of Johnny Chung to the White House, despite the fact that the White House staff had been warned that Mr. Chung was viewed as a "hustler."

The committee also received testimony from Maggie Williams, the former Chief of Staff to the First Lady. Ms. Williams was questioned regarding her role in receiving a $50,000 contribution from Mr. Chung.

The Current Implementation of the Independent Counsel Act, December 9–10, 1997.

In late November 1997, the committee learned that FBI Director Louis Freeh had recommended that the Attorney General appoint an independent counsel to appoint the campaign fundraising scandal. However, Attorney General Reno refused to heed the advice of Mr. Freeh. Because of the concern that the Attorney General was disregarding the advice of one of her most senior advisors, the committee called this hearing. FBI Director Freeh and Attorney General Reno were questioned regarding the Attorney General's refusal to appoint an independent counsel for the campaign finance investigation.

The committee also explored the implementation of the Independent Counsel Act by hearing testimony from Independent Coun-

sel Donald Smaltz. Mr. Smaltz offered extensive testimony regarding his investigation of former Agriculture Secretary Mike Espy, and the troubling ways in which the Department of Justice had hindered his investigation.

The Department of Interior's Denial of the Wisconsin Chippewa's Casino Applications, January 21–22, 28–29, 1998.

During these 4 days of hearings, the committee investigated the way in which the Department of Interior handled the application of the Wisconsin Chippewa Indians' application to open a casino in Hudson, WI. The witnesses called by the committee presented evidence that strongly suggested that Secretary Babbitt improperly denied the Wisconsin Chippewa's application to open a casino. The committee also heard evidence suggesting that Secretary Babbitt may have been influenced in his decision by political contributions made to the DNC by the opponents of the Chippewa application. These allegations are currently being investigated in greater detail by Independent Counsel Carol Elder Bruce.

FEC Enforcement Actions: Foreign Campaign Contributions and Other FECA Violations, March 31, 1998.

This hearing allowed the committee to investigate the manner in which the Federal Election Commission is enforcing Federal election laws. The main area of inquiry at this hearing was the FEC investigation of the cases of Thomas Kramer, a German national who gave substantial contributions to both Republicans and Democrats, and Howard Glicken, a prominent DNC fundraiser. Documents indicated that the FEC failed to recommend criminal prosecution of Mr. Glicken in part because he was a friend of Vice President Gore. The committee asked the witnesses, FEC staff responsible for investigating the case, why the FEC failed to seek criminal prosecution of the witnesses. However, the committee failed to receive any extensive assurances that improper factors did not play a role in the FEC's decision to treat Mr. Glicken in a lenient fashion.

Venezuelan Money and the Presidential Election, April 30, 1998.

The committee uncovered evidence that the Democratic National Committee had received substantial illegal contributions from a powerful Venezuelan banking family. At this hearing, it heard first from Jorge Castro Barredo, a member of the Venezuelan banking family who had been convicted for bank fraud. Mr. Castro informed the committee that he and his aunt had been directed by Charles Intriago, a prominent Democratic fundraiser in Florida, to funnel $50,000 to Democratic organizations, using Venezuelan money provided by his grandfather.

A second panel comprised of Joseph Dawson and Richard Preiss, two assistant District Attorneys in the Manhattan District Attorney's office. Mr. Dawson and Mr. Preiss testified regarding the fact that they referred the Castro case to the Department of Justice for prosecution. Messrs. Dawson and Preiss informed the committee that they viewed the case as a clear-cut violation of campaign finance laws, and accordingly, that they were surprised when the Department of Justice dropped the prosecution of the case.

The Need for an Independent Counsel in the Campaign Finance Investigation, August 4, 1998.

In late July 1998, the committee learned that the chief of the Justice Department task force investigating the campaign finance scandal, Charles La Bella, had informed the Attorney General that the independent counsel law and the facts of the campaign finance investigation required her to appoint an independent counsel. However, again, the Attorney General refused to do so. Accordingly, the committee held this hearing to investigate whether or not Attorney General Reno was following the law.

The committee received testimony from FBI Director Louis Freeh, Task Force Chief Prosecutor Charles La Bella, and the Task Force's chief investigator, James DeSarno. Each of the witnesses informed the committee that they believed that the appointment of an independent counsel was required in the campaign finance investigation.

e. Review of the Food and Drug Administration and its Regulations and Activities Respecting Terminally Ill Patients and their Ability to Access Desired Treatments.—The committee initiated an inquiry into issues and problems related to access to alternative medical treatment for Americans and into the Food and Drug Administration process of allowing access to experimental therapies. The current medical model is not sufficiently meeting the needs of millions of Americans who have serious and life threatening illnesses. Many of these patients and their health care providers have sought access to complementary and alternative therapies to incorporate appropriate therapies into their treatment plan. The Food and Drug Administration [FDA] regulates access to experimental treatments including those that are considered complementary or alternative. The FDA's current system of determining access is replete with flaws, creates a culture of intimidation and sometimes harassment against those who conduct clinical research in complementary and alternative therapies and those who wish to access experimental treatments. In testimony and evidence presented to the committee, it was learned that there still exists a bias within the FDA structure toward complementary and alternative medicine research. Clinical researchers attempting to work within the FDA guidelines were repeatedly presented with bureaucratic roadblocks. Patients who wished to participate in existing protocols or who wished to be included through the "Single Patient Use" or "Treatment IND" process were often required to mount exhaustive battles in order to gain access to therapies that they and their health care providers had deemed appropriate. At a time when they are dealing with serious and life threatening illnesses, patients and family members should be treated with compassion and consideration; instead, they often are faced with a daunting bureaucracy and road blocks. If a patient does not have the financial resources, family support, and the physical energy to take a stand and fight the FDA, they are denied access to the treatment of their choice and often face serious health consequences as a result. In essence, the Federal Government is deciding who will receive treatment and who will not—denying Americans the most basic of their rights—freedom of choice.

Developing a treatment plan for someone with a serious or life threatening illness is a matter of weighing the benefits and risks of various treatments. This process should look at the evidence of current treatment options as well as therapies currently under investigation. The treatment plan is typically an evolving plan, an initial treatment choice may not meet with desired results or the patient may not tolerate the side effects, thus other treatment options are sought. It has often been these patients—those whose treatment plan has exhausted the conventional treatment choices—who have faced battles with the FDA over access to alternative therapies. And for some diseases, including cancers, almost all treatment options are experimental. When faced with choosing between highly-toxic treatments that may not offer a cure anyway, some patients opt for an alternative approach. The ultimate choice of what treatment plan to follow should be made by the patient and family—not by the Federal Government.

Benefits.—The American public has clearly shown their interest in complementary and alternative therapies. Several surveys indicate that at least 30 to 45 percent of Americans have adopted an integrated approach to health care—complementing the conventional medical model with such things as manipulative therapies, nutritional approaches to improving health including herbal products and dietary supplements, spirituality as a part of healing, mind-body approaches, homeopathy, acupuncture, Qi gong and other energy medicines. Additionally, there are times that Americans chose an alternative to the current medical model. The committee's investigation into patient access to alternative therapies has created an opportunity to lay all the issues involving complementary and alternative medicine, research, and patients access to care on the table and to move forward in finding viable solutions to improving access to therapies under investigation for those with serious and life threatening illnesses. One potential solution to access issues under consideration is H.R. 746, the Access to Medical Treatment Act.

Hearings.—The committee held 2 days of hearings entitled, "Patient Access to Alternative Treatments: Beyond the FDA," on February 4 and 12, 1998.

f. Review of the Food and Drug Administrations' Human Subject Protection Guidelines, Informed Consent Documents, and the Use of Children and Patients with Mental Illness in Clinical Trials.—The committee investigated human subject protection guidelines for FDA-regulated clinical trials. The committee is concerned about the ethics of the "washout" period and placebo controls in clinical trials for serious and life threatening illnesses. Double-blind, placebo controlled trials are the gold-standard in clinical research. There is growing concern that this approach may not be safe for certain illnesses. There is also concern that patients who agree to participate in clinical trials are not fully informed, or do not fully comprehend the risks involved in participation. There is also concern that minor children and patients with mental illnesses are participating in clinical trials without adequate safeguards in the informed consent process. The committee is disturbed by recent reports of minors being used as subjects in research projects on fenfluramine—after the FDA banned its use because of the risk of heart-valve damage.

The FDA appears to have failed to ensure the safety of human subjects in these protocols by not verifying that their Advisory was implemented and research protocols discontinued.

Benefits.—Dr. Michael Friedman, Acting Commissioner for the Food and Drug Administration testified that there are clearly a number of situations where a placebo-controlled trial is inappropriate and is not ethical. Further investigation into the fenfluramine trial was promised. The committee continues to look at the risks and benefits of placebo-controlled trials and comparative trials in serious and life threatening illnesses. The committee also continues to investigate informed consent and patient protection in human subject trials.

Hearings.—The committee held a hearing entitled, "Clinical Trial Subjects: Adequate FDA Protections?" on April 22, 1998.

g. Inquiry into Complementary and Alternative Medicine Cancer Research at the National Institutes of Health.—In the 25 years since President Richard Nixon declared the war on cancer, cancer has been winning the battles. One in three Americans will get cancer and one in four will die from it. More than one-half million Americans will die from cancer this year. The U.S. Government has poured billions of dollars each year into research at the National Cancer Institute to find cures for the many forms of cancer that strike our citizens. While there have been advances in treating cancer, and more on the horizon, the American public has been subjected to Government press releases and banner headlines lauding a reduction in cancer deaths and treatments that cure cancer. The much acclaimed reduction in cancer deaths is actually less than 1 percent with the leading cause of cancer death (lung cancer) on the rise. The anti-angiogensis cancer cure much acclaimed and praised by Government leaders is a study in mice that is years away from human studies and the NCI has yet to replicate these promising results. We, as yet, have no cure for cancer. Just as there is more than one type of cancer, there has to be more than one type of approach to treating cancer. There are several philosophies of medicine, the most predominant in the United States currently is allopathic medicine also known as conventional or Western medicine. There are other systems or philosophies of medicine and healing. They include traditional systems such as Native American, Tibetan, Ayurveda, Traditional Oriental Medicine, and Unani. Other systems also include naturopathy, chiropractics, homeopathy, antrophosophically extended medicine, and environmental medicine. In a previous hearing, the committee heard sworn testimony from many patients about their success with alternative approaches to treating cancer. Further inquiry was initiated to determine the amount and focus of research currently underway in complementary and alternative [CAM] treatments for cancer. Dr. Richard Klausner, Director, National Cancer Institute provided testimony to the committee in which he stated that the basic tenet at the National Institutes of Health is to employ rigorous methodologies to research conclusions based on evidence and not on belief. He further stated that the NCI is supporting about $16 million in CAM-related research in cancer. Currently funded projects are examining the effects of dietary interventions and treatments in prevention; the therapeutic effects of vitamins and minerals; and stud-

ies in stress and pain management to enhance the quality of life of cancer patients, in addition to the question about the length of survival, as well as projects to look at the natural inhibitors of carcinogenesis. He stated that those committed to eradicating cancer had at least two reasons to be open to the evaluation of nontraditional therapies: "First, we will not be successful in alleviating cancer unless we are open to new ideas. We have learned through history that anecdotes and folk traditions have often guided us to real and effective therapies. Second, . . . many people avail themselves of complementary and alternative medicine, and those people reasonably ask who is providing the evidence as to whether they help, whether they do not do any good, or even whether they harm." He further testified that the relationship between the complementary and alternative medicine community and the NCI has been "distant at best," but that he felt that improvement is being made in this relationship.

Dr. Wayne Jonas, Director, Office of Alternative Medicine, National Institutes of Health testified that cancer is one of the most devastating conditions faced by Americans today. He stated that unconventional approaches abound and are extensively used by the public, but there is very little research and few guidelines to assist the public in making informed, evidence-based choices about their use. He stated that the purpose of the Office of Alternative Medicine was to facilitate research for discovering what is safe and effective in unconventional medicine and provide that information to the public. Further testimony was received from patients who have opted for an alternative medicine approach for their cancer, from physicians who have incorporated complementary and alternative therapies into their practice in treating cancer after being dissatisfied with the chemotherapy/radiation approach, and from cancer research experts.

Benefits.—The National Cancer Institute has agreed to cooperate with the Office of Alternative Medicine in improving complementary and alternative medicine [CAM] research in cancer. A Cancer Advisory Panel on Complementary and Alternative Medicine is in development, the NCI has appointed liaison within their institute to coordinate all complementary and alternative medicine research issues, all information on alternative medicine was removed from the NCI web site as it was deemed overly judgmental; the PDQ editorial review board will be supplemented with alternative medicine experts; the NCI has promised to quickly develop CAM information that treats complementary and alternative medicine dispassionately and fairly; and the NCI has promised to quickly offer expanded research opportunities for CAM investigators. The Office of Alternative Medicine is moving forward with the recommendations of the Practice Outcomes Monitoring and Evaluation System in developing mechanisms to assist the NIH in evaluating claims of efficacy in CAM. Chairman Burton will be drafting legislation to require at least one representative of the CAM community on the President's Cancer Advisory Panel.

Hearings.—The committee held a hearing entitled, "Solving the Cancer Crisis: Comprehensive Research, Coordination and Care," on July 31, 1998.

h. Review of the Food and Drug Administration's Proposed Changes to Structure/Function Rules and Regulations Relating to the Dietary Supplements and Health Education Act [DSHEA].—On June 22, 1998, the FDA published nine Interim Final Rules. The committee has initiated dialog with the FDA regarding these proposed rules and DSHEA, which Congress intended to be a meaningful alternative to the agency's overly restrictive health claims review procedure and standard. The committee has concerns that FDA has exceeded its authority by forbidding specific health claims that accurately represented published statements of Federal Government health agencies as well as restricting the flow of information to the public about dietary supplements.

Benefits.—This investigation will continue in the 106th Congress and will provide an opportunity to resolve issues with the FDA and dietary supplement regulation.

Hearings.—None.

i. Elimination of Section 1555 of the Federal Acquisition Streamlining Act of 1994 [FASA] (Public Law 103–355).—The committee strongly supported the complete repeal of Section 1555 of FASA. This measure was repealed, as part of the House and Senate Treasury Postal Appropriations Conference Report, which was signed into law on October 19, 1997.

The cooperative purchasing program would have allowed State and local governments to buy a wide array of goods and services off the Federal supply schedule administered by the General Services Administration. The committee believes that this is a serious threat to the Nation's small business community.

The committee did seek to craft new legislation, submitting legislative language that would have only allowed information technology products [IT] to be sold to State and local entities off the Federal supply schedule.

This new legislative language was opposed by many who felt that this would somehow set a precedent and allow other goods and services to be purchased off the Federal supply schedule as a result. However, the narrowly crafted IT language was specific to one industry and would not have set a precedent.

j. Joint Hearing: Committee on Government Reform and Oversight and the Committee on International Relations regarding "The Sale of Body Parts by the People's Republic of China."—On June 4, 1998, the committees heard testimony from witnesses regarding the trafficking of human organs from executed Chinese prisoners. Witnesses included: Congresswoman Linda Smith; Mr. Harry Wu, the Laogai Research Foundation; Mr. Wei Jingsheng, Center for the Study of Human Rights; Dr. Tsuyoshi Awaya, Sociology of Medical Law Office, Tokuyama University; Dr. Phaibul Jitpraphai, Faculty of Medicine, Siriraj Hospital; and Mr. Somporn Lorgeranon, an organ transplant recipient.

Testimony included compelling evidence from witnesses who had first-hand knowledge of how the transplantation system works. The committees also heard from Congresswoman Linda Smith who testified about the administration's failure to act on previous reports despite repeated congressional efforts. However, the State Department failed to provide a witness for the joint hearing to report to

the committees on the administration's efforts to gather information on this practice and explain the administration's position.

On June 11, 1998, the committees again heard from a number of highly credible witnesses who testified about the disturbing practice of human organ trafficking of executed Chinese prisoners. Witnesses were highlighted by: "Witness X," a former Chinese prison official; Mr. Harry Wu, the Laogai Research Foundation; John Shattuck, Assistant Secretary of State for Democracy, Human Rights and Labor Bureau; Howard Lange, Acting Deputy Assistant Secretary of State and China Desk Director; Mr. T. Kumar, Amnesty International; and Professor David J. Rothman, Columbia University.

The second joint hearing further examined this disturbing practice and heard from new witnesses with first-hand knowledge of the organ transplantation system. With the testimony of "Witness X," the committees broke new ground on this investigation as the former Chinese prison official provided new evidence of prison practices that he personally observed. Finally, the committees were able to question State Department officials regarding the Administration's response to these issues and ask that they be raised at every appropriate opportunity with the People's Republic of China.

4. Legislation.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

1. H.R. 1553, A bill to amend the President John F. Kennedy Assassination Records Collection Act of 1992 to extend the authorization of the Assassination Records Review Board until September 30, 1998.

a. Report Number and Date.—House Report 105–138, Part 1, June 19, 1997.

b. Summary of Measure.—H.R. 1553 extended for 1 year the authorization of the Assassination Records Review Board, in order to allow the Board to finish reviewing and publicly releasing the Federal Government's records, and other records, relating to the assassination of President John F. Kennedy, and to issue its final report. H.R. 1553 extended the Review Board's September 30, 1997, termination date to September 30, 1998. This legislation authorized $1.6 million in fiscal year 1998 for the Assassination Records Review Board.

c. Legislative History/Status.—H.R. 1553 was introduced by Chairman Dan Burton on May 8, 1997, and referred to the Committee on Government Reform and Oversight. On May 13, 1997, H.R. 1553 was referred to the Subcommittee on National Security, International Affairs, and Criminal Justice. The subcommittee favorably reported H.R. 1553 by voice vote on June 4, 1997, to the Committee on Government Reform and Oversight. On June 11, 1997, the committee favorably reported H.R. 1553 to the House of Representatives by voice vote. The bill passed the House under suspension of the rules on June 23, 1997. On June 25, 1997 the Senate passed H.R. 1553 without amendment by unanimous consent. The bill was signed by the President on July 3, 1997, becoming Public Law 105–25.

d. Hearings.—The Subcommittee on National Security, International Affairs, and Criminal Justice held a hearing on H.R. 1553 on June 4, 1997. The following witnesses testified before the subcommittee: Representative Louis Stokes; Assassination Records Review Board Chair John R. Tunheim; Steven D. Tilley, Chief of the Access and Freedom of Information Staff and Chief of the John F. Kennedy Assassination Records Collection at the National Archives and Records Administration; author Max Holland; and Bruce Hitchcock, a Government and U.S. History Teacher from Noblesville, IN.

Subcommittee Chairman Dennis Hastert's opening statement expressed support for H.R. 1553. Ranking Minority Member Thomas Barrett also supported the bill.

All of the witnesses supported the bill. They said that the Review Board needs to finish its task of making the government's Kennedy assassination records public, and that this would furthermore help to restore citizens' trust in government. Review Board Chair John Tunheim said that the Review Board needed 1 additional year to finish reviewing records from various Federal agencies.

2. H.R. 1836, The Federal Employees Health Care Protection Act of 1997.

a. Report Number and Date.—House Report 105–374, November 4, 1997.

b. Summary of Measure.—H.R. 1836 was introduced by Mr. Burton to strengthen the integrity and standards of the Federal Employees Health Benefits Program and allow it to maintain its reputation as a high quality and cost-effective program. H.R. 1836 amends chapter 89 of Title 5, United States Code, to improve administration of sanctions against unfit health care providers under the FEHB program, and for other purposes. Section 2 strengthens the Office of Personnel Management's ability to bar or sanction unethical health providers. Section 3 makes technical changes regarding national plans and it expands a preemption of State and local authority to regulate health care plans that provide coverage under FEHB. Section 4 allows retired employees of the Federal Deposit Insurance Corporation and the Federal Reserve Board access to the FEHB program. Section 6 establishes the rules under which a health care plan sponsored by an employee organization may reenter the FEHB program after previously discontinuing its membership. Section 7 permits agencies to increase the maximum physicians comparability allowance Federal agencies may pay from $20,000 to $30,000 per year. Section 8 states that plans are allowed to permit direct access and payments to licensed health care providers, even when such arrangements are not required by law.

c. Legislative History/Status.—H.R. 1836 was signed into Public Law 105–266 by President Clinton on October 19, 1998.

3. H.R. 3166, the Federal Employee Health Care Freedom of Choice Act.

a. Report Number and Date.—H.R. 3166 was introduced by Congressman Dan Burton and Congressman Bill Archer.

b. Summary of Measure.—This legislation would require the Office of Personnel and Management [OPM] to ensure that high de-

ductible plans are available to all FEHB program enrollees, including active workers, dependents, and annuitants at the beginning of the 1999 FEHB program contract year. OPM would also be required to make information available to eligible individuals about the availability of and rules regarding participation in high deductible health plans available under the FEHB program. There is no numerical limitation on the number of individuals eligible to enroll in high deductible health plans and participate in MSAs.

Annual deductible limits are identical to those currently in law for the private market MSAs: $1,500–$2,250 for individual coverage with an annual out-of-pocket cap on expenses of $3,000, and $3,000–$4,500 for family coverage with an annual out-of-pocket on expenses of no more than $5,500. Contributions made to an MSA and any interest on the account will build up tax-free.

c. Legislative History/Status.—H.R. 3166 was referred to the Committee on Government and Oversight and the Committee on Ways and Means.

An improved version of H.R. 3166 was drafted for the purposes of inclusion into H.R. 4250, the "Patient Protection Act of 1998." This version (Title VI in H.R. 4250) incorporates changes made to the Health Insurance Portability and Protection Act as it relates to medical savings accounts [MSAs] and changes the government and individual contribution formulas to the high deductible plans and MSAs. Title VI would require OPM to ensure that high deductible plans are available at the beginning of the 2000 FEHB program contract year.

Title VI was not included in the final version of H.R. 4250, which was passed by the House on July 25, 1998.

4. H.R. 2883, the Government Performance and Results Act Technical Amendments.

a. Report Number and Date.—House Report No. 105–429, March 10, 1998.

b. Summary of Measure.—H.R. 2883 amends the Government Performance and Results Act of 1993 to require Federal agencies to add details about overlapping programs, major management problems, and reliability of data sources to their 5-year strategic plans and re-submit them by the end of September 1998. The bill also requires agency Inspectors General, (or comparable officials if the agency has no Inspector General), to assess and report to Congress on the reliability and integrity of agency performance plans and reports. Under the legislation, the Office of Management and Budget must submit governmentwide performance reports.

c. Legislative History/Status.—H.R. 2883 was introduced on November 7, 1997 by the chairman of the Government Reform and Oversight Committee, the Honorable Dan Burton. The bill was referred to the Government Reform and Oversight Committee, and by the committee to the Subcommittee on Government Information, Management, and Technology. On March 4, 1998, the measure was ordered favorably reported to the full committee by a voice vote. On March 5, 1998, the full committee met and the bill was approved by a vote of 21 to 12. On March 12, 1998, the Whole House voted favorably to pass H.R. 2883 by a vote of 242 to 168. The Senate did not take up the legislation.

d. Hearings and Committee Actions.—On February 12, 1998, the Subcommittee on Government Management, Information, and Technology held formal hearings on H.R. 2883. Witnesses at the hearing were: Chris Mihm, Assistant Director, Federal Management and Workforce Issues of the General Government Division, U.S. General Accounting Office [GAO]; Professor Robert M. Grant, School of Business Administration, Georgetown University; the Honorable Maurice P. McTigue, distinguished visiting scholar, Center for Market Processes, George Mason University; and the honorable G. Edward DeSeve, Acting Deputy Director, Office of Management and Budget.

Chris Mihm testified that, according to GAO's review, the agencies' final strategic plans are minimally compliant with the six statutory requirements of the Results Act, but are sorely deficient in several areas of critical importance. In his words:

> . . . [A]lthough agency plans include the basic legislative requirements, I think there can be little argument that substantive challenges remain. In our view, among the most pressing challenges are: first, the need to better articulate a strategic direction; second improve the coordination of crosscutting program efforts; and, third, build reliable data systems and analytic capacity.
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> . . . [T]he strategic plans often lacked clear articulations of agencies' strategic directions; in short, a sense of what the agencies were trying to achieve and how they proposed to do it. Many agency goals were not results oriented. The plans often did not show clear linkages among planning elements, such as goals and strategies. And, furthermore, the plans frequently had incomplete and underdeveloped strategies.

Mr. Grant testified that private sector firms do not do strategic planning just for the sake of creating strategic plans. "The reason why companies do it is in order to improve the quality of their decision-making and, through that, to enhance their performance," he stated. He discussed four ways in which strategic planning can enhance performance of an organization. First, it forces establishing a consensus regarding medium and long-term goals and how the goals are to be achieved. Second, it forces top management focus on long-term performance rather than on day-to-day operational issues that occupy much of their time. Third, it creates a dialog within the organization between people at different levels, departments, and divisions of the organization. Finally, strategic planning establishes a structure within which objectives can be agreed and in which performance can be reviewed to the extent objectives are achieved.

Mr. Grant also spoke about general trends taking place with regard to private sector strategic planning. One trend is that strategic plans have become less focused on detailed decisions about resource allocation, and much more upon establishing the overall direction and clear performance targets. He indicated that one effect of that close emphasis on linking strategic planning with performance targets has been that financial planning has become much more closely integrated in the strategic planning process. Another

trend he said was that there is much greater involvement of top management along with a recognition that the responsibility for strategic management lies with top management.

Mr. McTigue based his testimony on his experiences having been an elected representative of the Parliament of New Zealand and having spent a period of time as a cabinet minister in the Government of New Zealand during a time when that country was undergoing major changes as a result of management reforms similar to the Results Act. He said that the major winners of the Results Act process are the Members of Congress, whom it empowers with information regarding what it is that the executive branch is doing and how successfully it is doing those things. Without this information, he said, Congress cannot exercise the authority that is vested in it to oversee, on behalf of taxpayers, the activities of the executive branch.

With regard to Congress' efforts to ensure quality strategic plans, Mr. McTigue stressed that we have to be very careful in accepting plans that are not up to standard. The risk, he stated, "is that you set a precedent by a laissez-faire attitude that will make it acceptable for plans in the future to be submitted that don't meet those standards."

On behalf of the Office of Management and Budget [OMB], Mr. DeSeve testified regarding his opposition to H.R. 2883. His concern is that enactment of this legislation could impede successful implementation of the performance planning efforts under the Results Act. Under the act, agencies are to submit annual performance plans which provide much more detail about how the agencies plans to meet its mission and goals as stated in the strategic plans.

According to Mr. DeSeve, the requirements of H.R. 2883 would be too burdensome and the net results of having to concurrently prepare revised strategic plans, revised performance plans for fiscal year 1999, and initial performance plans for fiscal year 2000 "would be to substantially diminish the quality of all three." Instead, Mr. DeSeve is not opposed to individual agencies deciding on their own to revise their plans. "To be clear," he said, "agencies that believe it is advantageous to resubmit their strategic plans can and should do so."

Asked to respond to the point made by Mr. DeSeve that agencies should decide whether to resubmit their plans, Mr. McTigue pointed out that he would not advocate this course of action. Accountability, he explained, "means that somebody else can look at your actions and decide whether or not they meet the standard required."

Mr. DeSeve explained that revisions to the act should wait until authorizers and appropriators are more engaged in using the plans. Representative Sessions, who was chairing the subcommittee hearing, then submitted a letter for the record addressed to full committee Chairman Dan Burton from the following Members of Congress: Majority Leader Armey, Senate Republican Policy Chairman Larry Craig, Budget Committee Chairman John Kasich, Judiciary Committee Chairman Henry Hyde, International Relations Chairman Ben Gilman, Science Committee Chairman Jim Sensenbrenner, Committee Chairman Tom Bliley, Veterans Affairs Chairman Bob Stump, Small Business Committee Chairman Jim Talent,

and Education and Workforce Committee Chairman Bill Goodling. The members in this letter voiced their support for agencies to resubmit their strategic plans by September 30, 1998, rather than waiting 3 years for improved plans.

Implying again that H.R. 2883's mandate would be too burdensome, Mr. DeSeve expressed concern that the directive for agencies to revise their strategic plans was too generalized. He said that while Congress might intend for agencies to "look at those very specific elements in the plan that are troublesome and revise them," agencies would not get that same message. However, GAO and congressional assessments of the agency strategic plans are very specific about the weaknesses within each agency plan. H.R. 2883 is also specific about requiring agencies to address three fundamental, but not statutorily-required elements: longstanding management problems, cross-cutting functions, and data capacity and integrity.

5. Cost Accounting Standards [CAS] in the Federal Employees Health Benefits Program.

The Government Reform and Oversight Committee examined the application of the Cost Accounting Standards to carrier contracts in the Federal Employees Health Benefits [FEHB] Program. The committee was concerned that continued application of the CAS would run a real risk of increasing costs to the FEHB program and would result in program disruption if the impracticability of applying the CAS forced the withdrawal of plans from the FEHB program.

After failing to convince the CS Board to grant a delay in applying the CAS, the Office of Personnel Management [OPM] directed the FEHB experience-rated carriers to commence all necessary adjustments to their accounting procedures and practices in order to conform to the requirements of 48 CFR Part 30 and 48 CFR Chapter 99. This was imposed even though OPM informed the committee in a letter dated June 30, 1998 that, as a general matter, they are satisfied with the cost accounting information provided by the FEHB carriers, and they have sufficient regulatory authority to ensure that audits are conducted appropriately.

However, Blue Cross Blue Shield Association [BCBSA], the largest carrier in the FEHB program, raised concerns with the difficulties of implementation of the CAS on the FEHB program plan contracts. Application was deemed to be extremely complex, time consuming and economically unfeasible.

As a result of extensive meetings with BCBSA, OPM, and OMB, the committee was convinced that the wisest course for Congress was to take legislative action. This would ensure the continued stability of the FEHB program and the continued health care coverage of Federal employees. Under section 518 of the Treasury and General Government Appropriation, 1999, the cost accounting standards promulgated under section 28 of the Office of Federal Procurement Policy Act shall not apply with respect to a contract under the FEHB program. In no way does this provision limit or restrict OPM's authorities with respect to audits, oversight or program administration. OPM will continue to have the regulatory flexibility to adapt certain principles of the CAS.

6. S. 1364, The Federal Reports Elimination Act of 1998, Public Law 105–362.

a. Report Number and Date.—Senate Report 105–187, May 11, 1998 accompanies the bill. A report was not filed with the House.

b. Summary of Measure.—The purpose of S. 1364 is to eliminate or modify 187 congressionally mandated Federal agency reports that are redundant, obsolete, or otherwise unnecessary.

c. Legislative History/Status.—S. 1364 was introduced on November 4, 1997 by Senators Levin and McCain. The Senate Committee on Governmental Affairs marked up the bill on March 10, 1998 and favorably reported it to the full Senate by voice vote. The full Senate passed the bill, as amended, on June 10, 1998. On October 13, 1998 the House passed the amended bill under suspension of the rules. On October 21, 1998, the House agreed to the Senate amendment to the House amendment and the Senate agreed to the House amendment with amendment. The bill was presented to the President on November 4, 1998 and signed into law.

d. Hearings and Committee Actions.—On June 18, 1998, Government Reform and Oversight Committee Chairman Dan Burton and Ranking Member Henry Waxman circulated the Senate bill to all House committee chairmen and ranking members. The committee chairs and ranking members were asked to review the reports on the list and indicate any objections to elimination or modification of the reports under their jurisdiction. One hundred percent of committees responded and the Senate list of 187 reports was reduced to 132 reports.

7. H.R. 1057, A bill to designate the building in Indianapolis, Indiana, which houses the operations of the Indianapolis Main Post Office as the "Andrew Jacobs, Jr. Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1057 named the Main Post Office in Indianapolis, IN, the "Andrew Jacobs, Jr. Post Office Building." Andrew Jacobs, Jr., was a Member of Congress from Indianapolis, IN, from 1965 to 1973 and from 1975 to 1997.

c. Legislative History/Status.—Signed into law on November 19, 1997, Public Law 105–90. On March 2, 1998, Chairman Dan Burton spoke at the dedication ceremony in Indianapolis, IN, for the Andrew Jacobs, Jr., Post Office Building.

d. Hearings.—None.

8. H.R. 1058, A bill to designate the facility of the U.S. Postal Service under construction at 150 West Margaret Drive in Terre Haute, Indiana, as the "John T. Myers Post Office Building."

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1058 named the Postal Service's new processing and distribution facility at 150 West Margaret Drive in Terre Haute, IN, the "John T. Myers Post Office Building." This facility was under construction at the time that H.R. 1058 was introduced in the House (March 13, 1997); the facility has since been completed.

c. Legislative History/Status.—H.R. 1058 was signed into law on November 19, 1997, Public Law 105–91. Chairman Burton sent a

letter that was read at the October 17, 1998, dedication ceremony in Terre Haute, IN, for the John T. Myers Post Office Building.

d. Hearings.—None.

9. H.R. 3630, A bill to designate the facility of the United States Postal Service located at 9719 Candelaria Road N.E. in Albuquerque, New Mexico, and known as the Eldorado Station Post Office, as the "Steve Schiff Post Office."

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3630 renamed the Eldorado Station Post Office at 9719 Candelaria Road N.E. in Albuquerque, NM, the "Steve Schiff Post Office."

c. Legislative History/Status.—Signed into law on October 21, 1998, as part of H.R. 3630, the fiscal year 1999 Omnibus Appropriations Act, Public Law 105–277.

d. Hearings.—None.

II. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

Hon. Dan Burton, *Chairman*

1. "Interim Report on the Investigation of Political Fundraising Improprieties and Possible Violations of Law," House Report 105–829, November 5, 199, Sixth Report of the Committee on Government Reform and Oversight, together with Additional and Minority Views.

a. Summary.—Since January 1997, the committee has been conducting an investigation of campaign fundraising improprieties relating to the 1992 and 1996 Federal elections. The committee's investigation has focused on numerous instances where foreign money was directed into American political campaigns.

This report detailed the committee's work to date, and contained a number of new facts uncovered through the committee's work. For example, the report detailed hundreds of thousands dollars in illegal contributions made to the Democratic National Committee that were still being held and used by the DNC. The report contained extensive summaries of the committee's investigations of the central figures in the campaign finance scandal, including John Huang, Charlie Trie, Johnny Chung, and Ted Sioeng. The report also contained descriptions of the committee's investigations into the Hudson casino matter, FEC oversight of the campaign finance scandal, and illegal Venezuelan political contributions.

b. Benefits.—The committee's investigation into political fundraising improprieties uncovered a number of illegal schemes to direct illegal political contributions into Federal elections. Because of the committee's investigation, prosecutors at the Department of Justice and the Office of Independent Counsel investigated or pursued criminal charges against a number of individuals. The committee's investigation also brought much-needed attention to the inadequate manner in which many of our existing election laws are enforced.

c. Hearings.—The committee held the following hearings entitled, "Conduit Payments to the Democratic National Committee," on October 9, 1997; "White House Compliance with Committee Subpoenas," on November 6–7, 1997; "Johnny Chung: His Unusual Access to the White House, His Political Contributions and Related Matters," on November 13–14, 1997; "The Current Implementation of the Independent Counsel Act," on December 9–10, 1997; "The Department of Interior's Denial of the Wisconsin Chippewa's Casino Applications," on January 21–22, 28–29, 1998; "FEC Enforcement Actions: Foreign Campaign Contributions and Other FECA Viola-

tions," on March 31, 1998; "Venezuelan Money and the Presidential Election," on April 30, 1998; and "The Need for an Independent Counsel in the Campaign Finance Investigation," on August 4, 1998.

2. "Report on Contempt of Congress Regarding the Refusal of Attorney General Janet Reno to Produce Documents Subpoenaed by the Government Reform and Oversight Committee," House Report 105–728, September 17, 1998.

a. Summary.—The committee's investigation of the campaign finance scandal also led it to conduct vigorous oversight of the Justice Department's parallel investigation. The committee became troubled in December 1997, when it learned that the Director of the FBI had recommended that the Attorney General seek the appointment of an independent counsel to investigate the campaign finance scandal, and that the Attorney General had rejected that advice. The committee sought the memorandum in which Director Freeh outlined his views to Attorney General Reno, but the Attorney General refused to produce the memorandum. In July 1998, the committee learned that the hand-picked head of the Justice Department task force investigating the campaign finance scandal, Charles La Bella, had also recommended that the Attorney General appoint an independent counsel. Like she had with Director Freeh's recommendation, Ms. Reno ignored the advice of Mr. La Bella, and refused to seek an independent counsel.

The committee was troubled to hear that the Attorney General had refused to follow the recommendation of her two closest advisors regarding the campaign finance scandal. Accordingly, the committee decided that, under these extraordinary circumstances, it must review this memoranda for itself to determine whether Ms. Reno was properly carrying out her duties. On July 24, 1998, Chairman Burton issued a subpoena to the Attorney General for the memoranda prepared by Director Freeh and Mr. La Bella. The Attorney General refused to comply with the committee's subpoena, and refused to offer any legal justification for failing to produce the memoranda to the committee. Accordingly, on August 6, 1998, the committee voted to cite the Attorney General for contempt of Congress, and provided to the full House a report detailing the Attorney General's failure to produce the subpoenaed documents.

b. Benefits.—The committee's contempt proceedings against the Attorney General were a necessary step to enforce a valid congressional subpoena.

c. Hearings.—In addition to addressing the campaign finance investigation, the following hearings also addressed issues relating to the Contempt proceedings against the Attorney General: "The Current Implementation of the Independent Counsel Act," on December 9–10, 1997; and, "The Need for an Independent Counsel in the Campaign Finance Investigation," on August 4, 1998.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

Hon. Stephen Horn, *Chairman*

1. "A Citizen's Guide on Using the Freedom of Information Act and The Privacy Act of 1974 to request Government Records," House Report No. 105–37, March 20, 1997, First Report by the Committee on Government Reform and Oversight.

a. Summary.—The Freedom of Information Act [FOIA], enacted in 1966, presumes those records of the executive branch of the U.S. Government are accessible to the public. The Privacy Act of 1974 is a companion to FOIA and regulates Government agency record-keeping and disclosure practices. The Freedom of Information Act provides that citizens have access to Federal Government files with certain restrictions. The Privacy Act provides certain safeguards for individuals against an invasion of privacy by Federal agencies and permits them to see most records pertaining to them maintained by the Federal Government.

A Citizen's Guide on Using the Freedom of Information Act and Privacy Act of 1974 to Request Government Records, House Report 105–37, dated March 20, 1997, and issued by the House Committee on Government Reform and Oversight, explains how to use the two laws and serves as a guide to obtaining information from Federal agencies. The complete texts of the Freedom of Information Act, as amended (5 U.S.C. 552), and the Privacy Act, as amended (5 U.S.C. 552a), are reprinted in the committee report.

b. Benefits.—Federal agencies use the Citizen's Guide in training programs for Government employees who are responsible for administering the Freedom of Information Act and the Privacy Act of 1974. The Guide enables those who are unfamiliar with the laws to understand the process and to make requests. In addition, the complete text of each law is included in an appendix. The Government Printing Office and Federal agencies subject to the Freedom of Information Act and the Privacy Act of 1974, distribute this report widely. The availability of these acts to all Americans allows executive branch information to be widely available.

c. Hearings.—The subcommittee held a hearing entitled, "The Electronic Freedom of Information Act," on June 9, 1998.

2. "Making the Federal Government Accountable: Enforcing the Mandate for Effective Financial Management," House Report No. 105–664, July 31, 1998, Third Report by the Committee on Government Reform and Oversight, Together with Additional Views.

a. Summary.—In a series of hearings held in 1998, the subcommittee highlighted the fact that billions of dollars of taxpayer money are lost each year to fraud, waste, abuse, and mismanagement in hundreds of Federal programs. One of the root causes of this loss is inadequate financial management. Financial systems and practices in the executive branch of the Federal Government are ineffective and fail to provide complete, consistent, reliable, and timely information. On March 31, 1998, the General Accounting Office released the first-ever audit report on the financial status of

the entire Federal Government. For the first time, a concise accounting of the myriad problems faced by the Federal Government was made available.

With this information in hand, the subcommittee held hearings to review the results of the audit of the Federal Government's consolidated financial statements. The subcommittee's review focused on the inability of the Federal Government to provide reliable financial information to the Congress, agency decisionmakers, and the American people. The hearings also considered actions needed to address financial management problems.

In addition to the hearings, Representative Stephen Horn (R–CA) issued an evaluation of the consolidated financial statements and agency reports in the form of a report card. The evaluation noted that only 2 of the 24 agencies earned a clean financial statement. Many financial statements were determined by the General Accounting Office to be unauditable. The report card illustrated the need for dramatic improvement in Federal financial systems.

On tax day (April 15) 1998, the subcommittee conducted a hearing on financial management at the Internal Revenue Service. In fiscal year 1997, for the first time since its statements were first audited in fiscal year 1992, the IRS received a clean opinion on its financial statements covering the collection and refunds of taxes. However, from the audit report and hearing discussions, the subcommittee discovered significant weaknesses in internal controls and areas of noncompliance with laws and regulations. The subcommittee focused on actions IRS is taking to resolve long standing financial management problems and the progress—if any—it has made to reform these practices. The scope of the hearing included an overview of suggested reform plans made by the recently designated Commissioner of IRS, Charles O. Rossotti.

The subcommittee held a hearing on financial management at the Department of Defense on April 16, 1998. The GAO, DOD Inspector General, and Defense audit agencies have long reported problems in DOD's financial management systems and practices. Each year numerous reports are issued with virtually the same problems as the prior year. DOD's reported financial management problems include inadequate control over assets such as real property, capital leases, construction in process, and inventories, as well as instances of noncompliance with laws and regulations. These problems resulted in the Inspector General's inability to render an opinion on DOD's financial statements for fiscal year 1997. At the hearing, GAO emphasized that it disclaimed an opinion on the Consolidated Governmentwide Financial Statements of the Federal Government largely due to DOD's inability to provide complete and verifiable information on its finances. The subcommittee focused on actions DOD is taking to resolve long standing problems with their financial management systems. As a result, the subcommittee established that action is needed from the top management levels at DOD to ensure that the problems are resolved.

The subcommittee also held a hearing focusing on financial management at the Social Security Administration. For fiscal year 1997, SSA earned an unqualified "clean" opinion on its financial statements for the fourth consecutive year. The auditors reported no material weaknesses in SSA's internal controls. The audit report

noted, however, two instances of noncompliance with laws and regulations. SSA published its financial statements and the related audit report in its "accountability report" on November 21, 1997—more than 3 months early (SSA was one of the few agencies to issue its report prior to the March 1, 1998 due date). At the hearing, the subcommittee focused on the progressive actions SSA has taken to achieve "clean" opinions and sought recommendations from SSA to share how those successes were achieved. As the subcommittee has discovered in oversight hearings on the status of the Federal Government's progress dealing with the year 2000 problem, the Social Security Administration is a top notch agency and a leader in tackling management issues.

The subcommittee held a hearing on financial management at the Health Care Financing Administration. The Health Care Financing Administration [HCFA], which accounts for more than 18 percent of all Federal outlays and pays for one third of health care throughout the United States, has failed to provide timely or reliable financial information. The first financial audit of HCFA, covering its fiscal year 1996 financial statements, resulted in a disclaimer of opinion. At the hearing, witnesses described problems that included insufficient documentation maintained by contractors who process the payment of Medicare claims for HCFA; material weaknesses in internal controls over HCFA operations; and material non-compliance with laws and regulations. Excessive Medicare payments are estimated at $20.3 billion—or 11 percent of fee for service payments made—for fiscal year 1997.

The subcommittee also held a hearing on proposals to improve Federal financial management. At this hearing, the subcommittee explored legislative options for improving compliance with Federal financial management legislation, including the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Federal Financial Management Improvement Act of 1996. The House of Representatives unanimously passed House Resolution 447 to express the sense that "financial management [at] all too many Federal agencies ha[s] failed; and therefore, Congress must impose consequences on Federal agencies that fail their annual financial audits and conduct more vigorous oversight to ensure that Federal agencies do not waste the tax dollars of the people of the United States."

Based on the investigation and oversight hearings conducted by the subcommittee, as well as on the governmentwide audit conducted by the GAO, the committee approved "Making the Federal Government Accountable: Enforcing the Mandate for Effective Financial Management." In this report, the Committee on Government Reform and Oversight issued six findings:

1. There are material deficiencies in Federal financial information. These problems included the Federal Government's inability to:

- properly account for and report on billions of dollars of property, equipment, materials, and supplies;
- properly estimate the cost of most Federal credit programs and related loans receivable and loan guarantee liabilities;
- estimate and report material amounts of environmental and disposal liabilities and related costs;

• determine the amount of various reported liabilities, including post-retirement health benefits for military and Federal civilian employees, veterans compensation benefits, accounts payable, and other liabilities;

• accurately report major portions of the net costs of government operations;

• determine the full extent of improper payments that occur in major programs and that are estimated to involve billions of dollars annually;

• properly account for billions of dollars of basic transactions, especially those between government entities;

• ensure that the information in the consolidated financial statements is consistent with agencies' financial statements;

• ensure that all disbursements are properly recorded; and

• effectively reconcile the change in net position reported in the financial statements with budget results.

2. There are material control weaknesses in Federal financial systems.

3. There is pervasive noncompliance with laws and regulations.

4. The year 2000 computing crisis poses a significant threat to Federal financial systems.

5. The role of the Inspector General in improving Federal financial management can be strengthened.

6. Greater financial management leadership is needed.

Based on these findings, the committee made four recommendations:

1. Require agencies to be accountable to Congress and the President through regular oversight.

2. Provide incentives to agencies to have effective financial management.

3. Strengthen the ability of the Inspector General to carry out their management oversight responsibilities.

4. Strengthen the President's role as Chief Executive Officer of the executive branch by establishing an Office of Management.

b. Benefits.—In response to the series of hearings discussed above, House Resolution 447 was introduced on May 21, 1998. The House resolution expressed the sense of Congress that the audit demonstrated serious concerns with financial management by the majority of Federal agencies and current efforts with respect to financial management at all too many Federal agencies had failed and therefore Congress must impose consequences on Federal agencies that fail their audits. Prior to the unanimous passage of the House resolution on June 9, 1998, the President issued a May 26, 1998, memorandum to the heads of executive departments and agencies outlining actions to "further improved financial management." The Presidential directive required action to improve Federal financial management and stipulated goals and guidelines. In addition, a task force was developed by the Chief Financial Officers Council, with representation from the Office of Management and Budget, the General Accounting Office, as well as the Subcommittee on Government Management, Information, and Technology, to periodically meet and follow the Federal agencies' progress in improving their financial management.

Consistent with the findings of the oversight hearings and the House Resolution, the President's memorandum recognized that "there are several areas in which agencies must focus additional attention. Financial auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government." The memorandum took several significant steps toward tightening the administration's leadership in correcting the management problems that were the subject of the subcommittee's oversight hearings. Specifically, the President's memorandum directed:

> 1. The Office of Management and Budget (OMB) shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the [administration's] goal of obtaining an unqualified audit opinion in the F[iscal] Y[ear] 1999 consolidated Federal Government financial statements.
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> 2. The head of each agency identified by the OMB shall submit to the OMB a plan, including milestones, for resolving by September 30, 1999, financial reporting deficiencies identified by the auditors. The initial plan was due to the OMB by July 31, 1998.
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> 3. The head of each agency submitting a plan shall provide quarterly reports to the OMB, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the OMB any impediments that would impact the government-wide goal.
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> 4. The OMB shall provide periodic reports to the Vice President on the agency submissions and government-wide actions taken to obtain an unqualified opinion the Government's F[iscal] Y[ear] 1999 financial statements.

In addition to the President's memorandum, the administration has accelerated the timeframes in which Federal agencies are required to submit financial information to the Financial Management Service of the Department of the Treasury.

c. Hearings.—The subcommittee conducted six oversight hearings focusing on the status of financial management in the executive branch of the Federal Government: (1) "Federal Consolidated Financial Statements: Can the Federal Government Balance It's Books?," on April 1, 1998; (2) "Oversight of the Internal Revenue Service: The Commissioner Reports to Congress." on April 15, 1998; (3) "Department of Defense Financial Management: Serious Problems Still Persist," on April 16, 1998; (4) "Oversight of Financial Management Practices at the Social Security Administration," on April 17, 1998; and (5) "Oversight of Financial Management Practices at the Health Care Financing Administration," on April 24, 1998; and (6) "Making the Federal Government Accountable: Legislative Options to Improve Financial Management," on June 18, 1998.

3. "The Year 2000 Problem," House Report No. 105–827, October 26, 1998, Fourth Report by the Committee on Government Reform and Oversight, Together with Additional Views.

a. Summary.—The subcommittee convened an oversight hearing on April 16, 1996 to examine whether computers throughout the Federal Government, the United States, and the world would be able to handle the transition from the year 1999 to the year 2000. The subcommittee continued this investigation throughout the 105th Congress. The committee report is based on the subcommittee's investigation.

The year 2000 problem could result in a stunning array of technological failures. Air traffic could be delayed or even grounded; telephone service could be interrupted; breakdowns in the production and distribution of electricity could bring widespread power failures; automatic teller machines might malfunction; traffic lights could stop working; timeclocks at factories might malfunction. Government payments, including checks from the Internal Revenue Service, the Treasury, and the Veterans Benefits Administration, could be interrupted; military technology, including the Global Positioning Satellite System, could malfunction. Closer to home, devices with a timing function, including microwave ovens, personal computers, video cassette recorders, and climate control systems could all falter or even shut down entirely.

For Federal computers, the year 2000 problem could affect everything from Social Security and Veterans' benefit payments to missile maintenance systems, from the Federal Aviation Administration to the Internal Revenue Service. There are at least 7,000 mission critical computer systems (those systems essential to the performance of important governmental functions) in the executive branch of the Federal Government.

The committee report contained nine major oversight findings:

1. The Federal Government is not on track to complete necessary year 2000 preparations before January 1, 2000.
2. Some State and local governments are lagging in year 2000 repairs and in many cases lack reliable information on their year 2000 status.
3. The year 2000 status of basic infrastructure services, including electricity, telecommunications, and water, is largely unknown.
4. Embedded microchips are difficult to find, difficult to test, and can lead to unforeseen failures.
5. Strong leadership from senior management is necessary to address the year 2000 problem.
6. Organizations are dependent on the year 2000 preparedness of their data exchange partners.
7. Data exchanges, testing, and contingency planning have received far too little attention.
8. Fear of legal liability has made some organizations reluctant to share the year 2000 status of their products and internal systems with other businesses and data exchange partners.
9. Resource problems center around hiring and retaining skilled workers and attaining the needed funding to perform the year 2000 fixes.

Based on these findings, the committee made five recommendations:

1. The President and the executive branch of the U.S. Government must approach the year 2000 problem with greater urgency.

2. Public and private organizations as well as Federal, State, and local governments must all work in partnership to prepare for the date change.

3. Congress and the President should establish Federal liability protection for organizations that share information in order to facilitate year 2000 repairs.

4. Year 2000 problem managers should develop goals that are linked to readiness measures.

5. Citizens should demand information on year 2000 readiness from their State and local governments, their utility companies, and other organizations upon which they are dependent.

As Chief Executive, the President must play an active leadership role in moving the Nation forward on the year 2000 problem. In July 1997, the chairman and ranking member of the subcommittee, together with the chairwoman and ranking member of the Technology Subcommittee of the House Committee on Science, formally asked the President to use the "bully pulpit," as Theodore Roosevelt called it, to explain the problem to the American people. They also recommended that he appoint a senior administration official as coordinator for the national year 2000 effort.

The President has still not implemented the first recommendation: to explain the year 2000 problem to the American people. In July 1998, he addressed some of the members of the National Academy of Sciences, but this issue calls for high-profile leadership. The President has been urged to speak in a "fireside chat" environment, similar to the approach of President Franklin D. Roosevelt in the 1930's. The appointment of a full-time coordinator to pull together the pieces of the administration's effort took place in February 1998, when he designated John Koskinen, a retired Office of Management and Budget official, as Assistant to the President. Mr. Koskinen did not take office until March 1998.

Despite this belated step in the right direction, many Federal agencies are simply not moving quickly enough to be year 2000 compliant by January 1, 2000. As noted above, the subcommittee has prodded executive branch agencies to action by grading them on their year 2000 efforts. The grades are based on an analysis of the quarterly reports from the agencies themselves as well as follow-up investigative work by the staff of the subcommittee and the General Accounting Office, the fiscal and program auditors for the legislative branch. Each report card has revealed a disturbing lack of progress within the executive branch. Overall, the Administration has received a grade of "F" and "D" in the last two quarters, respectively.

The subcommittee has concentrated not just on Federal computer systems and the effect their failure would have on the delivery of services, but also on the leadership role that the Government plays throughout society. For example, the Securities and Exchange Commission and the Federal Communications Commission have important oversight and leadership functions in segments of the private sector. At a higher level, the President can voice priorities for society as a whole. Oversight of this leadership element of the

Federal year 2000 effort is central to the subcommittee's investigation and to this report.

b. Benefits.—This committee report and all of the activities on which it is based were directed at gathering and disseminating information on the year 2000 problem. The benefit of inspiring organizations to learn about the problem and to take it seriously is self-evident: more repairs will be done, fewer failures after January 1, 2000 will result. Furthermore, serious action now, including serious attention from Federal officials, will serve to reduce the panic that this problem encourages.

The key to fixing the year 2000 problem is leadership. The year 2000 problem requires one of the most massive and coordinated repair efforts in human history. Progress has been made, but much remains to be done. Urgency is required to get the job done on time. Priorities must be set and resources must be allocated. This can be done only if top management (in government, the private sector, and non-profit organizations alike) is fully informed and willing to make the tough choices necessary.

Furthermore, the year 2000 problem is going to be expensive to the taxpayers, but how expensive depends on how quickly officials step up to the problem. Administration cost estimates have reached $5.4 billion, and figures in this range have been deemed far too low by a variety of experts. The ultimate cost depends to a great extent on how early and how efficiently the Government can address the problem. The costs associated with fixing this labor-intensive problem will rise significantly as the date change nears. Furthermore, failure to repair computers before the date change will bring a variety of costs of untold proportions. It is therefore critical that the fixes are made and made early. Effective efforts to expedite this process will save the taxpayers considerable amounts of money.

Potentially even more significant than the financial toll of a delayed response to the year 2000 problem is the danger of failure. It is very difficult to determine the exact consequences of inaccurate date computations in most computer programs. Despite this, or perhaps because of it, preparations for the date change are crucial. Failure to make the necessary fixes puts citizens at risk of everything from late Social Security checks to unsafe travel conditions.

c. Hearings.—The Subcommittee on Government Management, Information, and Technology held 16 hearings on the Year 2000 problem in the 105th Congress: (1) "Will Federal Computers Be Ready for the Year 2000?" February 24, 1997; (2) "Year 2000 Risks: What Are the Consequences of Information Technology Failure?" March 20, 1997, held jointly with the House Science Subcommittee on Technology; (3) "Will Federal Government Computers be Ready for the Year 2000?" July 10, 1997, held jointly with the House Science Subcommittee on Technology; (4) "Russia's Year 2000 Problem," held in Beverly Hills, CA on October 17, 1997; (5) "FAA at Risk: Year 2000 Impact on the Air Traffic Control System," held jointly with the House Science Subcommittee on Technology on February 4, 1998; (6) "Oversight of the Federal Government's Year 2000 Efforts," held jointly with the House Science Subcommittee on Technology on March 18, 1998; (7) "Status Update on the Year 2000 Problem," June 10, 1998; (8) "Year 2000: Biggest Problems

and Proposed Solutions," June 22, 1998; (9) "Oversight of the Year 2000 Problem: Lessons to Be Learned from State and Local Experiences," field hearing in New York, NY on August 13, 1998; (10) "Oversight of the Year 2000 Problem: Lessons to Be Learned from State and Local Experiences," field hearing in Mesquite, TX (a suburb of Dallas) on August 17, 1998; (11) "Oversight of the Year 2000 Problem: Lessons to Be Learned from State and Local Experiences," field hearing in New Orleans, LA on August 19, 1998; (12) "Oversight of the Year 2000 Problem: Lessons to Be Learned from State and Local Experiences," field hearing in Lakewood, OH (a suburb of Cleveland) on September 1, 1998; (13) "Oversight of the Year 2000 Problem: Lessons to Be Learned from State and Local Experiences," field hearing in Indianapolis, IN on September 2, 1998; (14) "Oversight of the Year 2000 Problem: Lessons to Be Learned from State and Local Experiences," field hearing in Palatine, IL (a suburb of Chicago) on September 3, 1998; (15) "Y2K: What Every Consumer Should Know to Prepare for the Year 2000 Problem," held jointly with the House Science Subcommittee on Technology on September 24, 1998; (16) "Y2K: Will We Get There On Time?" held jointly with the Committee on Transportation and Infrastructure and the House Science Subcommittee on Technology on September 29, 1998.

SUBCOMMITTEE ON HUMAN RESOURCES

Hon. Christopher Shays, *Chairman*

1. "Gulf War Veterans' Illnesses: VA, DOD Continue to Resist Strong Evidence Linking Toxic Causes to Chronic Health Effects," House Report 105–388. November 7, 1997. Second Report by the Committee on Government Reform and Oversight, Together with Additional Views.

a. Summary.—Since February 1996, the Subcommittee on Human Resources has been conducting an oversight investigation into the illnesses reported by an estimated 100,000 Gulf war veterans, and the response to veterans' health complaints by the departments of Veterans Affairs [VA] and Defense [DOD]. The investigation resulted in a report approved by the subcommittee on October 31, 1997, and the Committee on Government Reform and Oversight on November 7, 1997.

Responding to requests of veterans, the subcommittee initiated a far-reaching oversight investigation into the clusters of symptoms and debilitating maladies known collectively as the "Gulf War Syndrome." The subcommittee sought to ensure sick Gulf war veterans were being properly diagnosed, treated, and compensated for service-connected disabilities, despite official denials and scientific uncertainty regarding the exact causes of their ailments. The subcommittee also sought to determine whether the Gulf war research agenda was properly focused on the most likely, not just the most convenient, hypotheses to explain Gulf war illnesses.

The subcommittee investigation and hearings found that the VA and DOD had not listened to veterans since the Gulf war ended in 1991. Veterans suspected and reported exposure to toxic agents in the Gulf war theater—to chemical and biological warfare agents,

environmental hazards, and experimental drugs and vaccines. Any one, or any combination, of these toxins may have produced the illnesses among some veterans. Yet, the VA and DOD ignored veterans' concerns, continued to maintain there were no toxic exposures and therefore no health effects, and attributed any illnesses to battlefield stress.

It was the consistent pressure from this subcommittee, and other House and Senate panels, that forced the Pentagon to acknowledge a "watershed event"—the probable exposure to United States troops to chemical weapons fallout at Khamisiyah, Iraq. With that first admission, the three pillars of Government denial—no credible detections, no exposures, no health effects—began to crumble. The number of U.S. troops presumed exposed grew rapidly from the 400 announced in June 1996 to nearly 100,000 announced in July 1997.

This revelation and other credible chemical detections, along with private research which probed the parallels between Gulf war illnesses and known effects of chemical poisoning, suggested a significant role for toxins in causing, triggering or amplifying neurological damage and producing delayed and/or chronic symptoms in many veterans.

The subcommittee believes current approaches by the VA and DOD to research, diagnosis and treatment of Gulf veterans are flawed and unlikely to yield answers to veterans' ailments in the foreseeable, or even far distant, future.

Six years and hundreds of millions of dollars have been spent by the VA and DOD in an effort to determine the causes of the illnesses besetting Gulf war veterans. When asked what progress has been made healing sick Gulf veterans, VA and DOD cannot respond. When asked, are sick veterans any better off today than when they were first examined, VA and DOD are silent. Millions of research dollars have been thrown at the problem without answers or accountability.

Government delays and denials for 6 years are symptomatic of a system content to presume the Gulf war produced no delayed casualties, and determined to shift the burden of proof onto sick veterans to overcome that presumption. That task has been made difficult, if not impossible, because most of the medical records needed to prove toxic causation are missing, destroyed or inadequate. Nevertheless, VA and DOD insist upon reaping the benefit of any doubts created by the absence of those records.

The subcommittee believes the current presumptions about neurotoxic causes and effects should be reversed and the benefit of any doubt should inure to the sick veteran.

Finally, the subcommittee reluctantly concluded that responsibility for Gulf war illnesses, especially the research agenda, must be placed in more responsive and expert hands, independent of the VA and DOD.

The committee report contained 18 major oversight findings:

Diagnosis

1. VA and DOD did not listen to sick Gulf war veterans as to possible causes of their illnesses.

2. The presence of a variety of toxic agents in the Gulf war theater strongly suggests exposures have a role in causing, triggering or amplifying subsequent service-connected illnesses.

3. Gulf war troops were not trained to protect themselves from the effects of exposure to depleted uranium dust and particles.

4. Pyridostigmine bromide [PB] can have serious side effects and interactions when taken in combination with other drugs, vaccines, chemical exposures, heat and/or exercise.

5. VA and DOD health registry diagnostic protocols relied on the unfounded conclusion there were no chemical, biological or other toxic exposures to United States troops in the Gulf war theater.

6. VA and DOD health registry diagnosis protocols continue to be based on the unwarranted conclusion that, unless there is an immediate and acute reaction, exposures to chemical weapons and other toxins do not cause delayed or chronic symptoms.

7. Prematurely ruling out toxic exposures as causative, VA and DOD doctors relied on diagnoses of somatoform disorder and Post-Traumatic-Stress-Disorder [PTSD] to explain Gulf war veterans' illnesses.

8. There is no credible evidence that stress or PTSD causes the illnesses reported by many Gulf war veterans.

9. Accurate diagnosis of veterans' illnesses remains difficult due to inadequate or missing personal medical records, missing toxic detection logs, and unreleased classified documents.

10. Accurate diagnosis of veterans' illnesses was also hampered by the VA's lack of medical expertise in toxicology and environmental medicine.

11. Exposures to low levels of chemical warfare agents and other toxins can cause delayed, chronic health effects.

Treatment

12. Neither the VA nor the DOD has systematically attempted to determine whether sick Gulf war veterans are any better or worse today than when they first reported symptoms.

13. Treatment of sick Gulf war veterans by VA and DOD to date has largely focused on stress and PTSD.

Compensation

14. Compensation ratings for sick veterans are minimized due to inadequate personal medical records, missing toxic detection logs, and unreleased classified documents which could help veterans establish service-connection of post-war disabilities.

15. Compensation ratings are also minimized by over-reliance on somatoform disorder and PTSD as the basis of disability claims.

Research

16. Federal research strategy has been blind to promising hypotheses due to reliance on unfounded DOD conclusions regarding chemical exposures.

17. Institutional and methodological constraints make it unlikely the current research structure will find the causes and effective treatments for Gulf war veterans' illnesses in the short term.

18. The FDA was passive in granting and failing to enforce the conditions of waiver to permit use of PB by DOD.

Based upon the subcommittee investigation and findings, the report made the following detailed recommendations:

Diagnosis

1. Congress should enact a Gulf war toxic exposure act establishing the presumption, as a matter of law, that veterans were exposed to hazardous materials known to have been present in the Gulf war theater.

2. The VA should contract with an independent scientific body composed of non-government scientific experts representing, at a minimum, the disciplines of toxicology, immunology, microbiology, molecular biology, genetics, biochemistry, chemistry, epidemiology, medicine and public health for the purpose of identifying those diseases and illnesses associated in peer-reviewed literature with singular, sustained, or combined exposures to the hazardous materials to which Gulf war veterans are presumed to have been exposed.

3. The VA Gulf War Registry and the DOD Comprehensive Clinical Evaluation Program should be re-evaluated by an independent scientific body which shall make specific recommendations to change both programs from crude research tools into effective clinical diagnosis and outcomes monitoring efforts.

4. The VA should refer all Phase II Registry examinations to Gulf war referral centers.

5. The VA should add toxicological and environmental medicine expertise to the staff resources dedicated to Gulf war illnesses.

6. DOD and VA should make every effort to find, and where necessary re-create through veterans' testimony, individual Gulf war medical records to reflect vaccines administered, PB use, and exposure to DU, pesticides and other hazardous materials.

7. The President should order an intensified effort to declassify Gulf war documents in any way related to Gulf war veterans' illnesses and should personally certify to the appropriate committees of Congress when he deems declassification of such documents to be against the national interest.

8. DOD failure to adhere to recordkeeping requirements or clinical protocols under an informed consent waiver should result in the presumption of service-connection for any subsequent illness(es) suffered by service personnel to whom the drug or protocol was administered.

Treatment

9. VA and DOD should systematically and effectively monitor the clinical progress of Gulf war veterans to determine the most effective treatments.

10. VA and DOD clinicians should be encouraged to pursue, and be trained in, new treatment approaches to suspected neurotoxic exposure effects.

11. The diagnoses for somatoform disorders and Post-Traumatic-Stress-Disorder [PTSD] should be refined to insure that physiological causes are not overlooked.

Compensation

12. Denials of Gulf war veterans' compensation claims attributable in any way to missing medical records should be reviewed

and veterans given the benefit of any doubt regarding the presumptive role of toxic exposure in causing post-war illnesses and disability.

13. For purposes of compensation determinations, disabilities associated with presumed exposures should be deemed service-connected without any limitation as to time.

Research

14. Congress should create or designate an agency independent from the departments of Defense and Veterans Affairs as the lead Federal agency responsible for coordination of all research into Gulf war veterans' illnesses and allocation of all research funds.

15. The lead Federal agency on Gulf war veterans' illnesses should focus research on the evaluation and treatment of the common spectrum of neuroimmunological disorders known as Gulf War Syndrome, multiple chemical sensitivity, chronic fatigue syndrome and fibromyalgia.

16. DOD and VA medical systems should augment research and clinical capabilities with regard to women's health issues and the health effects of combat service on women's health.

17. VA, in collaboration with NIH, CDC, FDA and other public health agencies should establish an interdisciplinary research and clinical program on the identification, prevention and treatment of environmentally induced neuropathies.

18. FDA should grant a waiver of informed consent requirements for the use of experimental or investigational drugs by DOD only upon receipt of a Presidential finding of efficacy and need.

b. Benefits.—Recommendations based on the subcommittee's investigation into Gulf war veterans' illnesses, if implemented, should help veterans receive the answers they deserve as to why they are sick and what can be done to make them healthy again. Such a successful effort could return veterans to full and productive lives, enabling them to better support themselves and their families. These veterans, a product of the all-volunteer U.S. military, put their lives on the line while serving their country in time of war. Failure to care for these veterans could have serious implications for military recruitment programs in the future. Recommendations, if implemented, would also provide: greater focus and better coordination of research into Gulf war illnesses; faster and more meaningful research results with available dollars; a stronger sense of urgency and responsibility by the Federal Government to meet the medical and compensation needs of Gulf war veterans.

c. Hearings.—The subcommittee convened the following oversight hearings on Gulf war veterans' illnesses in 1997: "Gulf War Syndrome: To Examine New Studies Suggesting Links Between Gulf Service and Higher Rates of Illnesses," January 21, 1997; "Status of the Department of Veterans Affairs to Identify Gulf War Syndrome," April 24, 1997; "Oversight of NIH and FDA: Bioethics and the Adequacy of Informed Consent," May 8, 1997; "Status of Efforts to Identify Persian Gulf War Syndrome: Recent GAO Findings," June 24, 1997; and "Gulf War Syndrome: Multiple Toxic Exposures," June 26, 1997. (In the 104th Congress, the subcommittee convened the following hearings: "The Status of Efforts of Identify

Persian Gulf War Syndrome," March 11 and 28, June 25, and September 19, 1996; and "Persian Gulf Veterans' Illnesses," December 10 and 11, 1996.)

Witnesses at these hearings included: Gulf war veterans; representatives from veterans service organization; officials from the VA, DOD, CIA, FDA, NIH, EPA and Presidential Advisory Committee on GW Veterans' Illnesses; GAO investigators; physicians; private researchers from neurology, pharmacology, toxicology, psychiatry, microbiology, molecular biology, environmental medicine, biochemistry, physics, nuclear medicine, immunology, epidemiology, and bioethics; and chemical and biological weapons experts.

2. "Hepatitis C: Silent Epidemic, Mute Public Health Response," House Report No. 105–820, October 15, 1998, Seventh Report by the Committee on Government Reform and Oversight.

a. Summary.—According to the Centers for Disease Control and Prevention [CDC], more than 4 million people in the United States are infected by Hepatitis C virus [HCV], and many are unaware of their illness. HCV is responsible for an estimated 8,000 to 10,000 U.S. deaths annually. That number is expected to triple in the next 10 to 20 years unless more effective prevention and treatment programs are developed. HCV is now the leading reason for liver transplants in the United States.

People at risk include: everyone who had a blood transfusion, or used plasma derived therapies prior to 1990; intravenous drug users; hemodialysis patients; people with tattoos; and those with multiple sexual partners.

HCV, discovered in the early 1970's, causes inflammation of the liver, cirrhosis, and is linked to increases in hepatic cancers. It was 1990 before a test for specific antibodies to HCV became available. Most people infected by HCV do not have symptoms. If symptoms are present, they may be mild and flu-like, including nausea, fatigue, loss of appetite, fever, headaches, and abdominal pain.

In testimony before the subcommittee in 1995 on blood safety, HHS Secretary Donna Shalala stated the Department's Blood Safety Committee would give the highest priority to the issue of notification to those exposed to HCV through blood and blood products prior to 1990. However, in testimony before the subcommittee on September 9, 1998, the Acting Commissioner of the Food and Drug Administration testified that not one recipient (of the more than 1.1 million individuals at risk) has received a letter informing him or her of possible infection.

To date, public education on prevention and treatment of HCV has been undertaken by private organizations, not by HHS.

The subcommittee report found: that the Federal response to the Hepatitis C epidemic has lacked focus and energy, that the proposed HCV lookback is too limited, and that private organizations, with some Federal assistance, have taken the lead in HCV public education efforts.

The subcommittee report recommended: that the Secretary of HHS take the lead in coordinating the Federal public health response to the Hepatitis C epidemic, including implementation of a research plan; that the Department of Defense test recruits, active duty personnel and those about to be discharged for Hepatitis C in-

fection; that the Department of Veterans Affairs conduct additional studies of the prevalence of HCV in veterans populations and that Federal educational campaigns on HCV infection should be launched immediately.

b. Benefits.—To ensure that HHS undertakes public education campaigns to make 4 million Americans aware of their infection with HCV and to ensure that HHS oversees "lookback" notification efforts to reach 1.1 million Americans who received potentially HCV-infected blood and blood products.

c. Hearings.—"Public Health 2000: Hepatitis C—The Silent Epidemic," March 5, 1998.

3. "Medicare Home Health Services: No Surety in the Fight Against Fraud and Waste," House Report No. 105–821, October 15, 1998, Eighth Report by the Committee on Government Reform and Oversight.

a. Summary.—The subcommittee report found that recent actions by the Health Care Financing Administration [HCFA] to address well documented problems of fraud and abuse in the Medicare home health program have been flawed. Despite a 4 month moratorium on enrollment of new home health providers, and the unanticipated postponement of the surety bond requirement, there has been little progress in implementing legislative or regulatory solutions to address the program's longstanding vulnerabilities.

b. Benefits.—The report documents the subcommittee's recommendations that HCFA focus existing resources on established program integrity efforts, and use existing statutory and regulatory authority to require surety bonds or other limited financial guarantees from providers who pose a threat to the Medicare program. Greater focus by HCFA on the program's vulnerabilities will strengthen the program, help curtail inappropriate payments and contribute to the long-term preservation of the Medicare Trust Fund.

c. Hearings.—"Medicare Home Health Agencies: Still No Surety Against Fraud and Abuse," July 22, 1998.

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS

Hon. David M. McIntosh, *Chairman*

1. "Investigation of the Conversion of the $1.7 Million Centralized White House Computer System, Known as the White House Database, and Related Matters," House Report 105–828, October 30, 1998, Fifth Report by the Committee on Government Reform and Oversight, Together with Minority and Supplemental Views.

a. Summary.—The subcommittee completed its investigation of the misuse of the White House Database for unauthorized purposes. This investigation was a part of the Committee on Government Reform and Oversight's investigation of campaign fundraising abuses. Chairman William F. Clinger originally referred this matter to the subcommittee in June 1996 during the 104th Congress. That referral was reaffirmed by Chairman Dan Burton at the be-

ginning of the 105th Congress and later ratified in writing on July 17, 1997.

After a review of more than 40,000 documents and interviewing more than 40 witnesses, the subcommittee uncovered evidence that White House staff knowingly and willfully provided fundraisers at the Democratic National Committee [DNC] with proprietary data from the White House Database to assist them in their fundraising. The subcommittee found that DNC fundraisers called staff in the White House Social Office and Political Affairs Office for information on prior attendance by DNC contributors to ensure that contributors did not receive excess White House invitations. By knowing whether a person had recently attended a White House event, the fundraisers were able to identify other contributors to reward with such invitations. This scheme was devised in a meeting in March 1995 among DNC Finance Chairman Truman Arnold, then-Deputy Chief of Staff Erskine Bowles, and Social Secretary Ann Stock. This sharing of information with the DNC is not only contrary to White House policy but also represents the conversion of government property to the benefit of the DNC in violation of 18 U.S.C. § 641.

The subcommittee also found evidence that the White House Database and other resources were converted to the use of the DNC and the Clinton/Gore campaign. Deputy Director and Chief of Staff of Presidential Personnel Marsha Scott wrote several memoranda in which she announced her plans to help the DNC develop its databases using official resources, including data from the White House Database, her plans to help manage the Clinton/Gore campaign's data clean-up from the White House, and her efforts to use the White House Database to "recreate the campaign structure" and identify the potential financial and political leaders for the 1996 campaign. The use of the Database in this manner also represents an unlawful conversion of government property.

The subcommittee found evidence that the President and the First Lady were aware of and involved in these efforts. There were numerous documents showing that the President and the First Lady had asked Marsha Scott to create the Database. The First Lady had received a hands-on demonstration of the Database. According to some documents, the President and the First Lady intended to view data on a regular basis. Most significantly, one document expressly indicated that the President wanted to integrate the White House Database with the DNC database. The evidence clearly documents a close connection between the President and the Database.

The subcommittee also uncovered evidence that White House staff provided other lists of names and addresses to the DNC and the Clinton/Gore campaign. These lists included White House Calligraphers' lists for various White House events in December 1994, which also included the President's Yale Dinner. The White House withheld from the subcommittee the attendance lists from that event, claiming that the event was the personal private event of the President. White House staff also transmitted the entire 1994 White House Holiday Card list to the DNC and the 1993 White House Holiday Card list to the Clinton/Gore campaign. The knowing transfer of these lists to the DNC and the Clinton/Gore cam-

paign also constitutes a conversion of government property in violation of 18 U.S.C. § 641.

Finally, the subcommittee found substantial and credible evidence that the Deputy Counsel to the President Cheryl Mills lied to the Committee on Government Reform and Oversight in November 1997 regarding the decision in September 1996 to withhold documents responsive to the subcommittee's requests for documents. That decision, involving both Ms. Mills and then-White House Counsel Jack Quinn, was made 6 weeks before the 1996 election and resulted in the withholding of documents that implicated the President and the First Lady in wrongdoing. Every witness in a position to know the nature of the documents contradicted Ms. Mills's testimony that the documents were not responsive. On September 17, 1998, Chairman McIntosh referred the subcommittee's evidence regarding these matters to the Department of Justice for further investigation and appropriate prosecution.

b. Benefits.—The theft of government property is a serious matter. The subcommittee's investigation found that the taxpayers contributed $1.7 million to pay for the development of the White House Database. The use of the database to benefit the DNC and the Clinton/Gore campaign represents a conversion of at least some portion of that $1.7 million to the DNC and the Clinton/Gore campaign. Moreover, those organizations received valuable property of the government—lists of the names and addresses of individuals that were important to the President. The exposure of this evidence and the possible prosecution for theft or for perjury and obstruction of the investigation of such a theft should act as a deterrent to future similar conduct.

c. Hearings.—On November 6 and 7, 1997, the subcommittee's investigation figured prominently in the hearings of the Committee on Government Reform and Oversight. The hearing was entitled, "White House Compliance With Committee Subpoenas," Hearings Before the House Committee on Government Reform and Oversight, 105th Congress, 1st Session (1997).

On April 1, 1998, the subcommittee also held a hearing in Executive Session to receive the testimony of Marsha Scott, following her refusal to answer questions under oath in a staff deposition pursuant to a lawful subpoena.

On September 10, 1996, during the 104th Congress, the subcommittee held a hearing entitled, "The Propriety of the Taxpayer-Funded White House Data Base," Hearing before the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, 104th Congress, 2nd Session (1996).

B. OTHER INVESTIGATIONS

SUBCOMMITTEE ON THE CENSUS

1. Reviewing the Short and Long Form Questionnaires.

a. Summary.—Large amounts of Federal money are distributed on the basis of information gathered by the Census Bureau in the decennial census. The Census Bureau collects this information through the short and long form questionnaires in a decennial census. The short form questionnaire consists of seven questions and

is distributed to every household in the United States. The long form questionnaire consists of 52 questions and is distributed to 1 out of 6 city style addresses and approximately 1 out of every 2 rural style addresses. There have been serious concerns raised about the long form questionnaire. Some of the concerns surrounding the long form questionnaire center around the length of the questionnaire, the intrusiveness and the effect it has on response rates. The Bureau itself is researching replacing the long form questionnaire with the American Community Survey for the 2010 census.

b. Benefits.—This oversight provided the subcommittee with extensive information about the beliefs of various groups with regard to the census long form questionnaire. The groups represented were given the forum necessary to express their views and interest in the collection of information they deemed vital to their cause. The subcommittee decided to hold a panel discussion to provide a forum for various groups to discuss the advantages and disadvantages of the long form questionnaire.

c. Hearings.—A hearing entitled "Oversight of the 2000 Census: Reviewing the Long and Short Form Questionnaires" was held on May 21, 1998. Witnesses included: Hon. Constance A. Morella; Hon. Charles T. Canady; Mr. James B. Hubbard, director of economics, American Legion; Professor Wen Yen Chen, president, Formosan Association for Public Affairs; Mr. David Clawson, program director, American Association of State Highway and Transportation Officials; Mr. Marlo Lewis, vice president for policy, Competitive Enterprise Institute; Ms. Helen Samhan, vice president, Arab American Institute and Mr. David Crowe, staff vice president, Housing Policy, National Association of Home Builders.

Subcommittee Chairman Miller expressed the concerns surrounding the use of the long form questionnaire. These concerns center around the intrusive nature of the long form as well as the impact on response rates. The difference in response rates between the short form and long form in 1990 grew to 4½ percent. Chairman Miller reported that response rates are critical in order to achieve the most accurate census possible.

Mrs. Maloney stated that according to the Congressional Research Service, some $200 billion are distributed each year based on information gathered by the Census Bureau. Mrs. Maloney also stated that the census gives us the data we need for planning and providing for the needs of our country.

Mrs. Morella discussed some of the uses of information gathered by the long form questionnaire and that second to the national government, local governments are the biggest users of this information. Mrs. Morella also highlighted the fact that in addition to the public sector, the private sector is a definite beneficiary of information gathered from the long form census questionnaire; and stated that the private sector could not replicate the information gathered by the long form questionnaire. Congresswoman Morella reported that the long form census questionnaire planned for the 2000 decennial census has been streamlined and is shorter than the form in the 1980 and 1990 census. Mrs. Morella also discussed her proposed legislation, House Concurrent Resolution 246, which would express the sense of Congress that socioeconomic and demographic

data should be collected by the Census Bureau through the long form questionnaire in the 2000 decennial census.

Congressman Canady discussed in detail the provisions of his proposed legislation, H.R. 2081, known as the Family Caregiver's Enumeration Act. This legislation would require the Census Bureau to identify family caregivers in 2000 through the long form questionnaire. Mr. Canady explained that caregivers are individuals who provide care for chronically ill or disabled loved ones free of charge. Mr. Canady told the subcommittee that nearly 2 percent of our Nation needs help in performing activities daily, and that caregiver's perform this essential assistance. Mr. Canady reported that this information is necessary to provide the services needed by caregivers.

Mr. Hubbard, Director of Economics, American Legion, reported the Department of Veterans Affairs budget is approximately $43 billion. Mr. Hubbard also stated that virtually all of these moneys are allocated based on where American veterans live. The only way the Federal Government collects this information is through the census long form questionnaire. In addition, hospitals and other veteran services are allocated based on the population of veterans in each State. Mr. Hubbard informed the subcommittee that the American Legion is committed to assisting the Census Bureau in its efforts to complete a full and accurate count of the population in the 2000 decennial census.

Mr. Chen, president, Formosan Association for Public Affairs, reported that there are between 400,000 and 500,000 people of Taiwanese decent living in the United States. Mr. Chen explained that his campaign is directed at convincing the Census Bureau to include Taiwanese as an option under the race question for the 2000 decennial census. The Census Bureau provided Mr. Chen with 3 reasons for not including Taiwanese as a race: Department of State requested Taiwanese not be included as a race in fear it may cause diplomatic problems with the People's Republic of China; space constraints; and may confuse respondents. Mr. Chen disputed all of these reasons in his testimony.

Mr. David Clawson, program director, American Association of State Highway and Transportation Officials, testified at the hearing that information gathered by the Census Bureau on the long form census questionnaire is very useful to the State Highway and Transportation Departments. Such information gathered provides information on place of work, means of travel to and from work, time of departure, et cetera. Mr. Clawson stated that this information is a major resource in identifying commuting patterns in our country. Mr. Clawson further testified that without this information collected on the long form questionnaire, the country would suffer a significant loss of data that would affect compliance with various Federal legislation.

Mr. Marlo Lewis, vice president for policy, Competitive Enterprise Institute, stated that he believes the long form questionnaire should be phased out by the year 2010. He believes the Census Bureau should return to the constitutional purpose of the census, which is counting the citizens of this country for the apportionment of the House of Representatives. Mr. Lewis stated that the long form questionnaire is intrusive and violates a person's privacy. Mr.

Lewis also stated that people have grown increasingly unwilling to complete census questionnaires. Mr. Lewis also stated that the long form questionnaire encourages government intervention into the economy of this Nation.

Ms. Helen Samhan, vice president, Arab American Institute, discussed her support for the continued measurement of ethnicity in the decennial census. Ms. Samhan stated that school systems, social service agencies, as well as local governments rely on data on ancestry gathered by the Census Bureau. Ms. Samhan also stated that Federal courts require collection of ancestry data to battle cases of discrimination based on national origin.

Mr. David Crowe, staff vice president for the National Association of Home Builders, stated his support and the support of the organizations he represents of the collection of information by the census long form questionnaire. Mr. Crowe stated that the decennial census is the most cost effective way to collect socioeconomic and demographic information. Mr. Crowe reported that approximately $170 billion is distributed based on information gathered by the decennial census. Mr. Crowe also reported that there is presently no other reliable means of collecting such information.

2. Statistical Issues in Conducting and Adjusting the Decennial Census.

a. Summary.—We continue to investigate problems associated with the statistical process of adjusting the decennial census. Given the failed attempt to adjust the 1990 decennial census, there is much to be concerned about regarding a statistically adjusted census in the year 2000. The statistical plan for adjusting the population counts in the 2000 census largely mirror the ineffective technique used in 1990. Given the stakes related to the outcome of the census (apportionment of seats in the House of Representatives, number of Electoral College votes, and the distribution of Federal dollars) ensuring a fair and accurate census is of critical importance.

b. Benefits.—This oversight provided by the subcommittee is critical to a full understanding of the complexities inherent in both conducting and adjusting the decennial census.

c. Hearings.—A hearing entitled "Oversight of the 2000 Census: Serious Problems With Statistical Adjustment Remain," was held on September 17, 1998. The witnesses were: Dr. Leo Breiman, professor of statistics, University of California, Berkeley; Dr. Donald Ylvisaker, professor of statistics, University of California, Los Angeles; Dr. Larry Brown, professor of statistics, Wharton School of Business, University of Pennsylvania; Dr. Robert Koyak, assistant professor of operations research, Naval Postgraduate School; Dr. Martin Wells, professor of economic and social statistics, Cornell University; Dr. Steven Fienberg, professor of statistics, Carnegie Mellon University; Dr. Eugene Ericksen, professor of statistics, Temple University; Dr. Barbara Everett Bryant, adjunct research scientists, University of Michigan.

Chairman Miller opened the hearing by expressing concern regarding the plan to undertake the largest statistical experiment in history to conduct our 2000 census. He pointed out that the census is an extremely complicated process with 3,600 parts. A failure in

one of these parts could spell disaster for the entire process. Mr. Miller also pointed out that the professional associations, like the American Statistical Association, have not endorsed the specific sampling plan as proposed by the Census Bureau. Rather, they have endorsed the concept of sampling and its general usefulness. This is a far cry from endorsing the specific plan. The chairman urged more testing and design specification for the census. Just like we test drugs before they are made publicly available, or test new designs before building them into airplanes, we need further testing and research on improving the census.

Mrs. Maloney opened her statement by urging Chairman Miller to hold additional hearings on alternative counting methodologies for the census. She felt the subcommittee should reach out to organizations like La Raza, the National League of Cities, and the NAACP in order to better understand the problems associated with the undercount.

Professor Leo Breiman undertook an indepth study of the 1990 statistical adjustment process. He concluded that at least 70 percent of the initial estimate of the national undercount was due to data errors. The Census Bureau, according to Professor Breiman, reduced their undercount estimates from 5.3 million people to 2.3 million people—a reduction of 57 percent. He concluded that there are too many errors and the particular method used in both 1990 and proposed for 2000 are too prone to error to successfully correct the undercount.

Professor Donald Ylvisaker also pointed out the problems associated with the 1990 census adjustment, and he too felt that the plan for the year 2000 will be susceptible to those negative outcomes." Although the sample size nationwide for the 2000 census is considerably larger than 1990, the fact that each State and the District of Columbia must be estimated separately, severely restricts the ability of the Census Bureau to make accurate adjustments. He is also concerned with the fact that both the census and the follow-up survey will miss people. In statistical terms, this is called "correlation bias"; in real terms it means that the plan cannot and will not count or be able to estimate each person in the country.

Professor Robert Koyak called the plan for census 2000 a "risky gambit." He testified that the survey portion of the plan (the ICM or Integrated Coverage Measurement) will reflect errors in the process itself as opposed to the number of people missed by the census. He also addressed the problems inherent to the adjustment process. The "sampling plan" is not simply a matter of selecting a random sample and counting who lives there. The plan is complicated by many different variables. For instance, thousands of families move between the time the census is taken and the time the coverage survey takes place. It is very difficult to handle these cases. Any errors made in the coverage survey are magnified to the national level. He concluded that there is no evidence that the problems associated with the 1990 plan are resolved in terms of what is being planned for census 2000.

Professor Larry Brown pointed out that the statistical adjustment process that the Census Bureau attempted in 1990 and has plans for in the year 2000 are trying to correct extremely small errors. The median change in terms of the proportional share be-

tween States was 0.008—extremely small. He also expressed concern about the lack of completeness of the plans for census 2000. The dress rehearsals are not simply a last minute test of the procedure, rather they serve as a dry run for some of the untested or undecided portions of the plan. He concluded by urging the Census Bureau to use the remaining 18 months before the census to concentrate on methods of counting 100 percent of the population.

Professor Marty Wells also testified with regard to the problems associated with a statistically adjusted census count. He reiterated the point that it is not the census counts that are important in terms of dividing up seats in the House of Representatives and Federal dollars, rather the proportional share of the population is the key. Like the other experts, Professor Wells also pointed to the experience with the 1990 adjustment process and the errors encountered by the Census Bureau. Processing errors in the 1990 PES accounted for millions of errors in the final estimates. The plan for 2000 does not correct for this problem, indeed the Bureau made the survey 5 times as large and they plan to do it in a fraction of the time. Thus, processing errors will likely be more significant in the 2000 census. Professor Wells also addressed the misconception that the American Statistical Association had given its "stamp of approval" on the plan for adjusting the census. Rather, the Association defended the use of statistical sampling in a generic sense. The ASA even acknowledges that it takes no position one way or the other in terms of the specific plan for statistically adjusting the census.

Dr. Barbara Bryant testified that the censuses of 1980 and 1990 pushed the envelope in terms of counting the number of people in a traditional headcount census. She felt that a statistically adjusted census would solve the differential undercount. She also felt that spending more money on a traditional headcount would not solve the problems inherent with this method. She stressed the idea that small errors in a survey type coverage measurement cancel out at higher levels of geography.

Dr. Ericksen also argued that using statistical techniques is an appropriate method for taking a census in the modern age. The lack of response, high levels of mobility, and numerous non-traditional living arrangements all make it difficult to count each and every person in the country. Census Bureau statisticians are among the most competent in the Nation and they are able to use the sampling technique to provide better counts of the population. He concluded that a census with a statistical correction (the ICM) would be more accurate than one without.

Dr. Fienberg testified that the Census Bureau staff is well suited to conduct a census with statistical sampling. He stressed the idea that a traditional headcount can do no better than it did in 1980 or 1990. There were millions of errors in both of those censuses. He felt that using a coverage survey provided a reasonable method of correcting errors in the census. He conceded that there are many methodological issues that need to be resolved, but he also felt the basis on which these methods rest were scientifically sound.

3. Examining the Dress Rehearsals with Regard to Oversight of the 2000 Census.

a. Summary.—The Census Bureau is charged with conducting the decennial census, which is one of the most extensive data collection programs in the Nation. The information gathered during a census is used not only to determine the population count, but is used for allocating seats in the House of Representatives, distributing billions of dollars in Federal funding, redistricting within the States, and providing the base figures for many other statistical measurements which reflect the composition of our country. Because of the volume and critical nature of a census, a dress rehearsal of the entire operation precedes the official census-taking activities to review the methodologies. Since the 1930s, the Census Bureau has been selecting cities which reflect the various demographic compositions around the country, usually including a combination of heavily populated and rural areas. While examining the operational plan in motion, a dress rehearsal provides an opportunity for the Census Bureau to correct any flaws and assess major risks which may be detrimental to the successful execution of the overall proposed plan. In the context of a census, the dress rehearsal is a demonstration which may indicate areas that require extra attention.

The Census Bureau's plan for the 2000 census includes the use of sampling and statistical estimation, which was initially proposed to be tested at each dress rehearsal site. Since preparations for the 2000 census began, sampling was to be used on a Nationwide basis. In December 1997, this caused major congressional concern after a report from the Commerce Department Inspector General's Office was issued which raised serious questions about the timeliness and efficiency of the 2000 census design. Adding to this apprehension was a report submitted by the GAO in July 1997, which stated that the 2000 census was at risk of failure. The basis of the report was formulated from observing the Bureau's plans and procedures for the dress rehearsals, and interviewing Bureau headquarters and regional offices located at the selected rehearsal sites. Based on these reports and the fundamental question of the legality of the Bureau's initial 2000 operational plan, a compromise between the administration and Congress was reached in the fiscal year 1998 Appropriations, Public Law 105–119, 111 Stat. 2483, § 209 (j), which provided for dual-track testing at the dress rehearsal sites. It was agreed that the Bureau would use sampling and statistical estimation methods in only one city, Sacramento, CA. At the second site, Menominee, WI, including the Menominee American Indian Reservation, the Bureau would conduct a full enumeration with sampling used only to improve the accuracy of the final population count. At the third and final site, Columbia, SC, the Bureau was to hire enumerators to follow up on all non-responding households, in the tradition of a full enumeration as they did in 1990. In March 1998, the GAO issued another report which reviewed the progress of the dress rehearsals entitled "2000 Census: Preparations for Dress Rehearsal Leave Many Unanswered Questions."

b. Benefits.—The execution of the dress rehearsals is directly related to the level of preparation that the Bureau has attained for the 2000 census. Whether or not they manage to perform the basic

fundamental procedures that are associated with the decennial is vital to the ultimate success of accurate counts in 2000. Locating serious problems in the dress rehearsals provides an advantage for the Bureau in that they may make any corrections before the actual census is taken. Together with GAO evaluations and subcommittee oversight, the risk of a failed census can be avoided.

c. Hearings.—A hearing entitled "Oversight of the 2000 Census: Putting the Dress Rehearsals in Perspective" was held on March 26, 1998. This oversight inquiry into the progress of the dress rehearsals opened with Chairman Miller who expressed concern that the Census Bureau and the Department of Commerce have repeatedly ignored warnings from the Office of the Inspector General and the GAO that the census plan is in disarray, and headed toward failure. The chairman stated that Congress is not to blame for any problems the dress rehearsals may have had due to funding delays, rather, the real problems are with the operational designs developed by the Bureau. Mr. Miller explained five key questions that the subcommittee would be focusing on to guide their oversight responsibilities, and expects that the dress rehearsals will answer: (1) Has the census design been properly researched and evaluated, (2) can the newly developed academic theories be adequately tested in real-world conditions with convincing results, (3) can they be executed in an extremely tight timeframe under the unforeseen difficulties, (4) is the public aware of all procedures planned for the decennial, and (5) what will be done to correct major problems that are discovered?

Mrs. Maloney, the ranking minority member, purported that the dress rehearsals encountered problems due to funding constraints which caused a 14 day delay. She also stated that it is time for the GAO to stop assessing the risks involved with the census design and work on offering solutions.

Testifying before the subcommittee was L. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division, who was accompanied by J. Christopher Mihm, Associate Director, Federal Management and Workforce Issues, and James Burow, Assistant Director.

In order to address the issues raised by the GAO report, officials from the Census Bureau also testified. These officials included James F. Holmes, Acting Director, Bureau of the Census, who was accompanied by John H. Thompson, Associate Director for the Decennial Census, Bureau of the Census, and Paula J. Schneider, Principal Associate Director for Programs, Bureau of the Census.

Mr. Stevens testified that the dress rehearsals, which were originally intended to demonstrate and fine-tune census operations, left a large number of questions unresolved. The address lists that were developed for the dress rehearsals contained a large number of errors, and were not an improvement over 1990. The Master Address File [MAF] is the cornerstone of an accurate census, regardless if it is one using sampling and statistical estimation or not. Mr. Stevens noted that the address list development including lists from the Postal Service combined with lists from the 1990 census, and then reviewed by local governments for verification, was not successful in completing accurate final lists. The Bureau decided to change the sequence of completing address lists for the 2000 census

by physically canvassing areas of the country to try and achieve the 99 percent accuracy that they need, a process that would not be tested in the dress rehearsal. Mr. Burow noted that after the initial combination of the two lists and local communities reviewed the outcome, the significant amount of errors motivated re-engineering the sequence.

Mr. Stevens contended that problems with local partnership programs stemmed from the Bureau policy that local promotion efforts were not eligible for funding. One key problem was noted with the Complete Count Committees [CCC], which consist of elected business, community, social service, and religious leaders. Many of these committees had not been set up in jurisdictions where the dress rehearsals were being held. Those committees that were set up felt that the Bureau did not set clear expectations, nor provided adequate guidance. Further problems associated with the dress rehearsals included staffing, and implementation of sampling and statistical estimation. The GAO was also seriously concerned with potential time constraints where insufficient time was allotted to complete the Integrated Coverage Measurement [ICM] operation.

Mr. Holmes testified that the dual-track agreement from fiscal year 1998 appropriations added complications in the dress rehearsal plans. To accommodate this agreement, the Bureau chose three comprehensive sites to conduct the dress rehearsals. Mr. Holmes noted delays in the dress rehearsals because of moving the start date from April 4 to April 18. Mr. Holmes also attributed the delays to problems with the address list, and the late delivery of local lists and maps. The newness of the automated systems which are still being developed was a significant problem in accomplishing an accurate address list. Mr. Holmes dually noted that the three sites were not a test between different methodologies, rather a demonstration of how each census design will perform.

4. Reviewing the 1990 Census to Improve the 2000 Census.

a. Summary.—The 1990 census had a slightly higher undercount rate than the 1980 census. A Post-Enumeration Survey [PES] was conducted in an attempt to provide data to correct this undercount. However, the Secretary of Commerce decided that the numbers provided by the PES were not accurate enough to be used to adjust the census. In an attempt to contain costs and increase accuracy in the 2000 census, the Census Bureau designed a plan including statistical sampling. Proponents of the plan argue it is the only way to reduce an undercount, while opponents claim that the results of the sampling plan will be as inaccurate as the numbers rejected following the 1990 census.

b. Benefits.—The hearing was an effort to study the complexities surrounding the taking of the 1990 census, and the reasons why a statistical adjustment was not made following the 1990 census. The hearing highlighted the problems surrounding the 1990 census. It also provided a forum to discuss the statistical problems inherent with trying to adjust the census number to reduce the undercount.

c. Hearings.—A hearing entitled "Oversight of the 2000 Census: Revisiting the 1990 Census," was held on May 5, 1998. The subcommittee heard from six witnesses. The first panel consisted of Hon. Thomas C. Sawyer, and Hon. Thomas E. Petri. Representa-

tives Sawyer and Petri discussed their involvement in the 1990 census as members of the Subcommittee on the Census. The second panel consisted of Philip Stark, professor of statistics, University of California, Berkeley; Kenneth Darga, Ph.D., demographer, Department of Management and Budget, State of Michigan; and Jerry Coffey, Ph.D., mathematical statistician. Wade Henderson, executive director of the Leadership Conference on Civil Rights was on the third panel. The statisticians on the second panel concentrated on the statistical complexities of conducting a survey to adjust census numbers, while the final witness emphasized the importance of using sampling to reduce the undercount.

Chairman Miller opened the hearing by warning that the sampling plan proposed by the Census Bureau for 2000 is a risky endeavor and one that is heading toward failure. He noted that the General Accounting Office has provided reports that the risk of a failed census has increased. The chairman stressed that the census is fundamental to our elected, democratic form of government and if the census cannot be trusted, skepticism would increase. Mr. Miller pointed out that the adjustment proposed for 1990 was too inaccurate to be implemented and he was concerned that the Bureau's decision to count only 90 percent of the population would leave the American people with no fall back position. He recognized that there were problems in 1990 and that it is important to address those problems and do a better job in 2000.

Chairman Miller discussed the guidelines used by Secretary Mosbacher following the 1990 census to evaluate whether adjustment should have been implemented and the chairman stated that those guidelines should be used again in 2000. Specifically, Mr. Miller was concerned that like 1990, the adjusted numbers may not be proven to be more accurate at the national, State and local levels than the original numbers, and that an adjustment could have a negative effect on future censuses by reducing participation. Furthermore, he was concerned that after an individual takes the time to return a census questionnaire, statistics may require that person's count to be deleted.

Ranking Member Carolyn Maloney asked the witnesses to address how Congress can make sure that the same mistakes from 1990 are not made again in 2000. She felt that the actual headcount, without the use of statistical sampling, could not be reflective of the actual population of the United States. Mrs. Maloney was concerned that people seemed to be saying that since the plan to adjust the census in 1990 was not perfect, that nothing should be done in 2000. She said an inaccurate census would be an embarrassment for Congress and a travesty for the country. Mrs. Maloney noted that the National Academy Sciences and the Census Bureau claimed sampling was more accurate and less costly than an actual headcount of the population.

Representative Sawyer discussed the problems with the 1990 census that he observed as the former chairman of the Subcommittee on the Census. He noted the mail response rate was 65 percent instead of the estimated 70 percent. Mr. Sawyer said that this higher work load for door-to-door follow-up resulted in a follow-up period that was over budget and twice as long as planned. It created problems maintaining a qualified workforce and resulted in

poorer quality data and a high undercount rate. Mr. Sawyer felt that the 1990 census problems were a result of using an outmoded design and that there was no choice but to turn to a sampling plan to reduce the undercount. He ended by stating that he hoped the subcommittee would work together with the Census Bureau to ensure an accurate count.

Representative Petri voiced his concern that the Bureau's sampling plan could be found to be unconstitutional, thereby causing chaos for the country because there would be no census number to use for reapportionment. He also felt that the use of sampling would cause individual participation to plummet. Mr. Petri felt that if the Bureau insisted on using sampling, then it was necessary to conduct a complete census before adjustment, so there would be a census to count on in case of a court challenge. He emphasized the importance of counting everyone, including Americans who live outside the United States. Mr. Petri pointed out that his State of Wisconsin had the highest participation in 1990 and he felt that many of the efforts made by State and local governments in Wisconsin to promote the census could be used in 2000.

Philip Stark testified that adjusting the 1990 census using sampling did not work because of statistical bias. Statistical bias is not an intentional skewing of results, but errors resulting naturally from bad data, processing errors and wrong assumptions. Mr. Stark stated that since both the 1990 model and the 2000 model are based on the same statistical methods, the problems of 1990 would be repeated in 2000. In fact, he noted that taking a bigger sample, as proposed for the 2000 census, could make bias even worse.

Kenneth Darga testified that the Post-Enumeration Survey [PES], which was designed to identify the undercount in 1990 was not effective. He stated that while this method seemed to identify individuals missed by the original census count, it did not because the Bureau's effort to measure a small component of the population—such as people missed by the census—is very sensitive to extremely small sources of measurement error. He stated the Census Bureau's proposed adjustment for undercount reflected these measurement errors, including survey matching errors, misreporting of usual residence, and unreliable interviews more than the actual undercount. Mr. Darga testified that, as a result, the Bureau's effort to solve an undercount of 2 percent of the population would destroy the reliability of the census for every user of census data.

Mr. Coffey testified regarding both the failed attempt to adjust the population counts in the 1990 census and the similarities between the failed 1990 plan and the current plan for census 2000. A great deal of research, from both inside and outside the Census Bureau, concentrated on the attempted adjustment in 1990. All who looked at the results agreed that a significant portion of the measured undercount from the Post Enumeration Survey [PES] was attributable to statistical bias which comes from bad data, processing errors, et cetera. Mr. Coffey also expressed a great deal of concern regarding the plan to only count 90 percent of the population. He felt that this would be detrimental both in terms of the accuracy of the census and for continuity of the quality of data

from the Census Bureau. Mr. Coffey concluded that while the Census Bureau may have made some improvements on the statistical methods utilized in 1990, the basic plan for statistical adjustment remains the same. That is, there will be errors, mismeasurement, and bias.

Wade Henderson, executive director, Leadership Conference on Civil Rights, stated that the census was one of the highest priorities of the civil rights community. He felt that an accurate census ensures equal representation and equal access to governmental resources. Mr. Henderson was disturbed by the high differential undercount rates for racial and ethnic minorities, and particularly worried about the undercount of children. He felt that the American population has become too diverse to accurately count with a traditional method. Mr. Henderson strongly supports the Census Bureau's statistical methodology for 2000, and recommends that it complement methods to count everyone directly.

5. Status of Dual Track Preparations for the 2000 Census.

a. Summary.—The U.S. District Court for the District of Columbia held that the Census Bureau's statistical sampling plan violates the Census Act, 13 U.S.C. § 195. The court ordered, "that the defendants are permanently enjoined from using any form of statistical sampling, including their program for nonresponse follow-up and Integrated Coverage Measurement, to determine the population for purposes of congressional apportionment."

In light of this court decision, it is more important than ever that the Census Bureau be prepared to conduct the census without the use of statistical sampling. Because the Commerce Department indicated that it would continue to prepare for a sampled census, the subcommittee continues to be concerned that the Census Bureau has not been preparing adequately for a traditional full enumeration.

b. Benefits.—The hearing offered a forum for the subcommittee to express its concern that the Bureau did not seem to be preparing for a census without sampling. It allowed the subcommittee to receive a commitment from the Department of Commerce and the Census Bureau that it will be prepared to conduct a non-sampled census, should the Supreme Court agree with the lower court's ruling that sampled numbers cannot be used for congressional apportionment.

c. Hearings.—A hearing titled: "Oversight of the 2000 Census: Review of Census Bureau Planning and Preparations in Response to the Federal Court Ruling that Sampling Is Illegal," was held on September 9, 1998. The subcommittee heard from Robert J. Shapiro, Undersecretary for Economic Affairs, U.S. Department of Commerce, and James F. Holmes, Acting Director, U.S. Bureau of the Census regarding the Census Bureau's plan for the 2000 census.

Chairman Miller stressed that the 2000 census is still at serious risk because the administration is still preparing for a sampled census, despite Congress' objections and a Federal three-judge panel which held the plan to be illegal. Mr. Miller noted that he hoped that the hearing would mark the beginning of a new commitment by all parties to work together to reduce the undercount. He

encouraged the administration to show how it has been preparing to conduct a full count census and demonstrate a commitment to a legal census.

Ranking Member Maloney stated her concern that there are not viable alternatives to a sampled census. She did not support using the Postal Service to play a larger role in the census or the use of administrative records. Mrs. Maloney was concerned that the hearing would focus too much on unviable suggestions, instead of ideas to improve the census.

Undersecretary Shapiro stated the commitment of the Commerce Department and the Census Bureau was to conduct an accurate, fair and cost-effective census in 2000. He noted that he believes that a sampled census is needed for the 2000 census. Mr. Shapiro stated that the Department of Commerce may ask the administration to request a supplemental appropriation to cover additional fiscal year 1999 costs if the Bureau has to use a traditional design for the 2000 census. He stated that any interruption in funding would put the census at grave risk and a continuing resolution would undermine the viability of the census, whichever method is used.

Mr. Holmes opened by assuring the subcommittee that the Bureau is on track to conduct a census without sampling, despite his belief that a sampled census would be more accurate. He pointed out that many of the planning activities are components of either a census with or without sampling. Mr. Holmes stated that the Bureau has 20 chartered groups to address the issues concerning programs and operations that might be components of a census without sampling. He said that these groups would prepare operational analysis between mid-September and mid-October. These analysis would be used to prepare a complete development plan for a nonsampled census by November. Mr. Holmes also stressed that any delay in funding for fiscal year 1999 would put the census at risk.

6. Community Based Approaches for a Better Enumeration.

a. Summary.—In order to achieve the best enumeration possible, local officials and community leaders must work in conjunction with the Census Bureau in order to locate each person to be counted in the 2000 census. The Census Bureau currently has partnership programs which link local Bureau liaisons with community organizations and officials who strive to target areas in their communities which have a history of being undercounted. There are specific programs which are presented nationwide, where each will be implemented in cities across the country. The "Be Counted" National campaign will provide questionnaires at sites such as community centers, large apartment buildings, post offices, grocery stores, etc. At these public centers, the questionnaires will be available in a myriad of languages: Spanish, Cantonese, Mien, Vietnamese, Russian, and Chinese. Along with this program, the Bureau will provide Questionnaire Assistance Centers [QAC] to help residents fill out their questionnaires.

Another program vital to the promotion and outreach conducted by the Bureau includes the Complete Count Committees [CCC]. A CCC is a voluntary working group composed of influential governmental officials, community, business, media, and religious leaders.

One of their main functions is to create public awareness of how important it is to be counted in the census, as well as a civic duty to return questionnaires. These individuals will work together in their specific communities to try and reach every person so that they may be counted in the census.

The Bureau has also invited local and tribal governments to participate in Local Update of Census Addresses [LUCA]. LUCA is a partnership program which provides an opportunity for local governments to review lists from the Master Address File [MAF]. A local representative will then have the chance to input regarding the completeness and accuracy of the MAF. Participation in LUCA is on a local voluntary basis, and communities are encouraged to take advantage of the review process.

Previously, the Census Bureau has relied on Public Service Announcements to advertise the decennial census, however, in 2000 the Bureau will use paid promotion. The Bureau has hired a full service ad agency to buy radio, television, and print media spots to serve as major media outlet resources.

b. Benefits.—Successful implementation of these programs is vital to the enumeration of each city and locality, and the Bureau must work closely with communities to ensure that proper hiring and techniques will be incorporated. Several of these programs were used during the dress rehearsals and the subcommittee is reviewing the results by specifically focusing on the programs which were instituted. The subcommittee maintains that it is imperative to establish and develop relationships between the local Census Bureau liaisons and local communities in order to achieve the most accurate counts possible.

c. Hearings.—A field hearing entitled, "Oversight of the 2000 Census: Community Based Approaches for a Better Enumeration," was held on December 10, 1998, in Miami, FL. Witnesses included The Honorable Carrie Meek, Mr. Mark Schlakman, special counsel to Governor Lawton Chiles, State of Florida, Senator Gwen Margolis, chairperson of the Board, Board County Commissioners, Ms. Kelly C. Mallette, policy advisor, Office of Mayor Joe Carollo, Mr. Merrett R. Stierheim, county manager, Miami-Dade County, Mr. John Stokesberry, director, Area Alliance for Aging, Ms. Opal Jones, chief of staff, Commissioner Betty Ferguson, Dr. Dario Moreno, assoc. professor, Department of Political Science, Florida International University, Ms. Marleine Bastien, L.C.S.W., Commission on the Census 2000, Haitian-American Grassroots Coalition, Ms. Lynn Summers, executive director, Community Partnership for the Homeless.

Congresswoman Carrie Meek began by commending Chairman Miller for bringing the subcommittee to Miami, and that holding field hearings around the country can help raise awareness of the upcoming census and the difficulties facing various communities. Ms. Meek stated that in the 1990 census, the highest miscalculations in the State of Florida occurred in the Miami-Dade County area. A disproportionate number of those not counted were people of color. Ms. Meek also pointed out that her community missed out on billions of dollars in Federal funding that would have gone to programs for schools, to build roads and low-income housing—all for a better quality of life for local residents. Ms. Meek finished her

statement by touching on a bill which she recently introduced. This legislation will help citizens who receive welfare benefits, food stamps, housing or health care assistance, et cetera, from losing any of these benefits if they were to be hired by the Census Bureau as enumerators.

Mr. Schlakman testified that the 1990 census failed to recognize more than a quarter of a million people in Florida. As a result, when Federal funds were appropriated, these people were ignored. He voiced concerns that the State of Florida may be subject to the same undercounts in 2000, and the Census Bureau must do a better job. Community leadership teams and Bureau staff should reflect the communities that must be counted, especially those which historically have a low mail-response rate. Public awareness campaigns must involve minority and multi-lingual media outlets, community newspapers, the internet, billboards, churches and other resources. Mr. Schlakman noted the primary concern is attaining the most accurate count possible.

State Senator Gwen Margolis spoke on behalf of Mayor Alex Penelas, and testified that nearly half of the total population of Miami-Dade County area were born in another country, and the city represents one of the most ethnically diverse regions in the United States. Unfortunately, the city also presents most of the problems which the Census Bureau enumerators face in locating and counting multi-ethnic communities. She stated that all four congressional districts in the area ranked among the top 50 districts which went undercounted in the 1990 census. Ms. Margolis stated that the city cannot continue to be shortchanged by undercounts where Federal aid is concerned. Ms. Margolis referred to the recommendations submitted in her written testimony concerning ways to improve the accuracy of census counts for the Miami area. The suggestions included greater use of current administrative records such as drivers' licenses, school enrollment records, real property records, and vital statistics to determine the existence of additional addresses, especially informal housing units, and housing in nonresidential structures. During the hearing, Ms. Margolis specifically stated that it would be possible to account for some households through the use of power and telephone company records, and the number of homeless registered for school through the Dade County School Board. Additional recommendations in Ms. Margolis' written testimony entail marketing the census by involving local firms, churches, and other groups to target hard-to-count areas, mail census questionnaires in languages other than English to locations based on consultation with local officials, send follow-up enumerators more frequently and at more varied times, and continue to work closely with local governments in updating the Master Address File [MAF]. Aside from these efforts to improve the accuracy of the upcoming census, Ms. Margolis, on behalf of Mayor Penelas, is in strong support of employing the use of statistical sampling.

Ms. Mallette testified on behalf of Mayor Joe Corollo and stated that poverty is one of the foremost factors which result in undercounts of the Miami-Dade area. Overcrowded housing, homelessness, and linguistic isolation also present problems where individuals and families will fall through the cracks when the census is

taken. Ms. Mallette also stated that over 90 percent of the population are of minority backgrounds, with over 60 percent Hispanic, and almost 30 percent black. Within these groups, other ethnicities are mostly represented by Cubans, Nicaraguans, Dominicans, Puerto Ricans, and other immigrant groups from the Caribbean Basin nations. Afro-Americans and Haitians represent the largest groups among the black population. The ethnic make-up of this particular city is largely due to Miami's position as an international gateway, where almost 30 percent of the residents have entered the United States since 1980. According to Ms. Mallette, increasing immigration and economic distress suggests that the undercounts will still be higher than the average city in the year 2000. Ms. Mallette strongly supports the use of statistical methods to alleviate the possibility of undercounts for the city of Miami.

Mr. Stierheim, county manager, also testified that Miami-Dade County has been consistently undercounted. Mr. Stierheim noted that Miami is an extraordinarily diverse community, where many people may go unnoticed when census counts are taken. The witness reiterated the suggestions made by State Senator Margolis in her written testimony, and stressed the importance of enumerators who speak the predominant language of the particular neighborhoods that they are assigned. He also advised strong involvement with local governments in order to facilitate maintenance and updates to the address listings handled by the Bureau. Also, Mr. Stierheim mentioned that the county was not adverse to appropriating funds for census efforts.

Ms. Opal Jones testified that efforts for the 2000 census should be geared toward techniques that would meet the constitution's mandate, and provide for as accurate a census count as possible. Ms. Jones specifically testified to the extent of the undercount, the need for more aggressive outreach efforts, the use of statistical sampling, and the importance of adequate funding for the county. According to Ms. Jones' written statement, she supports the use of administrative records, such as IRS records and drivers' licenses, to serve as a system of checks and balances, but feels that these resources are not entirely accurate. The witness testified that if perpetuated, the differential undercount will have long-term negative effects on minorities. She also stated that the average citizen in her neighborhood is not aware of the census, therefore a high profile public process is essential. Ms. Jones recommends that the Census Bureau focus on face-to-face contact with targeted groups in the local area who will stress the notion of confidentiality with census information.

Mr. John Stokesberry, a representative of the aging community, commented on a myriad of reasons why the elderly fail to be counted. Those circumstances exist in cases where two older individuals, who are not married, are living together and do not want to disclose this information. Other frequent scenarios revolve around elder who immigrate and live in a residence with restrictions on the number of allowed persons, where the result is family members or relations who may go undocumented. Often, elders live in small efficiencies attached to a house—the efficiency was constructed without a license or permit which the elders may not have a mailing address. Other problems have surfaced because of elders living

in unlicensed Adult Living Facilities [ALF], or living in trailer parks that census forms may never reach. Mr. Stokesberry voiced concerns about the Census Bureau hiring needs, where elders would be employed as enumerators for these specific communities. There is fear that if elders are hired, many who receive Social Security benefits or Federal pensions may lose a portion of their monthly payments. Mr. Stokesberry voiced strong support of legislation introduced by Congresswoman Carrie Meek, which seeks to prevent any loss of Federal benefits while hired as a temporary enumerator for the Census Bureau.

Dr. Dario Moreno also testified concerning the challenges Miami presents to the Bureau in terms of getting accurate counts. Rapid urban growth, poverty, and growing immigration are the main problems the Bureau must face, and those which have contributed to undercounts of the past. Dr. Moreno testified that no other major metropolitan area in the United States has been as radically affected by immigration. Political, social, and economic unrest in the Caribbean and Latin America have had a direct impact on the city, as Miami provides a haven for these troubled foreigners. Other factors which contribute to the undercount are the large percentage of the foreign-born elderly, who often isolate themselves and are apprehensive about filling out a questionnaire form. Dr. Moreno urged the Census Bureau to reach out to newly arrived immigrants by working with local churches and community organizations, and stressed the need for strong partnership with State and local governments. He also encouraged the Complete Count Committees to work with the Bureau to raise awareness about the census.

Ms. Marleine Bastien, a representative of the Haitian community, stated that more than 1 million Haitian-Americans reside in the United States. The Haitian community in south Florida is estimated at 450,000, with over half living in Miami-Dade County. Although most are successfully integrated within their communities, many are unemployed and do not speak English. This can be attributed to the large amount of undocumented individuals, as well as discrimination based on origin. Improving the counts for Haitians involve dealing with many issues such as most Haitian immigrants fear government officials, unofficial immigration status, housing arrangements, lack of communication and information about the census. Ms. Bastien provided several useful recommendations for improving Haitian population counts: 1) Recruit census-takers who speak Creole and are sensitive to the specific needs of the Haitian-American community; 2) provide census questionnaires in the dominant languages of the communities; and, 3) use Haitian radio and television programs along with newspapers for advertising the 2000 census.

Ms. Lynn Summers, a representative of the homeless community, testified that the methodology currently instituted, periodic headcounts with an added multiplier, do not produce sufficient results to accurately reflect the number of persons with no usual residence in the Miami-Dade area. Ms. Summers stated that her opinion is based on research over the past 3 years, and diligent work to locate all of the homeless in the area.

SUBCOMMITTEE ON THE CIVIL SERVICE

1. Impact of the President's FY–1998 Budget on Federal Employees.

a. Summary.—President Clinton's proposed Federal budget for fiscal year 1998 recommended reductions in spending of $6.252 billion from accounts used to pay Federal employees and retirees. The President's recommendations would have required Federal agencies to pay an additional 1.5 percent of employees' salaries to the Civil Service Retirement and Disability Fund [CSRDF], a change that would have provided $621 million in savings the first year and almost $3 billion over the 5-year budget cycle. The President also recommended that Federal employees in both the Civil Service Retirement System [CSRS] and the Federal Employees Retirement System [FERS] pay an additional one half of 1 percent (0.5 percent) toward their retirements. This increased payroll deduction was recommended to be deferred and phased in, so that employees would face an increase of 0.25 percent beginning January 1999, 0.15 percent beginning January 2000, and 0.10 percent, beginning in January 2001. In addition to these increases affecting current employees, the President proposed to delay the cost of living adjustment paid to Federal civilian annuitants each year from January to April. This reduction in payments to Federal retirees would have saved $278 million in fiscal year 1998, and was projected to achieve $1.5 billion in reduced benefits during the period ending in fiscal year 2002.

b. Benefits.—This investigation provided an opportunity to review the President's budget proposals affecting Federal employees and retirees in light of the savings targeted to be achieved through changes in pay and benefits. These deliberations provided a basis for Congress to reject the administration's proposed delay in Federal retirees' cost of living adjustments when it enacted the Balanced Budget Enforcement Act of 1997. They also opened the door to exploring options to ensure more equitable treatment of Postal Service employees and FERS employees, whose retirement programs are currently funded on a "full normal cost" basis. The investigation underscored the need to modify the formula used to calculate the Government's share of the FEHB premiums. The formula was subsequently changed in the Balanced Budget Enforcement Act of 1997.

c. Hearings.—A hearing entitled, "The President's 1998 Budget: Civil Service Impacts" was held on February 13, 1997. The hearing provided an opportunity to review consequences of current strategies for funding Federal pensions, to assess the different effects of the changes on different Federal retirement systems, and to identify the consequences on different employees and agencies as they are affected by the changes.

Mr. Mica noted that the administration had submitted similar proposals for each of the 2 previous fiscal years, and that none of these proposals had been enacted during that period. He observed that Federal agencies would have to reduce their current spending by $3 billion to comply with these increased payments into retirement systems, and that Federal jobs might have to be eliminated to pay for these expenditures. Mr. Mica also noted that the administration's proposal would have allowed the current formula for cal-

culating Federal employees' health insurance premiums to shift from a calculation based on the former "Big Six" plans to an average based on the five largest plans remaining in the program. This shift would have led to higher insurance premiums for Federal employees, and Mr. Mica proposed to address this issue in a subsequent hearing. Mr. Mica stressed the importance of achieving the overall savings, noting that the Budget Committee has acted to realize savings from these programs when the subcommittee could not enact its own solutions in previous years.

Mrs. Morella noted that she had introduced H. Con. Res. 13, expressing the sense of the Congress that annuitants' cost of living adjustments should be paid in January, consistent with the payment of COLAs to Social Security beneficiaries and military retired pay.

Mr. Robert Tobias, national president of the National Treasury Employees Union, recommended that the subcommittee write to the chairman of the Committee on the Budget to request that the subcommittee be assigned a savings target of zero for this budget resolution. He asked that the increased retirement fund contributions from both employees and agencies be denied by the subcommittee.

Mr. Michael Styles, national president of the Federal Managers Association, asserted that the Congress and the administration have failed to provide pay and benefits consistent with the Federal Employees Pay Comparability Act. He observed that he had completed an assignment with a Navy contractor, and that private firms' employees were paid substantially more than public employees performing the same work. He claimed that the Federal workforce has continued to perform at solid levels, even in the face of continued pressures to reduce the workforce and to convert work to commercial firms through contracts. He concluded that these approaches have demoralizing effects on the Federal workforce, and should be resisted.

Mr. Charles Jackson, president of the National Association of Retired Federal Employees, expressed disappointment with the President's proposal to delay annual cost of living adjustments to Federal annuitants. He claimed that the Civil Service Retirement and Disability Fund is able to pay current obligations, and reported that most large and medium employers in the private sector pay full retirement costs of their employees, where Federal employees pay 25 percent of their retirement costs. He contrasted the President's proposal to delay the COLA to Federal civilian annuitants, but not the COLAs associated with Social Security beneficiaries and military retired pay. He also noted that the President's proposal to allow the statutory modification of the Federal Employee Health Benefit Premium increase to take effect would result in a substantial price increase for Federal annuitants, an increase that would be difficult to absorb in light of the COLA delay.

Mr. James Cunningham, national president of the National Federation of Federal Employees, expressed severe disappointment with the President's budget. He claimed that Federal employees should receive a 6.6 percent increase instead of the 2.8 percent that the President proposed. He observed that the increased pay to employees will increase the compensation costs of Federal agencies,

and generate pressure for other spending cuts that might impede agencies' operations. He questioned the propriety of the administration's championing of its workforce reductions, and emphasized that his organization was interested in the National Partnership Council's work only to the extent that it contributed to more effective agency performance.

Mr. Mica stressed that the subcommittee would be required to achieve savings in the entitlement programs under the budget resolution, and noted the political difficulties of achieving fair distribution of the responsibilities for reaching the budget targets. Both Mr. Styles and Mr. Jackson recommended that the tax cuts proposed for working Americans be used as a source of savings, rather than reducing the burdens that the retirement system places on tax revenues. Mr. Jackson indicated an interest in reviewing savings achieved through a Medical Savings Account pilot program authorized under the Kennedy-Kassebaum Act of 1996. He recognized the desire to curb increases in medical costs, but preferred to see results of the pilot before endorsing any particular proposal to limit the growth of benefits.

Mr. Styles and Mr. Tobias recommended achieving savings by reducing the contractor workforce. Mr. Styles claimed that there are no accurate reports of the number of employees working for agencies through contracts, and that Federal contracting costs, at $108 billion, now exceed the $103 billion Federal payroll. As a result, he argued, the Federal Government has not truly shrunk, but we have shifted to paying for these functions through contracts rather than through direct employment costs.

Mr. Mica provided a copy of a letter from Office of Personnel Management Director James B. King acknowledging that, if his proposal to cap the Federal payment for health insurance premiums at a fixed dollar amount had been adopted, Federal employees would have saved $820 million in health insurance premiums during the past 2 years. This would have averaged $200 per enrollee in the FEHBP. He also demonstrated that the amount of money needed to pay Federal annuities is growing annually. Whereas Civil Service retirement outlays from the Treasury exceeded receipts by $24 billion in 1992, this year the retirement accounts will require $30 billion in support from the taxpayers. This shortfall is projected to increase to $107 billion per year within 20 years, and continue to grow for the foreseeable future. Mr. Mica commented that he considered singling out Federal civilian retirees for the delayed COLA was blatantly unfair, and sought the panel's suggestions for options to address the Budget Committee's targets.

Mr. Hugh Bates, president of the National Association of Postmasters of the United States, observed that the Postal Service had achieved an operating surplus of $1.8 billion during the previous year, and endorsed efforts to balance the Federal budget. He opposed the COLA delay that would affect only Federal civilian annuitants.

Mr. William Brennan, president of the National League of Postmasters, testified that the League also opposes requiring Federal employees and annuitants to assist efforts to balance the budget. He noted that the Postal Service already pays a per capita share of Federal retirement programs that is larger than other Federal

agencies, because the Postal Service is required by law to make payments that are not required of other agencies. Mr. Mica observed that, where the Postal Service currently provides 54 percent of the cash in the Federal retirement funds, by 2015 the Postal Service will provide 81 percent of this funding. He noted that, since Postal employees must already pay the full normal costs of their retirement, as calculated by the Office of Personnel Management, postal employees already pay a fair share toward retirement benefits, and that the President's proposal could be considered unfair to them.

2. Federal Hiring From the Welfare Rolls.

a. Summary.—Although the Federal Workforce Restructuring Act of 1994 directed the reduction of 272,900 Federal employees by 2000, President Clinton announced a program to hire 10,000 people off the welfare rolls into the Federal workforce. The President announced this effort as part of a program to ease the impact of welfare reform laws enacted in 1996. A hearing was called to develop an understanding of the administration's strategy for accomplishing this hiring initiative in a manner consistent with the workforce reduction targets, the variety of protections and reinstatement eligibility provided to Federal employees facing reductions-in-force, veterans' preference, and merit system principles. The hearing provided an opportunity for the subcommittee to review the administration's approach to hiring people currently benefiting from welfare into Federal employment. The administration articulated its reasons for believing that this could be accomplished consistent with merit system principles and veterans preference by relying upon normal turnover, targeting opportunities in entry level and temporary positions, and by using several excepted service hiring authorities that are available (albeit rarely used) to facilitate hiring in positions intended as training assignments. Employee organizations provided insight about the adverse effects on Federal employees who consider this initiative particularly ill-timed in light of their agencies' workforce reduction efforts. Private scholars and analysts were afforded an ability to demonstrate that different approaches are working more effectively in several States than the targets indicated by the administration.

b. Benefits.—The subcommittee gained clear understanding of the effects on the working poor of providing a preference for welfare recipients, as proposed in legislation introduced by Representative Eddie Bernice Johnson (H.R. 1066, the Federal Jobs Opportunity Act).

c. Hearings.—A hearing entitled, "Federal Hiring from the Welfare Rolls" was held on April 24, 1997. Mr. Mica noted that Federal agencies have vast experience in welfare-to-work programs, but much of that experience has resulted in little success. Instead, State programs (such as Wisconsin's and Oregon's) have reduced welfare case loads substantially in ways that could make the Federal endeavor irrelevant to former welfare dependents' needs. He also noted that thousands of Federal employees have been separated involuntarily as part of downsizing and the administration's efforts to reinvent government. Those former employees have retention rights that would provide eligibility to return to agencies that

have positions available. He noted that the Department of Defense had borne the lion's share of these reductions, and that it faced additional reductions in the President's budget proposal.

Mr. Koskinen, Deputy Director for Management, Office of Management and Budget, reported that more than 2.8 million people were removed from welfare rolls, a 20 percent reduction from the numbers on welfare rolls in 1993. He estimated that current economic growth creates about 200,000 jobs each month. The President had asked corporate America to include welfare recipients among the workers who join the workforce during this expansion. In response to a request from the President, agencies had, during a 30-day period, assembled plans and identified appropriate positions that would be included in the President's initiative. The target of 10,000 positions reflects a proportionate share based on the Federal portion of the national workforce. Even during a general workforce reduction, Federal agencies hired 58,000 permanent and 140,000 temporary employees in 1996, so Mr. Koskinen viewed this target as within reason for a 3-year period. He believed that the targets could be realized without preferences or any set-asides for welfare applicants. Agencies would not create special jobs for these applicants, and they would have to pass any tests or meet appropriate qualifications, just as any other Federal employee.

Mr. King, Director, Office of Personnel Management, described the interagency efforts used to develop and implement the administration's initiative. The Office of Personnel Management has provided written guidelines to agencies that describe optional hiring procedures available under current law. Most of the effort will involve providing additional information about opportunities in the Federal sector in new formats and in a more timely manner. OPM has established a target of 25 positions. The Bureau of the Census, which will soon begin hiring in preparation for the 2000 Census, has committed to hire nearly 4,000 welfare recipients, or 40 percent of the governmentwide target. Most of the positions would be temporary, and provide introductory work experience during planning stages of the operation. Mr. King stressed that this initiative is not directed at career positions, but at providing entry-level opportunities. He reaffirmed his belief that the objectives could be accomplished consistent with merit system principles and veterans preference. In response to questions, Mr. King confirmed that employees hired as a result of this initiative would not get benefits other than those available to similarly-situated Federal employees.

Ms. Disney, Deputy Assistant Secretary (Civilian Personnel), Department of Defense, reported that the Department of Defense continues to hire about 20,000 civilians each year for permanent positions, and another 23,000 temporary positions, even while planning to eliminate an additional 90,000 positions during the next 3 years. Defense expects to be able to fill about 2,900 of these positions with current welfare recipients during the 3-year period. It will use a variety of wage-grade, temporary, and nonappropriated fund opportunities to accomplish this hiring goal.

Mr. Brickhouse, Assistant Secretary for Human Resources, Department of Veterans Affairs, described the Department of Veterans Affairs' efforts to hire 800 applicants from the welfare rolls during the next 2 years. He noted that most of the opportunities

would be in GS–1 and GS–2 positions that are temporary, but could provide important initial experience. He noted that in these positions, annual turnover rates average almost 20 percent. He stressed that the Department's targeted recruitment efforts would pay particular attention to veterans, and mentioned programs that are already in place to assist veterans in conversion to civilian employment. He affirmed that this target could be achieved without compromising veterans preference and while adhering to re-employment opportunities for former Federal employees.

Mr. Hantzis, national executive director, National Federation of Federal Employees, reported that Federal employees are concerned about the manner in which the President's plan is being implemented. He noted that OPM figures indicated that Federal agencies currently employ 677 persons in GS–1 and GS–2 positions, and, because OPM does not maintain a governmentwide re-employment priority list, it is difficult to know how many people remain on re-employment lists. The Department of Defense's "stopper" list includes 21,000 RIF'd DOD employees. He expressed concern that advantages given to temporary hires under this initiative might place current temporary employees at an additional disadvantage. He noted that many National Federation of Federal Employees had described this initiative as "outrageous."

Mr. Rector, senior policy analyst, welfare and family issues, the Heritage Foundation, described the policy as, at best irrelevant, and at worst a very foolish policy that has nothing to do with reducing welfare dependence. He noted that the administration had failed to consult with States that had implemented successful programs when it developed its initiative. He described this effort as "more a press release than an actual mechanism for helping the poor." He noted that Wisconsin's welfare case load had dropped by 55 percent in the previous 4 years. By instituting effective work requirements, and counseling applicants about the dangers of welfare dependence, initial applications drop. Both Wisconsin and Oregon use "pay for performance" programs through which welfare recipients must work to earn their benefits. When such requirements are enforced, welfare recipients often find better-paying jobs. Rather than radical increases in poverty, States administering work-based programs have experienced substantial economic growth and increased self-sufficiency among former welfare dependents. These programs have contributed most to the 20 percent drop in welfare caseloads during the past 2 years, the biggest drop since the Korean war. He noted that child care has not proven to be a substantial obstacle, and that the funds freed from the reduced caseload provide ample resources for supporting child care initiatives, if necessary. Although funding for day care has gone up in Wisconsin, for example, it still amounts to less than 5 percent of the savings from the initiative. He emphasized that the most important step in the program is the follow-up; making certain that, once involved in work, the recipient remains in a position to earn any benefits that are acquired. Most employment will inevitably come from the private sector.

Mr. Riccio, Manpower Development Research Corp., described welfare recipients as a diverse group, but generally a group that is lacking in traditional employment skills. Nonetheless, most wel-

fare recipients have some work history, and nearly all are capable of securing and maintaining employment. However, not even the most successful welfare-to-work programs have developed effective strategies to counter the high turnover rates in positions occupied by welfare recipients in their first employment. Of California welfare recipients who left jobs, 41 percent reported quitting to seek better employment opportunities than the low-paid entry positions.

Mr. Tetro, president, Training and Development Corp., stressed the importance of providing initial opportunities in our society. He noted the importance of the Wisconsin example cited in Mr. Rector's testimony, in major part because it is a common sense approach. He concluded that the most important strategy in combating welfare dependence is guiding people into work, then providing effective support when they are there. Mr. Tetro explained that he agreed with the Heritage Foundation testimony about the importance of monitoring the effectiveness of training programs. Most have not worked well, and most are pre-occupied with preserving bureaucratic procedures rather than with finding solutions to peoples' problems. He indicated that he had successfully restructured job training programs in Richmond, and agreed with Mr. Rector that they had not been as successful in Maine, a difference that he attributed to Maine being "one of those States that has left the responsibility for welfare reform in the hands of the welfare bureaucracy."

Mrs. Eddie Bernice Johnson of Texas testified that she had introduced legislation that would provide a 3 percent addition to the test scores of applicants for Federal employment who were seeking jobs while on welfare rolls. She believes that this advantage would provide additional incentives to employing agencies to take the chance on reaching beyond the normal applicant pool. She added that initial employment efforts had failed before because of the difficulties of getting to work in low-wage positions. She noted that her bill was structured to avoid giving advantages over people who faced RIF situations. In response to Mr. Cummings question, however, she conceded that, as written, her bill would provide an advantage to welfare recipients over those whom he termed the "working poor." She emphasized the importance of the first experience, of getting one's foot in the door.

3. Assisting the District of Columbia with It's Pension Liabilities.

a. Summary.—As part of its proposal to rescue the District of Columbia government from a looming financial crisis, the administration proposed to have the Federal Government assume the liabilities of the District's defined benefit pension programs covering police, fire fighters, and teachers. Although these retirement programs are partially funded through accounts managed by the District of Columbia Retirement Board, the President proposed to have the Federal treasury seize most of the assets managed by the Retirement Board, in return for basing future pension payments on the "full faith and credit" of the U.S. Government. The seized assets would be depleted to pay benefits to annuitants during the transition. A hearing was called to examine the funding assumptions that supported this proposal and to compare them to the operation of Federal retirement programs.

Defined benefit pension programs often promise generous benefits, but when governments rely upon the "full faith and credit" of future taxpayers to fund the pension obligations, they depend upon the willingness of future legislators to fund those obligations. In a March 27, 1997 memorandum, the Congressional Budget Office [CBO] described this as comparable to saving for college by placing IOUs in a cookie jar. Relying on nonmarketable securities to "fund" Federal pensions promotes a false sense of security since, as CBO testified, "Those Federal securities are merely the promise of the Federal Government to itself. The left pocket owes the right pocket, but the combined trouser assets are exactly zero." By contrast with the mostly unfunded Federal Civil Service Retirement System, the DC Retirement Board oversees investments in tangible assets currently valued at nearly 50 percent of actuarial liabilities. The unfunded half of the District's retirement liabilities can be traced back to the unfunded liabilities transferred to the District when Congress enacted home rule. The District government has had to rely on annual tax revenues to meet its growing pension obligations, currently amounting to $307 million per year. As a local jurisdiction, the District has great difficulty raising tax revenues to meet those obligations.

b. Benefits.—This investigation provided an opportunity for the subcommittee to examine the President's proposal to deal with the District of Columbia's pension obligations as part of his program for the District's economic relief. The President proposed to assume the District's current pension liabilities and to use DC Retirement Fund cash assets to pay pension obligations until the assets are depleted. The Congressional Budget Office provided valuable testimony demonstrating the future liabilities incurred as a result of different approaches to financing pension benefits, and concluded that the "pay-as-you-go" approach used for the District's retirement systems and the Federal employees' retirement programs is unsustainable in the long run. This hearing supported subcommittee efforts to propose different funding mechanisms to address pension obligations facing the District government in light of the $35 billion long-term costs that will result from the President's proposal to assume the District's current pension liabilities.

c. Hearings.—A hearing entitled, "D.C. Retirement System: Coping with Unfunded Liabilities" was held on April 29, 1997. At the hearing Subcommittee Chairman Mica recognized that the District needs relief from its mounting pension obligations, but he observed two fatal flaws in the President's proposal. First, by assuming the District's pension debts, the Federal Government incurs significant new long term obligations. These outlays are offset in the short term by enabling the U.S. Treasury to raid over $3.5 billion of hard assets from the District Retirement Board. Second, when those future obligations come due, the District's employees would join Federal employees at the mercy of the annual appropriations process. Where the District's unfunded accrued actuarial liability is $4.8 billion, the future obligations owed to Federal annuitants amount to more than $900 billion, of which only $380 billion is "funded" but with nonmarketable certificates of indebtedness. Within 20 years, the cost of redeeming the pension promises in the Federal cookie jar will surpass $100 billion annually. In 2041, those annual pen-

sion shortfalls are projected to exceed $220 billion. Mr. Mica foresees Federal pensions as becoming more vulnerable throughout that period in the absence of an adequate funding mechanism.

Ms. Norton of the District of Columbia cited additional CBO memoranda demonstrating that the District's unfunded liability for these pensions compounds its operational difficulties, especially with regard to efforts to limit tax increases and to borrow funds when needed. She noted that, in 2004, the annual $52 million Federal payment to these systems will be completed, and that the District's obligations to address future funding would intensify. She acknowledged the challenges of the funding mechanism, but contended that these problems could imperil the overall proposal for the District's recovery.

Mr. G. Edward DeSeve, Comptroller, Office of Management and Budget commented that the proposal to address the District's pension funding needed to be assessed in light of other efforts to reduce spending in the District government's budget. He traced these unfunded liabilities to the transition to home rule, and emphasized the congressional responsibility for the obligations accumulated before 1980. He noted that the President's plan would result in no net increase in Federal spending until the Retirement Board's assets were expended, sometime early in the next century.

Mr. Anthony Williams, Chief Financial Officer, District of Columbia government, stressed the importance of resolving questions related to pension funding because of their effects in restricting the District's operating options. He noted that the President's recovery plan integrates efforts at economic development and improved cost controls with the funding changes proposed here. He conceded imperfections in the plan, but noted that these difficulties are very similar to the challenges faced in funding Federal employees' pensions.

Mr. James Blum, Deputy Director, Congressional Budget Office, observed that the President's proposal takes advantage of the cash-based Federal accounting system to delay recognition of the assumption of the District's unfunded liabilities. He noted that the assumption would subject District pensioners to the same political risks now faced by Federal annuitants. He agreed that the unfunded liability could be resolved by extending the annual payment more than 30 years until the current obligations were redeemed, but noted that the pressures associated with other—equally unfunded—systems (Social Security, Medicare, Medicaid) would increase the difficulties of pursuing such a course. He also noted that switching the pension systems to defined contribution systems could reduce anticipated political risks of the current system. In responding to questions, Mr. Blum estimated that the annual increase in Federal spending attributable to the unfunded liability inherited as a result of this proposal would be about $700 million. Although such obligations pose no insurmountable difficulty in the short run, Mr. Blum observed that they are unsustainable in the long run.

In response to questions, Mr. DeSeve conceded that there were alternative approaches to funding future liabilities for pension benefits, but claimed that the principal should be that the District provide for its employees' benefits. This proposal would freeze the cur-

rent liabilities, and new proposals to address future coverage would be formulated consistent with the District's ability to pay. That ability would be enhanced by having the Federal treasury assume the current actuarial obligations. He also noted that the legislation created a new trustee for the retirement funds to enable the Secretary of the Treasury to manage the assets assumed under the bill.

Under questioning from Ms. Norton, Mr. Blum acknowledged that these obligations would eventually face taxpayers, the questions center on the timing and the amount. He indicated that the least costly solution would be payment of the obligations when they are incurred, and that deferring them would inevitably increase the costs. He emphasized that the result of this proposal would be annual payments of $700 million to $800 million annually, merely to meet current pension payments.

Ms. Betty Ann Kane, chairman, Legislative Committee and Trustee, District of Columbia Retirement Board, reported that the accounting firm, Bear Stearns, had commended the Retirement Board's administration of the funds entrusted to it. In 1996, the Board realized a 14.1 percent rate of return on its investments, exceeding both the actuarially-assumed rates and its own targets. She noted that the Congress had acknowledged the actuarial shortcomings of the funds transferred to the District in 1980. She also noted that, for District employees hired after October 1996, a defined contribution program has been instituted to limit future obligations. She noted that the President's plan would have the system revert to the financially unsound basis that the Congress had rejected in 1979. The Board's accountants, Milliman and Robertson, estimate that the $700 million annual costs would continue for 20 years after liquidation of the Board's assets, for a net long-term cost of at least $14 billion. She observed that the preferred solution would be for increased funding in the short term, but that Congress had previously rejected increasing the annual payment from $52 million to $104 million. She questioned whether the Congress would be willing to meet the projected $700 million annual costs in 10 years.

Mr. Ron Robertson, chairman, Metropolitan Police Labor Committee, Fraternal Order of Police, testified that the Fraternal Order of Police favors retention of all current benefits without reduction, but expressed reservations about the funding mechanism in the President's plan. He recommended a funding strategy that would amortize payments proportionally over a 30 year period.

Mr. Tippett, chairman, pension committee, Fire Fighters Association of the District of Columbia, contended that the President's plan was a bad deal for the fire fighters, and recommended that Congress consider the background that led to the current difficulties. He counseled against another deferral of these obligations. He reported that the method that the administration had chosen to implement the plan had created uncertainty and confusion in the affected workforce.

Mr. James Baxter, treasurer, Washington Teachers Union, testified that the Washington Teachers Union supported the President's plan.

4. Review of Federal Employees Group Life Insurance [FEGLI] Program.

a. Summary.—Chapter 87 of Title 5 establishes a group life insurance program for Federal employees. The subcommittee recognized that life insurance is an important component in employees' financial planning. Accordingly, it conducted the most extensive review of the benefits available under the program in over 40 years and compared those benefits to options offered by private sector employers.

The FEGLI program began in 1954 as a one-size-fits all approach. But it has evolved to permit enrollees to now choose: basic life insurance, six levels of additional life insurance, family insurance, and three options with respect to post-retirement basic insurance, plus accelerated payment options for the terminally ill. The basic insurance and all of the options, however, are built on term insurance. Close to 90 percent of the eligible Federal workforce has consistently participated in the FEGLI program, attesting to its popularity. OPM has held only six open enrollment periods in the history of FEGLI, two of which have been held since 1993. These open seasons were offered in response to significant program developments. MetLife has been the primary insurance carrier for the FEGLI program since its inception in 1954.

b. Benefits.—The subcommittee's examination of FEGLI revealed a consensus that employees should have more choice in the selection of life insurance options and produced a number of recommendations for improvements that were incorporated in H.R. 2675, the Federal Employees Life Insurance Improvement Act. These recommendations included offering employees group universal or group variable universal life insurance options, additional voluntary accidental death and dismemberment insurance, more coverage for spouses and family members, and increased coverage during retirement. H.R. 2675 is described more fully in Section III. A. 4. (Subcommittee on the Civil Service).

c. Hearings.—"Federal Employees Group Life Insurance: Could We Do Better?" was held on April 30, 1997. The hearing was called to review operations of the Federal Employees Group Life Insurance [FEGLI] program and to ensure that Federal employees are receiving adequate coverage at a reasonable cost. FEGLI provides basic life insurance for 2.5 million Federal employees and 1.5 million retirees, with employees paying two-thirds of costs and agencies paying one-third. Optional insurance is available above the basic coverage, with employees bearing full responsibility for the costs of additional coverage. The Office of Personnel Management [OPM] conducts the program for Federal agencies, with Metropolitan Life Insurance Co. (MetLife) processing claims. It is reimbursed for all claims by the Federal Government.

Mr. William E. Flynn, Associate Director for Retirement and Insurance, Office of Personnel Management, testified that the FEGLI program was instituted in 1954, and has been a "one size fits all" program. It has developed to include optional benefits, including coverage for spouses and dependents, incremental coverage in six levels, and coverage during retirement as well as accelerated coverage for the terminally ill. OPM has conducted six open seasons to enable enrollment after initial hiring, two of those open seasons

have occurred since 1993. That open season resulted in coverage expanding from 88.4 to 89.9 percent of the Federal workforce. A 1995 open season was conducted following passage of the Living Benefits Act, and 1301 applications for benefits have been approved under that program. He reported that the Civil Service Commission had initiated the contract with MetLife, and that contract had been sustained since the program began. MetLife incurred some risk at the outset of the program because the fund had no reserves. Today, the fund has accumulated a balance that would probably cover all claims. OPM saw no need for a basic restructuring of the program.

Mr. Flynn acknowledged that the MetLife contract is renewed annually through negotiations with OPM. Mr. Mica observed that between 1994 and 1995, the administrative expenses charged to the program jumped from $6.6 million to $9.2 million. Mr. Flynn responded that the OPM Inspector General was nearing completion of an audit of those expenditures, and he attributed some of these costs to the open season conducted that year. These administrative expenses, including OPM and MetLife costs, amount to six-tenths of 1 percent of the total program costs. The planning necessary to address concerns about how they would be used. Mr. Flynn conceded that there is no record of MetLife having experienced a loss in this program, even though it nominally bears risk associated with the payment of benefits. He noted that the "risk" charge (about $850,000 annually) was waived after the reserve fund had reached adequate levels. He also acknowledged that all except about $50 million of the $17.4 billion reserve fund balance is invested in nonmarketable U.S. Treasury securities. This allocation of reserve funds is consistent with the original statute.

Under questioning, Mr. Flynn acknowledged that there had been no recompetition of the contract in 43 years, but claimed that, in this case, "doing better" "can only mean we can operate more efficiently administratively." He observed that MetLife currently receives good reviews from program users. He reported that OPM has an initiative under way to review the benefit design of this program, perhaps to include universal life insurance or variable universal life insurance, which would add a cash value component to the current term insurance benefits.

Ms. Margery Brittain, vice president, Group National Accounts, Metropolitan Life Insurance Co., reported that MetLife had been selected at the start of the FEGLI program because it was the largest group life insurance carrier at the time. It currently maintains that status, with more than $1 trillion in group life insurance coverage in force. She noted that the company pays 85,000 FEGLI claims annually, and that these claims total approximately $1.6 billion. Administrative expenses amounted to 0.6 percent of claims in fiscal year 1996. She testified that the design of the FEGLI program is generally consistent with life insurance benefits provided by other large employers, with the exception that most employers pay the full cost of basic life insurance for their employees. Many private sector firms provide group universal life insurance as optional coverage. Open enrollment periods are rare in private sector programs. Most private employers also select only one carrier to administer their life insurance coverage.

Mr. Barnett I. Chepenik, president, Lincoln Financial Group, Inc., Chepenik and Associates, compared the FEGLI benefit with private sector programs and noted that the tendency of private employers to design flexible benefit packages for employees limited the base of employers that could be used for analysis. He noted that Federal employees under age 45 receive a basic benefit that is greater than a year's salary, a benefit that is rare in the private sector. He noted that private employers negotiate more frequently to provide open seasons that would enable employees to elect optional coverage. He found the dependent benefit comparable to private sector options, but asserted that the opportunity for a competitive offering of additional benefits was feasible. In terms of post-retirement benefits, FEGLI is competitive with private sector benefits. He reported that private employers offer both group universal and variable life insurance products, and that these tend to be fully-funded by employees. He noted that group conversion is a significant expense to employees, but indicated that this cost is exacerbated because this course of action is highly influenced by adverse selection factors.

5. Erroneous Enrollments in the Federal Retirement System.

a. Summary.—Although the Civil Service Retirement System [CSRS] was closed to new enrollment effective December 31, 1983, agencies subsequently enrolled additional employees in CSRS mistakenly. Under current law, when the Office of Personnel Management [OPM] learns about such mistakes in retirement coverage, employees are converted to the proper retirement coverage enrollment. The law provides no option to employees in defining proper retirement coverage, and the correction of these errors has consequences for the employees' Federal, State, and (in some cases) local tax payments, for eligibility for benefits under the Social Security System, and with regard to retirement benefits.

b. Benefits.—This investigation provided the subcommittee with extensive information about difficulties that affect several thousand Federal employees, former employees, annuitants, and survivors as a result of mistakes made by agencies during the transition to a new retirement system. The subcommittee demonstrated that the Congress and the Office of Personnel Management had been aware of the problem for more than 7 years, but that no effective remedy had been enacted to ease the costs borne by people who were the innocent victims of their agencies' errors. The investigation provided a record to support legislation that the chairman and ranking member have described as an immediate priority for the next session.

c. Hearings.—A hearing entitled, "Agency Mistakes in Federal Retirement—Who Pays The Price?" was held on July 31, 1997. Witness included Mr. Alan White, Office of the Inspector General, Department of Defense; Mr. David Mangam, Army War College; Mr. John Gabrielli, Internal Revenue Service; Mr. E. Barry Schrum, Department of Energy; Mr. William E. Flynn, Associate Director, Retirement and Insurance Service, Office of Personnel Management; Ms. Sarah Hall Ingram, Associate Chief Counsel, Employee Benefits/Exempt Organizations, Internal Revenue Service; Ms. Diane Disney, Deputy Assistant Secretary (Civilian Personnel), De-

partment of Defense; and, Ms. Linda Oakey-Hemphill, Agency Retirement Counselor, Department of the Treasury.

At the hearing Subcommittee Chairman Mica reported that the problems associated with retirement system enrollment mistakes had been brought to Congress' attention in 1989 by the Federal Retirement Thrift Investment Board, but that the congressional response in 1990 indicated that employees who believed that they were harmed by these errors should sue for relief under the Federal Tort Claims Act. In notifying Federal employees of these errors, OPM had provided little or no assistance. Witnesses testified that they had received no accounting of the funds transferred out of their Civil Service Retirement and Disability Fund [CSRDF] accounts. OPM's indifference to the plight of Federal employees was highlighted through samples of letters that had been mailed to affected employees.

Mr. Cummings observed that life does not have dress rehearsals, and that when people are deprived through no fault of their own of things that they deserved, Government has a responsibility to remedy the problem if the Government made the mistake.

Mr. Pappas expressed his concern that the testimony presented at the hearing indicated a lack of accountability within the system established to manage the Federal retirement program.

Mrs. Morella observed that these involuntary corrections are especially troubling for employees who rejected the opportunity to transfer into FERS when that system was established in 1987.

Mr. Alan White reported that he was hired by the Department of the Air Force as a criminal investigator in August 1984, and had remained in CSRS through his transfer to the Inspector General's office in the Department of Defense. The mistake in his retirement enrollment was detected when he requested an estimate of the cost of buying CSRS credit for his military service (an option that is not available under FERS). His personnel office changed his retirement enrollment to FERS on February 28, 1996, retroactive to his entry on duty in 1984. He learned about the change by mail on a Saturday, when his leave and earnings statement reported a drop in his CSRS account from $51,000 to $103. His personnel office did not notify him of the change until April, and both his agency and OPM proved unresponsive in providing guidance.

Mr. White read a statement from Mrs. Deborah Monroe, a GS–7 program assistant in the Chicago office of the Department of Housing and Urban Development who had been in the CSRS since August 1983 and was involuntarily converted to FERS in 1995. She reported that both her agency and OPM told her that nothing could be done to correct her situation.

Mr. David Mangam of the Army War College had completed a military career when he accepted an overseas limited appointment from the Department of Defense in 1983. In 1984, he gained a career-conditional appointment at the Army War College, and was enrolled in CSRS when hired. He indicated that he would not have accepted the position unless he was able to benefit from the coverage of the CSRS, because he was interested in converting his military service under that system. The agency changed his enrollment in November 1996 and OPM's review fully supported the agency's action. He reported that the complete transition between

the systems would require 257 pay periods—or nearly 10 years. He estimated that the mistake would cost him $30,000 per year, assuming retirement after 35 years of service. He also reported suffering aggravation of a diabetic condition that his doctors associated with the stress of the transition.

Mr. John Gabrielli of the Internal Revenue Service's Buffalo, NY, office reported that he began service as a temporary appointee and was converted to career-conditional status in September 1984, at which time he was enrolled in CSRS. He was provided an opportunity to enroll in FERS during 1987, but rejected it. He and four other employees were notified of the enrollment error on April 13, 1993, and were adjusted to FERS coverage, effective in May 1991. He reported that he still had not received notice of what credit he would receive for funds transferred from his CSRS account to his Social Security account, and whether he would receive a refund of any differences. He noted that the National Treasury Employees Union had assisted efforts to get appropriations language requiring OPM to address the issue, but that OPM had not provided a solution to date.

Mr. E. Barry Schrum is a criminal investigator with the Department of Energy's Office of Inspector General. He was hired in December 1984 and enrolled in the CSRS under law enforcement retirement provisions. He, too, had been provided opportunity to elect FERS coverage in 1987, but chose to remain in CSRS. The Department's OIG personnel office informed him of the mistaken enrollment in April 1996 and notified that he would be retroactively changed to FERS enrollment. That change was made effective in a June 25, 1996, memorandum. He testified that he was informed at that time that he would be able to make retroactive contributions to the TSP, and that he would have to remain continuously employed in the Federal service for 8 years to make up the back contributions to the TSP. He recommended legislation that would require the agencies that made the mistakes to make employees whole, and submitted a letter from the Department of Energy attorney which claimed that the Department lacks the authority to compensate employees for these errors under current law.

Under questioning, all of the employee witnesses asserted that they had little support from their agencies and virtually none from OPM. Two of the witnesses are parties to class action litigation, filed July 28, 1997, after completing administrative review through their agencies and having an initial claim from Mr. White denied by the Merit Systems Protection Board. They reported extensive legal fees associated with the litigation and the administrative reviews. Mr. Gabrielli reported that he lacked the means to pursue resolution of his case through an attorney, and that he was assisted by his union.

Mr. William E. Flynn of the Office of Personnel Management noted that the resolution of this problem would require actions of OPM, the Thrift Investment Board, the Internal Revenue Service, the Social Security Administration, and the Treasury Department. He reported that these agencies are conducting discussions, but that they had not agreed on a solution to the problems associated with enrollment errors. He added that a comprehensive solution is desirable to address concerns of employees, former employees, an-

nuitants, and survivors who have been affected by these concerns. Under questioning from Representatives Mica and Cummings, Mr. Flynn agreed to submit a proposal to resolve these problems to the subcommittee no later than September 10, 1997. Mr. Flynn admitted that OPM has no idea of the number of individuals affected by these enrollment errors, and that he could not estimate the cost of correcting the errors throughout the Federal service.

Ms. Sarah Hall Ingram of the Internal Revenue Service admitted that the range of legal and tax policy questions associated with correcting these errors in retirement coverage were complicated and unclear. The IRS administers and collects the FICA taxes paid to the Social Security system, and private employers are normally required to deposit these in a timely manner. Federal employers are subject to nearly identical requirements for payment of these taxes. Few of these procedures, however, are intended for situations where mistakes in calculating the tax obligation require correction years after the tax should have been paid. She also noted that the Internal Revenue Code restricts the amount that an employee can contribute to a tax-deferred retirement account, and that such limits might have to be amended as part of any resolution of these issues.

Ms. Diane Disney reported that the Department of Defense had found as many as 3,100 employees of the approximately 170,000 hired between 1984 and 1986 who might have been placed into wrong retirement systems. In reviewing those records, many of the CSRS classifications were correct because of previous Federal service, but she conceded that the Defense Finance and Accounting Service is in the process of correcting 500 employees' records. She noted the difficulties of correcting mistakes that are now more than 10 years old, and that some of the options essential to make employees whole are not authorized by current law.

Ms. Linda Oakey-Hemphill of the Department of the Treasury described extensive interagency negotiations to attempt resolution of the issues, and reported that such concerns had been raised as early as 1987. She noted that the automated information available in personnel systems is not adequate to identify the enrollment errors, and does not provide adequate guidance for resolution of the cases. She reported that the Department of the Treasury had corrected as many as 600 cases since 1992, but could not estimate the number of additional errors that could remain in the system.

6. Employment Discrimination in the Federal Workplace.

a. Summary.—Employment discrimination in the Federal workforce is a serious and continuing concern of the Congress. The subcommittee has received numerous reports of discriminatory practices by Federal agencies, as well as extensive information that demonstrates that the appeals procedures intended to resolve allegations of employment discrimination are not working. Data compiled by the Equal Employment Opportunity Commission and provided to the subcommittee indicate that, among non-Postal Federal agencies, complaints about employment discrimination have been filed at increasing rates since 1993. EEOC data indicated that white employees are filing more cases alleging race discrimination, and that age discrimination and religious discrimination cases are

being filed more frequently. Filings of new cases increased even though the portion of complaints that are sustained after investigation has declined. The subcommittee received testimony in 1995 that reported that Federal employees file grievances at a rate five times higher than comparable private sector employees. Other testimony claimed that many Federal employees file grievances as a method of deterring Federal managers from acting to address performance problems among employees.

b. Benefits.—The investigation provided an opportunity to document deficiencies in appeals processes from the perspective of Federal employees with Federal discrimination complaints. The subcommittee received impassioned testimony alleging mistreatment from Federal managers, describing apparent conflicts of interests as agencies investigate charges leveled against senior managers by employees, and reinforced information about delays averaging more than 2 years facing employees who work through the EEOC procedures. Representative Martinez was provided an opportunity to explain his bill, the Federal Employees' Fairness Act (H.R. 2441), that would address some deficiencies in these procedures.

c. Hearings.—A hearing entitled, "Employment Discrimination in the Federal Workplace, Part I" was held on September 10, 1997. The hearing provided an opportunity to receive statements from three panels of witnesses to describe difficulties that they have encountered in working with the dispute resolution procedures available to Federal employees. Witnesses on the first panel included the Hon. Albert Wynn of Maryland, the Hon. Steny Hoyer of Maryland, and the Hon. Matthew Martinez of California. The second panel consisted of Mr. Oscar Eason, president, Blacks in Government; Mr. A. Baltazar Baca, president, National IMAGE, Inc.; Mr. Thomas Tsai, chairman, Federal Asian-Pacific-American Council; and Ms. Dorothy Nelms, president, Federally Employed Women. The third panel included Mr. Howard L. Wallace, author, Federal Plantation: Affirmative Inaction Within Our Federal Government; Mr. Lawrence Lucas, Coalition of Federal Employees at the Department of Agriculture; Ms. Romella Arnold, National Association for the Advancement of Black Federal Employees; Ms. LaVerne Cox, Library of Congress Class Action Plaintiffs; and Mr. Sam Wright, Federal Aviation Administration employee.

In his opening statement Subcommittee Chairman Mica emphasized that there is no place for discrimination in the Federal workplace, and affirmed his commitment to improving the appeals procedures available to Federal employees. He noted that his efforts to reform the procedures were defeated in the previous Congress, but observed that the testimony heard in this session demonstrated beyond a doubt that those procedures desperately need reform.

Mr. Cummings reported that the Equal Employment Opportunity Commission is aware of difficulties in its Federal case processing procedures, and that the agency is developing recommendations to revise those procedures within the limits of its administrative discretion. He added that he was also concerned about reports from the Merit Systems Protection Board that indicated that minorities remain concentrated in lower grades of the Federal workforce, and that Federal agencies do not adequately understand that employment discrimination affects every aspect of the employee's life.

Ms. Norton claimed that the EEOC's jurisdiction has been expanded by the Civil Rights Act of 1991 and the Americans With Disabilities Act, and questioned whether the Commission has resources adequate to perform the associated responsibilities. She indicated dissatisfaction with the budget levels proposed by the President. She interpreted statistics available to her as showing relative stability, and noted that the statistics weren't where she had wanted them in the first place. She hypothesized that the combination of buyouts, early retirements, and optional retirements used to achieve downsizing should have resulted in more opportunities for minorities to advance within the Federal workforce. She believes that the current system of addressing employee disputes, which includes investigations by agencies of charges filed against them, involves an inherent conflict of interest.

Mr. Barrett described employment discrimination charges filed against senior officials of the Internal Revenue Service's [IRS] Milwaukee District Office. Even after the charges were confirmed by an EEOC administrative judge, the District Director announced that the discriminating supervisors would be allowed to retire "with dignity" rather than be disciplined. The victim of the illegal activities, however, continues to work, and has claimed retaliation in regard to the agency's response to her successful claims.

Mr. Wynn described the problem of employment discrimination in the Federal workplace as a "long-festering sore." He has concluded, after receiving complaints from numerous agencies, that the problem is systemic rather than a series of isolated incidents. He argued that the Federal service lacks diversity at the GS–13 to GS–15 senior management level. He considers the Federal experience to include "a chronic pattern of abuse, misuse, and manipulation of personnel laws." In particular, he claimed that minority employees frequently receive arbitrary personnel evaluations, and that complaints often result in retaliation. He also claimed that the EEO process is under funded and ineffective.

Mr. Hoyer asserted that Congress has a moral and legal responsibility to ensure that Federal workplaces recognize discrimination as both immoral and contrary to principles of sound management. He conceded that there are invalid charges in the system, but claimed that the vast majority of these claims merit redress.

Mr. Martinez reported that he had previously served as chair of a subcommittee overseeing the EEOC. In hearings across the country, he reported numerous accounts of charges that had been rejected when agencies reviewed their own operations, only to have courts overturn the nondiscrimination findings when cases were taken to judicial channels. He contended that few employees have the resources to take agencies to court. He believes that the Federal Employee Fairness Act, which he had reintroduced, provided a suitable vehicle for streamlining the appeals process. He argued that administrative remedies are inadequate to address the problems that he has seen in the dispute resolution process. He noted that the Office of Management and Budget projected that his bill would save $25 million. He noted that his bill would remove EEO jurisdiction that currently rests within agencies.

Mr. Eason claimed that African Americans are being discriminated against in Federal employment, and that this discrimination

has resulted in a decline in the percentage of African American men in Federal employment. (EEOC data indicate that the percentage of black men in the Federal workforce has declined from 8.41 percent in 1987 to 8.04 percent in 1996. Black men constitute 4.9 percent of the Civilian Labor Force.) He alleged that the process for addressing discrimination complaints has not been effective, but claimed that this process was the primary method of securing senior executive service promotions for minority employees.

Mr. Baca testified that Hispanic Americans are the fastest growing minority in the United States, but the only minority group that is under represented in the Federal workforce. He asserted that downsizing should not be used as a pretext for discrimination. He noted that Hispanic employees have successfully sued the Federal Bureau of Investigation, and that similar suits are pending against other agencies, including the Postal Service. He noted that the Bureau of Land Management has been successful in its efforts to recruit Hispanic employees. He agreed that many of the problems could be addressed by improving the appeals procedures available to employees. He argued that effective enforcement of current laws is necessary to progress.

Mr. Tsai alleged that discrimination has impaired the morale of Asian-Pacific-Americans, and contended that the two types of discrimination that are most commonly encountered by Asian Americans are nonselection and "work environment harassment." He recommended revising the "EEO program plan of each agency with specific goals to meet the needs and have the management involved in development of the program plan." He further asserted that managers should be held accountable for new efforts to achieve a diverse workforce.

Ms. Nelms asserted that the Federal Government, as the largest employer in the country, "has failed to establish a model workplace, and has allowed discrimination to continue rampant." She reported that 72 percent of federally-employed women are in jobs rated between GS–1 and GS–8.5. Women comprise 42 percent of the GS–9 to 12 Federal workforce, 25 percent of its GS–13 to 15 workforce, and 19 percent of the Senior Executive Service. She claimed that federally employed women are subjected to both sexual harassment and sex discrimination. She praised cultural diversity efforts at different agencies, but asserted that the time needed to process complaints is too long, and that employees need additional training in the rights and obligations of Federal employees and agencies under the law.

Mr. Wallace claimed that systemic discrimination is rampant throughout the Federal sector. He asserted that, at every agency that he examined, minorities are the last hired and first fired, disciplined more often and more severely, and given much smaller awards. He agreed that the EEO process is broken, in part because "there is no incentive for managers to negotiate in good faith." He added, "Most EEO officers, counselors, and other EEO personnel are part of the problem. They are rewarded for discouraging employees from filing and making the process so difficult to understand that many complainants withdraw . . . out of frustration. Findings of discrimination are virtually nonexistent, yet billions are being wasted on processing paper work that amounts to . . .

an exercise in futility." He recommended immediate dismissal for the most egregious managers, and a "three-strikes-and-you're out" law for repeat discriminators. He agreed that EEO processing should be removed from agencies and placed within the jurisdiction of the EEOC.

Mr. Lucas contended that the President's initiative on race cannot proceed until he has confronted discrimination in the Federal agencies. He asserted that the Department's proposal would "grandfather" county employees who have a history of discrimination and sexism into the Department. He noted that Secretary Glickman's Civil Rights Action Team [CRAT] had submitted 92 recommendations to address the problems at the Department of Agriculture, but Mr. Lucas described the Secretary's "zero tolerance of discrimination" initiative as a "paper tiger." He commented, "You all have created this dinosaur at the other end of Pennsylvania Avenue, and you are responsible for . . . the racism and sexism that exists in these Federal bureaucracies."

Ms. Arnold opened by announcing that her organization's first choice as a witness, a senior employee with the Department of the Interior, had been informed that "her career would be over" if she testified. Ms. Arnold appeared even though she feared reprisals as a result of testimony that she would provide. She commented that the Department has been the subject of numerous hearings and reports over the years, all indicating that the Department's employment practices systematically excluded African Americans as a class, and that the Department is ill-prepared to enter a more diverse century. She noted that blacks are 6.1 percent of the Department's employees, but 10.4 percent of the Civilian Labor Force. Interior has only four black males among its 365 attorneys. She recounted a history of incidents of inequitable treatment, including more than 700 discrimination complaints filed in 1996. She noted that the Department averages 565 days to process such cases, more than three times the 180 day statutory limit.

Ms. Cox reported that the Library of Congress had been in the process of resolving the Cook class action lawsuit since 1975. Although the EEOC had found no discrimination in 1981, the U.S. District Court ruled in favor of the plaintiffs, and awarded $8.5 million in damages. She claimed that the Library continues to resist implementation of the Cook settlement, but information provided from the Library indicated that the Library was in compliance with the terms of the settlement. The class action plaintiffs had withdrawn four of five outstanding complaints in court action the previous week.

Mr. Wright reported that he has been employed by the Federal Aviation Administration since 1976, and involved in the EEO process since 1977. He contended that executive branch agencies fail to obey the law with regard to discrimination complaints, and that they are unwilling to investigate seriously claims of wrong-doing. When appellate agencies rule against Federal agencies, the agencies fail to take appropriate corrective actions. Federal officials, he alleged, incur no sanctions when found responsible for discrimination. He asserted that the Department of Justice and their agencies work to defend managers who are accused of discrimination. He described the nondisclosure clauses frequently included in settlement

of discrimination complaints as "depriving employees of their first amendment rights." He recommended that the EEOC be granted the same adjudicatory powers over agencies as the Merit Systems Protection Board. He concluded that additional laws defining discrimination are unnecessary; the challenge is to get the agencies to comply with laws already on the books.

7. Employment Discrimination in the Pursuit of Diversity.

a. Summary.—Federal agencies have devoted more than 30 years to efforts to eliminate illegal discrimination from Federal workplaces. Although agencies devote millions of dollars annually to training in the requirements of fair employment laws and other civil rights and diversity initiatives, the subcommittee has learned that complaints of employment discrimination based on race, gender, age, ethnicity, and related causes have increased in the past 5 years. The subcommittee has learned that at least one agency advertises positions for "unqualified applicants . . . ." The rise in the number of complaints filed, however, is not consistent with the decline in the number of cases where discrimination is found. Statistics provided by the Equal Employment Opportunity Commission indicated that the portion of cases where discrimination is found has declined, whether this is reflected in settlements with corrective actions and/or agency and appeals decisions. This investigation brought to light cases where agencies are responsible for unlawful discrimination.

b. Benefits.—The investigation augmented the subcommittee's record on employment discrimination in the Federal workforce by demonstrating the adverse consequences of diversity programs at several agencies. A hearing provided evidence that the Forest Service's hiring practices included advertising developmental assignments that sought "unqualified applicants" for firefighter positions. It also provided an alternative perspective from scholars who conclude that the implementation of proportional goals inevitably conflicts with both merit principles and the free choices of individual applicants and employees. The subcommittee had the opportunity to review the intentions and effects of Representative Canady's bill (H.R. 1909) that would eliminate race and gender preferences in Federal employment and set asides in Federal procurement.

c. Hearings.—A hearing entitled, "Employment Discrimination in the Federal Workplace, Part II" was held on September 25, 1997. In efforts to implement diversity programs, agencies have been faced with claims of discrimination from employees who believe that merit staffing procedures have been violated. Witnesses testified that they continued to encounter agency resistance and bureaucratic delays after successfully prosecuting discrimination claims in Federal courts. Three panels of witnesses included the Hon. Charles Canady of Florida, the Hon. Wally Herger of California, Ms. Lynn Cole, attorney, Mr. Angelo Troncoso, Internal Revenue Service, Mr. Edward Drury, Federal Aviation Administration, Mr. Ronald Stewart, Deputy Chief for Programs and Legislation, U.S. Forest Service, Mr. G. Jerry Shaw, general counsel, Senior Executives Association, and Mr. John Fonte, adjunct scholar, American Enterprise Institute.

Subcommittee Chairman Mica noted that abuses of equal employment opportunity requirements can often be traced to excessive efforts to implement "diversity" programs, often through numerical goals or quotas. He emphasized that the Federal affirmative employment program was intended to work in the context of a merit system, not in conflict with it. He asserted, "Affirmative action in the Federal Government should never have been about anything other than hiring the most qualified employees." He indicated that he and Mr. Cummings would be working with agency heads to address some of the more egregious complaints raised during the subcommittee's hearings on this topic. He also reported his intention to develop appropriate legislative measures for passage by the subcommittee in 1998.

Mr. Herger reported that his office had encountered numerous incidents of discrimination practiced by the U.S. Forest Service in his district. He submitted documents advertising positions open only to applicants who do not meet minimum qualifications as well as a memorandum indicating that the Forest Service failed to fill firefighting positions when it could not get a sufficiently "diverse" pool of applicants, thus increasing risks of forest fires in communities adjacent to the forests where more than 800,000 acres burned last summer. Additional documentation showed that the Forest Service had received legal advice that these practices were in violation of the law, but continued them anyway.

Mrs. Morella agreed that she found the Forest Service's actions in these instances to be simply outrageous.

Mr. Canady reported that the Judiciary Committee's Subcommittee on the Constitution, which he chairs, has held nine hearings on Federal affirmative employment programs, and concluded that "it has become increasingly clear that it is exceptionally difficult to defend, as a matter of legal or moral principle, the government practice of granting preferences on the basis of race or sex." He recognized that the United States has a history of unequal practices, but noted that the Nation has made great strides toward overcoming racism, and contended that "the answer . . . is not to be found in Federal policies that classify, sort, and divide the American people on the basis of their race and gender." He contended that, rather than end affirmative action, his proposed legislation would reaffirm the original purpose of affirmative action as an initiative based on outreach and recruitment, coupled with nondiscrimination in selection and contract awards.

Ms. Norton argued that the Supreme Court has already addressed Mr. Canady's concerns, that the President's "mend it, don't end it" approach has weakened affirmative action, and that many of the problems being addressed in this hearing are actionable under Title VII of the Civil Rights Act. Mr. Canady reported that, in spite of these remedies, Federal agencies continue to hire and promote, and award contracts based on quotas, and that we should establish solid nondiscriminatory policies as the legal standard, rather than rely on the courts to act for the Congress.

Ms. Cole reported that her clients have increasingly concluded that personnel decisions within their agencies are being made on bases other than merit, and that the remedies available through EEOC procedures are inadequate to resolve their growing dis-

satisfactions within the system. In response to questions, she indicated that when agencies face discrimination complaints, they act both as adjudicators and those accused, inevitably resulting in conflicts of interests. She advocated a stronger role for mediation within the EEO process. Mr. Troncoso, one of Ms. Cole's clients, is a Cuban-born immigrant who was denied promotions by the Internal Revenue Service [IRS] on three occasions, even though he was rated well-qualified every time and was the highest-rated applicant on two occasions. His efforts to seek redress through the agency's personnel procedures were rebuffed within personnel offices, which he characterized as defensive of management. He expressed concern that, even though he intended to make the IRS a career, he would experience retaliation as a result of this testimony. Mr. Drury is an air traffic control manager with the Federal Aviation Administration. After 26 years of service, he was removed from his position as an airport tower manager as a result of pressures generated by the National Black Coalition of Federal Aviation Employees. He subsequently filed complaints through the Department of Transportation, but that case was not considered on its merits. He reported that it required 2 additional years to get his case to trial, where the Government's litigation strategy appeared to be to defeat him on legal technicalities rather than address the merits of the case. When the jury heard the evidence, it awarded $500,000 in punitive damages, an amount subsequently reduced by the judge to the $300,000 statutory ceiling. He noted that a subsequent complaint that addressed retaliation concerns was pending within the EEOC, and had been there for 725 days.

Mr. Stewart claimed that his experience as a regional forester in California had provided first-hand perspective about the ways in which discrimination undermines agency morale, and asserted that the Chief (Michael Dombek) had taken significant initiatives to eliminate discrimination in the Forest Service. He also noted the importance that Secretary of Agriculture Dan Glickman attaches to implementing his Civil Rights Action Team's recommendations. He noted a 37 percent reduction in open EEO cases as an indicator of the success of these efforts.

Mr. Shaw predicted that promotions within the Federal service are likely to become increasingly contentious as downsizing continues. He reported substantial increases in the numbers of minorities and women holding positions in the Senior Executive Service, even in the face of the administration's efforts to reduce both SES and GS–13 to GS–15 positions. He reported that a 1992 survey of Senior Executive Association members found that 92 percent believed that employees abuse the complaints procedures to intimidate managers and agencies from taking actions against poor performers. Further, 56 percent of his members believe that non-legitimate complaints are filed in ways that deter the filing of well-founded grievances. He concluded that managers have little grounds for confidence in the current EEO system. Even when agencies settle cases, they do not reflect intentional discriminatory actions. He recommended that employees should be required to make stronger cases before having them processed, and that once complaints are recognized as meritorious, they should be heard by a single outside agency.

Mr. Fonte argued that two visions of civil rights are in conflict. The traditional equal opportunity principles enshrined in civil rights laws and merit system principles have a different philosophical and legal foundation than the diversity principles being promoted recently. The diversity agenda, he demonstrated, rests on a theory of proportional representation that was rejected at the founding of the republic and has proved disastrous in any country that has attempted to implement it. He cited studies of people distributed in different occupations with different racial, ethnic, and gender compositions. Distributions reflected chosen avenues of opportunity rather than the result of discriminatory actions. He forecast that increased efforts to promote proportionalism would only increase dissatisfaction, because such a result can be realized only through heavy regulation in a command economy. He asserted, "We will never arrive at a right percentage for all groups in all positions and at the same time remain a free society." In response to questions, he cited reports that, rather than an effort to redress historical discrimination, 75 percent of recent immigrants are eligible for preference programs. The difficulty with diversity programs is that, once numbers are defined, they trump all other factors, especially merit.

8. Oversight of Contracting Out Practices.

a. Summary.—The subcommittee conducted this investigation to provide additional information and to address changes since two previous hearings on contracting out that were conducted in 1995. In 1996, the Office of Management and Budget [OMB] published a revision of OMB Circular A–76, the policy document that establishes standards for conducting cost comparisons in Federal agencies. Although the subcommittee has heard charges that agencies have reduced budgets and converted numerous functions to contract in order to redesign processes and save money, OMB reported that the Government's expenditures on contracting decreased to $111.7 billion in 1996, or $2.4 billion below 1995 levels. A hearing provided an opportunity for employee organizations to voice concerns about contracting practices.

b. Benefits.—The investigation provided an opportunity for the Office of Management and Budget and Defense agencies, which have the greatest experience managing competition for government services, to introduce recent data that documents the reduction in service contracting since GAO's last report in 1997. They entered into the record data demonstrating that 30 percent aggregate savings have been realized over a 10-year period from contracting for services. The long-term data provide a useful contrast to the anecdotal evidence that frequently shapes the discussion.

c. Hearings.—A hearing entitled, "Contracting Out—Successes and Failures" was held October 1, 1997. This hearing fulfilled the chairman's commitment to employee organizations that they would have an opportunity to describe some of the difficulties that they have encountered in dealing with contractors who perform services for Federal agencies. Witnesses included Mr. Christopher Donellan, legislative director, National Association of Government Employees, Mr. James Cunningham, national president, National Federation of Federal Employees, Ms. Patricia Armstrong, chapter presi-

dent, Federal Managers Association, Cherry Point, NC, Mr. G. Edward DeSeve, Acting Deputy Director for Management, Office of Management and Budget, Mr. John Goodman, Deputy Undersecretary, Department of Defense, and Mr. Samuel Kleinman, Center for Naval Analyses.

Ms. Norton alleged that service contracting is driven by cost concerns alone, without adequate attention to the quality of work being performed. She has introduced legislation that would require cost comparisons, claiming that a 1994 General Accounting Office report concluded that agencies do not consistently save when they convert to contract. She has also sponsored legislation that would require OMB to develop an inventory of the number of people employed by service contractors, so that we could know whether, in converting employees, the number of people required to perform the work actually increased. She further proposed legislation that would reduce by $5.7 billion the amount of service contracting done by Federal agencies annually. The revenues would be directed to pay increases for civil servants.

Mr. Donellan claimed that contracting out of services inevitably reduces support, and accused contractors of poor performance and dishonest practices. He cited the example of a laundry services contractor at Ft. Leonard Wood, MO, who allegedly abandoned the installation owing employees $23,000 in back pay and with utility bills unpaid. The company also failed to pay employees taxes before declaring bankruptcy. Although the Department of Labor will intervene, employees are slated to receive only 22 cents on the dollar owed to them.

Mr. Cunningham asserted that any contracting out should be done only if all Circular A–76 procedures are followed, only if it can be demonstrated that there will be no decline in work quality, that a significant cost savings will be realized through the life of the contract, and that the contractor will be monitored extensively to prevent abuses. He reported that members' requests for assistance in addressing issues related to contracting have increased tenfold in the past year, notably within the Department of Defense. He cited an example of a service contract for maintenance of Navy airplanes that purportedly places limits on the amount of rust required to be removed from bolts on airplanes, resulting in contractors' work failing to pass quality inspections. Federal employees wind up having to complete the work.

Ms. Armstrong reported that Congress wants to contract out $1 billion of the Navy work currently performed at the Cherry Point, NC, depot. She averred that under the revised Circular A–76, Federal managers have lost discretion to supplement their efforts with Federal employees; complete functions must be contracted. She noted that the Department of the Navy has 40,000 positions currently under review, and plans to review 80,000 positions over the next 5 years. Savings of $1.4 billion that will result from these cost comparisons have already been projected into future agency budgets. She also claimed that the Department of Defense is not able to monitor contracts adequately, resulting in overpayments and duplicate payments that are costly to taxpayers. She also observed that contract employees are allowed to strike, an option that is not available to Government employees. She cited a recent strike

against the McDonnell-Douglas aircraft manufacturing division as one where contractor strikes allegedly affected Federal operations. She contended that competition, rather than contracting, is the key to savings, and that Federal employees have competed successfully for major contract awards.

Mr. DeSeve testified that the administration is incorporating competition into budget as part of its efforts to improve service delivery. Contracting is merely one element of the endeavor to improve the business practices of Government agencies to achieve effective operations in the context of a balanced budget. He stated that the goal is not simply to contract for more services, but to optimize the use of both private and public resources by selecting the most cost-effective providers. He declared, "We have no evidence that suggests that contractors are reducing their costs or otherwise developing an unfair competitive advantage by reducing pay and benefits to their employees." He cited the Clinger-Cohen Act as one of the legislative improvements that enable agencies to make more effective and efficient use of the marketplace. He noted that the administration opposed the Freedom from Government Competition Act (H.R. 716), which it views as unnecessarily restricting Federal employees from competing when contracts are under consideration. He also opposed H.R. 885, which would prohibit agencies from contracting when Federal employees can provide services at a lower cost, describing the bill as "unnecessary and administratively burdensome." He opposed legislation that would reduce contracting funds to pay for a Federal employee pay increase, commenting, "Reducing contract dollars without regard to the disruption of service requirements or the competitive costs of services could lead to significant inefficiencies and limit an agency's ability to respond to changing conditions, emergencies, and other requirements."

Mr. Goodman affirmed that the Department of Defense must improve the performance and reduce the costs of support provided to the Nation's fighting forces. The Quadrennial Defense Review forecast that the Nation is likely to require more agile fighting forces in the future, and that maintaining those forces will require increased capital expenditures on weapons systems. In the absence of funding increases, productivity efficiencies are essential. Contracting is merely one element of a broad array of efforts to achieve that objective. He noted improvements in the Defense Logistics Agency's efforts to provide more direct shipments of goods acquired from private manufacturers, resulting in substantial improvements in force readiness. He described the Department's approach as "a clear and measured approach of introducing competition into our support activities," rather than wholesale outsourcing. The Department saves more than $1.5 billion annually as a result of 2,000 competitions conducted between 1978 and 1994, and claimed that competitions reduce costs by an average of 30 percent, regardless of whether private contractors or public employees win. Half of the competitions did not result in outsourcing. He noted that the General Accounting Office had confirmed these findings in a March 1997 report. He noted several recent competitions that did bring functions in-house after contractors lost to teams of Federal employees. He emphasized the continuing partnership with the De-

partment's workforce, and described placement efforts associated with workforce reductions.

Mr. Kleinman noted that the Defense Department's review of competitions showed that savings averaged 20 percent when functions are retained in-house, and 40 percent when they are converted to private contractors. These figures include the 3 to 10 percent of costs required to monitor contractors' performance. He attributed these savings to the efficiencies resulting from competition. Although Federal employees have right of first refusal to positions with contractors, most prefer to remain with the Government, and only 3 percent accept contractors' offers of employment. He refuted assertions that costs increase after contracts are awarded, noting that the functions are subject to recompetition, and that there are always additional bidders eager for the business if costs rise. He acknowledged a couple of defaults, but reported that in most cases costs were contained and quality maintained.

In response to questions, Mr. DeSeve emphasized that the important information needed to assess performance is data about the costs of production and the level of services provided. He asserted that he does not need to know the number of employees working on any particular contract, and that he would not have any use for the information if it were collected. He pointed out that, in many cases, the important factor is the method of providing services, a concern that frequently requires differing technologies rather than additional people. He noted that, when OPM eliminated its training workforce, it resulted in no significant change in training for Federal employees. He also observed that the change to contract investigations has resulted in sustained quality and the creation of a successful new business.

9. Review of Premiums Under the Federal Employees Health Benefits Program [FEHBP].

a. Summary.—Approximately 9 million Federal employees and retirees and their dependents obtain health insurance through the FEHBP. Following 5 years of relative stability in FEHBP premiums, including 2 years in which average premiums declined, OPM announced that 1998 premiums would increase by an average of 8.5 percent. The subcommittee conducted an investigation to examine the factors contributing to these increases.

The subcommittee's examination revealed that the 8.5 percent average premium increase masked wide variations in individual plan experiences. The employees' share of the premium increased, on average, by 15.4 percent. While premiums for a number of plans remained unchanged or actually decreased, the total premium for two employee-organization plans rose over 20 percent, causing the employees' share to soar as much as 75 percent.

b. Benefits.—The subcommittee determined that the increases generally reflected rising health care costs and decreased plan reserves. Although the most recent Government mandates did not appear to add appreciably to the 1998 increases, the subcommittee was warned that government-imposed mandates drive up costs and can contribute to significant increases in future premiums. For example, Blue Cross-Blue Shield testified that the cumulative effect of the 27 mandates imposed by OPM since 1990 was to increase its

1998 premiums by about $100 million. Likewise, the subcommittee learned that Maryland-based HMOs have been placed at a competitive disadvantage in the National Capital Area because State-mandated benefits have driven up their premiums. The increased costs caused by mandates are, of course, borne by the employees and retirees who participate in the FEHBP and by the taxpayers. The subcommittee was also cautioned against overregulation of FEHBP premiums.

The subcommittee's investigation also demonstrated that employees would have paid less for health insurance if either the "Fair Share Formula," enacted in the Balanced Budget Act of 1997, or the "Fixed Dollar Formula" proposed by Subcommittee Chairman Mica in 1995 had been in effect. Under the "Fair Share Formula," the average employees' share would have risen by 10 percent rather than 15.4 percent; the increase under the "Fixed Dollar Formula" would have been only 11.6 percent.

c. Hearings.—A hearing entitled, "FEHB Rate Hikes—What's Behind Them" was held October 8, 1997.

10. Suspension of Affirmative Action at the IRS.

a. Summary.—In a May 1997, decision in *Byrd* v. *Rubin,* a U.S. District Court for the Western District of Louisiana ruled that the Internal Revenue Service's affirmative employment program was unconstitutional because it could not meet the strict scrutiny standards that the Supreme Court determined to be appropriate in *Adarand Construction* v. *Pena.* Rather than contest the Byrd case on its merits, the Government settled the case with Mr. Byrd and his three fellow plaintiffs. As was reported in previous subcommittee hearings on employment discrimination, that settlement included a nondisclosure agreement which cloaked the terms of the settlement from congressional oversight. The Department of Justice secured a modification of the settlement agreement that permitted informing Congress of the terms of the settlement, but redacting the amount of compensation paid to the litigants. On August 19, 2 days before the settlement agreement was signed, acting IRS Commissioner Michael Dolan issued a memorandum suspending two elements of employees' performance appraisals and two elements of the agency's business plan so that those elements could be revised to comply with constitutional requirements. On September 22, IRS' National Personnel Director, Mr. James O'Malley (who accompanied Mr. Fowler to the hearing) issued a memorandum revising the standards that had been suspended the previous month.

The IRS had been identified in both of the subcommittee's previous hearings on employment discrimination in the Federal workforce. Although the Office of Personnel Management has responsibility for governmentwide personnel policies, the IRS testified that it had not consulted with OPM in acting to address its affirmative employment program. IRS also stated that it had consulted with the Department of Justice, which issued guidance to Federal agencies on compliance with *Adarand* on February 29, 1996. Justice not only had initiated legal guidance in the area, but it would also have responsibility for defending any modified standards in subsequent litigation. IRS reported that its workforce is 67 percent female and 35 percent minority, so continued application of affirm-

ative employment standards raised questions about whether the agency was applying "diversity" criteria improperly.

b. Benefits.—This investigation continued the subcommittee's efforts to understand the full effects of race and gender preferences in Federal human resource management operations. The IRS faces continuing scrutiny because of abuses of taxpayers and employees documented in recent reports, and reflects several challenges facing all Federal agencies in their efforts to "mend" affirmative employment practices consistent with the Department of Justice's guidelines issued after the *Adarand* v. *Pena* decision. The hearing provided the foundation for additional oversight activities that will be continued in the next session.

c. Hearings.—A hearing entitled, "IRS' Suspension of Its Affirmative Action Program" was held on October 28, 1997. The witness testifying at the hearing was Mr. Charles D. Fowler, National Director, Equal Employment Opportunity and Diversity Program, Internal Revenue Service.

Subcommittee Chairman Mica affirmed in his opening statement that the subcommittee has a responsibility to ensure that important issues of public policy are not being decided through settlement agreements that are not subject to congressional review. He also emphasized the importance of ensuring that every Federal employee is hired, evaluated, and terminated on an equitable basis.

Mr. Cummings was reassured by the IRS' implementation of revised performance elements and its renewal of its commitment to affirmative action.

Ms. Norton stressed the importance of implementing affirmative action programs consistent with the law, and observed that Title VII of the Civil Rights Act of 1964 favors settlements over litigation. She believes that consistency is important so that agencies are not vulnerable to litigation based on any perceived inconsistencies.

Mr. Charles Fowler, who was accompanied by Mr. Dennis Ferrara of the General Counsel's office and Mr. James O'Malley, the IRS' National Personnel Director, had emphasized the principle of equitable treatment for all employees as a way of doing business since assuming his responsibilities (within 6 weeks before this hearing). He claimed that the Service remains committed to both its diversity program and the concept of equitable treatment of all its employees. In response to questions, he expressed hope that the revised standards would encourage agency managers not to undertake actions that might be in violation of the law. The September 22, 1997, memo eliminated language included in previous standards that might have been interpreted as approving numerical targets. He added that the performance elements in place are temporary and subject to revision as the agency develops better ways to describe its managers' appropriate responsibilities.

Mr. Fowler asserted that the agency has no numerical goals at present, and even the document on managing the workforce that had been a source of concern in the Byrd case, ERR–16, concentrated on positions of national level. Mr. Fowler indicated that outreach strategies would be used to address concerns about the diversity of upper management in the agency.

Mr. Cummings indicated that he had encountered criticisms that the IRS was acting without adequate explanation of its decisions in selecting personnel for "acting" and "developmental" assignments. These are opportunities that employees consider important in terms of career development. Mr. Fowler responded that review of these selections is an important element of his efforts in this position. He also added that he would make appropriate contacts with OPM and EEOC to endeavor to develop a consistent strategy to the concerns raised about these programs.

11. The Merits of Holding a CSRS to FERS Open Season.

a. Summary.—The Treasury-Postal and General Government Appropriations Act of 1997 (Public Law 105–61) included a provision that would have allowed civil servants enrolled in the Civil Service Retirement System [CSRS] to switch their enrollment to the Federal Employees Retirement System [FERS]. Section 642 of the law would have authorized an open season between July 1 and December 31, 1998. This provision, however, was the subject of an item veto exercised by President Clinton on October 16, 1997. Mr. Mica reported that the item, with costs estimated at $2.1 billion over 5 years, was the single largest item veto exercised by the President to date. In vetoing this provision, the President had noted that the provision was introduced by the Senate during conference, and that the measure had not had adequate opportunity for hearings and public discussion.

b. Benefits.—This investigation provided an opportunity for the subcommittee to review the President's use of the item veto on the measure having the largest cost and potential impact on Federal employees. It enabled a comparison of different bases of estimating the cost of this action, and dispelled impressions that an open season allowing for additional numbers of employees to shift from CSRS to FERS might provide a method of reducing the Government's long-term pension obligations under the older Federal retirement system.

c. Hearings.—A hearing entitled, "CSRS–FERS Open Season—What are the Merits?" was held on November 5, 1997. Witnesses included William E. Flynn, Associate Director, Retirement and Insurance Services, Office of Personnel Management, Michael Brostek, Associate Director, Federal Workforce and Management Issues, General Accounting Office, and Paul Van de Water, Assistant Director, Budget Analysis Division, Congressional Budget Office.

As chairman of the authorizing subcommittee, Mr. Mica called the hearing to examine the merits of the issue and consider the appropriateness of enacting separate authorizing legislation. Federal employees had an opportunity to switch their enrollment into the newer retirement system when FERS was established in 1987. At the time, only 4 percent of the eligible employees took advantage of the open season to switch enrollment, although the Congressional Budget Office had estimated that approximately 10 percent of CSRS employees would do so. With 10 years' experience in the Thrift Savings Plan, supporters of the open season believe that a different dynamic might affect employees' decisions about retirement enrollment. Mr. Mica noted that the unfunded liability of the

Civil Service Retirement and Disability Fund had increased during the previous 2 years, and that those obligations now constitute the fourth largest government debt being transferred to future generations. He also noted that, in light of the difficulties that the Office of Personnel Management [OPM] encountered managing the previous transition, and the importance of correcting enrollment mistakes already in the system, that the agency might have difficulty administering another open season.

Mr. William E. Flynn of OPM testified that the administration had estimated that approximately 5 percent of the eligible employees, or about 60,000 individuals, would switch if an open season were held during 1998. He indicated that employees interested in switching might delay normal retirements to gain exemption from Government pension offset and windfall elimination provisions of Social Security law, and that agencies with unique demographic mixes might experience some human resource management challenges as a consequence of the new incentives that would be provided to employees. He estimated that the transfers would reduce the CSRDF's net actuarial unfunded liability by less than $2 billion, but when added costs for FERS funding and Thrift Savings Plan [TSP] contributions are included, the result would probably increase the long term costs to the Government. He stressed that many factors could affect individual decisions about retirement system enrollment, so that there are no sure methods of projecting the level of interest in such an open season.

Mr. Michael Brostek of the General Accounting Office noted that participation in the TSP has risen substantially since its inception, and that more than half of lower-graded employees and nearly all higher-grade employees now participate. By transferring from CSRS to FERS, employees would become eligible for matching funds for current contributions, a factor that could increase incentives to enter the newer system at considerable cost to the Government. Agencies' retirement costs would increase for each employee who transferred to FERS. GAO provided estimates that the additional costs of such transfers could be projected at a rate of $32 million per year for each 1 percent of the Federal workforce that switched to the newer system.

Mr. Paul Van de Water of the Congressional Budget Office [CBO] reported that his agency had estimated that only 1 percent of the CSRS employees would switch to the new system if provided another open season. This projection was based upon previous experience, adjusted for the reduced portion of the Federal workforce that remains in CSRS. CBO projected that these switches would raise net Federal costs by $250 million over the next 10 years, with most of the additional expense attributable to increased agency payments to the TSP accounts of employees. He indicated that employees who had already reached the maximum CSRS benefit would benefit from such a switch, as would employees with minimal CSRS coverage who would desire to avoid public pension offset provisions of the Social Security law. Both groups would impose additional costs on the Government.

Mr. Brostek indicated that differences between the cost of living adjustment provisions in CSRS and FERS contribute to the continuing escalation of CSRS projected costs. Mr. Van de Water em-

phasized that, despite differences in details, all three projections indicated that the open season would cost Government in the aggregate. He added, that when each of the estimating models use comparable assumptions to project future costs, they reach similar conclusions. Given the difficulties of projecting switch rates, these variations are inevitable.

12. Medical Savings Accounts [MSAs] in the FEHBP.

a. Summary.—The subcommittee examined adding Medical Savings Accounts [MSAs] as another option for Federal employees in the FEHB Program. In 1997 and 1998, Federal employees experienced back to back increases in their share of health care premiums of 12.5 percent and an estimated 7.4 percent, respectively. Such premium hikes make it increasingly difficult for many Federal employees and annuitants to obtain affordable health care.

MSAs offer the promise of providing a low cost option that places the power to make health care decisions in the hands of patients and their doctors rather than insurance companies or government bureaucrats. MSAs combine a savings account to cover out-of-pocket medical expenses, such as routine and preventive care, with a higher deductible insurance plan to cover major medical expenses. MSAs also have the additional benefit of being completely portable. In contrast to standard employer-paid health insurance, MSAs follow the individual regardless of changes in his employment status. In addition, funds in MSA accounts can be used to purchase medical insurance during lapses in employment. MSAs also promote increased personal savings. If an individual does not have to spend their MSA assets on medical expenses, those funds remain available for future medical expenses or their retirement savings.

b. Benefits.—The subcommittee's examination of MSAs in the FEHB revealed widespread support for offering Federal employees the MSA option as part of their FEHB coverage. The approval was reflected in the testimony of several witnesses at the subcommittee's field hearing on the subject. Offering support for the inclusion of the MSA option in the FEHB were members of the political, legal, medical, financial, and marketing communities. These hearings also were helpful to the subcommittee in developing and reviewing MSA proposals in consultation with the Republican health care task force.

c. Hearings.—A field hearing, "Medical Savings Accounts [MSAs] in the FEHBP" was held in Ft. Monmouth, NJ, on March 9, 1998. The hearing was called to examine the possibility of offering MSAs to those Federal employees who participate in the FEHB Program.

Mayor Bret Schundler of Jersey City, NJ, described his city's experience with MSAs. In 1994, Jersey City offered MSAs to its managers, becoming the first governmental entity in the United States to make them available to its employees. Jersey City set out to prove that MSAs would be less expensive than traditional low-deductible indemnity plans, while providing superior health coverage for employees. He testified that 4 years later, he is confident that MSAs were successful, both in terms of cost concerns and employee satisfaction. Mayor Schundler also testified that Jersey City did not experience adverse selection among the segment of the workforce eligible for MSAs. However, Jersey City's overall workforce, includ-

ing those not eligible for MSAs is disproportionately older, and therefore more expensive to insure as an isolated group than as part of a larger pool. As a result, he was forced to place his entire workforce, including the segment eligible for MSAs, in the New Jersey State health insurance program, which does not offer MSAs. Mayor Schundler testified that, based on his experience with MSAs, he will work to persuade the State to offer them through its program.

Three physicians also testified in support of MSAs at the hearing. They all emphasized that MSAs offer patients the most control over their own health care decisions and the selection of their own doctors. Both Drs. Alieta Eck, a physician as well as a health care consumer, and Sidney Goldfarb, a urologist in private practice, stressed that MSAs promote preventive care and early detection, where greater impact can be made on health care. Dr. Goldfarb also testified that he chose an MSA for his own family's personal health care insurance because he was able to save a net of 75 percent of his health insurance premium. Dr. Joseph Cauda, a surgeon, observed that MSAs would aid lower income families in gaining access to better and more complete health care.

Ms. Madeline Cosman testified as to the legal benefits of MSAs. Ms. Cosman, an attorney, has been practicing medical law for 33 years. Ms. Cosman stated that among the major legal advantages to MSAs were the avoidance of capitation, the avoidance of community ratings, the avoidance of violating confidentiality, and the avoidance of any third party definition of medically-necessary treatment. Advantages like these, according to Ms. Cosman, allow a person of any age or any degree of health to earn a fair amount of money if they do not use the entire amount in their MSA, as is the case with IRAs. Ms. Cosman went on to note that even a person who is ill with a serious chronic disease, while perhaps not able to turn a profit, would likely come out ahead financially under an MSA by not having to pay the copayments which are customary in first dollar indemnity plans.

Mr. William Raab, vice president of marketing, Anthem Health and Life Insurance Co., which introduced their MSA product to their sales force in March 1997, testified that MSA sales have risen steadily for his company. He added that the tax advantages offered by MSAs have helped to make consumers receptive.

Ms. Janine Kenna, the associate manager for product development at Merill Lynch, testified that the MSA concept is one of the most exciting and innovating developments in recent years from both the health policy and savings perspective. She added that her clients have informed her that the two most important factors that led them to establish MSAs were the ability to control their choice of doctors and the ability to use funds that are not used for medical expenses to supplement their retirement savings. In a March 17, 1998 letter to the subcommittee, Ms. Kenna pointed out that the average age of Merill Lynch MSA account holders is 46, and that the highest account holder age concentration is between 46 and 50 years old, which includes 19 percent of the total client base. The next highest account holder age concentration is the 51–55 age range, which includes 17 percent of account holders. These statis-

tics seem to rebut the adverse selection argument, which holds that MSA accounts are only being taken on by the young and healthy.

Two individuals representing the National Association of Retired Federal Employees [NARFE], testified. Both reaffirmed NARFE's opposition to MSAs in the FEHB. Mr. Benjamin Collier asserted that NARFE's opposition stems from the fear that MSAs will attract only the healthy persons. He speculated that their defection from other FEHB plans could possibly force insurance carriers to cut benefits, raise premiums, or both. Mr. Frank Bee, legislative director, New Jersey Federation of NARFE, said he could see no benefit to be gained by introducing MSAs into the FEHB because most people are content with their FEHB plans.

13. FEHBP: Program Guidance for 1999.

a. Summary.—OPM administers the FEHBP, negotiating rates and benefit packages with participating carriers and providers. Each year it issues a "call letter" that outlines its objectives for the next contract year, including benefits or coverages it will require of all carriers. OPM's policies obviously can affect the premiums for FEHBP plans. In light of the dramatic increases in FEHBP premiums for 1998, the subcommittee examined the policies OPM proposed for 1999.

b. Benefits.—The subcommittee's examination disclosed that OPM's mandates have imposed significant costs on FEHBP carriers for very little benefit and have reduced the flexibility carriers need to develop innovative benefit designs that provide quality health care coverage at reasonable prices.

c. Hearings.—A hearing entitled, "Federal Employee Health Benefits: OPM Program Guidance for 1999," was held on March 17, 1998. Witnesses at the hearing were William E. Flynn, III, Associate Director of Retirement and Insurance Services, OPM; Stephen W. Gammarino, senior vice president, Federal Employee Program, BlueCross BlueShield Association; and Walton J. Francis, a consultant and author of the "Checkbook's Guide to Health Insurance Plans for Federal Employees."

Subcommittee Chairman Mica emphasized that the FEHBP, which is often cited as a model employer-sponsored health benefits program, succeeds because of its market orientation. The program relies on the market forces of competition and consumer choice to ensure both competitive premiums and quality coverage. He pointed out that in recent years OPM has used its call letter to mandate specific benefits and, in the view of many, has been standardizing FEHBP benefits. He also pointed out that the President has directed OPM to implement certain provisions of the so-called patient's bill of rights in the FEHBP. These developments, he said, are of great concern to the subcommittee.

Mr. Flynn testified that OPM's mandates have added little to the program's cost. The FEHBP, he also testified, was already in substantial compliance with the President's "patient's bill of rights" and, therefore, anticipated that implementing it would not greatly increase premiums. However, he also testified that implementing that program would cost $32.5 million per year, more than half of which, $17.5 million, is attributable to its information disclosure requirements. The rest is divided about equally between require-

ments for continuity of coverage and access to specialists. In addition, he testified that OPM would require plans to cover pharmacotherapy benefits as a general medical benefit, which he estimated would cost between $8–10 million.

Mr. Gammarino testified that BlueCross BlueShield plans cover about 3.6 million lives under 1.9 million contracts. He expressed concern over the information disclosure requirements OPM will require, noting that they were drawn to address problems created by products involving tightly-controlled networks of providers, such as HMOs. On the other hand, BlueCross BlueShield's network is very large, including more than 400,000 providers. He pointed out that collecting such information as languages spoken, office hours, and accessibility to the handicapped on so many providers would be costly and nearly impossible to keep current. Moreover, it would add little value since consumers can already obtain that information quickly and efficiently by directly contacting specific practitioners in the company's directory they may be interested in. Mr. Gammarino also stated that OPM's increased mandates and regulation of FEHBP plans threaten the very attributes that make the FEHBP so successful because they reduce flexibility, increase costs, and reduce competition. He pointed out that OPM and congressional mandates through the 1990's have added about $100 million per year to BlueCross BlueShield's program costs. In his view, the long-range integrity and stability of the FEHBP depend upon allowing carriers to offer enrollees a variety of genuinely different products to choose from and providing a level playing field for all competitors.

Mr. Francis testified that one of the strengths of the FEHBP is that it allows consumers real choices between plans with different benefits. He contrasted the FEHBP to some plans, notably the CALPERS program in California, in which benefits are standardized. Such standardization, he argues, eliminates a major dimension of consumer choice. Mr. Francis stated that the FEHBP is preeminent in providing good information to consumers because OPM has insisted that brochures are written in plain English and the information is provided in consistent formats. In his view, while some additional important information could be provided, such as numbers of participating providers in the case of HMOs, it is also possible to overload consumers with information of little value. He also expressed concern that the President's "patient's bill of rights" is not very carefully constructed. While it contains some excellent standards, he believes others, such as the 90-day continuity rule, will create incalculable problems in the real world. He also stated that requiring information on handicap accessibility could lead to some very costly requirements. However, he believed OPM would interpret the "patient's bill of rights" responsibly. Mr. Francis also identified innovations the FEHBP could accept in the future. These included permitting military retirees and military families to enroll, allowing more national fee-for-service plans to compete, and adding medical savings accounts.

14. Long Term Care Insurance for Federal Employees.

a. Summary.—Long-term care [LTC] refers to a broad range of supportive, medical, personal, and social services for individuals

who are limited in their ability to function independently on a daily basis. Long-term services can be provided in a nursing home, an assisted living facility, the community or in the home. Increased life expectancy and the aging of the baby boom generation (people born between 1946 and 1964) will bring rapid growth in the number of people at risk of needing LTC.

Most people believe that they are covered for long-term care by their health care plans, disability insurance, or by Medicare. Unfortunately, many learn the hard way—when they or a family member needs care—that they are not sufficiently covered and must pay for long-term care on their own. According to the American Council of Life Insurance Policy Research Department, by 2030, the average annual cost of a nursing home stay will increase from $40,000 today to more than $97,000 (in 1997 dollars).

Employer-based plans represent the fastest growing market for long-term care insurance. These plans are generally available to the employer's employees, their spouses, parents, parents-in-law, and retirees on a beneficiary-pay-all basis.

Federal employees have expressed a significant interest in being offered an option to purchase long-term care insurance. In one of its routine customer feedback surveys randomly distributed to Federal employees from January through March 1997, the Office of Personnel Management [OPM] included questions regarding long-term care insurance. In response to the survey, approximately 86 percent of Federal employees expressed an interest in long-term care insurance.

Chairman Mica conducted a hearing on the issue of providing long-term care insurance as an employee benefit. The purpose of the hearing was to collect information on long-term care insurance, examine how private sector employers are addressing their employees' long-term care needs, and to make an informed decision about how to give Federal employees access to this benefit.

Subsequent to the hearing, Chairman Mica introduced H.R. 4401, the Civil Service Long-Term Care Insurance Benefit Act. This legislation directs OPM to establish and administer a program through which Federal employees and annuitants may purchase group or individual long-term care insurance for themselves, their spouses, and any other eligible relative beginning January 2000.

b. Benefits.—Long-term care is expensive. The vast majority of families are unprepared to shoulder the cost of long-term care, deplete hard-earned assets, and eventually depend on Medicaid to pay the costs of long term care. Long-term care insurance provides protection from these catastrophic financial risks and reduces reliance on Medicaid. As a significant employer in America, the Federal Government can reach over 2.8 million workers and an additional 2.1 million retirees and survivors. Competition among carriers, group discounts, and volumes of sales will keep premiums affordable for Federal employees. Additionally, by offering long-term care insurance to individuals in their working years, the Federal Government can help encourage the purchase of this product at younger ages, when premiums are lower.

c. Hearings.—On March 26, 1998, Chairman Mica conducted a hearing entitled, "Long-Term Care Insurance as an Employment Benefit" to examine the feasibility of offering long-term care insur-

ance to Federal employees. The chairman stated that making affordable long-term insurance available to Federal employees would help Federal employees plan for financing long-term care services and to avoid severe financial hardships in their future. The chairman also noted that offering this employment benefit would keep the government competitive with private-sector compensation practices.

Two panels presented testimony to the subcommittee. The first panel consisted of representatives from the industry, the National Association of Retired Federal Employees [NARFE], and the Employee Benefit Research Institute [EBRI].

David Martin testified on behalf of the American Council of Life Insurance [ACLI]. Mr. Martin stated that by the year 2030, it is estimated that the number of elderly persons will double from 35 million to nearly 70 million. He further noted that the elderly population is most likely to need long term care services.

Mr. Martin also testified that private long-term care insurance can play an important role in financing long-term care and providing for a secure retirement. He stressed that relying on savings to pay for long-term care needs is not a financially feasible option for most middle-income Americans.

Data that he presented to the committee revealed that lifetime assets needed at age 85 to pay for 2 years of nursing home care with an inflation protection of 5 percent for a 45 year old today would be $489,446 (2030 dollars). In contrast, if that same 45 year old purchased private long-term care insurance such person would contribute about $417 in annual premiums and a lifetime value of premiums of $57,907. Lifetime savings from long-term care insurance would be $431,539.

Mr. Martin also presented a chart that showed that a 2-year policy for an individual between the ages of 45–49 would cost approximately $500 annually or $19 per pay period. A 5-year policy would cost about $734 annually or $28 per pay period.

Further, Mr. Martin's written testimony referred to an ACLI study that showed that private insurance can also address the Nation's long-term care needs in the future. For example, if workers between the age of 34 to 52 purchased long-term care insurance, the share of nursing home expenditures paid for by private insurance could increase from 3 percent today to 29 percent in 2030. Accordingly, the Medicaid program could save $28 billion (in 1996 dollars) or 21 percent of total Medicaid nursing home expenditures. Similarly, about 40 percent of individual "out of pocket" nursing home costs could be saved by the increased ownership of long-term care insurance.

Testifying on behalf of the Health Insurance Association of America [HIAA], Mr. David Brenerman stated that long-term care is the largest unfunded liability facing Americans today. Mr. Brenerman told the committee that annual nursing home costs average over $41,000 today and are estimated to increase to about $100,000 (in 1996 dollars) by the year 2030. He noted that rather than pooling risks, the current system for long-term care places each household on its own to deplete its household resources at which time Medicaid then becomes the payer of last resort.

However, Mr. Brenerman did state that the long-term care insurance market is growing. Of particular significance, Mr. Brenerman noted that the employer-sponsored market comprises about 14 percent of the approximately 5 million long-term care insurance policies that have been sold.

Mr. Brenerman emphasized that offering Federal employees long-term care insurance would signal Federal Government support for encouraging personal responsibility and planning for long-term care through avenues such as long-term care insurance. Additionally, he noted that the sheer size of the Federal Government would assure an immediate and heightened awareness of long-term care financing issues among working adults. Mr. Brenerman stressed that since the Federal active employee population is large and considered to be a relatively young and healthy group, the administrative and marketing costs would be less, premiums lower, and underwriting minimized.

Paul Fronstin testified on behalf of the Employee Benefit Research Institute [EBRI]. Mr. Fronstin reiterated that increased life expectancy and the aging of the baby boom generation will bring rapid growth in the number of people at risk of needing long-term care [LTC]. Mr. Fronstin stated that although the chances of having extended long-term care needs are small, the cost of such needs are extremely high. He noted that only a small portion of those who can afford long-term care insurance have purchased it. Further, he emphasized that others may lack information on the probability of needing long-term care, may mistakenly believe that they are already covered by Medicare, self-insurance or disability insurance, or are relying on Medicaid to cover long-term care.

Mr. Fronstin noted that individually purchased long-term care insurance as well as employment-based plans will increase. However, he stressed that barriers to expansion exist. According to Mr. Fronstin, the largest barrier to the expansion of the long-term care insurance market is the lack of public readiness to use assets to insure against the relatively low probability of need. He emphasized that public education is very much needed.

Charles Jackson testified on behalf of the National Association of Retired Federal Employees [NARFE]. Mr. Jackson cited a statistic showing that half of all women and a third of men over 65 years of age are likely to spend some time in a nursing home at a cost of over $40,000 a year. He noted that based on these statistics NARFE members have an interest in long-term care insurance.

Mr. Jackson stressed that long-term care insurance must be available to Federal annuitants as well as active employees. Further, he stated that long-term care insurance offered to Federal employees must provide cheaper premiums and better coverage than employees or annuitants could buy on their own.

Mr. Jackson also emphasized that insurance carriers must have reasonable standards for making enrollees eligible for long-term care benefits, include flexibility, provide plan portability, and ensure that enough individuals enroll in a plan to provide a satisfactory risk pool.

Mr. Jackson also expressed concern that cognitive disorders such as Alzheimer's disease are excluded in coverage. However, in response to a question later posed regarding this matter, Mr.

Brenerman stated that about 80 percent of long-term care insurance policies cover cognitive impairment, including Alzheimer's disease.

The second panel consisted of Ed Flynn testifying on behalf of the Office of Personnel Management [OPM] and Bob Williams testifying for the Department of Health & Human Services [HHS].

Mr. Flynn stated that one of OPM's strategic goals is the establishment of a modernized performance-oriented total compensation system that includes a competitive benefits package for Federal employees. He stated that the idea of a Federal employee long-term care program should be revisited as part of this effort.

Mr. Flynn also testified that OPM was engaged in two ongoing studies regarding long-term care insurance, one of which commenced in 1995, and the other in 1996. Under questioning by Chairman Mica, Mr. Flynn could not give an exact date of when these studies would be completed and the results available. However, he did anticipate that results would be accessible sometime in 1998. Mr. Williams later responded that findings from the other study should be available during the fall or winter. However, he noted that such findings must be cleared by the Office of Management and Budget prior to their release.

Chairman Mica also asked Mr. Flynn whether it would be possible to establish a competitive long-term care insurance program for Federal employees within 6 months to a year. Mr. Flynn responded that the chairman's timetable was not unrealistic. When further questioned as to whether OPM could make this benefit option available to Federal employees by December 31, 1999, Mr. Flynn said that OPM would move forward with such a proposal if agreement was reached between Congress and the administration. However, he stressed while OPM recognizes the importance of providing for long-term care needs of individuals, OPM would have to review a specific proposal before taking a position on it.

Mr. Williams said that HHS believes that policymakers must begin planning for the social and economic implications of population aging, particularly the increased demand for long-term assistance for those with chronic illness and disability. He noted that long-term care can be a significant economic and emotional burden. He further stated that long-term care insurance can help protect against the high cost of nursing home care. Additionally, he stressed that long-term care insurance can help middle-income elders with long-term care needs remain at home by making their own money go further.

Mr. Williams stated that HHS believes that employer-sponsored long-term care insurance is the best vehicle for making high-quality coverage more affordable. He noted that such plans encourage people to enroll at younger ages when premiums are lower. Also Mr. Williams said that employer-sponsored long-term care insurance is typically 15 percent less than coverage purchased on an individual basis.

Finally, in response to a question posed by Chairman Mica, Mr. Williams stated that offering long-term care insurance to Federal employees as a benefit is an appropriate role for the Federal Government.

15. Review of the Federal Employees Health Benefits Program [FEHBP] as a Possible Complement to Military Health Care.

a. Summary.—Because of numerous problems in the military health care system, including TRICARE (a component of the current military health care system), many have urged that military retirees and military families should be allowed to enroll in the Federal Employees Health Benefits Program [FEHBP].

The FEHBP provides voluntary health insurance coverage for over 9 million Federal Government employees, annuitants, and their dependents. More than 85 percent of Federal employees participate in FEHBP. It is a market-based program in which 285 health insurance carriers and HMOs compete for business. Participating carriers must offer group rates, provide reasonable policy coverage, and meet various requirements for financial solvency. Each plan must take any eligible employee without regard to a preexisting condition. The total annual cost of the program was approximately $16.3 billion in fiscal year 1997, of which $12.1 billion was paid by the government and $4.2 billion by enrollees.

The Federal Government and enrollees share FEHBP premiums according to a statutory formula. The Federal share of the FEHBP premium is set at 72 percent of the weighted average of all plans (separate calculations are performed for self alone and self and family enrollments). However, the government share cannot exceed 75 percent of any particular plan's premium.

The FEHBP option is not currently available to military retirees, their families, or to the families of active duty personnel. Beneficiaries of the military health care system are eligible to receive medical care at military facilities. However, depending on the level of demand and ready access to facilities, this care is not always assured. Moreover, Medicare-eligible retirees are effectively excluded from the military health care system.

The military health system has been expected to fulfill two objectives that are, at times incompatible: providing medical services and support to the armed forces in combat, and caring for active duty personnel and their families, military retirees and their dependents, and survivors in peacetime and war. In fiscal year 1997, the military health care system offered health care coverage to about 8.2 million people, more than half of whom are retirees and their dependents and survivors, at a cost of $15.6 billion.

As resources and space permit, all Department of Defense [DOD] beneficiaries are eligible for care at military facilities. Active duty personnel are given first-priority access to military facilities, followed by their family members and then retirees and their families. This space-available care, however, varies from comprehensive inpatient and outpatient care at medical centers and larger hospitals to only outpatient services at smaller facilities. Further, the past decade has witnessed substantial active duty force and infrastructure reductions, a 15 percent decrease in medical personnel strength, and the closing of one-third of all military hospitals.

b. Benefits.—The subcommittee's examination of the FEHBP as a complement to military health care revealed widespread support for authorizing Nationwide access to the FEHBP for military retirees, their families, and the families of active duty personnel. The subcommittee was able to draw on evidence presented at this hear-

ing in developing and evaluating a number of such proposals, including the limited demonstration project established in the Defense Authorization Act for Fiscal Year 1999.

c. Hearings.—"FEHB Program as a Complement to Military Health Care" was held on April 28, 1998. The hearing was called to examine proposals that would extend the FEHBP to active duty dependents, as well as to retirees and their families.

Several Members of Congress testified at this hearing. Representative Cliff Stearns (FL) testified that he was in favor of authorizing the Secretary of Defense to conduct a demonstration project to provide covered beneficiaries under the military health care system with the option to enroll in the FEHBP. Representative James P. Moran (VA) stated that he was in favor of granting Medicare eligible military retirees the option of participating in the FEHBP. Representative William "Mac" Thornberry (TX) testified that he favors Medicare subvention, as well as opening the FEHBP on a demonstration basis. Representative J.C. Watts (OK) advocated offering military retirees the option of selecting FEHBP for their health care coverage through a controlled, 5-year demonstration project in which eligibility would be limited to Medicare eligible retirees for the first 2 years of the program and costs would be capped.

Mrs. Sydney Tally Hickey, associate director, Government Relations, National Military Family Association, testified that it is time to relieve DOD of trying to provide both a peacetime health care benefit and to meet its readiness mission. She attributed many of TRICARE's defects to the fact that it is a remnant of President Clinton's failed national health care plan that cannot be expected to function properly in the absence of the other components of that program that were to supplement it. Ms. Hickey emphasized that DOD should concentrate on the readiness mission it alone can provide, and leave peacetime health care to the well-proven FEHBP.

Dr. Barbara Glacel, the wife of a senior ranking active duty officer, testified that access to quality care under the current military health care system, even for someone with her experience and the rank of her husband factored in, was extremely difficult to obtain. Dr. Glacel, who was diagnosed with breast cancer in December 1996, spoke of her difficulties in obtaining quality care under the TRICARE system. Dr. Glacel told the subcommittee that although TRICARE promised specialty care within 28 days of a routine consultation, one of her referrals to orthopedic surgery took 47 days. Dr. Glacel also testified about the onerous amount of paperwork she had to complete simply to move the treatment process forward. Dr. Glacel stated that her struggles to achieve access to care under the TRICARE system have left her with the clear impression that TRICARE administrators believe that breast cancer is no more significant than the common cold.

A retired enlisted man, Mr. Boyd Simmons, testified that because obtaining quality care for his ill wife under the current system was so difficult and costly, he came out of retirement and took a government job just so that he and his family could participate in the FEHBP. Mr. Simmons return to government employment was precipitated by his struggles to obtain quality health care for his wife, who suffered from tracheal stenosis. Mr. Simmons testified that the

lack of choice of health care providers under the TRICARE system left his wife with inadequate treatment options and a fearsome bureaucracy with which to do battle. Mr. Simmons stated that full participation in the FEHBP for retirees was the only way in which to avoid the national disgrace of not providing quality health care to those men and women who served our country so well.

Mr. Hal Franck, Retirement Activities Officer, Mountain Home Air Force Base, stated that it was particularly difficult for military retirees to get access to quality care in rural areas. He added that the way to help military retirees would be to provide access to the FEHBP in rural America to all military retired veterans and their families who are too far removed from veteran or military health care facilities. Mr. Franck noted that while civilian employees in his area who participate in FEHBP have no difficulty finding doctors, retirees and active duty families struggle to obtain care because they are limited to doctors who participate in TRICARE.

The Acting Assistant Secretary of Defense for Health Affairs, Gary A. Christopherson, also testified. He contended that TRICARE is a strong system that is getting stronger every day. Mr. Christopherson added that while strong, TRICARE is not perfect, but neither is the FEHBP. In his opinion, offering the FEHBP option to active duty dependents, as well as to military retirees and their families, would present the DOD with vexing cost and readiness problems.

16. Civil Service Reform Issues.

a. Summary.—After examining civil service issues in dozens of hearings during the 104th and 105th Congresses, a number of reform initiatives were advanced to the subcommittee. These initiatives addressed various aspects of Federal workforce management including safeguarding the integrity of the civil service, managing performance, reforming the employee appeals process, and enhancing pay and benefit programs. The subcommittee assembled a legislative proposal addressing these issues and incorporated a number of measures that had been referred in the course of the 105th Congress.

To safeguard the integrity of the merit system, the proposal included provisions giving streamlined authority for agencies to conduct demonstration projects of personnel management improvements, restricting opportunities for political appointees to convert to career status, strengthening the sanctions imposed for violating the Hatch Act, and correcting abuses of official time (such as restricting Federal employees from lobbying while on official time.) To protect the Privacy Act rights of Federal employees, involuntary disclosure of home addresses to non-governmental organizations would be prohibited.

The proposal contained measures to strengthening accountability through the management of performance. To that end managers would be better able to remove poor performers and retain their superior employees during a reduction in force, and agencies would be barred from implementing two-tier (or "pass/fail") performance evaluation systems.

To reform the employee complaint process several measures were considered to streamline the appeals procedures and strengthen alternative dispute resolution mechanisms.

A number of pay and benefit reforms for Federal employees were advanced. The legislative draft included provisions to reform the firefighter pay system and raise the current ceiling on Federal overtime pay. The precarious fiscal status of Federal retirement accounts would be remedied by providing for funding through equity holdings rather than nonmarketable Treasury securities. Additional portability for retirement benefits would be provided by allowing immediate participation for employees in the Thrift Savings Program and by making the retirement benefit of political appointees and congressional staff (who experience shorter careers and higher turnover) fully portable.

b. Benefits.—This legislation was intended to provide a comprehensive set of reforms that would result in better pay and benefits for Federal employees, strengthen the merit system, and eliminate many of the procedural obstacles to effectiveness management of Federal agencies.

c. Hearings.—A hearing entitled, "Civil Service Reform Issues" was conducted on June 24, 1998, to examine the merits of various provisions of civil service reform legislation under consideration by the subcommittee. Chairman Mica, Mr. Pappas, Mrs. Morella, Mr. Sessions, Mr. Cummings, and Ms. Norton participated in the hearing. Witnesses included: Janice R. Lachance, Director, Office of Personnel Management; Mr. Michael Brostek, Associate Director, Federal Workforce and Management Issues, General Accounting Office; Mr. Grover Norquist, president, Americans for Tax Reform; Mr. Robert E. Moffitt, vice president, Domestic Policy Studies, the Heritage Foundation; Mr. Randel K. Johnson, vice president for Labor Policy, U.S. Chamber of Commerce; Mr. Patrick Korten, Cato Institute; Mr. John I. Just-Buddy, of Bowie, MD; Mr. Bobby L. Harnage, Sr., national president, American Federation of Government Employees; Mr. William W. Pearman, president, FAA Conference, Federal Managers Association; Mr. Albert Schmidt, national president, National Federation of Federal Employees; and Mr. Robert Tobias, national president, National Treasury Employees Union.

Mr. Mica noted that the legislative proposal under consideration at this hearing reflected the subcommittee's work after more than 60 hearings during the previous 4 years. He noted that it incorporated major provisions that were adopted by the House in 1996. He noted the importance of reforms to ensure better performance and achieve greater accountability in the Federal workforce, to provide fair compensation for Federal employees, and to secure reliable funding for annuities. He stressed that we cannot separate the functions of rewarding government's outstanding performers from the challenge of developing more effective measures for removing poor performers. He contended that reform of the appeals procedures are critical because those procedures now impede effective management and obstruct efforts to enhance the caliber and reputation of public service. He emphasized that he is open to modifications of proposals contained in the subcommittee's draft outline, and solicited alternative proposals to deal with these pressing con-

cerns from all witnesses and interested employees. He noted that the subcommittee had already approved legislation to strengthen veterans' preference, to limit fraud in the Federal Employees Health Benefits Program, to enhance Federal employees' life insurance benefits, and to correct retirement coverage classification errors. He described additional initiatives under consideration as employee benefits, including options for medical savings accounts and long-term care insurance.

Mr. Cummings expressed support for several of these provisions, and indicated concerns about several significant provisions, including efforts to improve performance evaluations, to strengthen the Thrift Savings Plan [TSP], and to provide secure investment options for Federal employees' retirement benefits. He affirmed, "I am fully prepared to delete and refine those items which are unworkable and unnecessary."

Mrs. Morella noted that many provisions in the draft outline incorporated bills that she had introduced. She cited measures increasing opportunities for Federal employees to invest in the TSP, to correct retirement decisions made during a period when OPM had not issued regulations, and to increase pay for administrative appeals judges in Federal agencies.

Mr. Sessions expressed support for measures to strengthen the TSP, especially in making the Federal retirement benefit increasingly portable so that Federal employees will feel more able to move to private sector opportunities, and back, as opportunities develop. He praised the proposal to provide a more flexible, defined contribution benefit for political appointees and legislative staff, who need this flexibility for their careers.

Ms. Lachance stated that OPM was working on a complex legislative proposal to balance flexibility and consistency while retaining the unified concept of Federal employment. Under questioning, however, she admitted that OPM's idea of flexibility did not extend to employee benefits. She supported measures to incorporate "broadbanding" approaches to employees' pay, which had been successful in previous demonstration projects. She indicated a willingness to work with the subcommittee to address concerns about the GS–10, Step 1 cap on overtime pay, but described a proposal to increase the cap to the maximum pay in the General Schedule as "too costly." She also opposed strongly any consideration of extending Federal retirement credit to nongovernment employees, such as those covered by the Railroad Retirement Board. Under questioning from Mr. Cummings, she also indicated that OPM is opposed to a requirement to collect information about the training activities of Federal agencies. In response to Mrs. Morella's questions, she indicated support for the TSP enhancements, but noted that cost concerns would have to be resolved before enactment.

Mr. Brostek addressed concerns about demonstration project authority, uses of official time by organizations representing Federal employees, and the appeals processes. He noted that OPM had implemented demonstration projects only eight times in the 20 years that the authority has been available, even though human resources management practices had altered dramatically in the private sector during that period. In a GAO survey of 34 agencies, most could provide no formal records of the uses of official time.

From the unsystematic reporting available, GAO estimated that Federal employees' organizations used more than 2.5 million hours of official time, with more than 11,000 employees charging some time to such accounts. About 460 employees were reported as spending 100 percent of their time on representational activities. The total value of compensation, office space, facilities, equipment, travel and per diem attributable to official time reached $58 million. Although 23 agencies reported that official time helped to improve labor-management relations, 13 agencies acknowledged that official time diverted from the completion of routine agency work. GAO's extensive efforts to calculate official time, however, could not produce a single agency with a consistent method of maintaining such records over an extended period. Mr. Sessions expressed concern that GAO could not provide information about the amount of official time used to represent agencies' employees before the Congress. He described the current multiplicity of appeals systems as "inefficient, expensive, and time consuming." He contended that any reform should provide fair treatment for Federal employees and promote effective Federal management. He noted that surveys of five agencies and five companies indicated promise for alternative dispute resolution approaches.

Mr. Norquist expressed strong support for Representative Morella's proposal to strengthen employees' opportunities to save through the TSP. He also endorsed the measure to provide a more portable option for political appointees and legislative staff, who typically have less extensive government careers. He noted that defined contribution plans are being adopted increasingly at State levels around the country and that institutions of higher education also have implemented defined contribution plans to provide for the portability that professors seek as they move between institutions. In response to questions, he noted that most States and local governments have invested pensions independently, so that there are assets available to pay future benefits without burdening future taxpayers.

Mr. Moffitt focussed on issues related to the relationship between career and noncareer employees, performance management, and proposals to restructure Federal employees' benefits programs. He emphasized the importance of drawing distinct lines between career and political employees as methods of ensuring the accountability of political employees and protecting the integrity of the career service. He noted the importance of the President's ability to appoint personnel, and described as "wrong headed" a proposal that would reduce the already tiny number of such positions, thereby weakening the President's control over an administration. He endorsed the proposal to apply sanctions to Hatch Act violations, especially since recent administrative and judicial decisions had restricted the imposition of penalties largely to removal from a position. Such sanctions have no effect on employees who have resigned office, leaving any violations unpunished. He also supported efforts to bar political appointees from "careering in," and noted that the National Academy of Public Administration had previously raised similar concerns. He observed that efforts to improve the security of retirement funding and to create a more portable retirement system for political appointees and congressional staff responded to

the need to attract highly-qualified persons for these positions. He also supported strengthening the investment options for Federal employees under the current TSP. He cautioned, however, that many civil service issues are resolved primarily in terms of the self-interest of government employees, and reminded the subcommittee that there is a broader public with common interests in the resolution of critical performance and government management issues. Under questioning, he noted the advantages of stock-invested pension accounts, and observed that we have greater public confidence in such investments, in part because 43 percent of citizens now own some form of equities. He opined that Federal employees' ability to watch their TSP investments grow has provided additional support for this perspective.

Mr. Johnson observed that the need for reform of the method of using official time within the government should be a matter of bipartisan consensus. Under current practices, agencies provide employees abundant time to conduct union business, and the sum of subsidies to Federal employee unions provided through official time indicates a serious need of reform. He added that recent interpretations of law have allowed official time to be used to lobby the Congress, and that no current system exists to monitor these arrangements. He provided a legal analysis of several recent Federal Labor Relations Authority decisions which require the inclusion of official time for lobbying purposes in agency collective bargaining agreements. He indicated that by supporting their current programs and additional pay and benefits, Federal employee organizations would almost inevitably be lobbying against more general interests—such as reduced aggregate taxation. Although he acknowledged that comparable practices exist in the private sector, companies allowing union activities on corporate time monitor and manage such activities on a continuous basis. He hoped that the administration witness, who opposed additional paperwork burdens on Federal employee organizations, would take the same perspective on private organizations.

Mr. Korten heartily encouraged the subcommittee to curb recent trends that undermine the integrity of performance management in the Federal service, especially the move toward pass/fail systems. He emphasized the adverse effects on morale when excellent performers receive the same "pass" rating as marginal ones, and he noted that the appeals process currently is so cumbersome that managers are deterred from taking sound performance management decisions. In particular, current practice undermines pay-for-performance. He noted the importance of turnover among political appointees, and approved of subcommittee proposals to limit the careering in of political appointees. He commented that the lack of portability in the Federal retirement system was a major factor encouraging appointees to seek career status. Although he supported measures to invest an increasing portion of retirement deductions in individual accounts, he fears that the present proposals will be overwhelmed by the effort to save Social Security in the not-too-distant future.

Mr. Just-Buddy is a career employee of the Department of Agriculture who had managed an outreach office as Acting Director. When a directorship was created for the office, it was intended to

be a political appointment, with a career deputy. However, the vacancy was announced as a career appointment, and he was forced to compete to retain his own position. The agency competed the vacancy twice, revising the position description to facilitate competition by noncareer applicants. The individual selected had previously served in a political capacity on the Secretary's staff in the office of communications. No interviews were conducted for this SES position. After the individual was selected, he was appointed to the position previously held by Mr. Just-Buddy, who noted that the competition against political appointees inevitably places career civil servants at a disadvantage. He is now serving with the National Association for the Advancement of Colored People on an Intergovernmental Personnel Act assignment. He believes that his "rights as a citizen" were violated in the course of placing a political appointee in this position, but current laws provide no redress, nor do they bar the repetition of such abuses.

In response to Mr. Cummings' questions, panelists concluded that an absolute bar on Federal employment for persons convicted of narcotics abuses was excessive. Most panelists recommended a time limit, or gradation of penalties, at minimum differentiating between felony and misdemeanor convictions, and with some concern for the length of time that lapsed between the conviction and the possible Federal position.

Mr. Harnage objected to significant reform measures incorporated in the draft legislation, including measures to curb abuses of official time for representational activities and proposals to improve managers' abilities to remove poor performers.

Mr. Tobias insisted that any flexibility introduced through demonstration projects include union participation in reaching decisions. He also opposed efforts to monitor and curb abuses of official time and the performance management initiatives incorporated into the discussion outline. He expressed concerns about efforts to revise Federal Employees Compensation Act [FECA] provisions.

Mr. Schmidt contended that Congress should strengthen the role of collective bargaining in Federal agency management. The National Federation of Federal Employees strongly opposed a provision, requested by the Office of Personnel Management, that would require the Federal Circuit to hear its appeals from Merit Systems Protection Board decisions. He joined the other union witnesses in opposition to major sections of the proposal.

Mr. Pearman expressed support for modifications of the GS–10, Step 1 ceiling on overtime pay and supported reform of the FECA, as well as for the expanded investment opportunities provided through the TSP reforms. The Federal Managers Association generally supports demonstration projects and the limitation on performance improvement programs and pass/fail performance management systems, but is reluctant to provide additional weight to performance appraisals in influencing personnel actions. Although all Federal Aviation Administration employees have been exempt from the personnel rules contained in Title 5, U.S. Code, since 1996, FMA is working to bring the agency back under several provisions that limit agency management, including restoration of the appeals system.

17. FEHBP Premium Increases for 1999.

a. Summary.—On September 11, 1998, OPM announced that FEHBP premiums for 1999 would rise by an average 10.2 percent. The average increase in the individual's share of premiums will be 7.4 percent. The new "Fair Share" formula adopted in the Balanced Budget Act of 1997 was applied for the first time to determine the premium cost sharing for 1999. The FEHBP also saw 65 plans, including one fee-for-service plan, withdraw. Although these plans were generally among the smallest participating in the program, this 19 percent decline in participating plans nevertheless limits employees' choices. The subcommittee examined these developments in order to identify the reasons for the premium increases and the departure of so many plans, as well as to examine the effects of the new formula.

b. Benefits.—The subcommittee's examination of this issue has helped it identify the major factors underlying the 1999 FEHBP premium increases. It has also identified one major area in which OPM has refused to allow BlueCross BlueShield to implement a cost containment strategy that other carriers have been permitted and may be over-regulating this important program.

c. Hearings.—A hearing entitled, "FEHBP Premium Increases for 1999" was held on September 24, 1998. Witnesses were Stephen W. Gammarino, senior vice president, Federal Employee Program, BlueCross BlueShield Association; Terry Latanich, senior vice president, Merck-Medco Managed Care, L.L.C.; and William E. Flynn, III, Associate Director for Retirement and Insurance, OPM.

Subcommittee Chairman Mica pointed out that in 1998 average subscriber premiums rose $132 and will rise by $88 in 1999. As a result, employees and annuitants spent $560 million more in 1998 and will spend $400 million more in 1999 for health care, or almost $1 billion in extra costs over 2 years. Likewise, the government's burden over those 2 years is another $2.2 billion. He also pointed out that recent data indicated that 1998's FEHBP increase of 8.5 percent were substantially higher than the increases experienced by other employer-sponsored health insurance plans, and that the Congressional Budget Office had forecast single digit increases in private health care insurance premiums through the year 2008. He asked whether factors unique to the FEHBP explained this difference. Subcommittee Chairman Mica also noted that about half of the cost of implementing the President's so-called "patient's bill of rights" stemmed from additional paperwork requirements, and asked why the government should be fueling already rising premium increases by imposing irrelevant burdens on participating carriers and providers. In addition, he indicated that the subcommittee should examine the implications of the rapid rise in prescription drug costs, which currently account for 20 percent of overall FEHBP costs. The departure of 65 plans from the FEHBP, Subcommittee Chairman Mica observed, is telling us something about the business climate fostered in the FEHBP. Congress, he noted, may need to redirect FEHBP management away from over-regulation toward flexibility and choice, roll back mandates, and look at other options to lower costs, such as medical savings accounts, and act on tort reform if it wants to ameliorate these higher costs.

Mr. Gammarino testified that BlueCross BlueShield plans are experiencing an increase in overall health care costs, particularly in the cost of prescription drugs, the fastest growing component. Prescription drugs now approach 30 percent of BlueCross BlueShield plan's total benefit costs. In large part this is attributable to the large number of older people in those plans; the average age of individuals in its Standard Option plans is 60, and the average age is 70 in the High Option plan. He emphasized that prescription drugs have become effective alternatives to hospital admissions and surgery. Nevertheless, because their costs cannot be permitted to rise unabated, he explained that BlueCross BlueShield has looked continually for effective controls, and identified greater flexibility in benefit design as holding near-term promise.

Mr. Latanich testified that Merck-Medco Managed Care (Merck) is the pharmaceutical benefit manager for several FEHBP plans, covering more than 4 million lives. He pointed out that most health plans have experienced 15 to 20 percent increases in their drug costs. The principal contributing factor is the aging of the FEHBP population and the attendant increase in drug utilization that accompanies aging. The second factor is that physicians are prescribing drugs more frequently as new drugs become available to treat a broader range of illnesses. Merck estimates that increased utilization adds about 10 to 12 percent to plan costs. But Mr. Latanich also emphasized that these drugs often replace more costly invasive medical procedures and treat previously untreatable diseases. In addition, he pointed out that the mix of medicines changes in ways that increase drug costs, citing as an example a new, more effective drug for migraine headaches that costs $14 per day. It replaces a drug that costs about $3.40 per day. He also identified a third contributing factor: increases in the price of prescription drugs. In order to help FEHBP plans and others control costs, Merck employs aggressive use of generic substitution, formularies, drug utilization review, the use of mail order pharmacy benefits, and general health education and physician education. However, Merck does not foresee changes in the rate of cost increases in the prescription drug component of plans' costs, although prescription drug prices themselves will rise only modestly.

Both Mr. Gammarino and Mr. Latanich identified additional flexibility as important for carriers to control costs. Both also suggested that with respect to drug costs in particular, requiring copayments by the individual would increase their involvement in their own health care and help control costs. However, it also became clear through Mr. Gammarino's testimony that OPM has refused to allow his plans to implement co-payments on mail order pharmaceuticals, primarily because of its impact upon the elderly. However, as Mr. Latanich made clear, other plans have been permitted to apply copayments to older individuals.

Mr. Flynn testified that the FEHBP premium increases were in line with rate hikes facing large and mid-sized employers and reflected developments in the health care market. He further said that the new "Fair Share" formula had cushioned the impact of rising health care costs on employees. Without it, according to him, under the "Big 6" formula, individual shares would have gone up by 13 percent, and under the "Big 5" formula, which would have

applied if Congress had taken no action, employee shares would have skyrocketed by 36 percent. The government will spend an additional $803 million this year (not counting additional costs borne by the Postal Service) because of the premium increases. Mr. Flynn agreed with the other witnesses that the age of the FEHBP population and increasing drug costs are prime causes of the 1999 rate hikes. He also cited the need for insurers to maintain adequate levels of reserves in the context of their overall financial performance. He asserted that the President's "patients bill of rights" and other mandates have added little to costs. Mr. Flynn also said that OPM was concerned about the rising costs and is examining cost-containment strategies that have been used effectively by other employers.

18. Cost Accounting Standards.

a. Summary.—The FEHBP contracts for both 1998 and 1999 contained a provision requiring all experience-related carriers to begin conforming their accounting systems to the Cost Accounting Standards administered by the Cost Accounting Standards Board. These standards were originally developed to cover manufacturing operations and, as written, are incompatible with accounting practices suitable to health insurance carriers and providers. OPM itself had long recognized the incompatibility of the Cost Accounting Standards with the accounting practices of health care insurers and had refrained from requiring compliance with them. Imposition of these standards threatened to force some carriers, particularly BlueCross BlueShield, which covers about 44 percent of the FEHBP market, to discontinue participation in the FEHBP.

b. Benefits.—The subcommittee's review of this issue revealed that OPM already has sufficient authority to ensure satisfactory audits of FEHBP plans. It also revealed that implementing the standards could disrupt the FEHBP and impose unnecessary costs on carriers while providing no additional benefit to the government. The subcommittee worked with the Appropriations Committee to include language prohibiting the application of those standards to FEHBP contracts in the Treasury and General Government Appropriations Act, 1999.

c. Hearings.—There were no hearings specifically on the Cost Accounting Standards. However, the subject was examined in the hearings on the FEHBP premium increases in 1998 (Section II. B. 9 of the Subcommittee on the Civil Service) and 1999 (Section II. B. 17 of the Subcommittee on the Civil Service) and the hearing on OPM's policy guidance for 1999 (Section II. B. 13 of the Subcommittee on the Civil Service).

19. Improper Release of Confidential Information on a Federal Employee.

a. Summary.—Information taken from the background investigation file of a Department of Defense employee, Linda Tripp, was released to the media in apparent violation of the Privacy Act. Two high-ranking employees at the Department, Clifford Bernath and Kenneth Bacon, subsequently confessed to making the information public. To date, neither has been disciplined for his role in this apparently illegal disclosure. This incident has raised grave concerns

about the security of the confidential background files that are routinely maintained on thousands of Federal employees.

b. Benefits.—There have been no benefits to date because the administration has refused to cooperate with the subcommittee. Instead, the Department of Defense has invoked its Inspector General's investigation as a pretext for shielding even information that could not possibly compromise that investigation from legitimate congressional scrutiny.

c. Hearings.—There have been no hearings.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

1. Blue Plains Wastewater Treatment Plant.

a. Summary.—The purpose of this subcommittee investigation is to review the significance of the Wastewater Treatment facility in the city of Washington, DC, and the immediate region. Most all Federal facilities, in all 3 branches of government, plus approximately 2 million residential users in Virginia, Maryland, and the District, depend upon Blue Plains. It treats an average 325 million gallons a day on 154 acres in Southwest Washington. A collapse of Blue Plains, which seemed possible last year, would be an ecological catastrophe.

As recently as September 1995, the Environmental Protection Agency [EPA] warned of a very real possibility that raw sewage would flow into the Potomac because of serious shortcomings at Blue Plains. But since the new Water and Sewer Authority came into existence, on October 1, 1996, there have been no EPA violations. And there have been no more "boil water alerts."

Subcommittee Chairman Davis convened a hearing to enunciate the improvements as a result of the new Water and Sewer Authority on November 12, 1997.

b. Benefits.—In review of the current situation at Blue Plains under the new Water and Sewer Authority, existing concerns and practical solutions were explored. The new law, in place for 13 months at the time of the hearing, established an 11 member Authority, with 5 suburban representatives and a super-majority required for significant actions. Blue Plains was transferred to the Authority from the Public Works Department of the District of Columbia government. There is an orderly payback of $83 million dollars planned for the Authority from the District of Columbia government. Subcommittee Chairman Davis praised the role of the local, State, and Federal officials who worked together to make it possible for the Water and Sewer Authority to work very well. Additionally, Subcommittee Chairman Davis praised the role of the subcommittee and its bi-partisan fashion in which it conducted itself for helping to reverse many dangerous trends at Blue Plains.

c. Hearings.—On November 12, 1997, the subcommittee held an informational hearing on the "District of Columbia Water and Sewer Authority." The hearing followed just over the 1 year anniversary of the Water and Sewer Authority. Those testifying were, Michael McCabe, Region 3 Administrator, Environmental Protection Agency; Michael Rogers, chairman, Washington District of Columbia Water and Sewer Authority; Jerry N. Johnson, general manager, Washington District of Columbia Water and Sewer Au-

thority; Honorable Douglas Duncan, county executive, Montgomery County, MD; Michael Errico, deputy chief administrative officer, Prince Georges County, MD; Anthony H. Griffin, alternate member, Washington District of Columbia Water and Sewer Authority, Fairfax County, VA.

2. Public Law 104–8, District of Columbia Financial Responsibility and Management Assistance Authority (D.C. Control Board).

a. Summary.—An oversight hearing was conducted to review the implementation of the management reforms required by the national Capital Revitalization and Self-Government Improvement Act of 1997 (Public law 105–33) by the D.C. Control Board. Legislation originating in this subcommittee and signed by the President on April 17, 1995 (Public Law 104–8) created the D.C. Control Board and conferred upon it responsibilities and authority. Since that time the underlying statute has been occasionally refined and the Control Board has participated in a significant number of hearings held by this subcommittee dealing with various significant issues affecting the District of Columbia.

The management reforms enacted as part of Subtitle B of Title XI of the Revitalization Act (Public Law 105–33) went into effect following the President's signature on August 5, 1997.

b. Benefits.—The management reforms were enacted in response to the exceptionally poor management practices which Congress noted in the District government. Almost without exception, the District lacked sound management and direction. It was manifestly clear to Congress that changes had to be made rapidly in order to avoid a complete breakdown of municipal services. These reforms were not motivated by desire to confer or remove specific power from existing government entities. Rather, the reforms were enacted by a strong belief that management issues are the long term keys to the best possible government and prosperity for the District. The management reforms directed the Control Board and the city to develop and implement management reform plans for 9 specified departments of the District government. All entities of the District government were directed to develop and implement management reform plans in the areas of asset management, information resources management, personnel, and procurement. The Control Board was required to enter into contracts with consultants to develop the management reform plans.

Management reform teams were established for each management reform plan. Department heads were directed to take any and all steps within their authority to implement the terms of the plan. In the case of a management reform plan covering the entire District government each member of the management reform team was instructed to take any and all steps within the member's authority to implement the terms of the plan, under the direction and subject to the instructions of the chairman of the control board. In carrying out any of the management reform plans the member of the management reform team was required to report to the Control Board. Such reports were required to be made solely to the Control Board.

During the control year, as defined by Public Law 104–8, the Mayor may appoint the head of each department following rec-

ommendations from and consultation with the Control Board and notification to the city council. Each nomination of a department head is subject to approval by the control board. Appointments may be made directly by the control board if the Mayor does not make a nomination within 30 days from the date any vacancy begins, or for a longer period as established by the Control Board upon notification to Congress.

A vacancy was deemed to exist in the head of each of the 9 departments mentioned upon enactment of Public Law 105–33. The Control Board was also given the power to remove any department head. Removal by the Mayor was made subject to approval by the Control Board.

Executive summaries of the initial consultant's reports were made available on October 16, 1997. These reports confirmed deep problems throughout city government. On December 5, 1997, the Control Board announced plans to implement a number of recommendations for improving city services. A reported 170 projects were listed for priority consideration. The Control Board also indicated an intention to submit a report to Congress in January 1998, regarding final decisions about management improvements. A new chief management officer, as required by the Revitalization Act, is expected to be appointed shortly. The recently enacted Budget for fiscal year 1998 (Public Law 105–100) signed by the President on November 19, 1997, provides the Control Board with great flexibility in these areas.

c. Hearings.—Subcommittee Chairman Davis convened a hearing on December 19, 1997, "Oversight Hearing on D.C. Control Board, Implementation of Public Law 105–33 and Police Matters."

Witnesses who gave testimony to answer concerns of the subcommittee were Dr. Andrew Brimmer, chairman of the District of Columbia Financial Responsibility Management Assistance Authority (D.C. Control Board); Mr. Stephen Harlan, vice chairman, D.C. Control Board; and Ms. Sonya T. Proctor, acting chief of police, Washington D.C. Metropolitan Police Department.

3. D.C. Metropolitan Police Department and the Booz-Allen Memorandum of Understanding.

a. Summary.—The purpose of this subcommittee investigation was to focus on strategies to improve public safety in the District of Columbia. Implementation of recommendations by the consultant charged with helping the city improve crime prevention, Booz-Allen, were examined. Additionally, recent changes in the Metropolitan Police Department were discussed.

b. Benefits.—(Also see H.R. 2015) There had been major changes in the Metropolitan Police Department during 1997. Prior to the Booz-Allen report, crime had gone up in the District while it had gone down in the country and in other major cities. The upsurge in crime prior to the Booz-Allen report occurred despite the fact that population in the District had gone down. That trend had now been reversed. The Office of Chief of Police was now much more in charge of the Department, including promotions, and the number of homicides and other major crimes were down. At the same time, also as a result of information prepared by Booz-Allen, major changes had been made in the homicide unit. There were disturb-

ing reports of excessive overtime, closure rates that were unacceptably low, and "secrecy pledges" that were apparently being applied to other law enforcement agencies. The subcommittee sought a clear explanation of those matters as part of its oversight responsibility.

c. Hearings.—The subcommittee held a hearing entitled, "Oversight of District of Columbia Metropolitan Police Department and the Booz-Allen MOU," on September 26, 1997. Those providing testimony were Mr. Larry D. Soulsby, chief, District of Columbia Metropolitan Police Department; Dr. Gary Mathers, senior vice president, Booz-Allen & Hamilton; Judge Eugene N. Hamilton, Chief Judge, District of Columbia Superior Court; Ms. Mary Lou Leary, acting U.S. attorney, District of Columbia.

4. District of Columbia Public School 1997 Repair Program and Facilities Master Plan.

a. Summary.—The purpose of this subcommittee investigation was to highlight the good efforts of local school officials to achieve some positive results in helping students obtain a quality education and to caution for the care needed to the overall recovery of positive results in helping students obtain a quality education.

b. Benefits.—(See H.R. 2015) School closings of the prior year placed the school in a primary characteristic of turmoil. The Control Board had to deal with school closings, a school-by-school assessment, and an excruciating court case. School repair work was expected to be done during the summer of 1997 and it was never anticipated that all schools would have to be repaired by the opening day of classes. When D.C. Superior Courts ruled that no work could be done when anyone was inside the buildings, the crisis accelerated and deepened. There were virtually daily court hearings, and new buildings were found to require repairs. And the same people responsible for the repairs were also responsible for the school children and for procurement. Throughout this difficult time it was unclear exactly how much money would be available. There was some concern that the General Services Administration was not utilized, despite explicit congressional authority to employ their expertise. There was concern that the school officials were "non cooperative." The hearing focused on addressing the concerns mentioned in addition to the Facilities Master Plan.

c. Hearings.—The subcommittee held a hearing entitled, "D.C. Public School 1997 Repair Program and Facilities Master Plan," on January 23, 1998. Those providing testimony were: Ms. Mary Filardo, director, 21st Century School Fund; Mr. William R. Lawson, FAIA, Assistant Regional Administrator, Public Buildings Service, General Services Administration; Mr. Jonathan Miller, project manager, Daniel, Mann, Johnson, & Mendenhall Architects; Dr. Andrew Brimmer, chairman, District of Columbia Financial Responsibility and Management Assistance Authority; Mr. David Cotton, Cotton and Co., LLP; Mr. Anthony Williams, chief financial officer, government of the District of Columbia; Mr. Ed Stephenson, chief financial officer, District of Columbia Public Schools, Dr. Bruce MacLaury, chairman, District of Columbia Public School Emergency Trustee Board; General Julius Becton (USA, Ret), chief executive officer, District of Columbia Public Schools; General

Charles Williams (USA, Ret), chief operating officer, District of Columbia Public Schools.

5. Management Reform—Cost, Savings, Net.

a. Summary.—The purpose of this investigation was to review management reform in the District of Columbia in accordance with Public Law 105–33, National Capital Revitalization and Self-Government Improvement Act of 1997. The responsibility of the D.C. Control Board was increased by this law, transferring the authority of nine of the District's major agencies to the board.

b. Benefits.—The hearing highlighted information on decisions made about management reform plans, scheduling of implementation, costs associated, regulatory reform and roles of the chief management officer.

c. Hearings.—The subcommittee held a hearing entitled, "Management Reform—Cost, Savings, Net," on January 30, 1998. Those providing testimony for this hearing were: Marion Barry, Mayor, District of Columbia; Linda Cropp, council chair, District of Columbia City Council; Dr. Andrew Brimmer, chairman, District of Columbia Financial Responsibility and Management Assistance Authority; Dr. Camille Barnett, chief management officer, District of Columbia; Mr. Anthony Williams, chief financial officer, government of the District of Columbia; Mr. David Schlein, national vice president, District 14, American Federation of Government Employees; Mr. Chuck Hicks, president and acting executive director, Council 20, American Federation of State, County, and Municipal Employees.

6. Fiscal Year 1997 District of Columbia Audit Report and CFO Oversight.

a. Summary.—The purpose of this investigation was to focus on the degree of improvement of the District's fiscal picture during the last year by reviewing the Comprehensive Annual Financial Report [CAFR].

b. Benefits.—One of the most important benefits of this hearing included oversight of the Office of the Chief Financial Officer [CFO]. The District of Columbia Financial Responsibility and Management Assistance Act of 1995 (enacted on April 17, 1995) was intended in part to eliminate budget deficits and management inefficiencies in the District of Columbia government. The act established the Office of Chief Financial Officer for the District of Columbia. The following year, Congress enacted the 1996 Budget Act, which included a section expanding the CFO's authority by transferring all budget, accounting and financial management personnel in the executive branch of the District government from the Mayor's authority to the CFO.

c. Hearings.—The subcommittee held a hearing entitled, "Fiscal Year 1997 District of Columbia Audit Report and CFO Oversight," on February 11, 1998. Those providing testimony were: Edward DeSeve, Acting Deputy Director, Office of Management and Budget; Mr. John Farrell, partner, KPMG, Peat Marwick, Marion Barry, Mayor, District of Columbia; Linda Cropp, council chair, District of Columbia City Council; Dr. Andrew Brimmer, chairman, D.C. Fi-

nancial Responsibility and Management Assistance Authority; Mr. Anthony Williams, D.C. chief financial officer.

7. District of Columbia Public School Census and Enrollment Oversight.

a. Summary.—The purpose of this investigation was to determine the number of students enrolled in the D.C. Public School System.

b. Benefits.—The purpose of this hearing is to address matters involving past and present issues related to student enrollment counts and the procedures implemented to determine those enrollment statistics for the District of Columbia Public Schools. This hearing will also examine the findings documented in the report of the U.S. General Accounting Office issued in August 1997, which evaluated the accuracy of the enrollment count process that DCPS utilized in school year 1996–1997. The GAO report was specifically requested by this subcommittee.

Additionally, testimony is expected to include the results of a follow-up review by GAO, of the procedures utilized by DCPS to determine the 1997–1998 student enrollment count, and the conformance with the findings, conclusions, and recommendations which were included in the August 1997 report.

c. Hearings.—The subcommittee held a hearing entitled, "District of Columbia Public School Census and Enrollment Oversight," on March 13, 1998. Those providing testimony were: Ms. Cornelia Blanchette, Associate Director, Education and Employment Issues, Health, Education, and Human Services Division, U.S. General Accounting Office; Mr. George Grier, principal, the Grier Partnership; Mr. Richard Wenning, director, Department of Educational Accountability, District of Columbia Public Schools; General Julius Becton, chief executive officer and superintendent, District of Columbia Public Schools; Dr. Joyce Ladner, District of Columbia Financial Responsibility and Management Assistance Authority; Dr. Bruce MacLaury, chairman, District of Columbia Public School Emergency Board of Trustees; Mrs. Wilma Harvey, president, District of Columbia Board of Education.

8. Oversight on the Academic Plan for the District of Columbia Public Schools.

a. Summary.—This investigation reviewed the current status of the development and implementation of an academic plan whose goal is to improve student achievement in the District of Columbia Public Schools.

b. Benefits.—Benefits included determining the current status of the development and implementation of an academic plan whose goal is to improve student achievement in the District of Columbia Public Schools. Issues which impact academic achievement, including but not limited to, the curriculum, support infrastructure, teacher certification, continuing education for educators and administrators, student promotion policies, short-term and long-term academic goals and objectives will be discussed.

c. Hearings.—The subcommittee held a hearing entitled, "Oversight on the Academic Plan for the District of Columbia Public Schools," on April 3, 1998. Those providing testimony were: Ms. Pa-

tricia Harvey, senior fellow and director of Urban Education, National Center on Education and the Economy; Ms. Marlene Berlin, Ad-Hoc Parents Coalition; Ms. Delabian Rice-Thurston, Parents United for the D.C. Public Schools; Linda W. Cropp, chairperson, District of Columbia City Council; Dr. Joyce Ladner, D.C. Financial Responsibility and Management Assistance Authority; Dr. Bruce MacLaury; chairman, D.C. Public Emergency Board of Trustees; General Julius W. Becton, chief executive officer and superintendent, District of Columbia Public Schools; Mrs. Arlene Ackerman, chief academic officer, District of Columbia Public Schools.

9. District of Columbia Metropolitan Police Department Oversight and Federal Law Enforcement Assistance.

a. Summary.—The purpose of this investigative hearing was to provide an introduction of the new police chief in Washington, DC and information concerning his plans for the department. The subcommittee was concerned about community policing and systemic improvements in law enforcement in the District. An emphasis also included information on strategies to improve public safety by the Metropolitan Police Department and the role that some of the Federal police forces have in local anti-crime efforts.

b. Benefits.—N/A.

c. Hearings.—The subcommittee held a hearing entitled, "District of Columbia Metropolitan Police Department Oversight and Federal Law Enforcement Assistance," on May 8, 1998. Those providing testimony were: Mr. Charles H. Ramsey, chief of police, District of Columbia Metropolitan Police Department; Mr. Stephen Harlan, vice chairman, District of Columbia Financial Responsibility and Management Assistance Authority; Mr. Gary Abrecht, Chief of Police, U.S. Capitol Hill Police; Mr. John L. Barrett, Special Agent-in-Charge, Criminal Division Washington, DC Field Office, U.S. Federal Bureau of Investigation; Mr. Peter J. Dowling, Special Agent-in-Charge, Washington, D.C. Field Office, U.S. Secret Service; Mr. Peter F. Gruden, Special Agent-in-Charge, Washington, DC Field Office, U.S. Drug Enforcement Administration.

10. New Washington Convention Center.

a. Summary.—The purpose of the this investigation was to review the legislation enacted by the District of Columbia City Council, signed by the Mayor of the District of Columbia and approved by the District of Columbia Financial Responsibility and Management Assistance Authority (D.C. Control Board) regarding the financing plan for the Washington Convention Center. The subcommittee also considered congressional legislation to authorize the Convention Center Authority to issue bonds and waive the 30 legislative days waiting period for Council enactments to go into effect. Particular interest was focused on the proposed financing mechanism including any potential benefits or risks associated with the project, as well as the process employed to develop this project.

b. Benefits.—N/A.

c. Hearings.—The subcommittee held a hearing entitled, "The New Washington Convention Center," on July 15, 1998. Those who provided testimony were: Mr. Terry Golden, chairman, Washington Convention Center Authority; Dr. Andrew Brimmer, chairman, Dis-

trict of Columbia Financial Responsibility and Management Assistance Authority; Marion Barry, Mayor, District of Columbia; Linda Cropp, chairwoman, District of Columbia City Council; Ms. Gloria Jarmon, Director, Health, Education, and Human Services, Accounting and Financial Management Issues; U.S. General Accounting Office, Mr. Rick Hendricks, Director, Property Development, U.S. General Services Administration, National Capital Division; Mr. Dan Mobley, CAE president Washington, D.C. Visitors.

11. Status of District of Columbia Public School Readiness for the 1998–1999 School Year.

a. Summary.—The purpose of this investigative hearing was to determine the status of the District of Columbia Public Schools [DCPS] related to readiness for the 1998–1999 school year. The hearing examined a number of issues regarding DCPS and the scheduled opening on September 1, 1998. Parts of the focus was on the progress of capital improvements and facility repairs. Other reviews included, but were not limited to, ongoing short term and long term plans, the status of a number of academic related issues and the management structure elements currently being addressed by DCPS.

b. Benefits.—N/A.

c. Hearings.—The subcommittee held a hearing entitled, "Status of District of Columbia Public School Readiness for the 1998–1999 School Year," on August 26, 1998. Those providing testimony were: Mrs. Arlene Ackerman, superintendent and chief executive officer, District of Columbia Public Schools; Mr. Joe D. Howze, acting director, Office of Capital Improvements and Assets District of Columbia Public Schools; Colonel Bruce A. Berwick, Commander and District Engineer—Baltimore District U.S. Army Corps of Engineers; Mr. Nelson Alcalde, Regional Administrator—National Capital Region, U.S. General Services Administration; Mrs. Constance Newman, vice-chairman, District of Columbia Financial Responsibility and Management Assistance Authority; Ms. Elois Brooks, deputy superintendent, District of Columbia Public Schools; Ms. Maudine Cooper, chairman, District of Columbia Public Schools Emergency Transitional Board of Trustees; Ms. Wilma Harvey, president, District of Columbia Public Schools Board of Education; Mrs. Constance Newman, vice-chairman, District of Columbia Financial Responsibility and Management Assistance Authority; Ms. Carlotta C. Joyner, Director, Education and Employment Issues, U.S. General Accounting Office.

12. District of Columbia Y2K Compliance Challenges.

a. Summary.—The District of Columbia shares a part of the year 2000 computer problem. The Y2K as it is commonly known presents an enormous challenge for this Nation. It is a management issue of the magnitude which may never have confronted public agencies, private businesses or the citizens of American people ever before. The problem is not new. The requirement to address this matter has been known for years. However, many decisionmakers mistakenly believed that affected systems and devices would be replaced with new technology sufficiently in advance of the dates when the year 2000 issues would become a reality. Simply put,

many computers and other electronic devices are programmed to use only two digits to represent each year. As a result, many computer systems will not be able to differentiate between the year 2000 and the year 1900. In the 1970's and 1980's, it was common practice to program using two-digit dates to save costly computer storage space. Even in the 1990's, old habits are regularly demonstrated: two-digit dates abound in mainframe, client/server, desktop, and process control systems. Programmers and managers making decisions to continue to use two-digit dates obviously failed to recognize, or acknowledge, the magnitude of the issues that the year 2000 problem would create. Government entities face a unique Y2K challenge. Not only does the year 2000 matter require a plan for remediation and testing of all critical systems and processes, but it must be done in a manner so as to insure that there are a continued and uninterrupted delivery of services. The District of Columbia, as is the case with other local and State governments, is responsible for ensuring the health, safety and economic vitality of all of its residents. To accomplish this, efforts must be taken to minimize the risk of failures in both the government and business environments, which included contingency planning for possible failures. Many of these activities are interdependent, and in far too many instances, the recognition level of the potential ramifications is inadequate. Given the complexity of the issue itself, the unique nature of the relationship between the District of Columbia and the Federal Government, and the important role of the District of Columbia within the Metropolitan Washington region, our attention is drawn in a special way to the Y2K challenges that confront the District. The regional compacts which exist among various governmental entities require us to examine these matters in a more comprehensive fashion. Examples include the D.C. Water and Sewer Authority, and the Metropolitan Washington Area Transit Authority. Regional agreement dealing with emergency response and emergency preparedness, along with several health and human services activities, reinforces the need to work together to insure to the extent possible that none of these important public services are jeopardized. Additionally, the transportation and public safety activities which are critical to the ability of the Federal agencies to function efficiently, must be maintained.

b. Benefits.—The subcommittee has worked closely with the new chief technology officer and the city's chief management officer to identify any impediments to the District's ability to achieve successful results in addressing this challenge, and that with the commitment of the Control Board, the City Council, and others, that all sides can collectively improve the potential for a positive result, while minimizing the risk of a less desirable outcome. The results and progress to clearly understand the status of the District's Y2K plan development and implementation, and then pursue an oversight strategy that will keep the subcommittee informed of their progress. Utilities, communications, health services, transportation and public safety, are but a handful of the areas that will require specific strategies and oversight. It is anticipated that future hearings will examine the status of these efforts.

c. Hearings.—The subcommittee held a hearing entitled, "District of Columbia's Year 2000 Compliance Challenges," on October 2,

1998, together with the Government Management, Information, and Technology Subcommittee and the Technology Subcommittee of the Science Committee. Those providing testimony were: Mr. Jack Brock, Director, Information Management Issues, Accounting and Information Management Division, U.S. General Accounting Office; Mrs. Constance Newman, vice-chairman, District of Columbia Financial Responsibility and Management Assistance Authority; and, Suzanne Peck, chief technology officer for the District of Columbia.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

1. GAO High-Risk Series.

a. Summary.—The General Accounting Office [GAO] High-Risk Series highlights programs, activities, or agencies particularly vulnerable to waste, fraud, and abuse. GAO compiled the first high-risk list in a letter dated January 23, 1990. The letter responded to a request from the chairmen of the House Government Operations Committee and the Senate Governmental Affairs Committee based on congressional concern that waste, fraud, and abuse were endemic throughout the Federal Government. GAO found that the Government was plagued by serious breakdowns in its internal control and financial management systems. If uncorrected, these breakdowns create an environment ripe for waste, fraud, and abuse. The January 23rd letter also found that these serious breakdowns in systems controls had been known, in several instances for many years, but had not been corrected by the agencies. The high-risk series was an attempt to ensure that areas likely to result in material losses are identified, and that appropriate corrective actions are undertaken to stem or minimize the losses. GAO decided to continue monitoring agencies progress in correcting the problems and, in 1993, changed the format from a letter to a series of reports, 17 in all. In 1995, GAO identified 20 high-risk problems. Now, with the issuance of the 1997 series, the number of areas considered particularly vulnerable to waste, fraud, and abuse has risen to 25, including 10 that were on the original list.

Subcommittee Chairman Horn convened a hearing to examine the substantive problems behind the programs on the high-risk series. The subcommittee heard testimony from Gene L. Dodaro, Assistant Comptroller General, Accounting and Information Management Division, accompanied by Keith O. Fultz, Assistant Comptroller General, Resources, Community and Economic Development Division, and Henry L. Hinton, Jr., Assistant Comptroller General, National Security and International Affairs Division, all from the U.S. General Accounting Office.

Mr. Horn opened the hearing by noting the challenges presented by both the areas that have been on the high-risk series since 1990 and the new areas that were added in 1997. He asked for analysis from GAO on the problems that land agencies on the high-risk series and the types of solutions that enable them to improve.

Gene L. Dodaro opened his testimony by focusing on the problems at the Department of Defense and the Internal Revenue Service. He noted that as of 1995, about half of the $70 billion in defense inventory, or $35 billion, was not needed. He further noted

that no major component of the Department of Defense had received a positive audit opinion. In terms of the IRS, he noted that for the past 4 years, GAO has been unable to render an audit opinion at the IRS. The reason is that the IRS has been unable to substantiate the balances of $1.4 trillion in revenues collected with the account balances of individual taxpayers.

Mr. Dodaro also addressed the major information technology projects on the high-risk series, including the tax system modernization at the IRS and the air traffic control modernization effort. He noted the importance of the Clinger-Cohen Act for improving the record on these projects, as well as for addressing one of the major new additions to the high-risk series, the year 2000 problem. He stressed the importance of reform legislation in general, noting the importance of "fully and effectively implementing the legislative foundation established for broader management reforms." Mr. Dodaro emphasized the Chief Financial Officers Act of 1990 and the Government Performance and Results Act of 1993.

b. Benefits.—Publicity is one of the best cures for waste, fraud, and abuse in Government. The high-risk series brings much-needed congressional attention to areas where management is inadequate. Focus on the series and the issues outlined in it provide useful direction for implementation of important reform legislation. According to the General Accounting Office, areas of waste that can be substantially reduced include:

$6–$20 billion in fraudulent and abusive Medicare claims (1996),

$1 billion in SSI overpayments (annually),

$132 million in tax filing fraud (1995).

c. Hearings.—The subcommittee held a hearing entitled, "Oversight of the General Accounting Office's High-Risk Series," on February 13, 1997.

2. Year 2000 Computer Date Problem.

a. Summary.—Many computers that use two digit date fields will fail to recognize the century date change on January 1, 2000. After midnight on the last day of "99," computers around the world will automatically flash to "00"—and many will interpret these digits as the year 1900 instead of the year 2000. If left unchanged, affected computer systems will be unable to function or send correct and accurate information to multiple systems. This issue must be addressed promptly by industry and government.

The Subcommittee on Government Management, Information, and Technology held its initial hearing on the year 2000 problem on April 16, 1996. The specific focus was on what Federal agencies were doing to prevent a possible computer disaster on January 1, 2000. Kevin Schick of the Gartner Group, expressed concern that "there is no sense of urgency . . . [I]f [Federal agencies] are not already well into this project by October of 1997, [the Government] will be doing a disservice to the very constituents that depend on [it] to prevent something like this from happening to them . . .".

Alarmed by what the subcommittee learned at that hearing, Subcommittee Chairman Stephen Horn and Ranking Member Carolyn Maloney sent a joint congressional oversight letter on behalf of the subcommittee. The letter was addressed to each Cabinet depart-

ment and 10 additional agencies. The April 29, 1996, letter asked 13 detailed questions intended to learn the status of each agency's preparation for the year 2000.

The overall response the subcommittee received was discouraging. Only 9 of the 24 agencies responded that they had a plan for addressing the problem. Five of the agencies had not even designated a specific official within the agency to be responsible for the problem. No agencies had complete cost estimates for fixing the problem. Only seven agencies even had partial estimates. Efforts at the Departments of Energy and Transportation were so primitive that neither could answer any of the 13 questions posed by the April 29th letter. Many agencies with direct responsibilities for furnishing services to the public, such as the Departments of Labor and Veterans Affairs and the Federal Emergency Management Agency, had only the most limited year 2000 initiatives underway.

Appearing before the House Appropriations Subcommittee on Treasury, Postal Service and General Government on March 11, 1997, the Director of the Office of Management and Budget committed to furnishing Congress with a quarterly report on Federal progress toward correcting the year 2000 computer problem. The first quarterly report was transmitted to Congress on June 23, 1997. It was based on data provided to OMB by all major departments and agencies on May 15, 1997.

The subcommittee convened three hearings on this issue. The first hearing drew, in part, on agency responses to a January 14, 1997 oversight letter to each of the statutory department and agency Chief Information Officers. Witnesses included the following agency Chief Information Officers: Ms. Liza McClenaghan, Department of State; Assistant Secretary Emmett Paige, Department of Defense; Ms. Patricia Lattimore, Department of Labor; Mr. John J. Callahan, Department of Health and Human Services; Associate Deputy Secretary Michael Huerta, Department of Transportation; and Mr. Mark D. Catlett, Department of Veterans Affairs. In addition, Joel C. Willemssen, Director, Accounting and Information Management Division, General Accounting Office, testified about GAO's work on the topic.

Mr. Horn opened the hearing with reference to the January 14 letter that requested information from each agency on its year 2000 plans, noting that "the quality of the response varies widely." Mr. Horn outlined three questions every agency must answer:

1. Have you defined the size and scope of the problem?
2. Do you know how and when the fixes will be made?
3. Have you identified mission critical systems and set clear priorities for action?

Mr. Horn expressed grave concern that 12 of the 14 Federal Departments plan to implement their solutions in the final 3 months of 1999.

Joel C. Willemssen's testimony focused on GAO's newly-released report: "Year 2000 Computing Crisis: An Assessment Guide." The purpose of the report was to provide a useful framework for agency managers to use in planning and implementing their year 2000 programs. Ms. Liza McClenaghan, Chief Information Officer for the Department of State, testified that the Department of State had accurately defined the year 2000 problems if faced. She reported that

57 of the 85 mission-critical systems were not year 2000 compliant. She estimated the total cost of the year 2000 problem for the State Department at $135.2 million. She stated that the strategy included integrating year 2000 fixes into a larger plan for modernization of information technology infrastructure.

Assistant Secretary Emmett Paige, Department of Defense, testified that the DOD was "far down the road to completing" the assessment phase. He pointed to the Defense Integration Support Tools, or DIST, as a management tool to track essential information regarding DOD systems. He also noted that the DOD was reprogramming resources from all areas for use in solving the year 2000 problem and asked that Congress reduce the drain on resources by lowering the number of special reporting requirements.

The subcommittee's second hearing on the year 2000 problem in 1997 extended the focus beyond standard computer systems to survey other affected technologies, including a variety of consumer products. Witnesses testified on the year 2000 risks associated with embedded microprocessors. Many critical technology systems depend on automated devices that control their operations. These can include security systems for badge readers, surveillance and home security systems, medical devices, factory machinery, and telephone systems. Problems associated with date calculations in these devices can result in various malfunctions or shutdown.

At the hearing, Bruce Hall, research director for the Gartner Group, explained the "time horizon to failure" issue. Ann Coffou, managing director, Giga Group, testified on the problems with embedded microchips. Vito Peraino, an attorney with Hancock, Rothert & Bunshoft, covered the potential for year 2000 liability claims. Harris Miller, president, Information Technology Association of America, testifying about his organization's certification program for the year 2000 software conversion process. Following the hearing, the chairmen and ranking members of the two subcommittees sent an oversight letter to department and agency heads to determine whether the agencies were assessing their vulnerability to the embedded chip problem.

The subcommittee's third hearing on the year 2000 problem in 1997, once again held jointly with the Technology Subcommittee, evaluated Federal department and agency progress on the basis of the quarterly progress report provided to Congress by the Office of Management and Budget. At this hearing, committee members called upon the executive branch to attach far greater priority to the year 2000 effort.

Subcommittee Chairman Horn opened the hearing by stressing the importance of high-level attention for progress on this problem. With the Office of Management and Budget as lead witness, he asked: "Has the President of the United States made this an issue? He is one of the great communicators of this century. We need him to awaken the Nation to this very serious situation." He also asked whether agency timetables were realistic and adequate to solve the problem before the unmovable deadline of midnight, December 31, 1999, and whether agencies have sufficient management processes in place to monitor their year 2000 efforts. He asked these questions in the context of the disappointing news reflected in OMB's quarterly report, which showed that some agencies with critical re-

sponsibilities for providing public services were stuck at the starting gate. As of May 15, noted Mr. Horn, fully 18 out of 24 agencies had yet to finish assessing the vulnerability of their computer systems to the year 2000 problem; 10 out of 24 agencies had yet to complete any testing of software changes. Mr. Horn stated that these were discouraging and worrisome statistics.

Sally Katzen, Administrator, Office of Information and Regulatory affairs, Office of Management and Budget, testified that the administration's estimate for governmentwide cost of preparing its computers for the date change had risen to $2.8 billion, from $2.3 billion in February. Despite this, she insisted that the Government was on track to complete all necessary fixes before January 1, 2000. Her prepared testimony concluded that "the year 2000 computer problem will be a non-event." She testified that "we will all breathe a very happy sigh of relief on December 31st, 1999."

Joel Willemssen, Director of Accounting and Information Management Division, General Accounting Office, was much less optimistic. He testified that based on the latest information, Federal agencies simply did not have enough time to complete all necessary fixes. He strongly urged agencies to prioritize so that critical systems are fixed in time.

Joe Thompson, Chief Information Officer, General Services Administration, testified that the General Services Administration is working to raise awareness of the year 2000 problem throughout the government. He reported that GSA's Federal Supply Service has notified manufacturers and service and equipment providers that all products sold to the Government must be year 2000 compliant.

Kathleen Adams, chair of the Interagency Year 2000 Subcommittee of the Chief Information Officers Council and Assistant Deputy Commissioner for Systems, Social Security Administration, testified on the role of the Interagency Year 2000 Subcommittee. She reported that the year 2000 subcommittee is developing a database that will contain information regarding whether commercial-off-the-shelf software presently in use in Federal agencies will function properly after the date change. She stressed that although the efforts like this database can help, the responsibility for success or failure ultimately lies with the Chief Information Officer of each agency and with OMB.

b. Benefits.—The year 2000 problem is going to be expensive to the taxpayers, but how expensive depends on how quickly officials step up to the problem. Administration cost estimates are already nearing $4 billion, and figures in this range have been deemed dramatically low by a variety of experts. The ultimate cost depends to a great extent on how early and how efficiently the Government can address the problem. The costs associated with fixing this labor-intensive problem will rise significantly as the date change nears. Furthermore, failure to repair computers before the date change will bring a variety of costs of untold proportions. It is therefore critical that the fixes are made and made early. Effective efforts to expedite this process will save the taxpayers considerable amounts of money.

Potentially even more significant that the financial toll of a delayed response to the year 2000 problem is the danger of failure.

It is very difficult to determine the exact consequences of inaccurate date computations in most computer programs. Despite this, or perhaps because of it, preparations for the date change are crucial. Failure to make the necessary fixes puts citizens at risk of everything from late social security checks to unsafe travel conditions.

c. Hearings.—The Subcommittee on Government Management, Information, and Technology held three hearings on this issue in the first session of the 105th Congress: (1) "Will Federal Government Computers Be Ready for the Year 2000?" February 24, 1997; (2) "Year 2000 Risks: What Are the Consequences of Information Technology Failure?" March 20, 1997, held jointly with the Subcommittee on Technology of the Science Committee; (3) "Will Federal Government Computers be Ready for the Year 2000?" July 10, 1997, held jointly with the Subcommittee on Technology of the Science Committee; (4) "Russia's Year 2000 Problem," October 17, 1997, a field hearing held in Beverly Hills, CA; (5) "Oversight of the Federal Government's Year 2000 Efforts," March 18, 1998; (6) "Status Update on the Year 2000 Problem," June 10, 1998; (7) "Year 2000: Biggest Problems and Proposed Solutions," June 22, 1998; (8) "Oversight of the Year 2000 Problem: Lessons to Be Learned from State and Local Experiences," a series of field hearings held in New York City; Dallas, TX; New Orleans, LA; Lakewood, OH; Indianapolis, IN; and Palatine, IL; (9) "Y2K: What Every Consumer Should Know to Prepare for the Year 2000 Problem," September 24, 1998, held jointly with the Technology Subcommittee of the Science Committee; (10) "Y2K: Will We Get There On Time?," September 29, 1998, held jointly with the Transportation Committee and the Technology Subcommittee of the Science Committee; and (11) "District of Columbia's Year 2000 Compliance Challenges," October 2, 1998, held jointly with the Technology Subcommittee of the Science Committee.

3. Implementation of the Government Performance and Results Act.

a. Summary.—The American voters have made it clear that they think the Federal Government is too often ineffective, inefficient, and overly expensive. Real reform must involve fundamental changes in how the Government operates, beginning with the adoption of effective management techniques from the private sector. Outcome-oriented or results-driven performance management strategies adopted from the private sector are the driving force of the Government Performance and Results Act of 1993.

The Government Performance and Results Act is the centerpiece of Federal management reform in recent years. In essence, the act requires Federal agencies to ask and to repeatedly answer some very basic questions: What is the agency's mission? What are its goals and how will the agency achieve them? How can the agency's performance be measured? How should that information be used to make improvements? These questions are answered in Strategic Plans, required by the Results Act to be completed for the first time by September 30, 1997. The plans provide the framework for agency's management to examine activities throughout the organization, ensuring that all activities relate to the agency's basic mis-

sion. To Congress, this is an opportunity for a broad discussion about an agency's future direction and program priorities.

In preparation for this historic submission of the first Strategic Plans, the Subcommittee on Government Management, Information, and Technology consulted with the Office of Management and Budget [OMB], House Majority Leader Dick Armey, and a wide range of Federal agencies. The General Services Administration [GSA] was a particular focus of subcommittee efforts.

In August agencies submitted draft Strategic Plans. The plans were reviewed by Congress for legal compliance and quality. The subcommittee was the primary evaluator for GSA and participated with Mr. Armey's staff in the evaluation of all Federal agencies. A large number of agency Strategic Plans were not legally compliant. The quality of these plans ranged from a low of 11 to a high of 62 on a 105 point scale. The GSA Strategic Plan rated an unacceptable 35.

The final Strategic Plan submissions in September were reviewed and evaluated by the same process using the same criteria. Because of the congressional oversight the average score increased by 56 percent from 29.9 to 46.6, with a low of 28 and a high of 75 on a 100 point scale. GSA increased to 40.5 points.

In addition to GSA, the subcommittee paid particular attention to the Strategic Plan of OMB because of OMB's role in guiding the Results Act compliance of all other agencies. OMB's final plan was much improved in packaging and clarity but not in substance. OMB's Strategic Plan does not show the strategy and resources required for high quality Results Act Strategic Plans throughout the Federal Government.

The subcommittee held a series of four hearings on the Results Act in the first session of the 105th Congress. This series of hearings will continue in the second session. The Results Act provides a unique opportunity to view the Federal Government on a comprehensive basis. In this context, the executive branch should seek to identify and set the priorities for the services that must be provided, the activities that must be carried out, and the measurement of the results that are achieved.

The first subcommittee Results Act hearing of the session was held in two parts. In the first part, the subcommittee examined the status of the consultation process required by the Results Act. It anticipated the consultations between executive branch agencies and Congress that would take place during much of 1997 on the content of agency strategic plans. The objective was to take a closer look at what the consultation process would actually involve.

L. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division, testified for the General Accounting Office. Mr. Stevens stressed the importance of the consultation process. He pointed to the string of failed efforts to link results with resources in the Federal Government, including PPBS (the Planning Programming Budgeting System) and zero-based budgeting. The reason they failed, argued Mr. Stevens, was that they each ignored the need for constructive, candid communication and shared goals between branches of the Government. He advised the members of the subcommittee to pay particular attention to engaging the right people in the consultation discussions. Those with

authority over operations need to be involved in the process, as do Members of Congress. He also suggested that strategic plans should be considered dynamic, subject to change and open to criticism by all participants.

The subcommittee also heard testimony from three agencies: the Department of Housing and Urban Development, the Social Security Administration, and the Forest Service. All three were early GPRA pilots. Representatives from these agencies discussed how they were preparing for full GPRA implementation. Dwight Robinson, Deputy Secretary, Department of Housing and Urban Development, testified that HUD has used performance reporting to monitor performance of programs since fiscal year 1994. He emphasized the role of technology by highlighting HUD's use of an application of Lotus Notes software to coordinate program and departmental efforts. He said the application facilitates communication among management levels. He also said it "allows for a system based on resource levels that may be utilized by program areas down to the process level."

The second part of the hearing took place on March 13, 1997. The subcommittee listened to a local government success story with an eye toward the Federal reform effort. The featured program was the substantial reinvention process undertaken by the city of New York under the leadership of Mayor Rudolph Giuliani. The reinvention has involved re-engineering and could extend to privatization of certain government activities. The subcommittee heard about how New York City dramatically improved its management practices and gained nationwide acclaim for its considerable crime-fighting accomplishments.

Mr. Horn opened this part of the hearing by observing that New York's achievement is part of a pattern of change from which the Federal Government should learn. In New Zealand, the Federal Government and local governments include performance measures in their annual financial reports, and in Great Britain the Audit Commission compiles and reports on a series of performance measures for local governments. They have improved the performance of their departments and lowered the cost of doing business. The approach is basic: carefully evaluate each activity, decide whether it furthers the agency's mission, drop it if it does not, and then decide how to perform the essential tasks more efficiently and at a lower cost.

State and local governments in the United States are using performance measures to improve the quality of their services. Several States and local governments in the United States also provide examples of the effective use of performance measurement for management of programs, including Oregon, Minnesota, North Carolina, Florida, and Texas. Prince William County in Virginia has a performance management system for all major areas of service delivery. The Board of Prince William County in Virginia uses performance data to annually update its current 5-year strategic plan and to formulate a new plan that will be more realistic. Portland, OR has a performance reporting system for the city's six largest programs: police, fire, parks, water, sewer, and streets.

Mayor Giuliani testified on the management reforms behind New York City's reduction in crime over recent years. He pointed to re-

organization. Three separate police departments were merged into one, enabling the pooling of resources and efficiency of organization where jurisdictional disputes traditionally hindered action. Mr. Giuliani also pointed to the innovative use of technology in the form of the Compstat program. This program provides the police department with up-to-the-minute statistics on crimes in each of the city's precincts, allowing both immediate response to trends in crime as well as coordinated planning on overall patterns of crime.

The subcommittee's second hearing on the Results Act in 1997 focused on pilot projects required by the law in the early stages of implementation. The Results Act specifies that the Office of Management and Budget shall report on the benefits, costs, and usefulness of the plans and reports prepared by pilot agencies. These pilots are essential to effective implementation of the act. From them the Government will experiment with and learn about three aspects of Federal management reform: performance goals, managerial accountability and flexibility, and performance budgeting.

The law called for a minimum of 10 performance measurement pilot agencies. But instead of 10 or another relatively small, manageable number, OMB created 72. This is troublesome to the subcommittee. At the hearing, Subcommittee Chairman Horn expressed concern that it looks very much as though executive branch attention to this law is being spread too thin. The pilots were meant to provide concrete experiences with success and failure in the implementation of this act. Quantity appears to have become the enemy of quality.

John Koskinen, Deputy Director for Management at the Office of Management and Budget, testified on his Office's reviews of pilot agency efforts to implement the principles of the Results Act. He stated that no element of performance-based management is more important than the strategic plan. They are the foundation and framework for implementing all other parts of the Results Act. According to Mr. Koskinen, OMB issued strong guidance to Federal agencies supporting congressional consultation. Looking ahead, he further reported that OMB has prepared guidance on the preparation and submission of annual performance reports in fiscal year 1999.

L. Nye Stevens, Director of Federal Management and Workforce Issues at the General Accounting Office, testified that implementation of the Results Act had so far achieved mixed results. Mr. Stevens predicted highly uneven governmentwide implementation in the fall of 1997, noting that many agencies did not appear well positioned to provide in 1997 an answer to the fundamental Results Act question of whether programs have produced real results.

GAO found that agencies are confronting five key challenges that were limiting effective implementation of the Results Act: (1) establishing clear agency missions and strategic goals when program efforts are overlapping or fragmented; (2) measuring performance, particularly when the Federal contribution to a result is difficult to determine; (3) generating the results-oriented performance information needed to set goals and assess progress; (4) instilling a results-oriented organizational culture within agencies; and (5) linking performance plans to the budget process.

At the third Results Act hearing, the subcommittee heard testimony from the Office of Management and Budget and the General Accounting Office regarding the content of OMB's Strategic Plan. Gene Dodaro, Assistant Comptroller General, Accounting and Information Division, General Accounting Office, testified on the deficiencies in OMB's August draft Strategic Plan. He also testified on the improvement in OMB's final September Strategic Plan and the remaining deficiencies. Mr. Dodaro cited evidence within OMB's plan to make the distinction between relative strengths in budgeting and serious weaknesses in management. GAO continued to testify concerning the serious weaknesses in the strategy and resources for management tasks. GAO emphasized the lack of assurance that the planned method of coordinating agency efforts via councils would accomplish anything.

Mr. G. Edward DeSeve, Acting Deputy Director of Management at OMB, testified on the compliance and completeness of OMB's final Strategic Plan. He testified that a number of meaningful tasks were accomplished using the method of coordinating councils. He testified that the strategy and resources currently available to OMB were sufficient to accomplish all of OMB's responsibilities.

Subcommittee Chairman Horn questioned Mr. DeSeve concerning "management" as versus "budget" activities at OMB. In particular, he enumerated some of OMB's responsibilities and questioned OMB's capacity to handle all the work. Mr. DeSeve insisted that OMB's strategy of coordinating councils was not due to insufficient resources but a purposeful choice of the best way to achieve management improvement throughout the Federal agencies.

At the fourth and final subcommittee hearing on the Results Act in 1997, testimony was heard from the General Services Administration [GSA] regarding the content of GSA's Strategic Plan. Mr. Dennis J. Fisher, Chief Financial Officer at GSA, testified as to the completeness and quality of the GSA Strategic Plan. Mr. Fisher was personally in charge of the plan's development and attested to its alignment with GSA divisional plans and budgets. Mr. Horn questioned GSA building rental rates, overhead costs, and flexibility.

b. Benefits.—The quality of agency Strategic Plans and their derivative Performance Plans and Performance Reports affects the effectiveness and efficiency of the entire Federal Government. Without strategic plans and actual performance measures against those plans, it is impossible for any large organization to access its success. This is particularly true to Federal Departments and agencies because of the diverse nature of the programs they administer. For a large number of Federal programs it is very difficult to assess their success. It is especially difficult to compare the relative success of duplicate or overlapping programs. Consequently, it is difficult for Congress to determine which programs are worth the American taxpayer's investment; which programs should be expanded because they work well and which programs should be canceled because they do not deliver their intended result.

The subcommittee has conducted hearings to oversee the Government's implementation of GPRA. The subcommittee has made recommendations on how strategic plans should be developed. The subcommittee has made explicit the intentions and expectations of

Congress for the content and quality of GPRA strategic plans. The subcommittee has worked with specific agencies such as GSA and OMB to review their draft strategic plans. Further, because of the special function of OMB in guiding other Federal agencies, the subcommittee has insisted that OMB set serious standards for all Federal agencies to deliver realistic strategic plans and meaningful performance measures.

The subcommittee worked closely with congressional leadership to evaluate the draft strategic plans submitted in August. The critiques provided to the largest 24 Federal Departments and agencies resulted in substantial quality and content improvements in the final strategic plans submitted for September fiscal year end. In fact, the average score for final strategic plans was almost double the score for draft plans.

The quality of agency Strategic Plans and their derivative Performance Plans and Performance Reports affects the effectiveness and efficiency of the entire Federal Government. Further, the quality of Results Act plans affects the ability of Congress to evaluate program adherence to policy, program effectiveness and efficiency, and program duplication, overlap, and waste. Similarly, the administration and the agencies themselves are affected by the quality of their Results Act plans. A small effort by the subcommittee has tremendous leverage in improving Results Act plans and, thereby, performance throughout the Federal Government.

c. Hearings.—The subcommittee held four hearings on the Government Performance and Results Act in 1997: (1) "Government Performance and Results Act Implementation: How to Achieve Results," March 10 and 13, 1997; (2) "Government Performance and Results Act: Status and Prospects of the Results Act," June 3, 1997; (3) "Oversight of OMB's GPRA Strategic Plan," October 6, 1997; (4) "Oversight of GSA's Government Performance and Results Act Strategic Plan," October 8, 1997; and, (5) "H.R. 2883, The Government Performance and Results Act Technical Amendments of 1997," February 12, 1998 (see the legislative section of this report for more on H.R. 2883).

4. Internal Revenue Service Management.

a. Summary.—The Internal Revenue Service has had difficulty adapting to the information and accountability demands of the late 20th century. The subcommittee held two hearings on financial management at the IRS in 1996. Those hearings focused on the IRS's revenue accounting system and the IRS's problems with collections, management of accounts receivables, filing fraud and fraudulent refunds, records retention, tax lien recovery, and unauthorized browsing of taxpayer records by IRS personnel. Despite promises for reform made at those hearings, a steady stream of press reports on feeble management, failed automation, and poor customer service at the IRS continued unabated into 1997.

The list of failed projects at the IRS includes:

- The Tax Systems Modernization project, a $4 billion attempt to modernize the IRS's decades-old computer systems;
- Cyberfile, a project that would have allowed taxpayers to prepare and electronically submit their tax returns from their personal computers;

- Integrated Case Processing, a program that would have allowed IRS representatives to access all the data needed in order to answer taxpayer questions over the telephone;
- the Document Processing System, a system that would have scanned paper documents and electronically captured data for subsequent processing and retrieval; and
- the Service Center Recognition/Image Processing System, the failed document-scanning program that the Document Processing System was designed to replace.

Several important questions must be answered. What does the IRS need to do to get its modernization project back on track? How is the Treasury going to ensure that the IRS embarks on a modernization plan that will work? What sort of milestones or benchmarks should a modernization plan have so that its progress can be monitored? How long do we have to wait to see results? Will the right people be held accountable? How can we overcome obstacles to change such as the organizational culture of the IRS? How do we modify it? How do we make sure that the IRS can manage multimillion-dollar information-technology development projects, even if such projects are given to outside contractors?

The IRS must be accountable. Americans have a right to know whether the agency that collects taxes from their hard-earned money is capable of managing its internal operations in an efficient, fair, and accountable way.

A hearing entitled, "Internal Revenue Service Mismanagement and Ideas for Improvement," was held on April 14, 1997. The subcommittee heard testimony from Lynda Willis, Director for Tax Administration and Policy of the General Accounting Office, who discussed the progress the IRS has made in acting on recommendations submitted by GAO to improve IRS operations. Robert Tobias of the National Treasury Employees Union, presented IRS employees' views on how to restore public and congressional confidence in the IRS. Sheldon Cohen, former IRS Commissioner during the Johnson administration and a National Academy of Public Administration fellow, also testified on information technology challenges at the IRS. Mr. Cohen was Commissioner when the IRS first started to computerize its operations. Deputy Commissioner Michael Dolan provided testimony on the IRS's approach to modernization.

Mr. Horn noted at the hearing that the President was faced with the task of nominating a new IRS Commissioner. Mr. Horn advised the President that he should be judicious in his choice of the new IRS Commissioner. It should not be someone who is simply a CPA tax accountant, or a tax lawyer, but someone who has demonstrable management expertise in providing leadership to large, complex organizations. The President later followed Mr. Horn's advice by nominating Charles O. Rossotti, a technology executive, to the position.

b. Benefits.—Congressional attention to the troubles at IRS are essential if the agency is going to reform. At the heart of IRS's problems is poor management, including poor financial management and poor information technology management. The year 2000 computer software conversion problem is an issue that illustrates the importance of improving management at the IRS. Without serious attention, it may become necessary to add the year 2000 prob-

lem to the IRS failure list. This would be a catastrophe not only for the IRS but for all the other agencies and organizations that depend on IRS information.

c. Hearings.—"Internal Revenue Service Mismanagement and Ideas for Improvement" was held on April 14, 1997.

5. Debt Collection.

a. Summary.—The Debt Collection Improvement Act [DCIA] was signed into law on April 26, 1996, as a part of Public Law 104–134. The DCIA established new tools to assist agencies in collecting debts owed to the United States. It provides agencies incentives to increase collections of delinquent debts while protecting the rights of debtors. It also allows agencies to rely on the expertise of private-sector debt collectors.

The subcommittee held two hearings regarding the implementation of the Debt Collection. The first hearing was entitled "Implementation of the Debt Collection Improvement Act of 1996." Larry Summers, Deputy Secretary of the Treasury, described efforts to reform and modernize the Internal Revenue Service. Summers noted his opposition to an independent Internal Revenue Service and opposition to an oversight board. According to Mr. Summers, no other issue occupies more of his time than debt collection. John Koskinen, Deputy Director, Office of Management and Budget described the challenges, priorities, trends in the debt collection area, and the importance of interagency cooperation. Koskinen was questioned as to OMB's commitment to the debt collection function. Koskinen asserted that debt collection is a priority and that OMB is actively engaged, although the function occurs primarily at other agencies.

Mr. Gerald Murphy, Assistant Fiscal Secretary, Department of the Treasury described the activities within his Department to organize the Treasury Offset Program to intercept payments to delinquent debtors, provide for cross-servicing, draft regulations and other activities intended to promote debt collection. Mr. Steven McNamara, Assistant Inspector General, Department of Education, noted his office's work to identify benefit fraud in the Pell Grant program. According to McNamara, a confidential survey of tax returns was conducted that compared them against stated income. The survey revealed that nearly $200 million in Pell Grants went to ineligible individuals who had lied on their applications.

Mr. Mitchell Adams, commissioner, Massachusetts Department of Revenue, described the effort of the State of Massachusetts to collect delinquent debts including student loans and child support, through wage garnishment. Mr. Adams noted a technically advanced system designed to automate this process.

The subcommittee's second hearing on debt collection was entitled "Oversight of Federal Debt Collection Practices," and held on November 12, 1997. Jerry Hawke, Undersecretary, Department of the Treasury, and Gerald Murphy, Assistant Fiscal Secretary, Department of the Treasury, described the Department of the Treasury's efforts to implement the Debt Collection Improvement Act. The Department was criticized for poor progress and missteps. The Department was unable to produce a timetable for implementation.

David Longaknecker, Assistant Secretary for Postsecondary Education, Department of Education, noted his agency's improvements in debt collection. The department, with years of experience in the area and an excellent team in place, has improved its recoveries of delinquent debts.

John Gray, Deputy Administrator, Small Business Administration, described the SBA's program to collect delinquent debts. These efforts include a large loan sales program that has been the subject of some delays. Mr. Gray indicated that the SBA would begin referring delinquent accounts to the private collection agencies under contract with the Department of the Treasury by January 1998.

The subcommittee convened another hearing on debt collection, entitled "Oversight of the U.S. Department of Agriculture Debt Collection," on March 30, 1998. At this hearing, the subcommittee examined issues relating to debt collection practices at the Department of Agriculture including the agencies' implementation of the DCIA. The Department of Agriculture holds 40 percent of the loans owed the Federal Government, or approximately $100 billion. According to the Department of the Treasury, the Department of Agriculture accounts for 20 percent of the delinquent debts held by major credit agencies and almost 50 percent of the debt which has not yet been referred to the Department of the Treasury for collection action. The Rural Utility Service, a bureau of the Department of Agriculture, lists only $50,000 in delinquent debts in a total portfolio of about $35 billion. The subcommittee was particularly interested in Department of Agriculture loan programs and debt collection efforts. According to recent GAO reports describing the debt collection situation at the USDA, compared with other major credit agencies, the USDA has referred a relatively small amount of debts for cross-servicing and offset.

The subcommittee heard from witnesses from the USDA as well as the General Accounting Office. Ms. Linda Calbom, Director, Civil Audits at the GAO, summarized the findings of a report issued by GAO in September 1997 entitled, "Federal Electricity Activities: The Federal Government's Net Cost and Potential for Future Losses." As part of this report, GAO provided an assessment of the Federal Government's risk of future losses from the Rural Utility Service's electric portfolio. Ms. Calbom's testimony focused on findings from the report concerning substantial write-offs of loans to rural electric cooperatives, likely additional losses from electricity loans considered financially stressed, and the potential future losses of currently viable loans that may become stressed due to high production costs or regulatory or competitive pressures.

The most significant loan write-offs were related to generation and transmission cooperative borrowers who defaulted on loans due to poor business judgment either by underestimating production costs or overestimating customer demand. Further the GAO report concluded that many generation and transmission borrowers have production costs higher than investor-owned or publicly-owned generating utilities which indicated that RUS borrowers may have difficulty competing in a deregulated electricity market.

The second panel of witnesses was comprised of officials from the USDA. These witnesses included Sally Thompson, Chief Financial

Officer; Mr. Keith Kelly, Administrator, Farm Service Agency; Mr. Wally B. Beyer, Administrator, Rural Utilities Service; and Mr. Jan E. Shadburn, Administrator, Rural Housing Service.

Sally Thompson pointed out that while the USDA is the largest user of Federal direct credit, its delinquency rate of 7.2 percent is well below the overall Federal delinquency rate of 20 percent. Ms. Thompson noted that the USDA is taking significant steps to improve the collection of delinquent debts. USDA has actively utilized administrative offsets to collect delinquent debts.

Keith Kelly commented on the progress made by the Farm Service Agency in implementing the provisions of the DCIA. According to Mr. Kelly, at the end of fiscal year 1997, the FSA had a total debt portfolio of approximately $34.6 billion. Mr. Kelly explained that most of this debt is being serviced in a timely fashion. The Farm Service Agency is in the process of making a full transition to the use of the Treasury Offset Program as required by the DCIA and plans to be fully compliant with the Treasury Offset Program in the fall of 1998.

Wally Beyer testified that the Rural Utilities Service has taken the necessary steps to be in full compliance with the DCIA. The RUS has a $31 billion electric loan portfolio. According to Mr. Beyer, the overwhelming majority of RUS financially stressed borrower loans are the result of RUS-financed Generation and Transmission cooperative investments. These loans were made approximately 20 years ago to generate and transmit coal and nuclear power. Moreover, these loans were made at a time when interest rates were in the double digits which has increased the financial burden on these borrowers. RUS has developed an in-house division devoted entirely to financially stressed electric utility borrowers. Only 14 RUS power supply borrowers have entered into debt restructuring negotiation during the past 18 years. Negotiations and the complexity of debt restructuring makes the DCIA's 180 day timeframe for debt recovery impractical.

Mr. Jan Shadburn, Administrator of the Rural Housing Service [RHS] at the Department of Agriculture, explained that implementation of the DCIA by the RHS has been delayed due to the necessity to revise systems and procedures. Mr. Shadburn testified that the RHS has a loan portfolio of over $35 billion. The debt collection tools included in the DCIA has assisted in the efficient and effective management of this loan portfolio.

The subcommittee's fourth hearing on debt collection was entitled, "Oversight of the Implementation of the Debt Collection Improvement Act," held on June 5, 1998. Federal debt collection continues to be a major problem. According to the Department of the Treasury the United States is currently owed $50 billion in delinquent non-tax debt. The Debt Collection Improvement Act of 1996 [DCIA] provided Federal agencies with new tools and incentives to improve Federal debt collection. Agencies, however, have been slow to implement the DCIA. Thus far, the Department of the Treasury has spent $40 million to implement the DCIA, but only $4 million has been collected. This includes $5 million on a computer system which was discarded once completed.

Administrative offset is the withholding of funds owed to a person to satisfy a debt also owed by that person. This is accomplished

by matching the delinquent debtors name and verifying information against the payment records of Federal agencies. The Department of the Treasury's Financial Management Service [FMS] will undertake this offset. Key implementation issues include whether delinquent debts have been referred to FMS by the agencies; whether the payment files include Social Security numbers; the degree of success obtained by these actions; cooperation between OMB, Treasury, and the agencies; and collection results. Early reports indicate that agencies have expressed reluctance and stated that they were unprepared to give FMS the delinquent debt.

In addition, FMS has run into problems building the system for administrative offset. FMS initially built the Interim Treasury Offset Program [ITOP], which was designed as a concept system to demonstrate the feasibility of conducting offsets. FMS then paid a contractor $5 million to build the Grand Treasury Offset Program [GTOP], a more robust system, in the words of the Department of the Treasury, to accomplish a greater range of functions. Once developed, GTOP was discarded, and FMS returned to using ITOP.

At the hearing, the General Accounting Office and the Inspector General of the Department of the Treasury addressed FMS' development of administrative offset systems in some detail. GAO has criticized FMS for lacking an overall concept of operations, functional requirements, and a risk management plan for ITOP. Since GTOP also lacked these plans, there is some concern that ITOP would experience the same problems as GTOP, which cost taxpayers $5 million.

The Department of the Treasury is required under the DCIA to write regulations. The Department also intends to put out guidance on certain issues. There is no formal deadline that the Congress established in passing the DCIA. While the Department of the Treasury has not completed the regulations, 2 years past the date of enactment, the department has made good progress in the last 6 months on drafting regulations.

To date, agencies have referred $16.5 billion for administrative offset and $1.5 billion for collection action. That leaves approximately $10.7 billion that is eligible for referral but has not been referred for administrative offset, and $6.9 billion that has not been referred for collection action.

The subcommittee heard from a number of witnesses from Federal agencies about implementation of the DCIA. The DCIA will largely be implemented by program staff and personnel in the offices of the chief financial officers. It will be audited by the Inspectors General in their respective agencies.

Richard Gregg, Commissioner of the Financial Management Service [FMS], Department of the Treasury, testified on the progress FMS has made in implementing the debt collection provisions of the DCIA. FMS established a management team responsible for implementing the DCIA. The merger of the tax refund offset and the Treasury offset programs, proposed for January 1998 has been delayed until January 1999. FMS and the Internal Revenue Service have worked closely and developed a mechanism for agencies to simultaneously refer debts to both the tax refund offset and administrative offset programs. Mr. Gregg also testified that FMS is working to increase the collection of past-due child support.

As of 1998, 15 States have voluntarily agreed to participate in this administrative offset program to collect past-due child support.

John Hawke, Undersecretary of the Department of the Treasury, testified about the Department of the Treasury's progress implementing the DCIA. Mr. Hawke provided an analysis of the $52 billion in delinquent non-tax debt owed the Federal Government. According to Mr. Hawke, $47.2 billion of the debt is older than 180 days and therefore within the scope of the DCIA.

Richard Calahan, the Acting Inspector General from the Department of the Treasury, testified about an audit performed by the Treasury Office of Inspector General on FMS' efforts to develop the Grand Treasury Offset Program [GTOP]. The audit report concluded that the development of the GTOP was not well planned or well managed. According to Mr. Calahan, FMS has concurred with the recommendations in the IG audit report. The OIG is conducting another review focusing on FMS' overall strategic process. The IG is finding fundamental weaknesses in FMS overall strategic planning process. According to Mr. Calahan, these fundamental weaknesses will need to be corrected if FMS is to be successful in implementing the DCIA.

Gary Engel, Associate Director, Governmentwide Accounting and Financial Management Issues, Accounting and Information Management Division of the General Accounting Office testified about GAO's review of the Department of the Treasury's efforts to collect delinquent non-tax debts through its administrative offset program. Since the subcommittee's oversight hearing on the DCIA implementation held in November 1997, agency referral of delinquent debt to the Department of the Treasury for administrative offset has increased from $9.4 billion to $16.7 billion. This increase is the result of a closer working relationship between the Department of the Treasury and Federal agencies to identify debts that can be referred and to incorporate the debt agencies submitted for the IRS tax refund offset program into Treasury's administrative offset database. A significant amount of debt remains uncollected, in part because Treasury has experienced significant problems developing an administrative offset program system.

b. Benefits.—The role of the Federal Government in the credit markets is enormous. The Federal Government dominates the markets for student loans and housing loans, and has a strong impact on other sectors as well. Effective Federal debt collection practices is essential to protect the interests of the taxpayers, and strong congressional oversight is essential to effective debt collection practices. At this point, the Government is still in the process of implementing the DCIA. There are a variety of steps in the process of implementation that warrant heightened congressional attention.

c. Hearings.—Subcommittee Chairman Horn called two hearings regarding implementation of the Debt Collection Improvement Act, one on April 18, 1997 and the other on November 12, 1997. In addition, (3) "H.R. 4243, Government Waste, Fraud, and Error Reduction Act of 1998; H.R. 2347, The Federal Benefit Verification and Integrity Act; and H.R. 2063, The Debt Collection Wage Information Act of 1997," was held on March 2, 1998; (4) "Oversight of the U.S. Department of Agriculture Debt Collection," was held on

March 30, 1998; and (5) "Oversight of the Implementation of the Debt Collection Improvement Act," convened June 5, 1998.

6. Federal Measures of Race and Ethnicity.

a. Summary.—For the past two decades, the Federal Government had used four racial categories to measure the population: black, white, American Indian or Alaskan Native, and Asian or Pacific Islander. Separately, individuals have also been classified according to Hispanic ethnicity. Since the 1978, these categories have been set forth in the Office of Management and Budget's Directive No. 15—Race and Ethnic Standards for Federal Statistics and Administrative Reporting. Race and ethnic classifications are used for implementation of numerous Federal laws on voting rights, lending practices, provision of health services, and employment practices. The data are also utilized by State and local governments for legislative redistricting and compliance with the Voting Rights Act.

Directive No. 15 has restricted designation of an individual to one of the four racial categories. The major concern with this requirement is that a growing segment of the population can claim multiple racial heritages. It is argued that forcing such individuals to choose just one heritage is unfair to them and an unnecessary inaccuracy in the measurement of race. Proposed solutions included creation of a new category called "multiracial," and, alternatively, allowing individuals to mark more than one of the four traditional categories.

Due to increasing pressure over the measure of multiracial status as well as a variety of other concerns, OMB conducted a 4-year review of Directive No. 15. The review involved four public hearings around the country and three sample surveys to measure the affect of proposed changes. The review was conducted by the Interagency Committee, a task force created by OMB with representation from 30 Federal agencies. The Interagency Committee completed its review of Directive No. 15 and submitted its recommendations to OMB in July 1997. The recommendations were published in the July 9, 1997, Federal Register. The Interagency Committee rejected the proposal for creation of a "multiracial" category but recommended that individuals be permitted to "select one or more" of the current categories of race whenever the Federal Government measures race.

The Interagency Committee argued for its "select one or more" recommendation by observing that the multiracial population is growing. Allowing individuals to identify with more than one race will help to measure the demographic changes more precisely. The Interagency Committee also pointed out that at least 0.5 percent of respondents already mark more than one race in spite of instructions to choose just one. Finally, there is a trend toward reporting more than one race at the State level. Currently five States allow individuals to select a multiracial category or to choose more than one race.

The Interagency Committee provided several reasons for rejecting a multiracial category. First, it found that there is no general consensus on the definition of "multiracial." Second and related, a multiracial category is more likely to be misunderstood by individuals responding to questions on race. Such misunderstanding

would lead to inaccurate responses and therefore less reliable data on race. A third reason is that a multiracial category would require either more space or mode coding.

OMB accepted public comments on the Interagency Committee recommendation for approximately 2 months, after which time it announced its decision to adopt the recommendation with slight modifications. On the multiracial issue, it adopted the "select one or more" recommendation. The changes will be adopted by the Census Bureau during its dress rehearsal for the 2000 census in the spring of 1998.

The subcommittee held a series of three hearings on this issue. The series was entitled, "Federal Measures of Race and Ethnicity and the Implications for the 2000 Census." They took place on April 23, May 22, and July 25, 1997.

The first hearing provided background on the issues involved in Federal measures of race and ethnicity. The subcommittee heard testimony from the Office of Management and Budget, the General Accounting Office, the Department of Education, and the Department of Health and Human Services.

The second hearing featured advocates and opponents of a multiracial designation, including Susan Graham, president, Project RACE; Ramona Douglass, president, Association of MultiEthnic Americans; Karen Narasaki, executive director, National Asian Pacific American Legal Consortium; Harold McDougall, director, Washington Bureau, National Association for the Advancement of Colored People; Eric Rodriguez, policy analyst, National Council of La Raza; and JoAnn Chase, executive director, National Congress of American Indians. The subcommittee heard arguments that the categories of Directive No. 15 did not accurately account for a particular group from U.S. Senator Daniel K. Akaka (D–HI) and Helen Hatab Samhan, executive vice president, Arab-American Institute. The hearing also featured demographic and sociological specialists: Dr. Mary Waters, Department of Sociology, Harvard University; Dr. Balint Vazsonyi, director, Center for the American Founding; and Dr. Harold Hodgkinson, Institute for Educational Leadership.

The third hearing featured testimony on the potential consequences of the Interagency Committee recommendation. Several witnesses focused on challenges presented by the variety of new data created by allowing individuals to select more than one race. The central issue is how this data will be tabulated. One major concern is whether the recommendation, if adopted by OMB, would lead to double counting of individuals who identify with more than one race. This could be a problem particularly in the enforcement of civil rights laws. The Acting Assistant Attorney General for Civil Rights, Isabelle Katz Pinzler, addressed this issue.

b. Benefits.—Federal measures of race and ethnicity are important to many people for a variety of reasons. The data gathered by the Census Bureau and other Federal agencies as well as by school districts and hospitals throughout the country provide essential information to governments, businesses, and a variety of other organizations. Professionals from statisticians to law enforcement officials rely on this data. Furthermore, all individuals have a firsthand experience with this data: they are the ones who provide it. The way the Federal Government decides to measure race and eth-

nicity therefore affects many people at many levels. The decision of whether to make changes to the current standards was a very important one. It was a decision that needed to be considered cautiously and openly. Although ultimately the decision was in the hands of OMB, it first needed the attention of Congress and the American people. The subcommittee's hearings on the issue both broadened and deepened deliberations on the issues involved in the decision.

c. Hearings.—The subcommittee held a series of three hearings on this issue. The series was entitled, "Federal Measures of Race and Ethnicity and the Implications for the 2000 Census." These hearings were held on April 23, May 22, and July 25, 1997.

7. The Post FTS–2000 Telecommunications Contract.

a. Summary.—The FTS2000 contract was first issued in 1988 by the General Services Administration. The contract governs Federal purchases of long-distance telephone services and other ancillary services. By most estimates, it has been successful in reducing Federal telecommunications costs. Prior to the FTS2000 contract, GSA operated a government-owned infrastructure that cost more than standard commercial rates offered by AT&T, MCI and Sprint, the three main long-distance firms. The FTS2000 contract reduced significantly the rate-per-minute charge paid by Federal agencies using the contract, which was awarded to Sprint and MCI.

GSA has worked with the Interagency Management Council [IMC], a group of agency telecommunications experts, in managing the FTS2000 program and planning for the follow-on contract. This planning process was initiated in March 1993. The IMC and GSA solicited input from agency users, industry, and academia for the follow-on contract (FTS2001).

Enactment of the Telecommunications Reform Act of 1996 [TRA] affected planning for the FTS2001 contract by promising to bring a new era of competition to telecommunications. This undermined the justification for a longer-term contract, since a long-term contract awarded now would not allow the Federal Government to benefit from industry consolidation and competition under TRA.

In September 1996, GSA released its then-current strategy for the FTS2001 contract. In response to congressional and industry interest, GSA released a revision of the strategy in February 1997 in the form of a statement of principles rather than a draft RFP. The revision created an opportunity for the eventual contractors in the FTS2001 and MAA programs to compete against each other. A refinement of these principles was issued on April 4, 1997. The refinement governs the contract duration, award process and means of competition, and the inclusion of optional services.

b. Benefits.—The FTS-2000 contract has benefited taxpayers enormously. The follow-on contract will provide a contracting vehicle to allow Federal agencies to obtain better rates for local service. Congressional participation in guiding this process was crucial to achieving the best possible telecommunications deal for the taxpayers.

c. Hearings.—The subcommittee held a hearing on April 30, 1997, entitled, "Oversight of the Post-FTS2000 Telecommunications Contract."

8. White House Management Issues.

a. Summary.—The subcommittee addressed two concerns regarding management of the Executive Office of the President: the status of special Government employees and the lack of a chief financial officer in the White House. The issue of a chief financial officer in the White House was treated through legislation with H.R. 1962 (see Section III. A. Legislation, New Measures for more discussion.)

The continuing spate of allegations about mismanagement at the White House have been frequent reminders of the need for serious, statutory changes in the way the White House is run. H.R. 1966, the "Special Government Employee Act of 1997," updates the definition of a "special Government employee" to cover unpaid, informal advisors. Foremost is the need for accountability and adherence to conflict-of-interest and other disclosure requirements. The White House has a history of using informal associates and advisers who are present in the White House on an ongoing basis and regularly affect public policy, yet who are utterly unaccountable to the public. Americans have a right to know who is influencing policy decisions in the White House. Too often influential associates of the President wield power in the White House yet remain hidden in the shadows and unaccountable to the public. Hearings before the full Committee on Government Reform and Oversight in the last Congress demonstrated that certain associates of the President used their access to President Clinton, the First Lady, and the staff of the Executive Office of the President to promote their own business interests, even to the extent of encouraging the termination of career employees of the White House.

b. Benefits.—Redefining "special Government employee" will shine the light of publicity on back-room advisors. The proposed measure will expand the definition of "special Government employee" to cover unpaid, informal advisors to the President so that they come under the same conflict of interest and financial disclosure statutes as regular White House staff. This proposal would amend the current definition to make it completely clear who comes under conflict of interest and other disclosure requirements. This includes a functional test that focuses on what the advisors actually do and on whether they are involved in the Government's deliberative processes. The bill will help put a stop to abuses of power of the unelected and unaccountable.

c. Hearings.—"Oversight of the 'Presidential and Executive Office Financial Accountability Act of 1997' and the 'Special Government Employee Act of 1997'" was held on May 1, 1997. Representative John L. Mica (R–FL), who in the last Congress introduced H.R. 3452 and is a strong supporter of accountability in the Federal Government, explained why the two bills are sorely needed. Gregory S. Walden, counsel, Mayer Brown & Platt, and former Assistant General Counsel in the White House, and Stephen Potts, Director, Office of Government Ethics, testified on the "Special Government Employee Act of 1997."

9. Executive Branch Information Dissemination.

a. Summary.—The Subcommittee on Government Management, Information, and Technology is a principle congressional guardian of access to executive branch information. The subcommittee's

charter states that it "will ascertain the trend in the availability of Government information and will scrutinize the information practices of executive agencies and officials." The subcommittee oversees Federal information dissemination. Information dissemination programs at the Government Printing Office include the distribution of publications to Federal depository libraries nationwide, cataloging and indexing, and distribution to recipients designated by law. They also include distribution to foreign libraries designated by the Library of Congress, in return for which the Library receives governmental publications from those countries.

The Government Printing Office distributes about 100 million copies of Government publications per year. Approximately 75 percent of all its printing needs are contracted out to private printers. Of the work handled in-house, about half is for Congress. The Government Printing Office currently employs 3,674 employees, fewer than at any time in this century. There is concern that the administration has been reducing public access to information. Specifically, many executive branch agencies are not furnishing copies of the information they produce to the Government Printing Office for dissemination through the Federal depository libraries. Furthermore, there is concern that the administration is allowing many agencies to enter into restrictive distribution agreements that further limit the availability of agency information to the public.

b. Benefits.—Access to information—especially governmental information—is the foundation of an educated citizenry and hence a free society. The Government Printing Office plays an essential role in making governmental information available to the American people. In times of rapid technological advance, it is important that the Government keeps pace with changes—both to maintain availability and to take advantage of time and cost saving measures. Subcommittee oversight in the areas of both information and technology is crucial to this process.

c. Hearings.—"Oversight of the Government Printing Office and Executive Branch Information Dissemination" was held on May 8, 1997. Witnesses from the Government Printing Office were Michael DiMario, the Public Printer, accompanied by Wayne Kelley, Superintendent of Documents. Other witnesses included Daniel S. Jones, president, NewsBank, Inc., who appeared on behalf of the Information Industry Association and Robert L. Oakley, Washington Affairs Representative of the American Association of Law Libraries, who appeared on behalf of a coalition of library associations.

10. The Medicare Transaction System.

a. Summary.—In November 1995, the Subcommittee on Government Management, Information, and Technology and the Subcommittee on Human Resources held a joint hearing that considered, among other matters, how existing information technology processes could be incorporated into the Medicare claims system to more effectively identify fraud. Based on several reports from the General Accounting Office, the subcommittees had serious concerns at that time about the ambitious Medicare Transaction System or MTS. Congressman Horn feared that the Health Care Financing Administration [HCFA] was ill-equipped to manage such a massive

and complex project, and that the costs would outweigh the benefits.

Unfortunately, the fears materialized. On April 4th, the Health Care Financing Administration announced that it was "exploring other options to develop MTS." Moreover, the subcommittees learned in 1997 that HCFA has a serious year 2000 problem. The General Accounting Office wrote a report that includes sharp criticism of HCFA's involvement in the year 2000 software conversion effort of its claims contractors and standard systems maintainers.

b. Benefits.—If the Medicare system is unable to process claims accurately in the year 2000, the impact on Medicare beneficiaries across the country, and indeed the entire health care system, could be catastrophic. Congressional oversight was necessary to get assurances for the American people about the future of Medicare transaction processing as well as the HCFA's management of the year 2000 problem.

c. Hearings.—"Status of the Medicare Transaction System" was held jointly with the Subcommittee on Human Resources on May 16, 1997. Witnesses included Joel Willemssen, Director, Information Resources, General Accounting Office; and Bruce Vladeck, Administrator, Health Care Financing Administration.

11. Total Quality Management.

a. Summary.—Total Quality Management [TQM] is management philosophies that has helped many organizations become more efficient and effective in a very competitive environment. Government has many concerns other than the bottom line, but public and private sector services are inevitably compared in the consumer's mind—and in certain cases Government must compete directly with private companies. It is no surprise that in recent years voters have made abundantly clear their desire for a more efficient and affordable government. TQM strives to achieve continuous improvement of quality through organization-wide efforts based on facts and data. Organizations use quality management principles to determine the expectations of all their customers—both external and internal—and to establish systems to meet those expectations. In recent years, both Federal and State governments have found that they could not attain high quality by using traditional approaches to managing service and product quality. The customer of the Federal Government is the American taxpayer. To satisfy its customer, the Government must design its programs, goods, and services for quality. Furthermore, application of quality management principles to the Government—an organization whose customers are also its owners—presents a unique set of challenges.

The subcommittee sought ideas on how quality management principles might be applied to the special case of the Government with the overall purpose of working toward a more efficient and effective Federal Government. The formal definition of a Total Quality Management company exists in the criteria for the Malcolm Baldrige National Quality Award. This annual award, given since 1988 by the Department of Commerce, recognizes companies that excel in managing for and achieving quality.

b. Benefits.—In our relentlessly competitive global economy, the only constant is rapid change. In this environment, organizations

must adapt or perish. Competitiveness depends on management. The private sector has proven remarkably adept at organizational flexibility. The public sector has been distinctly less successful at changing with the times. The subcommittee has jurisdiction over management in the executive branch and is therefore responsible for examining management philosophies that could help to improve the efficiency and effectiveness of the Federal Government.

c. Hearings.—A hearing entitled, "Total Quality Management" was held on June 9, 1997. Witnesses included Steven Bailey, president of the American Society for Quality Control; Dr. Harry Hertz, Director, National Quality Standards, National Institute of Standards and Technology, Department of Commerce; Nick Juskiw, chief executive officer and president, Trident Precision Manufacturing; Rosetta Riley, president and chief executive officer Sirus 21, Inc.; Rear Admiral (Ret.) Luther Schriefer, senior vice president and executive director, Business Executives for National Security; Lawrence Wheeler, vice president, Programs Systems Management Co., (a division of Arthur D. Little, Inc.); Steve Wall, director, Office of Quality Services for the State of Ohio; Greg Frampton, executive administrator, South Carolina Department of Revenue; Thomas Carroll, National Director for Quality, Internal Revenue Service; and David Cooke, Director of Administration and Management, Department of Defense.

12. Electronic Funds Transfer.

a. Summary.—The Debt Collection Improvement Act [DCIA] was signed into law as a part of Public Law 104–134 on April 26, 1996. The DCIA included provisions that will move Federal payments toward electronic funds transfer [EFT], which includes direct deposit, credit cards, and other forms of electronic payments. This will take place by 1999 unless the EFT requirement represents a hardship for the recipient. Prior to this law, Federal payees had the option of receiving EFT or a paper check in payment of salary, benefit, or other Federal payment due the individual from the Federal Government. Unfortunately, these checks are often forged, counterfeited, stolen, or fraudulent, and are sometimes delayed in the mail or lost.

"Oversight of the Implementation of the Electronic Funds Transfer Provisions of the Debt Collection Improvement Act of 1996," was held on June 18, 1997. During the subcommittee's hearing Mark Catlett, Chief Financial Officer, Department of Veterans Affairs, described the department's efforts to promote the use of electronic payments by the VA's vendors. Vendors have traditionally been reluctant to accept such electronic payments. Currently, governmentwide, only 16 percent of vendors are currently receiving electronic payments. However, the VA has aggressively promoted the use of such payments, and the Department has achieved rates approaching 80 percent. This has eliminated 10 million paper transactions, thus reducing the burden on VA finance office staff.

Marcy Creque, volunteers director, American Association of Retired Persons, described her organization's efforts to ensure that senior citizens are not hurt by the EFT mandate. She noted a telephone survey performed by a contractor for the Financial Management Service. According to this survey, 18 percent of Federal check

recipients do not have bank accounts. By way of comparison, 13 percent of all U.S. households do not have accounts with a financial institution. The reasons vary. Many of those without bank accounts said that they do not have enough money (47 percent), they do not need an account (21 percent), and that bank fees are too high (6 percent). This raises the question of whether financial institutions should provide accounts with no minimum balance amount, and with a large number of free ATM withdrawals and reasonable fees.

b. Benefits.—The EFT requirement to receive benefits electronically will affect millions of Americans in a number of ways in the coming years. It will bring individuals heretofore outside the financial system into the mainstream. It will modernize Federal payment methods. It will give new impetus to electronic smart card products. Above all, EFT will solve the problems of lost, stolen, and fraudulent checks, reduce check-cashing charges for Federal beneficiaries in the amount of $1.6 billion per year, and reduce Federal expenditures by $100 million per year, according to the Department of the Treasury. Congressional oversight of the implementation of EFT is necessary to ensure that these benefits are realized.

c. Hearings.—"Implementation of the Electronic Funds Transfer Provisions of the Debt Collection Improvement Act of 1996" was held on June 18, 1997.

13. Inspectors General.

a. Summary.—Inspectors General serve to protect the integrity of Federal programs and resources. Through their audits and investigations, Inspectors General seek to determine whether program officers, contractors, Federal workers, grantees, and others are conforming with regulations and laws. The Offices of Inspectors General were established by the Inspector General Act of 1978. The Inspector General Act of 1978 (IG Act) consolidated the audit and investigative units within major Federal agencies under a single office and established protections to ensure independence and objectivity. By merging the audit and investigation functions within a single office, the IG Act sought to substantially reduce waste, fraud, and abuse and to make the Federal Government more accountable.

Originally, Offices of Inspectors General [OIGs] were established in the 12 largest Federal departments and agencies. Today OIGs exist in 27 of the largest departments and agencies and in an additional 30 smaller designated boards, commissions, corporations, and foundations (including the Government Printing Office, the only legislative branch statutory IG). These smaller "Designated Federal Entity" OIGs were established by the 1988 amendments to the IG Act.

Inspectors General have enjoyed substantial success in recoveries from investigations and recommendations that Federal funds be put to better use. There is concern, however, that the success of the IGs has come at the expense of long-range strategies that would ultimately lead to an improved government. Critics of the IGs have argued that too much emphasis is placed on securing convictions of fraudulent contractors, for example, and not enough emphasis placed on preventing fraud and waste from occurring in the first place. To carry out their responsibilities, the Offices of Inspectors

General have broad investigative authority. They have access to documents relating to programs and operations within their area of responsibility. They have the ability to administer oaths, affirmations or affidavits and the power of subpoena. Recently, questions have been raised about investigative techniques used by some Inspectors General. In particular, investigative practices by Inspectors General, especially communications with witnesses and witness access to counsel, have come under scrutiny lately.

"Oversight of Investigative Practices of Inspectors General," was held on June 24, 1997. The subcommittee heard testimony from Representatives Lee Hamilton (D–IN) and Porter Goss (R–FL). Four Inspectors General as well as the Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation, also testified.

On Tuesday, April 21, 1998, the subcommittee conducted a hearing entitled, "The Inspector General Act of 1978: Twenty Years After Passage, Are the Inspectors General Fulfilling Their Mission?" At this hearing the subcommittee focused on the role of the Inspectors General, how that role has changed over the last 20 years, problems and issues facing the Inspectors General, and how the Inspector General concept can be strengthened for the future. The subcommittee heard testimony from Senator Susan Collins (R–ME) who discussed the merits of S. 2167 the "Inspector General Act Amendments of 1998", a bill she introduced to enhance the efficiency and accountability of Inspectors General. The subcommittee also heard from both past and present Inspectors General, former congressional staff and OMB officials, the General Accounting Office and Paul Light, Director Public Policy Program of the Pew Charitable Trusts.

b. Benefits.—In fiscal year 1995, the most recent year for which information is available, Inspector General investigations and audits led to $1.5 billion in "recoveries" (fines and reimbursements from individuals and companies that defrauded the Government). In addition, IG recommendations led agency managers to cancel or seek reimbursements of $2.3 billion from contractors or grantees in 1995. IG recommendations also inspired Federal managers to improve plans for spending $10.4 billion—maximizing the return on Federal dollars. In addition, IG accomplishments in fiscal year 1995 include 14,122 successful prosecutions, 2,405 personnel actions, and 4,234 suspensions and debarments of persons or firms doing business with the Government. The effectiveness of the Inspectors General is therefore of obvious interest to Congress and to the taxpayers.

c. Hearings.—(1) "Oversight of Investigative Practices of Inspectors General" was held on June 24, 1997; and (2) "The Inspector General Act of 1978: Twenty Years After Passage, Are the Inspectors General Fulfilling Their Mission?," was held on Tuesday, April 21, 1998.

14. Performance-Based Organizations.

a. Summary.—In September 1995, Vice President Al Gore announced that a series of agencies would be transformed into performance-based, customer-oriented agencies. This transformation will build on existing initiatives that reorient Government agencies

away from focusing on the resources they receive and toward their concrete accomplishments with those resources. Federal agencies need to change their incentives and internal cultures in order to focus on customers and achieving results. Agencies need to be more responsive to citizens at the same time that they account for program costs and safeguard broader public interests. According to the administration, this can be done by creating performance-based organizations that set forth clear measures of performance, hold the head of the organization clearly accountable for achieving results, and grant the head of the organization authority to deviate from governmentwide rules if this is necessary to achieve agreed-upon results.

A Performance-Based Organization is a discrete management unit with strong incentives to manage for results. PBOs commit to clear objectives, specific measurable goals, customer service standards, and targets for improved performance. Once designated, a PBO must have customized managerial flexibilities and a competitively hired chief executive. The chief executive signs an annual performance agreement with the Secretary and has his or her pay and tenure tied to the organization's performance. The British Government, on which the PBO concept is modeled, has found that such agencies improve performance while cutting administrative costs.

The President's 1998 Budget identifies nine PBO candidates. These candidates are in varying stages of preparing legislation and sending it to their respective authorizing committees in Congress. The administration has several prerequisites for becoming a PBO candidate: a clear mission, measurable services, and a performance measurement system in place or in development; a general focus on external, not internal, customers; operations that can be separated from policymaking with a clear line of accountability to an agency head; top-level support to transform the function into a PBO; predictable funding levels that correspond to their business operations. In a PBO, the policymaking and regulatory functions are split from their program operations. The PBO focuses on programmatic operations. However, not all Government agencies are suited to become PBOs. Operations that do not have clear, measurable results should be excluded.

The subcommittee received testimony from Mr. Christopher Mihm, Acting Associate Director, U.S. General Accounting Office, General Government Division, Federal Management and Workforce Issues, who described the conclusions of GAO regarding the British Next Step agencies, upon which the concept of PBO is based. Mr. Mihm stressed that (1) a lack of clarity in the relationship between agencies and their parent departments, (2) an uncertainty concerning who is accountable for performance, and (3) difficulties in developing and setting performance goals, have confronted the British, and may pose similar problems for the United States PBOs.

Mr. Edward Kazenske, Deputy Assistant Commissioner for Patents, Patent and Trademark Office, described the Patent and Trademark Office's [PTO] leadership in seeking a PBO designation. Mr. Kazenske outlined the recent troubled history of the PTO. The turnaround at PTO came in 1982, with the enactment of legislation to increase the agency's fees, gave the agency access to such fees,

and paved the way for self-sufficiency. This set up a "compact" with inventors to: reduce the time required to examine and issue a patent to 18 months; reduce the time required to issue a trademark first action notice to 3 months and to register a trademark by 13 months; to automate the operations of the PTO by the 1990's; and to strengthen the world-wide protection of intellectual property. While David Sanders, Deputy Administrator, Saint Lawrence Seaway Development Corporation [SLSDC], described his agency's proposal to create a PBO by creating incentives to promote individual and agency performance. According to Mr. Sanders, this gives all employees a direct stake in the agency's future for the first time in history.

Mr. Craig Bolick, president of Local 1968 American Federation of Government Employees [AFGE], discussed his organization's opposition to PBO status for the SLSDC. Mr. Bolick opposes the PBO legislation for SLSDC because it would prevent AFGE from negotiating wages and benefits and includes mandatory usage of alternative dispute resolution procedures. AFGE also opposes bonuses for the chief operating officer.

b. Benefits.—As proposals for converting Federal agencies into such PBOs increase, it is extremely important to examine the impact that such proposals will have on the procurement and civil service systems, and to determine the goal of such changes.

c. Hearings.—The subcommittee held a hearing entitled, "Performance Based Organizations," on July 8, 1997.

15. Governors Island.

a. Summary.—Located half a mile off the southern tip of Manhattan, Governors Island is Federal property that was recently declared surplus by the Federal Government. Governors Island consists of 204 acres, with 225 structures totaling 3 million square feet of space ranging from residential to office space. A portion of the island is historic; it includes Fort Jay and Castle Williams, which was built to protect New York harbor. As part of its reorganization plan, the Coast Guard streamlined its base structure and in 1995, announced it would close Governors Island.

As the property returns to civilian use, a number of disposal issues have surfaced, including how to pay for maintenance, and what type of access ought to be allowed. The 1997 balanced budget agreement requires the General Services Administration to sell the island at fair market value. The Congressional Budget Office estimated that the island would yield $500 million if it were sold for the estimated fair market value.

The subcommittee convened a hearing to examine what Federal actions would be necessary between now and year 2000, to ensure that the island does not deteriorate and possible prospects for future projects. Congressman Jerrold Nadler, (D–NY), expressed his interest in seeing increased public space such as hospitals, parks and other public facilities. In addition, Karen Alder of the General Services Adminstration outlined GSA's internal system of property disposal. She described the various possible uses of the land, and stressed that GSA would follow legislation enacted by Congress; however, the ultimate choices for reuse lay with the local authori-

ties. An official from the city of New York, criticized the "fictitious and unattainable $500 million" figure estimated by the CBO.

b. Benefits.—Governors Island is a historic landmark and played a key role in the defense of New York harbor in the War of 1812. The island played an important part in U.S. history and its preservation is an important responsibility of the Federal Government.

c. Hearings.—On July 14, 1997, the subcommittee convened a hearing entitled, "Governor's Island: Options for Reuse after Federal Government Departure."

16. Government-Sponsored Enterprises.

a. Summary.—The Federal Government established the first financial entity known as a Government Sponsored Enterprise in 1916. These entities were created to direct funds to particular sectors of society that seemed to be inadequately served by the private credit markets. Private parties own most of the stock in GSEs, whose traditional function has been to engage in business operations in the private sector to increase the flow of credit to home buyers, farmers, students, and colleges. Although GSEs are authorized or established by Congress, their activities are not included in the Federal budget totals on the grounds that they are privately owned. Due to their special relationship with the Federal Government, however, detailed statements of financial operations and conditions are presented in the President's budget to the extent such information is available. These statements are not reviewed by the President; they are presented as submitted by the GSEs.

There are currently 11 GSEs in operation. They were established by law between 1916 and 1989. Five enterprises operate in the housing area: the Federal Home Loan Banks; the Federal National Mortgage Association (Fannie Mae); the Federal Home Loan Mortgage Corporation (Freddie Mac); the Financing Corporation; and the Resolution Funding Corporation. Four enterprises operate in the agriculture area: the Federal Agricultural Mortgage Corporation (Farmer Mac); the Banks for Cooperatives; the Agricultural Credit Bank; and the Farm Credit Banks. Two enterprises operate in the education area: the Student Loan Marketing Association (Sallie Mae); and the College Construction Loan Insurance Association.

While private parties own all of the stock of most GSEs and they are managed by private individuals, GSEs have strong ties to the Federal Government. The enabling legislation of each GSE specifies its general purpose and authorized transactions. For example, Fannie Mae is chartered to increase housing credit availability by engaging in secondary market and other transactions. The enabling legislation also identifies Federal agencies responsible for prescribing overall policy and regulations for the GSEs and usually provides that a minority of their board members be appointed by the President or another Federal official.

GSEs typically receive their financing from private investors. They issue capital stock and short- and long-term debt instruments, sell asset backed securities (also known as mortgage-backed securities), and collect fees for guarantees and other services. Their principal source of financing is borrowing through the issuance of

debt obligations or the sale of mortgage-backed securities. GSEs generally do not receive Federal appropriations.

As a result of the benefits conferred upon GSEs and the similarity between their debt securities and those of the U.S. Treasury, most GSE debt and mortgage-backed securities are perceived by the credit markets to be guaranteed by the Federal Government. This perception allows GSEs to borrow in the credit markets at interest rates only slightly higher than the rates paid by the Treasury on its borrowings. Furthermore, this perception by the credit markets was enhanced by the Government's 1987 rescue of the Farm Credit System, which at that time was composed of three GSEs. This rescue could ultimately cost the Federal Government $5 billion.

Subcommittee Chairman Horn convened the hearing to examine the evolving role of GSEs. Mr. Jim Bothwell, Chief Economist, U.S. General Accounting Office, described the five criteria for an effective regulator of GSEs: objectivity and arm's length status; prominence in government; consistency in regulation of similar markets; separation of the regulation of primary and secondary markets; and economy and efficiency. Mr. Bothwell noted past examples of regulatory failure, and noted that most GAO recommendations have gone unimplemented.

Mr. Thomas Woodward, Economist, Congressional Research Service, noted that the creation of special benefits or privileges for a GSE are themselves a form of market distortion. While this may be justified in order to ensure that a public purpose is accomplished, it may be wise to periodically review whether the GSEs need their privileges, according to Mr. Woodward.

Mr. Thomas H. Stanton, fellow, Johns Hopkins University, made three main point: (1) that safety and soundness rules must be designed before rather than after a GSE gains political power, since such political power could prevent later imposition of these sensible requirements; (2) the public benefits of a GSE depend upon the quality of ongoing public oversight, since in their markets, the GSE has an incentive to provide profitable services regardless of the presence of a public benefit; and (3) GSE legislation should contain an exit strategy and full disclosure of expenditure to influence the political process.

b. Benefits.—Federal legislation confers a number of benefits on GSEs that are not provided to private companies. Most enterprises have a direct line of credit with the U.S. Treasury, their securities are exempt from Securities and Exchange Commission registration requirements, and their investors' interest income is exempt from State and local taxation. In addition, GSE debt obligations and securities have characteristics that are common to U.S. Treasury obligations. These advantages, combined with their strong impact on credit markets generally, make effective oversight essential.

c. Hearings.—"Oversight of Government-Sponsored Enterprises" was held jointly with the Subcommittee on Capital Banking Markets, Securities and Government Sponsored Enterprises of the Banking and Financial Services Committee on July 16, 1997.

17. Metropolitan Statistical Areas.

a. Summary.—Metropolitan areas are geographic areas that have a large population center together with adjacent communities. The Office of Management and Budget designates and defines metropolitan areas following a set of official standards. Various categories of metropolitan areas include metropolitan statistical areas [MSAs], consolidated metropolitan statistical areas [CMSAs], and primary metropolitan statistical areas [PMSAs]. An MSA consists of one or more counties that contain a city of 50,000 or more inhabitants, or contain a Census Bureau-defined urbanized area that has a total population of at least 100,000 (75,000 in the six New England States).

Additional outlying counties are included in the MSA if they have large numbers (generally 15 percent) of commuters to the central counties and they meet requirements for population density, urban population, percentage growth in population between the two previous decennial censuses, and the number of inhabitants within the urban area that qualifies the MSA.

These designations are used as a framework for the Federal statistical system. They are also used for other reasons. For example, local community leaders use metropolitan area designation to promote the community as a business district. State governments use metropolitan areas to make communities eligible for programs that may be focused on urban or rural districts. The private sector uses metropolitan areas to develop sales territories and market new products. For example, according to USA Today, "having MSA status designation is like having money in the bank because it puts them on marketers "A" lists. Some restaurant chains and big retailers would not even consider coming to a city without MSA designation" (USA Today, August 22, 1996).

Testimony was received from Representatives Tim Holden (D–PA), Bill Remond (R–NM), Duncan Hunter (R–CA), and Maurice Hinchey (D–NY), described the problems communities they represent face in obtaining designation as an MSA. The Honorable Sally Katzen, Administrator, Office of Information and Regulatory Affairs, noted the process by which MSAs are designated and the review process for proposed changes. Mr. Ed Spar, executive director, Council of Professional Associations on Federal Statistics, noted that the private sector users of Federal statistical data ideally want data on the lowest possible geographic area so that it can be aggregated according to the needs of the data user. Finally, Mr. Alvin Marshall, member of the Board of Directors, Schuylkill Economic Development Corp., noted that Schuylkill County was unable to qualify for an MSA designation since heavy strip mining left scarred portions of the land which were unable to support housing, and therefore could not meet the contiguity requirements for the MSA.

b. Benefits.—Since so many private organizations and Government programs are based on the Federal MSA designation, it is important to periodically review this MSA designation process, especially in light of charges that some communities are unfairly affected by the current classifications.

c. Hearings.—The subcommittee held a hearing entitled, "Oversight of Metropolitan Statistical Areas" on July 29, 1997.

18. Statistical Proposals.

a. Summary.—The economic statistics gathered and analyzed by the Federal Government are integral to public and private decision-making. The financial markets rise and fall, Federal aid is determined and distributed, and businesses make a wide variety of decisions all based on the data provided by the Government. Although sound statistics and analysis do not by themselves produce sound public policy, they do provide a necessary foundation from which to identify problems, to evaluate options, and to monitor results. There is widespread concern that Federal statistical agencies could be working more efficiently. The solution may be to consolidate the three main statistical agencies into a single entity. Introduced last Congress as the Statistical Consolidation Act, this measure would create the Federal Statistical Service as an independent agency. The Service would incorporate the Bureau of the Census, the Bureau of Labor Statistics, and the Bureau of Economic Analysis. This proposal directly addresses the need for better coordination and planning among economic statistical agencies. The goal of this and other proposals is to improve the Federal statistical system by reducing the organizational and legal barriers to greater coordination.

b. Benefits.—Given the importance of Federal Government statistics, it is crucial that this data be gathered and processed in the most accurate and timely manner possible. Changes in the structure of the Federal statistical community are necessary if this goal is going to continue to be met in the near future. Substantial changes will require a broad consensus in Congress and throughout the Government. The subcommittee's efforts on this issue are meant to help forge this consensus in order to preserve and improve the integrity and Federal statistics.

The current Federal statistical system is an assortment of more than 70 different entities located within 12 Cabinet departments in the Federal Government. Many of these entities are subject to different data confidentiality requirements which impedes data sharing and contributes to duplicative data collection. Data sharing and the establishment of a Federal statistical service would eliminate the duplication in the collection of statistical data, save valuable resources, and improve the quality of statistical data while protecting the privacy of individuals.

The subcommittee held a hearing entitled, "Oversight of Statistical Proposals," on July 29, 1997. Witnesses included Sally Katzen, Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget; Dr. Edward J. Sondik, Director, National Center for Health Statistics; and Mr. Jay Hakes, Administrator, Energy Information Administration, Department of Energy.

The purpose of this hearing was to discuss various proposals to improve the Federal statistical service. Proposals included consolidating or studying the consolidation of statistical agencies including the Bureau of the Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics, into a single independent agency. Another proposal for improving the quality of Federal statistical data and information was to authorize statistical data sharing between designated statistical agencies.

Representatives from the Office of Management and Budget's Office of Information and Regulatory Affairs testified on the merits of the "Statistical Confidentiality Act," a bill introduced in the 104th Congress by Representative Horn (H.R. 3924). This bill was designed to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records for statistical purposes under strong confidentiality safeguards. The benefits of allowing statistical agencies to share statistical data include reducing the burden on respondents of having to reply to multiple and duplicative requests for information.

The subcommittee also heard testimony from representatives from Federal agencies and from the private sector. Edward Sondik, Director of the National Center for Health Statistics [NCHS] discussed efforts to coordinate statistical data both within the department and across the statistical system. At the NCHS, the Director works with the Department of Health and Human Services' Data Council to integrate the department's statistical efforts and bring a strategic focus to information needs. The lack of uniform medical privacy protections is a special concern that needs to be addressed when considering access to medical records for statistical purposes.

According to Mark Wilson of the Heritage Foundation, to ensure accuracy of responses, respondents need assurances that data they provide to the Federal Government for statistical purposes will not be used for regulation or enforcement. Mr. Wilson opined that consolidation should occur on a functional rather than organizational basis.

The subcommittee held a hearing on March 26, 1998, on the "Statistical Consolidation Act of 1998" and S.1404, the "Federal Statistical System Act of 1997." These pieces of legislation were designed to improve the quality and reliability of Federal statistical data and statistical analysis through organizational consolidation and data sharing for statistical purposes. The bills incorporated many of the suggestions offered at the subcommittee's July 29, 1997 hearing entitled, "Oversight of Statistical Proposals."

The legislation would establish a commission to study whether and how Federal statistical agencies, including the Bureau of the Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics, should be consolidated into a single statistical agency. The bills would establish uniform confidentiality protections and encourage data sharing among statistical agencies for the sole purpose of statistical analysis.

The subcommittee heard testimony from Senator Patrick Moynihan (D–NY) in addition to representatives from the General Accounting Office, former officials from Federal statistical agencies, and representatives from the private sector. Franklin Raines, Director of the Office of Management and Budget, speaking on behalf of the Administration, offered written testimony which was inserted into the record.

At the hearing, Senator Moynihan discussed the need to improve the quality of the Federal statistical system and the benefits of creating a commission to study reorganization. According to Senator Moynihan, the major problems with the current Federal statistical system include impediments to data sharing; burdens on those re-

sponding to requests for information; priority setting; difficulties within the dispersed system; and protecting confidentiality.

Franklin Raines, Director of the Office of Management and Budget, speaking for the administration, supported congressional efforts to enhance the usefulness of the Nation's statistical information. The administration was supportive of provisions of the legislation which allowed statistical agencies to share statistical data and information for statistical purposes. The administration had concerns with proposals to consolidate Federal statistical agencies, but supported the concept of creating a commission to study the idea. Subcommittee staff met with minority staff members as well as the administration to discuss these concerns. The bill introduced by Congressman Horn, H.R. 4620, the "Statistical Consolidation Act of 1998," incorporated many of these suggestions.

The remaining witnesses were generally supportive of consolidation of statistical agencies. Consolidation of statistical agencies would cut down on duplicative efforts to collect statistical information. This is significant since statistical agencies often rely on other agency efforts to compile statistical data. Centralization also makes it easier to develop uniform standards, definitions, classification and integrated time schedules. Furthermore, strengthening the Federal statistical system is needed because responses to requests for information to develop statistical data are down.

c. Hearings.—The subcommittee held a hearing entitled, "Oversight of Statistical Proposals" on July 29, 1997; and on March 26, 1998, the subcommittee held a legislative hearing on "The Statistical Consolidation Act of 1998, and S. 1404, the Federal Statistical System Act of 1997."

19. Defense Surplus Equipment.

a. Summary.—Treatment of Federal surplus personal property is governed by the Federal Property and Administrative Services Act of 1949 [FPA]. There are two categories of surplus property—excess and surplus. Excess property is property that has been declared unnecessary by the owning agency. Once property is declared excess, it is screened for further reuse. If another agency determines that it can use the property, it is reused. If it cannot be used or is not desired by another Federal agency, the property is declared surplus. Once it is declared surplus, the property can be donated for any number of public purposes, such as education or drug interdiction or to municipalities. The FPA authorized State Agencies for Surplus Property to receive equipment as an intermediary for ultimate use by State governments and other entities within a State. The State agencies are funded by charges on recipients of the donated property. Property not donated may be sold.

The Defense Reutilization and Marketing Service [DRMS] was established in 1972 and is part of the Defense Logistics Agency. Its purposes are: (1) to receive personal property (everything except real estate, from battleships to paper clips) from defense units that no longer need the property; (2) to inspect personal property to verify the condition code reported by the reporting agency, to determine whether it needs to be demilitarized (i.e., the military capacity of the item destroyed), and to identify any property needing special handling, such as hazardous waste; (3) to transfer the prop-

erty, at no cost, to other organizations that can use it; and, (4) to sell the remainder of the property unless it has no value or is still a military item. Items with no value can be scrapped and military items need to be demilitarized prior to disposal.

The agency received $25 billion of property last year at its 148 facilities, and employs about 2,500 people. Approximately 50 percent of the property is unusable and must be demilitarized. About 60 facilities handle two-thirds of the volume. The amount of property declared surplus has increased due to base closure and the post-Cold war drawdown. Property sold in fiscal year 1996 by DRMS yielded 1.9 percent of the original acquisition cost.

The subcommittee heard from Representative Nick Smith (R–MI), Bob Lieberman, Assistant Inspector General for Auditing, Department of Defense, and David Warren, Director, Defense Management Issues, General Accounting Office. Noting that the headquarters of the Defense Reutilization and Marketing Service is located in the district of Representative Smith, he asserted that the donation program is inherently unfair, since many States have very small military organizations within them and therefore do not generate substantial volumes of surplus property. Mr. Lieberman described the complexities of balancing the need for maximizing disposal sales and ensuring that dangerous military equipment does not get into the hands of purchasers. The Inspector General has assigned a high priority to logistics issues, and this has led to close scrutiny of the Defense Reutilization and Marketing Service, and Mr. Lieberman points out that many problem areas remain. GAO officials described the disposal process which the Defense Reutilization and Marketing Service follows. This process is governed by laws and regulations that require the Department of Defense to make the best property available to other DOD agencies, other Federal agencies, and a host of other eligible donees who represent State agencies, prior to the sale. This resulted in low market returns.

b. Benefits.—Between $20 and $30 billion in defense personal property is declared surplus each year. The use of this property by the subsequent owner should be a concern of all taxpayers, since the efficiency of the Defense Reutilization and Marketing Service can significantly affect the value of the property.

c. Hearings.—"Oversight of Defense Surplus Equipment and the Activities of the Defense Reutilization and Marketing Service" hearing was held on September 12, 1997.

20. U.S. Customs Service.

a. Summary.—The First Congress passed and President George Washington signed the Tariff Act of July 4, 1789, which authorized the collection of duties on imported goods. It was called "the second Declaration of Independence" by the news media of that era. Four weeks later, on July 31, the fifth act of Congress established the Customs Service and its ports of entry. For nearly 125 years, the Customs Service funded virtually the entire Government, and paid for the Nation's early growth and infrastructure. The territories of Louisiana and Oregon, Florida and Alaska were purchased with Customs revenue. By 1835, Customs revenues alone had reduced

the national debt to zero. The Customs Service currently collects about $20 billion for the Federal Treasury with 19,000 employees.

The agency was restructured in 1995 as a three-tiered organization modelled of people, processes, and partnerships, with the emphasis on service delivery at ports of entry. The Commissioner of Customs, by authority delegated by the Secretary of the Treasury, establishes policy and supervises all activities from the Service Headquarters in Washington, DC. The Customs Service ensures that all imports and exports comply with U.S. laws and regulations. The Service collects and protects the revenue, guards against smuggling, and is responsible for the following: (1) assessing and collecting Customs duties, excise taxes, fees and penalties due on imported merchandise; (2) interdicting and seizing contraband, including narcotics and illegal drugs; (3) processing persons, baggage, cargo and mail, and administering certain navigation laws; (4) detecting and apprehending persons engaged in fraudulent practices designed to circumvent Customs and related laws; (5) enforcing U.S. laws intended to prevent illegal trade practices, including provisions related to quotas and the marking of imported merchandise; the Anti-Dumping Act; (6) enforcing import and export restrictions and prohibitions, including the export of critical technology used to develop weapons of mass destruction, and money laundering; and (7) collecting accurate import and export data for compilation of international trade statistics.

California has traditionally received fewer resources and personnel than ports of entry on the East Coast for the same workload. The North American Free Trade Agreement will bring increased trade with Mexico. The growing economies of the Pacific Rim will bring increased trade with Asia. This makes it more difficult to enforce trade laws and intercept illegal narcotics. When he testified before the subcommittee, Bob Trotter, Assistant Commissioner, Field Operations, U.S. Customs Services, Department of the Treasury, described the agency's strategic plan and its performance-based management initiatives. Mr. Trotter denied that there was a regional disparity in staffing at the Customs Service. John Heinrich, Director, Customs Management Center, U.S. Customs Services, Department of the Treasury, described the challenges to the trade services area from the growth in volume from the Asia-Pacific region and Latin America. Mr. Heinrich described the opportunities of the past few years to increase staffing at airports due to the Consolidated Omnibus Reconciliation Act fees. Ms. Judy Grimsman, president, Los Angeles Customs and Freight Brokers Association, described the need for additional resources in the southern California area and the changes wrought by NAFTA in terms of promoting automation in the trade servicing area. This automation has placed additional duties on importers, according to Ms. Grimsman, but the Customs Service has not completed the automation process. Ms. Grimsman asserted that the Service must complete the automated bonding and air manifest processes in order for such automation to be fully implemented.

In April 1998, the General Accounting Office issued a report examining the allocation of inspectional personnel. In this report, GAO noted that: (1) Customs does not have an agencywide process for annually determining its need for inspectional personnel—such

as inspectors and canine enforcement officers—for all of its cargo operations and for allocating these personnel to commercial ports of entry nationwide; (2) while Customs has moved in this direction by conducting three inspectional assessments, these assessments: (a) focused exclusively on the need for additional personnel to implement Operation Hard Line and similar initiatives; (b) were limited to land ports along the Southwest Border and certain sea and air ports considered to be at risk from drug smuggling; (c) were conducted each year using generally different assessment factors; and (d) were conducted with varying degrees of involvement by Customs headquarters and field units; (3) Customs conducted the three assessments in preparation for its fiscal year 1997, 1998, and 1999 budget request submissions; (4) for fiscal year 1998 and fiscal year 1999, Customs officials stated that they used factors such as the number and location of drug seizures and the perceived threat of drug smuggling, including the use of rail cars to smuggle drugs; (5) focusing on only a single aspect of its operations; not consistently including the key field components in the personnel decision-making process; and using different assessment and allocation factors from year to year could prevent Customs from accurately estimating the need for inspectional personnel and then allocating them to ports; (6) the President's budgets did not request all of the additional inspectional personnel Customs' assessments indicated were needed; (7) the President's fiscal year 1997 budget ultimately requested 657 additional inspection and other personnel for Customs; (8) Customs and Department of the Treasury officials cited internal and external budget constraints, drug enforcement policy considerations, and legislative requirements as the primary factors affecting the number of additional personnel that Customs could ultimately request and the manner in which it could allocate or reallocate certain personnel; (9) further, for fiscal year 1998, the Office of National Drug Control Policy directed Customs to reallocate some of the additional 119 inspectors it requested and was appropriated funds for Southwest Border ports in accordance with the priorities in the National Drug Control Strategy; and (10) finally, Customs could not move certain existing positions to the Southwest Border because Congress had directed Customs to use them for specific purposes at specific ports.

The subcommittee held a hearing entitled, "The Customs Service: Allocation of Inspectional Personnel," on August 14, 1998. At the hearing, the General Accounting Office reported on the allocation of inspectional personnel at Custom Service facilities at various locations around the country. GAO described how inspectional personnel are allocated, recent changes in allocations, and how workloads compare with the allocation of such personnel.

These issues are particularly important because there has been a revolution in the past 50 years with respect to world trade. Any visit to the Ports of New York and New Jersey will show the importance of trade to the region. The massive growth of world trade has led to many high-paying export industries in the United States. Jobs in trade typically pay more than the average job. This huge volume of trade, however, has not been without its difficulties.

For example, the trade in "goods" has also been accompanied by trade in illegal narcotics and herbs; pirated fakes of intellectual

property, including video and music cassettes; and illegal weapons designed for use by international and domestic terrorists. The primary Federal agency with responsibility in these areas is the U.S. Customs Service. The Customs Service ensures that traded goods can be purchased by Americans, and attempts to minimize the illegal imports and exports that threaten our citizens in many ways. The Customs Service assesses the correct duties on trade, bringing in billions of dollars per year, enforces trade quotas for certain sensitive goods, and generally enforces U.S. trade laws.

Each area of the country faces unique threats based upon its proximity to drug source countries and the nature and scope of the trade flows coming into the United States. The subcommittee examined the process by which the Custom Service allocates inspectional personnel, and how those allocations connect to workloads at the various air and seaports.

b. Benefits.—Given the rapid changes inherent in a globalizing economy and the vital role of the Customs Service, it is crucial that this agency is well-managed. Close congressional scrutiny is necessary at this point to ensure that the agency is prepared to adjust to important economic and demographic changes.

c. Hearings.—A field hearing was held in Long Beach, CA, entitled, "Oversight of the Management Practices of the U.S. Customs Service," on October 16, 1997; and "The Customs Service: Allocation of Inspectional Personnel," was held August 14, 1998 in New York City.

21. U.S. Forest Service.

a. Summary.—In the last Congress, a pilot program was authorized for the Forest Service to allow visitors to pay a fee to use park amenities. This pilot is similar to the permanent authority which the National Perk Service possesses to charge fees for visits to National Parks. Previously, the Forest Service had argued that the large number of entry points to National Forests, in contrast to the more controlled National Parks, makes a program of fee collection administratively infeasible.

The Forest Service was created in 1905 to manage public forests and rangelands. Recent legislation reflects the agency's renewed commitment to managing healthy ecosystems and creates more avenues for public participation in agency decisionmaking. Other legislation has strengthened the Forest Service's ability to provide technical, financial, and economic assistance to State and private land owners and other countries. The Subcommittee on Government Management, Information, and Technology has conducted three field hearings discussing topics such as the results of the Forest Service's Consolidated Financial Statement, the status of Forest Service timber sales, the Forest Service's custodianship of the Knutson-Vandenberg Fund (K–V Fund), and the implementation of the Recreation Fee demonstration project.

Representative Charlie Bass, (R–NH), testified that it is important to take into account the views of the local citizens, review services provided within the National Forests by State governments, and ensure that payment-in-lieu of taxes [PILT] are fully funded. Since PILT funds services in which there is a large Federal presence, including roads and fire protection, it is a key funding

priority for States with a large Federal presence. However, according to Mr. Bass, PILT has not been fully funded.

Donna Hepp, Forest Supervisor, White Mountain National Forest, U.S. Forest Service, described her agency's implementation of the pilot fee program at the White Mountain National Forest, citizen comment and reactions to the fee. Generally, respondents to a poll support the notion of fees by a wide margin.

The Government Management Reform Act of 1994 required the Forest Service to produce an audited financial statement. In past work, the General Accounting Office has noted that the Forest Service has taken some positive steps to address the accounting deficiencies cited in the IG's fiscal year 1995 audit report, but that serious problems have been encountered in the initial implementation of a new financial accounting system. Financial management was a major focus of the subcommittee's field hearings in Bellflower, CA and Wenatchee, WA in July 1998. Linda Calbom and Jim Meissner of the General Accounting Office discussed the Forest Services significant financial management problems. The Inspector General of the Forest Service testified that the Forest Service's financial management is so disturbing that it is borderline whether the audit should be considered anti-deficient.

In addition to the Forest Service's financial management, at the field hearings in Bellflower and Wenatchee, the subcommittee also discussed the status of the Forest Service's timber sales, as well as their disbursement and use of trust fund moneys, such as the Knutsen-Vandenberg Trust Fund (K–V Fund). The timber sales program, since it involves the sale of Federal property and the custodianship of funds paid to a Federal Agency, have a strong bearing on the financial audit. The subcommittee heard discussions, in particular, as to how accounting systems that do not accurately capture costs on the timber sales program could create problems when auditors seek to reconcile accounts and determine costs. While the missing or inaccurate data from timber sales can directly affect a financial audit, the Forest Service's disbursement of the Knutson-Vandenberg Fund moneys can also affect a financial audit. The discussions of the K–V Fund at each of these hearings revolved around whether the Forest Service can use the K–V Fund for overhead costs in the central office and for purposes unrelated to Wenatchee, WA. The Forest Service answered concerns that these funds might be administered improperly. Forest Service officials were present at each of these hearings to answer questions regarding the timber sales program and the K–V Fund, as was the General Accounting Office, who have done work in this area and was present for their added expertise.

Many of the witnesses at the three field hearings, including the hearing on October 20, 1997 in Conway, NH, discussed the implementation of the Recreation Fee Demonstration Program to test the collection, retention, and reinvestment of new recreation admission and user fees. The Forest Service declared that this demonstration project tests the feasibility of user fees as a way of helping finance recreation programs on Federal lands. This procedure helps officials determine whether charging fees in this manner provides adequate funding for projects that do not produce enough revenue to help meet their recreation needs.

On the contrary, many witnesses were represented at each of the field hearings in the areas of the Angeles National Forest in California, the White Mountains of New Hampshire, and the Wenatchee National Forest in the State of Washington to discuss the merits or demerits of the Recreation Fee Demonstration Program. Many contest Congress' legislation and the Forest Services implementation of the project, because they feel that these user fees are just another avenue for the government to get money other than taxes, merely a double tax.

b. Benefits.—As Federal agencies move toward more funding through user fees, it is important to examine public accessibility, the use of proceeds, and accountability to taxpayers.

Users of Federal forests have expressed mounting frustration with management at the Forest Service. Subcommittee actions served to review the management issues and respond to genuine concerns among those who value Federal forests. As a result of subcommittee actions, there is heightened awareness of these management issues both in Congress and at the Forest Service itself.

c. Hearings.—A field hearing was held in Conway, NH, on "Management Practices of the U.S. Forest Service: Review of the User Pilot Program" on October 20, 1997; and two additional field hearings on "Management Practices at the United States Forest Service" in Bellflower, CA and Wenatchee, WA on July 7 and 9, 1998.

22. Clinger-Cohen Act.

a. Summary.—The Clinger-Cohen Act of 1996 [CCA] is now 1 year old and the subcommittee held the first congressional oversight hearing on its implementation. (CCA was originally passed as the Federal Acquisition Reform Act of 1996 and the Information Technology Management Reform Act of 1996. These acts are Divisions D and E, respectively, of Public Law 104–106.) The intention of CCA is to significantly improve the effectiveness and efficiency of Information Technology [IT] throughout the Federal Government. CCA has several major components: (1) procurement reform for IT hardware and software acquisition; (2) the requirement for a set of IT plans including a business-driven IT strategic plans and an IT Architecture; and (3) the establishment of the Chief Information Officer [CIO] as a statutory position throughout the Federal Departments and agencies.

CCA procurement reform is moving forward and has been reflected in the Federal Acquisition Requirements that regulate all Federal purchases. Business-driven IT strategic plans and architecture have made little if any progress. The positions of CIO have in general been implemented, however, the quality of work produced by the various offices of CIO is inconsistent. This concern was the subject of a subcommittee hearing.

Further, there is a particular class of IT projects with tremendous potential benefit to the Federal Government that are not being utilized, specifically, cross-cutting IT projects. An example cross-cutting IT project, the International Trade Data System [ITDS], was examined in this hearing. The ITDS project has the potential to deliver a $25 billion a year tax cut to American business involved in international import and export. ITDS would also result in cost savings of hundreds of millions of dollars per year for

the Federal Departments and agencies. Plus, ITDS would improve the effectiveness of Federal agency regulatory enforcement in areas such as illegal immigration, unsafe imported foods, and drug trafficking.

The Federal Government does not have a process whereby such cross-cutting IT projects can be identified, evaluated, funded, housed, supported, coordinated, and implemented. Every aspect is missing. Consequently, the likelihood of such projects being successful or even getting started is very low. The subcommittee made recommendations for improving cross-cutting IT projects based upon the experiences of the ITDS project.

Mr. Gene Dodaro, Assistant Comptroller General, Accounting and Information Management Division of the General Accounting Office, testified about the current shortcomings in CIO positions and incumbents. He further testified to the difficulty of obtaining qualifications information about CIOs. This information has not been forthcoming from OMB. GAO recommended Congress, OMB, and the Federal agencies take action to rectify the situation because of the high leverage impact the CIOs could have upon the effectiveness and efficiency of IT throughout the Federal Government.

The second panel of witnesses represented CIO success stories in selective Federal agencies. Mr. Alan P. Balutis, Deputy Chief Information Officer of the Department of Commerce, testified about a collection of 25 successful IT projects published by the CIO Council. These successful IT projects prove that it can be done. The next step is to understand why these projects were successful when so many others are not.

Ms. Liza McClenaghan, Chief Information Officer for the Department of State, testified about the accomplishments of the CIO Council in setting training requirements and skill targets for IT professionals. This work has lead to improvements in training programs, classroom curriculum, and identification of automated training tools. The next step is to understand the component training plays in developing and retaining an IT workforce in face of increasing competition from the private sector for technically competent employees.

Ms. Anne Reed, Chief Information Officer for the Department of Agriculture, testified about the IT architecture standards that are being established by the CIO Council. There is a long way to go, and nobody wants to create one governmentwide standard, but the start has been well made. The Clinger-Cohen Act requires each Federal agency to develop an IT architecture. The CIO Council is attempting to establish selective IT architecture components across multiple Federal agencies.

The subcommittee also heard testimony on the International Trade Data System [ITDS], a cross-cutting IT project, that could save $25 billion a year of unnecessary paperwork expenses for American businesses. Mr. John P. Simpson, Deputy Assistant Secretary of Treasury for Regulatory, Tariff, and Trade Enforcement of the Department of the Treasury, testified about the national benefits that could accrue from this system. Mr. Michael D. Cronin, Assistant Commissioner of Inspection of the Immigration and Naturalization Service, testified about the increases in productivity

and quality that Customs could achieve because of the ITDS project. Mr. Robert W. Ehinger, Director, ITDS Project Office of the Department of Treasury, testified about the difficulties of getting all relevant Federal agencies to participate in the ITDS project; the improved productivity in the 6 pilot sites already up and running; and planned subsequent steps.

Subcommittee Chairman Horn summarized the lessons learned from the hearing and made recommendations for OMB and Federal agencies to improve IT effectiveness and efficiency for the benefit of Federal programs, their beneficiaries, and the American taxpayer.

b. Benefits.—The Federal Government spends at least $26 billion every year on information technology. This figure represents only the direct cost of IT. It does not count the millions of labor hours spent using IT systems. It does not consider the effects of these IT systems on Federal programs or the American citizens those programs serve.

Private sector experience is that 24 percent of large IT projects are significantly over budget and behind schedule. Experience in the Federal sector is considerably worse—so bad, in fact, that no official figures have even been collected. Subcommittee Chairman Horn has repeatedly asked, "Why do we cancel these projects at the $4 billion level instead of the $400 million or $40 million level. Why can't we cancel these failures at $4 million and save everybody not only billions of dollars but years of frustration and unfulfilled citizen needs?"

The Chief Information Officers are now in place throughout the Federal agencies. By law they are required to report to the head of the agency, to be dedicated full-time to information technology, and to be qualified in terms of large organization and technical experience. Unfortunately, these requirements are not met by well over half of the current CIOs. The subcommittee is pressuring OMB and the Federal agencies to rectify this situation. The effectiveness of the CIOs can make a difference in the billions of dollars of IT expenditures, the success of hundreds of IT projects, and the efficiency improvements achieved by IT in agency programs and service delivery to the American taxpayers.

The International Trade Data System [ITDS] was selected as an example cross-cutting IT project because it has the potential to save American business approximately $25 billion a year in unnecessary paperwork costs. This is the equivalent to a $25 billion a year tax cut or $125 billion over the typical 5 year Federal budgetary planning horizon. The subcommittee made recommendations to Federal agencies in general and this project in particular. The subcommittee was at least partially influential in another congressional committee funding the ITDS project for the first time.

c. Hearings.—"Oversight of the Implementation of the Clinger-Cohen Act" was held on October 27, 1997.

23. Management Practices in State and Local Governments.

a. Summary.—Governments of all sizes throughout the ages have been susceptible to waste, corruption, and inefficiency. The problem has seemed especially bad lately, probably more due to the contrast with our extraordinarily productive and efficient private sector

than for any other reason. The challenge for the Subcommittee on Government Management is how to articulate the practices that make government work to its maximum potential.

The Innovations in American Government Awards Program is funded by the Ford Foundation and administered by the Kennedy School of Government in partnership with the Council for Excellence in Government. It is designed to promote a national conversation about what works in Government. Each year the program receives applications from more than 1,500 Federal, State, and local government programs around the country. Of these, 25 programs are chosen as finalists and 10 of these are selected as winners by the National Committee on Innovations in American Government. The committee makes its selections on the basis of four criteria: (1) originality of approach; (2) effectiveness in addressing important public problems; (3) value to clients; and (4) potential replication in other jurisdictions. The National Committee is chaired by David Gergen, editor-at-large at U.S. News and World Report, and its members include former elected officials, private industry leaders, and journalists.

Innovations awards finalists and winners each receive grants. The awards grant is intended to help successful programs disseminate information to the public as well as to other government agencies looking for ways to address similar problems or to make similar programs work better. The 1997 Innovations winners were announced on October 8.

b. Benefits.—The programs singled-out by the Innovations Program provide an excellent opportunity to consider what works in results-oriented management. The 105th Congress and especially the Government Reform and Oversight Committee have been working hard to oversee and encourage implementation of the Government Performance and Results Act. Another important element of government reform involves looking at successful programs, seeing what factors make them successful, and asking whether those factors can be applied elsewhere. Innovative and effective State and local government programs throughout the country can be seen as laboratories of good governance. The hearing will provide Congress with the occasion to learn from this array of experience.

c. Hearings.—"Management Practices in State and Local Governments: Lessons for Federal Government" was held on October 31, 1997. Witnesses included Susan Berresford, president, the Ford Foundation; David Gergen, chair, National Selection Committee, Innovations in American Government Awards Program; Alan Altshuler, director, Innovations in American Government Program, John F. Kennedy School of Government, Harvard University; Patricia McGinnis, president and chief executive officer, Council for Excellence in Government; Jeff Tryens, executive director, Oregon Progress Board; Paul Evans, commissioner, Boston Police Department; and Elijah West, Jr., Pathways to Teaching Scholar, College of Education, Armstrong Atlantic State University.

24. Federal Advisory Committee Act.

a. Summary.—When it passed FACA in 1972, Congress was explicit in its intention that the law not apply to the National Academy of Sciences [NAS] and similar organizations, such as the Na-

tional Academy of Public Administration [NAPA]. For the last 25 years, it has been the operating assumption of the Academies, Congress, and the executive branch that FACA did not apply to these organizations.

The Federal Advisory Committee Act of 1972 governs the activities of advisory committees created by the Government to obtain expert views and advice and to solicit input from citizens on local issues. The act was designed to address two major concerns. One, advisory committees seemed to be disorganized, duplicative, and generally in need of oversight. Two, committee activities often took place without public participation, making it hard to know whether the committees were really acting in the public interest.

The act addressed these concerns by requiring, among other things, open meetings, involvement by Government officials, balanced membership, and oversight located in the General Services Administration [GSA]. It also established termination dates for committees unless their charters are renewed.

The Committee Management Secretariat at GSA prescribes administrative guidelines and management controls governmentwide; consults with agencies on the establishment of committees; and consults with agencies on comprehensive reviews of advisory committees.

Specific requirements of the Federal Advisory Committee Act include: a determination of need by an agency before it creates a new advisory committee; a committee charter for each committee (written in consultation with GSA, noticed in the Federal Register, and filed with Congress, GSA, and the Library of Congress). In addition, the agency must make plans for fairly balanced membership, place notice of committee meetings in the Federal Register, set procedures for closing meetings, and provide for public access.

The head of each agency that makes use of advisory committees must designate a committee management officer as well as a Federal officer to oversee each committee's activities. The agency head must also conduct an annual review of the need to continue existing committees, ensure that meetings are held at reasonable times and places, and review committee members' compliance with conflict-of-interest statutes.

There are four types of Federal advisory committees: (1) those authorized (but not required) by statute; (2) those required by statute; (3) those created by Presidential directive; (4) those created by an agency under its own authority where the agency determines that a committee is needed to advance the public interest. Currently, 24 percent of advisory committees are authorized by statute; 44 percent are required by statute; 5 percent are created by Presidential directive; and 27 percent exist under agency authority.

In a recent court case brought by the Animal Defense League Fund [ADLF], FACA was interpreted as applying to NAS and by logical extension to NAPA and perhaps to an unknown number of other groups like the American Bar Association that are utilized by the Federal Government. The ADLF and other interested parties sought more public participation in NAS committee processes.

Both Houses of Congress were in favor of clarifying through legislation that FACA does not apply to the NAS. OMB Director Franklin Raines also expressed support for a legislative remedy.

The primary litigants met with the House majority and minority staffs to identify committee process for NAS and NAPA that would provide more public participation without inappropriate requirements for a Federal Government committee as per FACA. NAS and NAPA agreed to modify their committee processes as follows:

1. Post to the Internet for public comment the committee members names, biographies, and brief conflict of interest disclosures when nominated.
2. Invite public attendance at all data gathering committee meetings by posting notice to the Internet.
3. Make public the names and biographies of reviewers of draft committee reports by posting this information to the Internet.
4. Make available summaries of formal committee meetings that are not open to the public.

NAS and NAPA already made their final reports available to the public via the Internet and both will continue to do so. They simply anticipated adding the above to their same Internet web databases. The only remaining issue for resolution was the location of the above list and its exact wording.

In February 1993, President Clinton issued Executive Order 12838. This order directed agencies to reduce by at least one-third the number of discretionary advisory committees (those created under agency authority or authorized by but not mandated by Congress) by the end of fiscal year 1993. Since that time, the number of advisory committees has dropped from 1,305 to 963. Over the same period, however, the cost of these committees has increased by almost 50 percent in constant dollars. The Government spent $178 million on advisory committees last year.

A hearing was held on November 5, 1997. A bill was drafted in consultation with a team of majority and minority staff from both the House and the Senate. The bill, H.R. 2977, was introduced by Mr. Horn on November 9 and passed the House under suspension of the rules on November 10 by voice vote. The bill was then considered by the Senate and passed without amendment by unanimous consent on November 13. The bill was signed into law on December 17, 1997, Public Law 105–153.

In June, the General Accounting Office released a report entitled "Federal Advisory Committee Act: General Services Administration's Oversight of Advisory Committees." GAO found GSA deficient in four main responsibilities: (1) GSA did not ensure that advisory committees were established with complete charters and justification letters; (2) advisory committees were not comprehensively reviewed annually; (3) annual reports were not submitted to the President in a timely manner; and (4) GSA did not ensure that follow-up reports to Congress on Presidential committee recommendations were prepared.

GAO issued a second report that was based on a survey of both Federal officers involved in administering FACA and advisory committee members. The majority of advisory committee members stated that the committees were well balanced in membership, had access to all information that was needed for decisions, and were not asked by agency officials to make decisions based on inadequate or inaccurate data. Of the 19 agencies surveyed, 10 stated that FACA

requirements were more helpful than burdensome. Also, the agencies reported a total of 26 advisory committees that should be terminated.

The subcommittee held a hearing on the Federal Advisory Committee Act on July 14, 1998. Witnesses included L. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division, U.S. General Accounting Office; G. Martin Wagner, Associate Administrator for Governmentwide Policy, General Services Administration; Ruth L. Kirschstein, Deputy Director, National Institutes of Health; Jim Solit, Committee Management Officer, Department of Energy; John Applegate, professor, University of Indiana, and Chair, Fernald Citizens Advisory Board; Clarence J. (Terry) Davies, director, Center for Risk Management, Resources for the Future, accompanied by Thomas C. Beierle, research associate; and Dr. Bruce Alberts, president, National Academy of Sciences.

b. Benefits.—The American people benefit from the expertise and experience of the committees created by the National Academy of Sciences. When confronted by an important problem with key scientific aspects, the Federal Government can commission a study by NAS. At any given point in time approximately 400 such studies may be simultaneously under way. These studies are commissioned by Federal Departments and agencies, Congress, State governments, international bodies, or private organizations. NAS then selects a committee of the most qualified scientists who work for free. These scientific committees are independent of the various parties that may have a vested interest in the outcome of their study, including the Federal Government.

The expertise, experience and independence of the best scientists for each particular problem delivers high quality, objective findings and recommendations. This benefits the Federal agency that commissioned the NAS study and the American people, who are assured that the scientific aspects of the problem are studied free of political pressures. All NAS studies result in a report that is readily available to the public—either by writing NAS or from the Academy's Internet web site.

The National Academy of Public Administration operates in a manner similar to NAS but specializes in matters of public administration rather than science. Again the best expertise and experience is brought to bear for a commissioned study of an important administrative problem. The benefits of NAPA accrue to the Federal agency requesting the study and the American people. Their reports are also publicly available by writing NAPA or from their Internet web site.

The benefits of this particular amendment to FACA are twofold. First, the Federal Government and the American people will continue to benefit from the independent high-quality studies of NAS and NAPA without undue restrictions. Second, the processes used by NAS and NAPA will be more open to scrutiny by all interested parties. The American people can be assured that all NAS and NAPA studies will be conducted in a balanced and objective manner.

Subcommittee actions raised awareness in Federal agencies that many are not making the best possible use of advisory committees.

Furthermore, subcommittee oversight of the General Services Administration helped to improve administration of the Federal Advisory Committee Act.

c. Hearings.—The subcommittee held a hearing on November 5, 1997, entitled, "Oversight of the Federal Debt Collection Practices," and "Oversight of the Federal Advisory Committee Act," July 14, 1998.

25. The Federal Election Commission

a. Summary.—The subcommittee investigated management problems at the Federal Election Commission [FEC]. The FEC was established in 1975 as an independent regulatory agency with the mission of improving the public's confidence in the campaign finance system following the Watergate scandal. Congress created the FEC to administer and enforce the Federal Election Campaign Act [FECA]—the statute that governs the financing of Federal elections. Pursuant to the FECA, the FEC's primary objectives are to disclose campaign finance information to the public; enforce campaign finance laws; administer the public funding of Presidential elections; and to assist State and local governments on election administration.

The FEC has exclusive civil jurisdiction to enforce campaign finance laws. Criminal violations of campaign finance laws are handled by the Department of Justice's Public Integrity Section. In 1993, to address the backlog of enforcement cases and to deal with the increasing complexity of campaign finance law, the FEC established an enforcement priority system. Under this system, the Office of General Counsel ranks cases based on a set of criteria which include the identity of the parties, the nature and complexity of the case, and the importance of the issues involved. Cases that do not meet the criteria are automatically dismissed. Cases that do meet the criteria and involve significant issues can also be dismissed if they linger in the system and become "stale."

The FEC has been criticized for its record on enforcing campaign finance laws. Under the FEC's enforcement priority system, more than two-thirds of compliance cases are dismissed each year. The purpose of the enforcement priority system was to focus the FEC's enforcement resources on the more significant campaign finance issues. Many of these dismissed cases, however, involve significant campaign finance issues. The hearing addressed whether the enforcement priority system has been effective in enforcing the provisions of the FECA.

The FEC also has the responsibility to disclose the sources and amounts of funds used to finance Federal elections. Disclosure helps citizens evaluate the candidates running for Federal office and enables them to monitor committee compliance with election law. The major concern with the FEC's Disclosure Division has been its reluctance to embrace modern technology to maximize efficiency and improve public disclosure. Over the years, Congress has allocated massive amounts of new funds for automation and computerization. Congress has earmarked funding for digital imaging, an automated case management system, and electronic filing. Unfortunately, the FEC has been slow to implement these initiatives.

On March 5, 1998, the subcommittee held an oversight hearing on the management practices of the FEC. The subcommittee was particularly interested in learning how well the FEC is carrying out its disclosure and enforcement responsibilities. Representative Rick White (R–WA) offered suggestions on how to improve the public disclosure of campaign finance activity by increased utilization of modern technology. He discussed the merits of a bill he introduced requiring the FEC to develop a searchable web-site where anyone with access to the Internet could conduct a search of campaign finance activity. The bill would also require campaigns raising over $25,000 to file reports electronically.

The subcommittee also heard from former FEC officials, election law attorneys, and individuals from non-profit organizations. These witnesses testified that automation of the disclosure process would enhance the accuracy of reporting. Political action committee and campaign reports filed with the FEC should be cross-referenced to check for accuracy. For example, if a candidate returns an unsolicited check from a political action committee [PAC], the information needs to appear in the political action committee report as well as candidate report at the FEC.

Kent Cooper, executive director of the Center for Responsive Politics testified that improved disclosure is vital because campaign finance activity moves very quickly and enforcement actions, when undertaken, are completed well after an election is over. Mr. Cooper called for the FEC to do a better job at promoting electronic filing of campaign reports and encouraging the timely notification by political action committees and other contributors if they get a check returned.

FEC Staff Director John Surina testified that two things could be done to improve the accuracy of information on candidate reports and PAC reports. The first would be to harmonize the reporting frequency so PACs and candidate committees are reporting on the same timeframe. Second, electronic filing would cut down on the lag time in data capture and would improve efficiency. The FEC currently is considering a rule which would amend the disclosure forms to separate PAC contributions from other candidate committee contributions.

FEC Chairman Joan Aikens testified that in fiscal year 1998, the FEC received an appropriation of $31,650,000, with $3.8 million earmarked for computerization, and $750,000 earmarked to be transferred to the General Accounting Office for an independent audit of the agency. Chairman Aikens acknowledged that there is room for improvement in the enforcement division of the Office of General Counsel. General Counsel Lawrence Noble defended the FEC's enforcement record and testified that enforcement problems are primarily due to a lack of resources.

Chairman Dan Burton (R–IN) submitted a line of questions on an enforcement case against Howard Glicken (a prominent fundraiser for the Democratic party and a close friend of Vice President Gore) that was dismissed by the FEC. General Counsel Noble testified that the case against Mr. Glicken was dismissed because the 5 year statute of limitations was due to expire; the evidence against Mr. Glicken was not solid; and according to Mr. Noble, "given Mr. Glicken's high profile as a prominent Democratic fund-

raiser, including his potential fund-raising involvement in support of Gore's expected Presidential campaign, it is unclear Mr. Glicken would settle the matter short of litigation."

The events surrounding the Glicken case became the subject of a Government Reform and Oversight Committee hearing in March 1998, as part of the committee's campaign finance investigation. In July 1998, Mr. Glicken, a Miami businessman and prominent Democratic fund-raiser and friend of Vice President Gore, pled guilty to two criminal violations of the Federal Election Campaign Act for soliciting foreign money for Democratic campaigns.

b. Benefits.—The FEC was established in 1975 to restore faith in the integrity of the Nation's political process. Despite these ambitious origins, the FEC has not been at center stage in the increasingly intense debate over campaign finance reform. Oversight is necessary to make the FEC more effective. The subcommittee's activity in this area promoted a better FEC and therefore a better political process. For example, comprehensive and accurate disclosure is essential to the democratic process. In order to make an informed decision about which candidate to support, voters need and are entitled to all available information relating to campaign finance activity. Further, they need this information before the election. That makes speedy disclosure essential. The subcommittee's efforts encouraged more effective disclosure.

c. Hearings.—"Oversight of the Federal Election Commission" was held on March 5, 1998. Witnesses included Representative Rick White (R–WA); Kent Cooper, executive director, Center for Responsive Politics; Frank Reiche, former FEC Commissioner; Robert Dahl, director, Fair Government Foundation; Danielle Brian, executive director, Project On Government Oversight; Becky Cain, president, League of Women Voters; Joan Aikens, FEC Chairman; John Surina, FEC Staff Director; Lawrence Noble, FEC General Counsel; and Lynn McFarland, FEC Inspector General.

26. Office of Workers' Compensation

a. Summary.—The Office of Workers' Compensation Programs [OWCP] at the Department of Labor is responsible for processing injured employee compensation claims for most Federal workers. The subcommittee investigated the management of OWCP, including whether the Federal Employees' Compensation Act [FECA] is being administered in a fair, timely, and efficient manner.

The subcommittee held a field hearing that addressed the management practices at the Office of Workers' Compensation Programs and its administration of the Federal Employees' Compensation Act. The hearing focused on the timely adjudication of a Federal injured worker's claim and the process of a fair and just appeal. The hearing took place on July 6, 1998 in Long Beach, CA. Joseph Perez and William Usher, hearing representatives from the Office of Workers' Compensation Programs, presented testimony on the first panel. These two witnesses expressed their frustrations and criticism for the way in which the Department of Labor administers its Office of Workers' Compensation Programs, the slowness of the adjudication process, as well as existing waste, fraud, and abuse within the agency. The second panel consisted of injured Federal workers from the U.S. Postal Service and the Navy. Wit-

nesses described their personal strifes with the Department of Labor, in particular the Office of Workers' Compensation Programs. The third panel consisted of officials from the Department of Labor that gave a status update on any questionable management practices at the Office of Workers' Compensation Programs. Michael Kerr, Deputy Assistant Secretary, Office of Workers' Compensation Programs testified on the third panel. The hearing was conducted to determine whether injured Federal employees received timely and equitable adjudication of their compensation claims and to determine methods to improve the compensation system.

b. Benefits.—Subcommittee action responded to widespread concerns among injured Federal workers about management at OWCP.

c. Hearings.—"Oversight of the Management Practices at the Office of Workers' Compensation Programs," held in Long Beach, CA, on July 6, 1998.

27. H.R. 1966, the Special Government Employee Act of 1997

a. Summary.—The continuing spate of allegations about mismanagement at the White House have been frequent reminders of the need for serious, statutory changes in the way the White House is run. H.R. 1966, the "Special Government Employee Act of 1997," updates the definition of a "special Government employee" to cover unpaid, informal advisors. Foremost is the need for accountability and adherence to conflict-of-interest and other disclosure requirements. This includes a functional test that focuses on what the advisors actually do and on whether they are involved in the Government's deliberative processes.

The White House has a history of using informal associates and advisers who are present in the White House on an ongoing basis and regularly affect public policy, yet who are utterly unaccountable to the public. Americans have a right to know who is influencing policy decisions in the White House.

b. Benefits.—Subcommittee action responded to the need for increased accountability of informal White House advisors and called for a full disclosure of Special Government Employee activities.

c. Hearings.—A hearing entitled, "Presidential and Executive Office Financial Accountability Act of 1997 and Special Government Employee Act of 1997," was held on May 1, 1997. Representative John L. Mica (R–FL), who is a strong supporter of accountability in the Federal Government, explained why the bill is sorely needed. Gregory S. Walden, counsel, Mayer Brown & Platt, and former Assistant Counsel in the White House, and Stephen Potts, Director, Office of Government Ethics, also testified on the "Special Government Employee Act of 1997."

SUBCOMMITTEE ON HUMAN RESOURCES

1. Food and Drug Administration [FDA] Steps Against the Health Threat Posed by "Mad Cow Disease" and Other Transmissible Spongiform Encephalopathies [TSEs].

a. Summary.—The Human Resources Subcommittee reviewed the timing and effectiveness of the FDA proposal to prohibit the use of certain rendered animal parts in feeds for other ruminant

animals as a means of protecting the U.S. food supply from TSE-infection. It also examined current blood safety and risk assessment standards designed to guard against the transmission of TSEs through blood and blood products.

The subcommittee considered FDA, USDA, CDC, and NIH efforts to understand and prevent the spread of TSEs; the monitoring of agricultural health situations of U.S. trade partners; the lack of any known U.S. TSE that is transmissible to humans; and the differences between animal-to-animal transmission of bovine spongiform encephalopathy [BSE], or "Mad Cow Disease," and human-to-human transmission of Creutzfeldt-Jacob Disease [CJD], a variant form of the human TSE. Members also discussed the risk analysis as the vehicle for establishing a rational policy for dealing with a little understood disease, as well as the methodology used by the agencies in revealing blood contamination.

b. Benefits.—The investigation informed Members and the public about the nature and scope of the threat TSE poses to the Nation's food supply and blood and animal products. It also exposed the challenges presented by the need to develop an appropriate response to a public health threat where there is little conclusive evidence but theoretical risks of serious or even calamitous spread of infection.

c. Hearings.—A hearing entitled, "Potential Transmission of Spongiform Encephalopathies to Humans: The Food and Drug Administration's [FDA] Ruminant to Ruminant Feed Ban and the Safety of Other Products" was held on January 29, 1997. Testimony was received from the FDA, the U.S. Department of Agriculture's [USDA] Animal and Plant Health Inspection Service, the Centers for Disease Control and Prevention [CDC], the National Institutes of Health [NIH], the University of Southern Alabama School of Medicine, and the Virginia-Maryland College of Veterinary Medicine.

2. The Need for Better Focus in the Rural Health Clinic Program.

a. Summary.—The Human Resources Subcommittee looked into the administration of, and allocation of resources in, the Nation's rural health clinic [RHC] program, with special emphasis on the General Accounting Office [GAO] report entitled, "Rural Health Clinics: Rising Program Expenditures Not Focused on Improving Care in Isolated Areas" and the Office of Inspector General [OIG] of the Department of Health and Human Services [HHS] report entitled, "Rural Health Clinics: Growth, Access, and Payment."

The subcommittee focused on Medicare and Medicaid reimbursement policies for RHCs, administered by the HHS Health Care Finance Administration [HCFA], and program eligibility criteria. It also addressed how rural health care access can be measured more accurately and more often, and how to extend the reach of Medicare and Medicaid into isolated rural areas more efficiently and effectively.

b. Benefits.—The subcommittee inquiry exposed the RHC program's lack of focus on those people who have difficulty obtaining primary care. It also highlighted a growing consensus that HCFA ought to revise its Medicare payment policy to hold all RHCs to

payment limits, or caps, and generated a dialog about other tools that would help set the RHC program back on track.

c. Hearings.—A hearing entitled, "The Need for Better Focus in the Rural Health Clinic Program" was held on February 13, 1997. Witnesses included representatives from GAO, the IG for HHS, HCFA, the HHS Health Resources and Services Administration [HRSA], the National Association of Rural Health Clinics and the National Rural Health Association. A hearing entitled, "The Need for Better Focus in the Rural Health Clinic Program—Part II" was held on September 11, 1997. Testimony was received from private physicians and representatives from GAO and HRSA.

3. Cabinet Department and Agency Oversight.

a. Summary.—The Human Resources Subcommittee, which has oversight jurisdiction over those departments and agencies of Government managing human service programs, conducted an oversight investigation examining the most pressing management and programmatic problems facing those departments and agencies in the 105th Congress. It also explored the extent to which they are able to comply with the requirements of the Government Performance and Results Act [GPRA]. Over the course of its investigation, the subcommittee reviewed budget data, Inspector General [IG] reports and audits, and General Accounting Office [GAO] studies and recommendations. The undertaking culminated in oversight hearings with the Secretaries of the Department of Housing and Urban Development [HUD] and the Department of Labor, as well as representatives of the five Cabinet and National Labor Relations Board [NLRB] IG offices, and the GAO.

The HUD inquiry focused on the problems and challenges that led the $40 billion department to be rendered a "high-risk" agency by the GAO—namely weak internal controls, inadequate information and financial management systems, and an ineffective organizational structure. In addition, the subcommittee addressed IG Susan Gaffney's concern that HUD has yet to resolve three major issues: the mismatch of HUD's numerous programs and diminishing staff and work capacity; the inability of certain offices to oversee the most efficient use of taxpayer funds; and the incompatibility of its "place-based" program delivery goals and its program-based organizational structure. In response to the subcommittee's probe for answers, Secretary Cuomo pointed to downsizing and streamlining of the Department and implementation of management and legislative reforms as possible solutions.

The subcommittee's investigation into the Department of Labor began with an examination of the Secretary's plans for reform of the $38 billion Department, including investment in learning and skill development, the movement of people from welfare to work, pension protection and the initiation of greater pension portability, improved enforcement, and an appreciation of family needs. The subcommittee also considered the GAO's suggestion that the Department improve management and develop new regulatory strategies that are less burdensome and more effective than the ones that are currently in place, as well as IG Charles Masten's insistence that it improve the effectiveness of DOL's employment and training system, safeguard pension assets, implement significant

new statutory mandates, and ensure the integrity of the unemployment insurance [UI] system. Masten also cited opportunities for savings in the Department's foreign labor programs.

The oversight inquiry into the Department of Health and Human Services [HHS] focused on the IG's concern about three program areas in Medicare found to be particularly susceptible to waste, fraud and abuse: home health, hospice and durable medical equipment. The subcommittee also considered program-wide issues raised by the GAO such as the need to improve accountability, coordination and oversight, generate timely and reliable information, identify and correct program vulnerabilities, and integrate its information management needs as part of its overall process of developing a strategic plan in compliance with the GPRA.

The inquiry into the Department of Veterans Affairs generated positive messages about the Department's willingness and ability to streamline its focus to reduce the vulnerability to waste, fraud and abuse, as well as its attempts to comply with the GPRA. However, the subcommittee did find problems in its outdated health care system, large backlog in claims and appeals, and workman's compensation program.

In carrying out its oversight responsibility for the Department of Education, the subcommittee looked into how well the Department satisfied its mission, worked with State and local educators, and managed its budget. The subcommittee found the areas needing the greatest improvement to be student financial aid programs at "high risk" of waste, fraud, and abuse, persistent data system problems, an inability to curtail fraud in grant applications, and a failure to meet the performance measure criteria for the GPRA.

The oversight investigation into the NLRB focused on recent efforts to improve the resolution of labor-management disputes, the size of the case backlog, the speed of case processing, the number of case settlements, and the effectiveness of compliance enforcement. It also looked at why the agency has difficulty fulfilling the requirements of the GPRA.

b. Benefits.—The subcommittee's review of Department and agency problems and weaknesses provided valuable information regarding where and how the Government might reign in the capacity for waste, fraud, and abuse. In so doing, the hearings gave Members a valuable overview and insight into how to best focus their energies as an oversight body and helped lay the groundwork for future reform and savings.

c. Hearings.—The subcommittee held a series of oversight hearings covering each of the five Cabinet agencies under its jurisdiction. "Oversight of the Department of Housing and Urban Development [HUD]: Mission, Management, and Performance" was held on February 27. "Agency Oversight—the Department of Housing and Urban Development and the Department of Labor: Mission, Management, and Performance" was held on March 6, 1997. "Agency Oversight—the Department of Health and Human Services and the Department of Veterans Affairs: Mission, Management, and Performance" was held on March 18, 1997. "Oversight of the Department of Education: Mission, Management and Performance" was held on March 20, 1997. "Department of Labor: Mission, Management and Performance" was held on June 10, 1997. "Oversight of

the National Labor Relations Board: Mission, Management and Performance" was held on July 24, 1997.

4. Oversight of the Department of Health and Human Services' Healthy Start Program.

a. Summary.—The subcommittee conducted an investigation into the Healthy Start Program, a 5-year demonstration initiative designed to fight infant mortality. The purpose was to explore the extent to which the initiative accomplished its mission, HHS's management of the program, and the lessons learned.

Healthy Start began in 1991 with the goal of reducing infant deaths by 50 percent in selected communities with infant mortality rates above the national average, and emphasized innovative approaches to health and other support services to combat the problem. The inquiry was intended to draw conclusions about the program's strengths and weaknesses in the wake of the President's proposal to expand the program to 30 more sites.

b. Benefits.—The inquiry generated valuable information regarding the potential impact of Healthy Start's community-driven strategies on the leading causes of infant mortality, low birth weight, birth defects, and sudden infant death syndrome, as well as how to measure the program's effectiveness given the absence of long-term data. The information will prove useful to lawmakers, health care professionals, and other interested parties as they begin to debate the wisdom of expanding this and other related programs.

c. Hearings.—The subcommittee held a hearing entitled, "Healthy Start: Implementation Lessons and Impact on Infant Mortality" on March 13, 1997. Testimony was received from representatives from HHS' Health Resources and Services Administration [HRSA], the Agency for Health Care Policy and Research, the National Institutes of Health, the Centers for Disease Control and Prevention, as well as community project directors from the District of Columbia, Baltimore, Cleveland, and the Mississippi Delta.

5. Nursing Home Fraud.

a. Summary.—The subcommittee reviewed reports of waste, fraud, and abuse in the nursing home industry in hopes of determining how to improve nursing home regulation for maximum taxpayer benefit. During the course of its investigation, the subcommittee considered the extent of waste, fraud, and abuse, the impact on State Medicaid programs, the effectiveness of Medicaid Fraud Control Units [MFCUs] and private industry programs in detecting and preventing waste, fraud, and abuse, the complexity of reimbursement policies, and options for coordinating care for beneficiaries eligible for both Medicaid and Medicare.

b. Benefits.—The investigation culminated in two hearings which demonstrated the need for greater vigilance over nursing home practices and improved enforcement of waste and fraud control programs. The undertaking also made complex reimbursement and "pay and chase" processes, as well as other practices that enable over billing and improper claims to slip by current control measures, easier to understand and control.

c. Hearings.—A hearing entitled, "The Extent, Causes, and Effects of Fraud and Abuse in Nursing Homes" was held on April 16,

1997. Testimony was received from the Medicaid director for operations for the State of Connecticut, the vice president of the National Association of Medicaid Fraud Control Units [NAMFCU] and the director of Maryland MFCU, the assistant attorney general and director of AHCCS Fraud Unit in Arizona MFCU, the HHS Deputy Inspector General for Evaluations and Inspection, the GAO Associate Director of Health Financing and Systems Issues, the executive vice president of the American Health Care Association, and the vice president for Public Policy for the American Association of Homes and Services for the Aging. A hearing entitled, "Health Care Fraud in Nursing Homes—Part II" was held on July 10, 1997. Testimony was received from the Health Care Financing Administration, the California Advocates for Nursing Home Reform, the American Association of Retired Persons, and the National Long Term Care Ombusdman.

6. Fixing the Consumer Price Index [CPI].

a. Summary.—The subcommittee examined proposals by the Department of Labor's Bureau of Labor Statistics [BLS] to improve the accuracy and maintain the integrity of the CPI. As the Government and private sector's tool for measuring inflation, the CPI is used in the calculation of cost of living adjustments [COLAs] for major Federal entitlement programs and private pension benefits, giving it the power to wield enormous consequences for the economy at large. The subcommittee focused its investigation on conflicting views regarding the degree of bias in the current CPI, difficulties in quantifying the impact of new products and quality improvements on the economy, as well as the BLS' ability to create and implement an impartial, effective, and timely process to make the changes.

b. Benefits.—The inquiry taught Members and other interested parties about the nature, extent, and source of the problems and challenges faced by the BLS as it begins the process of adjusting the CPI. The investigation and subsequent hearing also shed light on the degree to which the BLS is capable of resolving these issues, and whether any immediate adjustments can be made pending long-term legislative changes.

c. Hearings.—A hearing entitled, "Bureau of Labor Statistics Oversight: Fixing the Consumer Price Index" was held on April 30, 1997. Testimony was received from the Department of Labor's Commissioner of Labor Statistics and private economists.

7. Bio-Ethics and Informed Consent.

a. Summary.—The subcommittee reviewed the Federal Government's approach to biomedical ethics issues in research involving human subjects and the adequacy of informed consent. The subcommittee considered the emerging parameters of informed consent in view of recent scientific advances in areas such as cloning and gene therapies and increased research budgets, with particular attention to vulnerable patient populations including children, mentally ill and drug addicted individuals, as well as current procedures used to address bioethics questions and disputes.

b. Benefits.—The investigation revealed deficiencies in the evaluations and oversight needed to maintain a rigorous bioethical re-

view system, institutional barriers and logistical obstacles in the policing of thousands of research projects, and a false sense of security that difficult issues are being confronted. The ensuing hearing then sharpened questions regarding the mechanism used to address these ethical issues, and provided information that will prove valuable in future reform efforts.

c. Hearings.—A hearing entitled, "Oversight of the NIH and FDA: Bio-Ethics and the Adequacy of Informed Consent" was held on May 8, 1997. Testimony was received from representatives of the Department of Health and Human Services, the Food and Drug Administration, the Centers for Disease Control and Prevention, the National Institutes of Health, the National Alliance for the Mentally Ill, and scholars from the University of Pennsylvania, the University of California-San Francisco, and the University of Arizona.

8. Analysis of the Medicare Transaction System [MTS].

a. Summary.—The subcommittee, working in conjunction with the Government Management, Information, and Technology Subcommittee, reviewed problems associated with the Health Care Financing Administration's [HCFA] multi-million dollar development of MTS. The investigation looked at a cost-benefit analysis of MTS, projected overall costs of design and implementation of the system, and the adequacy of HCFA's management and oversight of the project. Other issues addressed were HCFA's management of Medicare's nine claims processing systems that are being used while MTS is being developed, and the agency's preparations for "the millennium problem" when computers may not recognize dates after the year 2000.

b. Benefits.—The investigation revealed the nature and extent of critical managerial and technical weaknesses that continue to delay and undermine the MTS effort, the process through which HCFA is reassessing the MTS project, and prospects for its completion by the year 2000. This information will prove useful to those engaged in efforts to contain HCFA's spiraling costs.

c. Hearings.—A joint hearing with the Government Management, Information, and Technology Subcommittee entitled, "Status of the Medicare Transaction System" was held on May 16, 1997. Testimony was received from the Director of Information Resources at the General Accounting Office, the Administrator of the Health Care Financing Administration, the vice president and general manager of the Information Systems Division at GTE, and the vice president of Intermetrics Systems Services Corp.

9. Food and Drug Administration's [FDA] Enforcement of Blood Safety Regulations.

a. Summary.—The subcommittee examined the effectiveness of the FDA's enforcement practices in ensuring the safety of the blood supply. Members considered the adequacy of the FDA's inspection and enforcement practices for the blood and plasma industries, the response to accident and error reports, the effectiveness of the Blood Products Advisory Committee [BPAC] and the Transmissible Spongiform Encephalopathy [TSE] Advisory Committee, and the agency's recall and notification practices. The subcommittee also

reviewed the current regulatory approach to the risks associated with pooled plasma products, with particular attention to the relationship between the size of the plasma pool and the risk of infectious disease transmission.

b. Benefits.—The investigation demonstrated the need for continued systemic improvements in the inspection of blood facilities and in the methods used to notify practitioners and patients of potentially unsafe products. It also helped elucidate Members and others as to the risks associated with the possible transmission of Creutzfeldt-Jacob Disease [CJD] through blood transfusion and the effectiveness of surveillance efforts to detect the presence of CJD in the blood supply.

c. Hearings.—A hearing entitled, "FDA Regulation of Blood Safety: Notification, Recall and Enforcement Practices" was held on June 5, 1997. Testimony was received from representatives of the General Accounting Office, the Office of Inspector General for the Department of Health and Human Services, and the Food and Drug Administration. A hearing entitled, "Food and Drug Administration [FDA] Oversight: Blood Safety and the Implications of Pool Sizes in the Manufacture of Plasma Derivatives" was held on July 31, 1997. Testimony was received from representatives of the Centers for Disease Control and Prevention, the National Institutes of Health, the Food and Drug Administration, the National Hemophilia Foundation, the Immune Deficiency Foundation, the American Red Cross, and all the major plasma fractionators.

10. Reducing Education Mandates.

a. Summary.—The subcommittee looked at the regulatory burdens and mandates on schools that may detract from educators' mission of teaching children. The investigation explored how education could be deregulated to achieve maximum flexibility in using Federal education dollars to improve teaching and learning. The inquiry explored the scope and effects of existing Federal mandates, potentially conflicting Federal, State, and local government mandates, current options for mandate relief, and alternative models of regulatory flexibility.

b. Benefits.—The investigation revealed how mandates affect educators and how their requirements and restrictions might be eased or facilitated. It also brought to light the need for schools and school districts to have greater access to technical assistance to make educators aware of existing flexibility provisions. Finally, it demonstrated a tendency of mandates to have a disproportionate impact on disadvantaged urban districts that find it hard to raise money through increased property taxes, and suggested ways in which this inconsistency might be resolved.

c. Hearings.—A hearing entitled, "Reducing Regulatory Mandates on Education" was held on June 12, 1997. Testimony was received from Representatives Rob Portman (R–OH), Kay Granger (R–TX), and Gary Condit (D–CA), and representatives from the National School Boards Association, the American Association of School Administrators, the Association of School Business Administrators, the Texas Association of School Boards, and the National Education Association.

11. Restructuring the Department of Veterans Affairs [VA] Medical Services.

a. Summary.—The subcommittee explored the impact of VA health services restructuring and resource allocation on the quality of care at VA facilities, with particular attention to hospitals in Castle Point and Montrose, NY. The subcommittee considered how the VA measures the quality of health care provided to veterans, the impact of budget cuts imposed under the Veterans Equitable Resource Allocation [VERA] system, as well as how the VA plans to assure the consistent quality of medical care in the new "integrated" structure.

b. Benefits.—The investigation demonstrated the existence of financial incentives for Senior Executive civil servants awarded according to their progress in meeting VA goals, including the achievement of Veterans Integrated Service Network [VISN] savings. It also gave the subcommittee and general public the opportunity to review the extent to which VA reform measures were examined prior to their implementation, the degree to which they have helped or hurt veterans, and the way in which they are viewed by the men and women they are supposed to aid.

c. Hearings.—A hearing entitled, "Restructuring VA Medical Services: Measuring and Maintaining the Quality of Care" was held on August 4, 1997, at the Wallkill Community Center in Middletown, NY. Testimony was received from representatives of VISN 3, the VA Office of Performance Management, the New York State Division of Veterans Affairs, the Orange County Veterans Service Agency, the Rockland County Veterans Service Agency, the Sullivan County Veterans Service Agency, the Dutchess County Veterans Service Organization, and a large number of public witnesses.

12. Pfiesteria and Public Health.

a. Summary.—The subcommittee reviewed State and Federal public health responses to outbreaks of Pfiesteria piscicida, the alleged source of fish kills and human illness in Maryland, North Carolina and other areas, to determine Federal and State governments' ability to respond to new public health threats presented by emerging infectious agents and toxins.

b. Benefits.—The investigation and ensuing hearings suggested ways to improve the sensitivity and effectiveness of State and national programs, policies, and practices designed to prevent and reduce the Pfiesteria threat. It also revealed unprecedented ways in which leaders in Government, science, medicine, agriculture might work together to design and implement a more unified response.

c. Hearings.—A hearing entitled, "Pfiesteria and Food Safety: the State Response" was held on September 25, 1997. Testimony was received from the Governor of Maryland and representatives from North Carolina State University and the University of Maryland School of Medicine, the Secretary of Health and Human Services for the State of North Carolina, the Secretary of Environment and Natural Resources for the State of North Carolina, the commissioner of the Department of Health for the Commonwealth of Virginia, and author Rodney Barker. A hearing entitled, "Pfiesteria and Food Safety: the Federal Response" was also held on September 25, 1997. Testimony was received from representatives from

the Department of Commerce, the National Institutes of Health, the Food and Drug Administration, the Centers for Disease Control and Prevention, and the Environmental Protection Agency.

13. Job Corps.

a. Summary.—The subcommittee examined Job Corps' success in training people for employment, including the degree to which the program ensures client commitment, removes barriers to employment, improves employability skills, and links skill training to the local job market. The investigation drew heavily from the results of a General Accounting Office [GAO] examination of the Department of Labor's management of Job Corps recruitment and placement contractors in terms of how they demand and measure success in client commitment and long term job potential.

b. Benefits.—The investigation unearthed a need for Job Corps to generate more data in order to maintain a stronger focus on performance and accountability, with hearing witnesses providing suggestions as to how this might be achieved. According to GAO and the Department of Labor Inspector General, high program drop-out rates may indicate contractors need to revise Job Corps admissions standards, while poor job placement prevents the Government from determining the program's benefits.

c. Hearings.—A hearing entitled, "Job Corps Oversight: Recruitment and Placement Standards" was held on October 23, 1997. Testimony was received from representatives from GAO, the Office of Inspector General for the Department of Labor, Job Corps, the Clearfield Job Corps Center, the Hubert H. Humphrey Job Corps Center, the David L. Carrasco Job Corps Center, as well as a Job Corps graduate.

14. Privatization of Child Support Enforcement Services.

a. Summary.—The subcommittee looked at the benefits, challenges, and future course of State and local efforts to privatize social service programs, with special emphasis on child support enforcement. The investigation considered testimony and data from various sources, including a report by the General Accounting Office [GAO] on the benefits, problems, performance, and cost effectiveness of efforts to privatize child support enforcement services [CSE].

The subcommittee also reviewed H.R. 399, the "Subsidy Termination for Overdue Payments [STOP] Act" introduced by Congressman Michael Bilirakis (R–FL). The legislation would require parents to pay child support obligations or face loss of Federal financial assistance, with a "good cause" exception to avoid penalizing parents in situations where they are unable to satisfy their child support obligation due to factors beyond their control.

b. Benefits.—The investigation injected the debate over the CSE privatization efforts of State and local governments with a historical perspective, as well as an understanding of the key issues surrounding State and local privatized services, with particular attention to implications for Federal policy. The inquiry also yielded an appreciation of the negative effects that the absence of robust competition, lack of experience specifying contract results, or failure to

monitor performance can have on privatization benefits and program quality.

c. Hearings.—A hearing entitled, "Social Services Privatization: the Benefits and Challenges to Child Support Enforcement Programs" was held on November 4, 1997. Testimony was received from Congressman Michael Bilirakis (R–FL) and representatives from the GAO, Policy Studies Inc., Lockheed Martin IMS, Maximus Inc., G.C. Services, the Ventura County District Attorney's Office, and the Association for Children for Enforcement of Support.

15. Department of Labor Enforcement of the Employee Retirement Income Security Act [ERISA] and the Limited Scope Audit Exemption.

a. Summary.—The subcommittee investigation highlighted a loophole in the pension security system. The limited scope audit exemption puts assets held by banks and other regulated entities beyond the direct view of plan auditors, based on the assumption that those funds are already sufficiently protected. Since sound accounting standards no longer acknowledge the validity of limited audit opinions, the limited scope audit exemption effectively puts all such a plan's assets outside the protection of an unqualified opinion.

b. Benefits.—The limited scope audit exemption shields from full view $939 billion in pension assets held for more than 29 million beneficiaries. The average cost increase of requiring full scope audits to protect these assets is estimated to be less than $4 per participant.

c. Hearings.—"Pension Security: Department of Labor [DOL] Enforcement of the Employee Retirement Income Security Act [ERISA] and the Limited Scope Audit Exemption," February 12, 1998.

16. Department of Health and Human Services, Administration for Children and Families, "Early Head Start: Linking Early Childhood Programs to Success."

a. Summary.—The Department of Health and Human Services [HHS] has begun to award grants and expand the Head Start program to include child care services for infants and toddlers. This new program is called Early Head Start [EHS]. Early Head Start has very limited program data to measure results and effectiveness. Currently, HHS is conducting an evaluation of the program which has slipped 2 years behind the expected completion date in 2000.

The Early Head Start program seeks to change the course of children's lives. As physical science now supports, well designed programs can enhance the physical, emotional and cognitive development of at-risk children. As one witness stated, "Public hope and confidence in the promise of such programs is a scarce commodity that we dare not squander on approaches that are not likely to succeed. I believe that it makes sense to begin with programs that have been tested, replicated and found to work."

Early Head Start grantees are concerned Early Head Start will become a separate program drying up funds meant for the older program. They base their concern on the proposal that 5 percent of Head Start funds are automatically earmarked for Early Head

Start programs. In addition, they have raised the issue that HHS is not doing enough to link EHS and Head Start to ensure a seamless transition from Early Head Start, through Head Start, and into the classroom. They point to the fact that non-Head Start programs (e.g. Parent and Child Centers) received Early Head Start grants over existing Head Start programs. HHS defends this by pointing out the EHS grants are awarded on a competitive basis.

b. Benefits.—To ensure cost effective, reliable, quality child care.

c. Hearings.—"Early Head Start: Goals and Challenges" and "Early Childhood Interventions: Public-Private Partnerships," February 19, 1998 and July 16, 1998.

17. Department of Labor, Bureau of Labor Statistics, "Fixing the Consumer Price Index."

a. Summary.—The Consumer Price Index [CPI] is one of the most important and widely used economic indices produced by the U.S. Government. The rendering of so prominent a measure must be based on sound principles and current data, and should be immune to external and internal political manipulation.

In view of recent estimates of CPI upward bias of more than 1 percent, and subsequent calls for one-time or permanent CPI adjustments, the Subcommittee on Human Resources conducted an oversight inquiry to determine the degree to which the BLS is implementing an impartial, on-going and effective process to enhance CPI methodology and data.

b. Benefits.—To maintain the integrity and improve the accuracy of the CPI.

c. Hearings.—"Oversight of the Bureau of Labor Statistics: Fixing the Consumer Price Index" and "Bureau of Labor Statistics Oversight: Fixing the Consumer Price Index (Part II)," April 30, 1997 and April 29, 1998.

18. AIDS: Availability, Cost and Access to Long-Term Treatment Options.

a. Summary.—The range of emerging HIV–AIDS therapies and treatments were investigated and reviewed as were recent Federally funded research initiatives. Reports from the Centers for Disease Control were reviewed which highlight recent findings that the rate of death from HIV–AIDS has decreased, particularly in certain population groups. The investigation explored policy implications of new treatments and therapies now available which improve and prolong the lives of HIV–AIDS infected persons. A review of literature was conducted on how local providers and advocates are working to ensure the new treatments are equally available to hard-to-reach and emerging populations due to the high costs and complications of treatment associated with possible homelessness, mental illness or substance abuse. There is increasing concern by certain advocates that the high cost of the current triple drug regime results in the disproportionate unavailability of the treatment in the low-income, minority populations.

b. Benefits.—The hearing discussion raised awareness of the difficulty of certain AIDS-infected populations accessing current successful treatments which permit people to live longer and improve their quality of life. The mix of State, city and local witnesses fa-

cilitated an informative discussion, resulting in improved coordination among policymakers, funding sources, care providers, and HIV–AIDS advocates. The hearing highlighted the fact that allocation of resources to assist with the high cost treatments needs to be better coordinated to ensure equity in distribution. Hearing follow-up with care providers and advocacy groups contributed to an improved dialog among the range of providers and advocates.

c. Hearings.—"AIDS: Toward Long-Term Treatment Options," February 20, 1998.

19. Gulf War Veterans' Illnesses: The Research Agenda.

a. Summary.—In 1998, the subcommittee continued its oversight investigations and hearings, which began in March 1996, on the diagnosis, treatment and compensation of sick veterans who served in the Persian Gulf war. The focus of this particular investigation was the Federal Government's approach to research into the health concerns of veterans, with particular emphasis on the research strategy, objectives and agenda of the Persian Gulf Veterans Coordinating Board [PGVCB]. Since the 1991 Gulf war, the government has sponsored a variety of research projects on Gulf veterans' illnesses. The PGVCB, composed of representatives from the VA, DOD and HHS, has responsibility for coordinating and managing research into Gulf war illnesses. Questions have been raised by medical experts whether the government's research program—including its emphasis on epidemiological studies and de-emphasis of studies on the health effects of low-level chemical exposures—is likely to produce valid case definitions of veterans' illnesses.

b. Benefits.—The subcommittee investigation identified major flaws in the government's approach to research on Gulf war veterans' illnesses. The vast majority of Federal research was initiated during or after 1994, and few studies have been completed. Some studies are behind schedule, and many will not be completed until after the year 2000. A majority of the studies fall into two areas: neurological and psychological with a focus on stress and post-traumatic-stress-disorder; and epidemiologic studies on veterans' symptoms and diagnosable diseases, and possible causes. Conclusions reached on Federal research include: it lacks a coherent approach; formidable methodological problems are likely to prevent researchers from providing precise, accurate and conclusive answers regarding the causes of veterans' illnesses; and neither the VA nor DOD has systematically attempted to determine whether ill Gulf veterans are any better or worse today than when they were first examined.

c. Hearings.—"Gulf War Veterans' Illnesses: The Research Agenda," February 24, 1998.

20. Department of Health and Human Services, "Oversight of the National Organ Procurement and Transplantation Network."

a. Summary.—Since the enactment of the National Organ Transplant Act of 1984 [NOTA], American medicine has been a world leader in organ transplantation. In 1996, some 20,000 Americans, about 55 a day, had transplants. Demand for organs exceeds supply. About 4,000 people die in the United States while waiting for a donated kidney, liver, heart, lung or other organ. This March, ap-

proximately 54,500 people were on the transplant waiting list and the list grows by about 500 per month. According to HHS, the system for allocating scarce organs is weighted to local organ allocation, instead of broader regional or national allocation related to medical need.

HHS proposed new regulation "to improve the nation's organ transplantation system, to assure that allocation of scarce organs will be based on common medical criteria, not accidents of geography." The new rule, according to HHS, calls on the Organ Procurement and Transplantation Network to develop revised organ allocation policies that will reduce the current geographic disparities in the amount of time patients wait for an organ. Many nonprofit organizations responsible for the coordination, collection and distribution of organs have reacted negatively to HHS's call for a new regulation.

b. Benefits.—To ensure fair distribution of scarce human organs to all Americans in every region of the country.

c. Hearings.—"Oversight of the National Organ Procurement and Transplantation Network," April 8, 1998.

21. The Complexity of the Medicare Program: The Evolution of the Program, the Effects of Complexity, and Impact on Waste, Fraud and Abuse.

a. Summary.—After nine hearings on various aspects of waste, fraud and abuse in the Medicare and Medicaid programs over the past 4 years, the subcommittee looked at program complexity as a possible element contributing to waste, fraud and abuse. The investigation documented the problems associated with program complexity which is an unintentional outgrowth of program expansion, benefit enhancement, financing changes, modifications in reimbursement and program alterations as a result of medical speciality interests. The review focused on Medicare and followed the evolution of the program from its inception in 1965, through several program expansions, benefit enhancements, and overall growth both in terms of eligible population and program costs. The review examined the impact of complex Medicare billing and coding requirements on the practice of medicine, including how health care anti-fraud programs distinguish between inadvertent errors and intentional billing irregularities. The investigation looked at whether there are opportunities to simplify the current coding and billing process.

b. Benefits.—To determine the source of the complexity and explore what opportunities exist to simplify the program, improve provider program knowledge and enhance overall management by HCFA.

c. Hearings.—"Medicare: Cures for Billing Code Complexity," April 9, 1998.

22. Department of Health and Human Services, "Public Health 2000: Immune Globulin Shortages—Causes and Cures."

a. Summary.—Tens of thousands of Americans, many of them children, suffer from immune system deficiencies and must use Intravenous Immune Globulin [IVIG], a blood-based medicine. Critical and unexpected shortages of IVIG products are putting their

lives at serious risk. Manufacturers seem unable, or unwilling to meet the growing demand. The FDA does not know why there are shortages. Suspected causes of shortages include: growth in product demand, product hoarding, recalls of products at risk of transmitting disease, and FDA enforcement actions.

b. Benefits.—to identify solutions to the public health crisis of IVIG shortages and ascertain specific actions and implementation time lines for regulatory agencies and manufacturers.

c. Hearings.—"Public Health 2000: Immune Globulin Shortages—Causes and Cures," May 7, 1998.

23. Vulnerabilities in the Department of Housing and Urban Development [HUD]'s Procurement and Contracting Practices.

a. Summary.—The subcommittee investigation examined reports by the Office of Inspector General [OIG] and the U.S. General Accounting Office [GAO] which concluded HUD's procurement and contracting practices leave HUD vulnerable to waste, fraud, and abuse. Implementation of the HUD 2020 Management Reform Plan is expected to increase the need for contracted work, making this investigation particularly timely. The subcommittee also examined the Department's commitment to systemic procurement and contracting reforms, as well as the potential of planned reforms to correct Department deficiencies.

b. Benefits.—HUD awarded 9,600 contracts worth over $3.2 billion between 1992 and 1996. In a targeted audit of 63 contracts worth $1.5 billion, the OIG found a variety of problems including: need determination, planning, and periodic assessments; cost consciousness; contract oversight and monitoring; contracting for prohibited services; contract close-out procedures; and interagency agreements. While HUD was initially resistant to the OIG's conclusions and recommendations for change, the Department has since recanted its denials and has endorsed nearly all of the OIG's recommended reforms.

c. Hearings.—"HUD Contracting: Vulnerabilities and Proposed Solutions," June 5, 1998.

24. National Institutes of Health, "Institutional Review Boards: A System in Jeopardy."

a. Summary.—There are 3,000–5,000 Institutional Review Boards [IRBs] in the United States overseeing both public and private research activities. IRBs, the cornerstone of the entire bioethics review structure to protect the interests of patients, review too much, too quickly and with too little expertise.

The HHS Inspector General's report, "Institutional Review Boards: A System in Jeopardy," concluded that Institutional Review Boards [IRBs] limited oversight of research on human subjects compromises the protection of study participants.

b. Benefits.—To ensure adequate oversight of human subjects in research studies.

c. Hearings.—"Institutional Review Boards: A System in Jeopardy," June 11, 1998.

25. Department of Labor, Employment and Training Administration, "Job Corps: An Examination of the Program and Operational Components."

a. Summary.—The Job Corps is one of the few remaining fully Federal training programs serving 69,000 disadvantaged youths annually at a cost of about $1.3 billion. The subcommittee investigated the Job Corps' vocational training component to determine if the vocational training provided is appropriate to meet the demands of local labor markets. In addition, the subcommittee investigated whether Job Corps participants are completing their vocational training and obtaining jobs related to the training received.

b. Benefits.—The investigation documents the need for better criteria to determine vocational training completers, accurate reporting of job training and placement information, and the need for Labor to justify the use of sole source contracts for vocational training services.

c. Hearings.—"Job Corps Oversight: Recruitment and Placement Standards" and "Job Corps Oversight Part II: Vocational Training Standards," October 23, 1997 and July 29, 1998.

26. Food and Drug Administration "Blood Safety: Minimizing Plasma Product Risks."

a. Summary.—An estimated 500,000 people in the United States receive products manufactured from human plasma each year. Plasma products have infected recipients with diseases such as Hepatitis C virus and Human Immunodeficiency Virus [HIV]. In the 1980's, before HIV transmission was understood, 63 percent of the Nation's hemophiliacs became infected with HIV. Some safety concerns remain due to the fact that more than 50 percent of U.S. based manufacturers are under court order to abide by Good Manufacturing Practices [GMPs]. GAO conducted a study at the request of the subcommittee chairman to evaluate the safety of plasma based products. GAO concluded that known risks of plasma products are low if good manufacturing practices are followed.

b. Benefits.—To ensure that the FDA is enforcing current Good Manufacturing Practices to assure the safety and availability of blood and plasma products.

c. Hearings.—"Blood Safety: Minimizing Plasma Product Risks," September 9, 1998.

27. Restructuring the Department of Veterans Affairs [VA] Medical Services

a. Summary.—The subcommittee continued to explore the impact of VA health services restructuring and resource allocation on the quality of care at VA facilities, with particular attention to the Togus [Maine] VA Medical Center and the VA Connecticut Healthcare System. The subcommittee considered how the VA measures the quality of health care provided to veterans, the impact of budget cuts imposed under the Veterans Equitable Resource Allocation [VERA] system, as well as how the VA plans to assure the consistent quality of medical care in the new "integrated" structure.

b. Benefits.—The investigation examined progress in meeting VA goals, including the achievement of Veterans Integrated Service

Network [VISN] cost savings, especially VISN–1 which includes the New England states. It also gave the subcommittee and general public the opportunity to review the extent to which VA reform measures were examined by all stakeholders prior to their implementation, the degree to which they have helped or hurt veterans, and the way in which they are viewed by the men and women they are supposed to aid.

c. Hearings.—"Restructuring VA Medical Services: Measuring and Maintaining Quality of Care," September 25, 1998.

28. Department of Labor, Employment and Training Administration, "Employment and Training in the Welfare-to-Work Environment."

a. Summary.—The purpose of the investigation is to determine the way in which some States' employment and training programs are meeting the needs of their Temporary Assistance to Needy Families [TANF] clients within the new welfare-to-work environment. In addition, the investigation seeks to determine how State and local welfare agencies are preparing clients for employment.

b. Benefits.—To determine what successful models or approaches State and localities are using to help their welfare clients get and keep jobs.

29. Department of Education, "An Examination of Federal Regulations and School Districts."

a. Summary.—The purpose of the investigation is to determine the major Federal regulations that apply to school districts and how the public might benefit from these regulations. In addition, the subcommittee is examining the flexibility provisions available for those regulations perceived by school district officials as being especially burdensome.

b. Benefits.—To determine what flexibility provisions are successful to provide relief from Federal regulations to local school districts.

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES AND REGULATORY AFFAIRS

1. Investigation of the White House Database.

a. Summary.—The subcommittee has been investigating and continues to investigate the misuse of the White House Database [WhoDB] for unauthorized purposes. This investigation has been a part of the Committee on Government Reform and Oversight's investigation of campaign fundraising abuses. This investigation was first referred to the subcommittee by Chairman William F. Clinger, Jr., in the 104th Congress.

This referral was reaffirmed at the beginning of the 105th Congress by Chairman Dan Burton and ratified in writing on July 17, 1997.

b. Benefits.—The misuse of the WhoDB implicates the Anti-Deficiency Act, 31 U.S.C. 1301(a), which prohibits the use of funds authorized by Congress for unauthorized purposes and 18 U.S.C. 641 which imposes criminal sanctions for the use of Government property for nongovernmental purposes.

According to documents produced to the subcommittee by the White House, creation of the WhoDB involved approximately $1.7 million of taxpayer funds. The subcommittee is investigating whether the White House converted this government asset to assist the private political purposes of the President and the Democratic National Committee. The subcommittee has received more than 35,000 pages of documents and spoken to more than 20 witnesses. The subcommittee expects to continue its investigation during the second session of the 105th Congress. The documents produced to the subcommittee and the testimony of the witnesses continue to suggest that the WhoDB was misused for unauthorized purposes.

2. Investigation of the Misuse of Statistics by the Department of Energy.

a. Summary.—The subcommittee has initiated an inquiry into the use of statistics by the Department of Energy to misrepresent its activity in making grants to disadvantaged business enterprises.

b. Benefits.—Such misrepresentations undermine the credibility of the Department and reflect a political agenda that may be inconsistent with the program requirements. The subcommittee expects to investigate the matter further during the second session of the 105th Congress.

3. Investigation of OIRA'S Review of NAAQS Rules.

a. Summary.—EPA's National Ambient Air Quality Standards [NAAQS] for particulate matter and ozone were considered a "significant regulatory action" under Executive Order 12866 and were reviewed by the Office of Information and Regulatory Affairs [OIRA] of the Office of Management and Budget [OMB]. OIRA approved the rules as complying with the requirements of the order. The NAAQS rulemaking was one of the most significant regulatory actions of this year, expected to impose costs of over $9 billion per year on the regulated public for partial attainment. Because of the major impact of these rules, the subcommittee has carefully investigated OIRA's involvement in the rulemaking to determine the extent to which OIRA performed its regulatory review obligations under President Clinton's Executive Order 12866 and ensured that the proposed rules complied with all applicable statutes and Executive orders.

b. Benefits.—The investigation has thus far exposed serious deficiencies in OIRA's conduct of regulatory review pursuant to Executive orders and procedural statutes. As a result, the subcommittee better understands specific areas in which the regulatory review process needs further oversight and reform. OIRA has repeatedly failed to cooperate fully with congressional oversight efforts.

c. Hearings.—The subcommittee held a hearing on "EPA's Particulate Matter and Ozone Rulemaking: Is EPA Above the Law?" on April 16 and 23, 1997.

4. Securities and Exchange Commission.

a. Summary.—From March 1996 through April 1997, the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs reviewed the official travel policies and proce-

dures of the Securities and Exchange Commission [SEC]. Based upon its investigation, the subcommittee recommended that the SEC begin following the internal guidelines set out by the SEC Comptroller, particularly those in a July 9, 1993, memo on first-class travel, which states that employees should not fly first class even at their own expense.

The subcommittee recommended and the SEC implemented the following reforms:

- Strictly construe the FTR's requirements for approvals of upgrades for travel or lodging accommodations, and require explicit justifications for such upgrades consistent with FTR requirements.
- Do not construe the FTR to permit travel upgrades to business class for the reason that official business needs to be conducted in flight, even if the official work is confidential in nature.
- Continue to caution SEC travelers to be circumspect about doing work on confidential or sensitive matters while traveling to protect against inadvertent or premature disclosure of confidential or sensitive information. (The subcommittee has concluded that neither business- nor first-class travel significantly enhances the opportunity to maintain confidentiality of agency documents or records.[13])
- Include the specific FTR justification for any travel upgrade in a written approval memorandum, which must be submitted to the SEC's Comptroller's Office with the travel voucher before any reimbursement for upgrade expenses is approved. Consistent with current practice, that memorandum should be retained with the agency's official records relating to the trip.
- If a traveler receives an upgrade for lodging, and he or she stays at a hotel with a rate in excess of the maximum approved rate for subsistence expenses (currently up to 150 percent of the standard per diem allowance) (the maximum per diem allowance), determine, on a case-by-case basis, whether the appropriate reimbursement is the standard per diem allowance or the maximum per diem allowance.

Factors to be considered include, but are not limited to, the following:

1) net savings to the Government due to the proximity of the chosen hotel to the location of work which would lessen related transportation costs to be paid by the Government;

2) reasonable personal safety concerns, particularly relative to persons traveling alone; and

3) attendance at conferences or meetings which take place at hotels with rates above the maximum per diem allowance.

Increasing the lodging allowance up to the maximum per diem allowance for a particular locality should be considered exceptional—travelers are expected to attempt to find reasonable accommodations within the per diem allowance set by GSA. The traveler bears the burden of persuasion to satisfy the SEC's Office of the Comptroller that the traveler should receive more than the stand-

[13] The subcommittee does not believe that the exceptional security circumstances cited in the FTR include maintaining confidentiality of agency records.

ard per diem allowance. The subcommittee is of the view that justifying a rate above the standard per diem allowance on the basis of attending conferences or meetings at hotels with rates above the maximum per diem allowance is appropriate only if the traveler stays on site, at a less expensive hotel in close proximity to the conference or meeting site, or if no other hotel is reasonably available.

- Consult with the Inspector General to implement a periodic audit by the Inspector General's office of agency travel vouchers, including those in which upgrades have been approved, to determine compliance with the FTR and agency policies.
- Require all SEC travelers to attach used airline ticket stubs, demonstrating the class of accommodations used by the traveler, to their travel vouchers.
- Review and approve requests for travel upgrades on a uniform basis.

b. Benefits.—The SEC has agreed to implement all of the subcommittee's recommended reforms. Many of these recommendations are not reforms; rather, they require enforcement of internal agency travel policies and Federal travel regulations already on the books. In adopting these recommendations, the SEC has come into compliance with the regulations which govern all Federal employees' travel.

The SEC's Inspector General is making quarterly reports to the subcommittee on compliance with the travel reforms. Reports were submitted in October 1997 and January 1998, showing full compliance. The subcommittee hopes that the SEC will begin to serve as an example of an agency that fully complies with its internal travel policies and the Federal travel regulations, with the benefit being, the protection of taxpayer dollars.

c. Hearings.—None.

5. Oversight of the U.S. Army Corps of Engineers Wetlands Programs.

a. Summary.—The subcommittee conducted oversight into the U.S. Army Corps of Engineer's (the Corps) wetlands program. The subcommittee held an oversight hearing on this issue in Marietta, GA, on June 16, 1997. The hearing, "Wetlands: Community and Individual Rights vs. Unchecked Government Power," examined particular difficulties that local citizens and the county government had in obtaining permits from the Corps to develop their property.

First, the hearing covered the issue of the Corps' denial of a permit for Cobb County to build the West Cobb Loop, a much-needed roadway to ease traffic congestion in the area. The Corps denied the permit because it favored an alternate route which would not impact any wetlands, but would affect more than 700 homes, 2 churches and a school in the West Sandtown community, and force residents in 39 homes to completely relocate.

Second, the hearing examined the problems Robert Dabbs, a small, local developer of subdivisions, experienced in obtaining a permit from the Corps. The Corps put a Cease and Desist Order on his entire development project, although he only affected 0.63 of an acre of wetlands in the 111-acre residential development. Mr. Dabbs cooperated with the Corps' every request, spending thousands of dollars to comply, but the Corps did not have time to look

at his paperwork. At the time of the hearing, Mr. Dabbs was on the brink of financial ruin due to the Corps' delay. One of his partners had already folded and 165 construction workers' jobs had been eliminated.

Third, the hearing examined the situation of Grady Brown, an elderly cattle rancher and businessman. The Corps stopped him from using part of his own land because the Georgia Department of Transportation [DOT] inadvertently flooded it 10 years previously, creating a wetland. The DOT recognized their error and drained the property, but when the Corps found out, they ordered the DOT to undo their work and reflood the land. The Corps left Mr. Brown with a lot of useless swamp land and no recourse but to go through a long and likely futile permitting process or to engage in a costly, protracted legal battle.

Background: Federal Wetlands Regulations

The key program under which wetlands are regulated by the Federal Government is found in Section 404 of the Clean Water Act [CWA], which was established in 1972. Under Section 404, landowners and developers must get permits from the Corps before conducting any work which results in the disposal of dredged or fill materials into the waters of the United States, including wetlands. The Section 404 program is jointly administered by the Corps and the Environmental Protection Agency [EPA]. Section 404 authorizes States to take over the administration of permits, but the process to do so is very complex and only two States have assumed this responsibility—Michigan and New Jersey.

The Corps issues general permits for activities that will only have a minor impact on wetlands and individual permits for more extensive activities. General permits, which are issued for 5-year periods, allow activities in their scope to go forward without individual review, reducing paperwork and delay. Over 80 percent of the approximately 50,000 activities permitted by the Corps each year are covered by general permits.

In December 1996, the Corps reissued its 37 nationwide permits [NWPs], as its general permits are known, and added 2 new ones. The Corps made a few significant revisions to the NWPs. Most importantly, it is phasing out the Nationwide 26 permit which authorizes discharges into isolated waters (not connected or adjacent to surface waters) and headwaters (minimal flow waters) affecting up to 10 acres. The Corps has reauthorized NWP 26 for 2 years. After 2 years, NWP 26 will be eliminated entirely and replaced by new, activity-specific permits. While NWP 26 remains in existence, it has been reduced to cover only those activities affecting up to 3 acres. A preconstruction notification is now required for any activity affecting more than one third of an acre, reduced from 1 acre. Landowners and developers have voiced great concern that the Corps will not be able to replace NWP 26 sufficiently and that the increased workload of granting individual permits for all the activities that were formerly covered by NWP 26 will result in long, costly delays. Over 20,000 activities occur under NWP 26 every year.

The subcommittee examined a study recently released by the Competitive Enterprise Institute [CEI], which concluded that wetlands restoration has exploded in the last decade resulting in "no

net loss" of wetlands. In fact, the study reported, there has been a net gain in wetlands. The U.S. Department of Agriculture's Natural Resource and Conservation Service has conducted a survey of wetlands across the Nation as part of its most recent National Resources Inventory [NRI]. The NRI showed a trend of wetland losses that indicates about 141,000 acres of wetlands were lost in 1995. In the same year, three non-regulatory wetland restoration programs of the USDA restored at least 187,000 acres of wetlands. These programs are the Partners For Wildlife Program, the North American Waterfowl Management Plan, and the Wetland Reserve Program. Wetland restoration is defined as "the re-establishment of wetland hydrology and wetland vegetation to lands which had previously been drained, typically for agricultural purposes." Restoration is distinct from creation of a new wetland where none existed previously or enhancement of an existing wetland to improve its functioning.

b. Benefits.—As a result of the subcommittee's oversight hearing, the Corps agreed to readdress the West Cobb Loop and Robert Dabbs' permit issues, as well as drainage of the wetland on Grady Brown's property.

At the hearing, Cobb County Department of Transportation Director Jim Croy testified on behalf of Cobb County on the West Cobb Loop issue. The Commission's application for a permit to build the road was rejected by the Corps because the chosen route would impact 11 acres of wetlands—not the "least environmentally damaging alternative." The Commission and local citizens chose the route that would impact some wetlands because it would have the smallest impact on the residents of the area. They also offered to mitigate the impact by creating eight times as many wetlands and building bridges where possible to span the wetlands, making the project more expensive. The route the Corps preferred would widen an existing road through a residential neighborhood, affecting 700+ homes, 1 school and 2 churches, and forcing the complete relocation of 39 homes. This route would not touch any wetlands. The route the county chose would only force the relocation of three homes. The citizens of Cobb County feel strongly that there is a need for this road to ease the traffic on smaller roads. They are paying for the road directly from their own tax dollars—no Federal funds—through a 1 percent tax they voted to impose on themselves for road improvement projects.

Two citizens testified about the impact the road would have on their community if the Corps' preferred route was chosen. Chris McLean and David Parr addressed issues of community safety and well-being. There is a school on the road the Corps wanted to widen. Children walk to school along that road every day. The road connects several housing subdivisions. The rate of accidents in this residential area would greatly increase if the road was widened from two to five lanes and the speed increased.

Col. Grant M. Smith, District Commander of the U.S. Army Corps of Engineers Savannah District, testified on behalf the Corps. He made the decision to reject the county's application for a permit to build the West Cobb Loop. At the hearing, Col. Smith agreed to work with the county on its re-proposal of a route for the West Cobb Loop. To date, Cobb County has submitted a new appli-

cation for a permit to build on a route similar to the one in its first proposal. Currently, the application is in a joint comment period. According to Cobb County officials, it is likely that the application will be approved and a permit will be granted to begin construction in March or April 1998.

In the case of a permit for Robert Dabbs' housing subdivision, Col. Smith testified that he was not aware of the costly delays caused by the Corps, and he apologized for them. He announced that the Corps had scheduled a meeting to inspect Mr. Dabbs' property again on June 18 (2 days after the hearing). At the inspection, the Corps agreed with the delineation Mr. Dabbs' engineer had determined—they settled on 0.9 of an acre of wetlands. Mr. Dabbs applied for an after-the-fact permit from the Corps for his development, and he will mitigate for the wetlands he disturbed. The Corps gave him a letter releasing the part of the development that isn't wetland for construction to continue.

Col. Smith was not able to be as accommodating in Mr. Brown's case. Because the regulations do not distinguish between manmade and natural wetlands, both must be protected. But he agreed to reconsider the issue to determine if a mutually agreeable solution could be reached. The case has not yet been resolved satisfactorily.

c. Hearings.—A field hearing was held on this matter on June 16, 1997, in Marietta, GA, "Wetlands: Community and Individual Rights v. Unchecked Government Power."

6. Oversight of the Security and Exchange Commission's "Disclosure of Accounting Policies for Derivative Financial Instruments and Derivative Commodity Instruments" (derivative rule).

a. Summary.—The subcommittee conducted a substantial review of the SEC's derivative rule, which was promulgated on February 10, 1997, to determine whether the rule was sound and efficient and whether the SEC had complied with the statutory requirements of the underlying securities law (National Securities Markets Improvement Act of 1996) and the Congressional Review Act under the Small Business Regulatory Enforcement Fairness Act (Public Law 104–121). The subcommittee sent the SEC oversight letters on March 17, 20, and 28, 1997, requesting a complete copy of the initial and final regulatory flexibility analysis for the rule, among other materials.

The subcommittee reviewed all the documents submitted by the SEC and conducted extensive interviews of the SEC Chief Economist, the SEC Chief Accountant, the SEC Deputy Chief Accountant, and an SEC Assistant General Counsel, all of whom were involved in the derivative rulemaking process. The subcommittee also interviewed a number of outside economic experts, market analysts, and securities experts and met with a variety of interested parties in the regulated community. In addition, the subcommittee has carefully reviewed the findings, conclusions, and recommendations of the Senate Subcommittee on Securities in their report dated April 21, 1997 (Report of the Subcommittee on Securities on Proposals by the Securities and Exchange Commission and the Financial Accounting Standards Board for the Accounting Treatment of Financial Derivatives). Based on this substantial review of the

derivative rule, we find additional support for and endorse the findings and conclusions of the Senate report.

Most significantly, the subcommittee reviewed a memorandum from the SEC Office of Economic Analysis dated January 7, 1997, which presents a thorough and persuasive critique of the quantitative disclosure requirements of the derivative rule. The memorandum suggests that the market has already responded positively to the concerns that arose a few years ago in well-publicized cases and will continue to do so without any action by the SEC. In contrast to the direction the market is taking, the SEC's Chief Economist states that the derivative rule, particularly its quantitative disclosure requirements, "has the potential to create misleading representations of market risks in the registrants" disclosures." In fact, the SEC's Chief Economist wrote that under the rule "some risk disclosures will be misleading." (Emphasis added.) To cite but one example, the Chief Economist wrote that "a registrant may be at considerable risk due [to its] derivatives positions and yet report a quantitative risk of zero under the [derivative rule]." Finally, the Chief Economist wrote that the quantitative disclosure requirements of the derivative rule will likely cause market participants to shift to over-the-counter contracts that entail even greater risk. As the memorandum relates, the rule "creates incentives for financial engineering and a movement of trading to over-the-counter markets from financial exchanges." In short, it appears that the SEC's Chief Economist believed that no quantitative disclosure requirement was necessary and that the requirements in the rule the SEC has issued will be misleading and counterproductive.

Apart from the persuasive criticism of the derivative rule in the memorandum, the subcommittee is most troubled that the Chief Economist's conclusions, and many other comments that the SEC received from the regulated community on the quantitative disclosure requirements, appear to have been completely ignored by the SEC's Office of the Chief Accountant and others at the SEC. Sadly, the subcommittee has concluded that the SEC regulated for the sake of regulating, rather than for the protection of investors.

b. Benefits.—The subcommittee concluded, in accordance with the Senate Subcommittee on Securities' Report, that the derivative rule is problematic for the following reasons.

1. There is no justification for requiring quantification of derivative risks, as the derivative rule requires, but not requiring quantification of the following intangible risks, each of which the SEC Chief Economist said usually has a larger impact on a public company's stock value:

- changes in company management;
- the possibility of a labor strike;
- changes in a competitor's line of products or services;
- development of valuable patent rights;
- good or bad marketing decisions;
- increases or decreases in the cost of manufacturing inputs; and,
- all other good or bad business decisions.

2. Although the market developed the valuation methods that the SEC now requires under the derivative rule, the market players who developed the tools oppose mandatory disclosure. By man-

dating disclosure, the derivative rule, creates an incentive for the market not to develop or improve such risk management tools in the future, for derivatives or for any of the other risks listed above.

3. The SEC Chief Economist admitted in an internal memo and in a subcommittee interview that none of the derivative debacles of the past would have been prevented by the new derivative rule.

4. The SEC's initial economic analysis and cost estimate on the derivative rule was simply guesswork on the part of the Deputy Chief Accountant with no input from the SEC Office of Economic Analysis. The SEC's final economic analysis was based on anecdotal interviews by the Deputy Chief Accountant, who has since left, with only minimal review by the SEC Office of Economic Analysis. The Senate Subcommittee on Securities found that the SEC had violated Section 106 of the National Securities Markets Improvement Act of 1996 by not conducting a real cost benefit analysis. The Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affair concurs with this conclusion.

5. The actual direct cost of compliance with the derivative rule will far exceed the SEC's estimates. Interviews with the CFOs of several major corporations convinced the subcommittee that the SEC's final cost estimate was based on faulty assumptions about the amount of time it would take to comply with the rule.

6. Those companies to which the derivative rule applies are at serious risk of competitive harm because they are forced to disclose sensitive information that their foreign competitors and those domestic companies which are not covered by the rule do not have to disclose.

7. The SEC Chief Economist concluded that the analyses required by the derivative rule will be too complex for most investors to follow. Therefore, the rule will provide misleading information to investors.

8. The SEC Chief Economist concluded that the analyses required by the derivative rule will also be misleading because the various options the rule allows for reporting derivative risk are not compatible. Companies are given three options for quantitative reporting: tabular presentation (describing the fair value and contract terms), "sensitivity analysis" (describing potential earnings and losses under various market fluctuations), and "value at risk" (describing potential losses within a historical context). It would be difficult, if not impossible, for most investors to compare what one company puts in one format and another company puts in another format.

9. The SEC Chief Economist concluded that the derivative rule will create an incentive for firms to move from financial exchanges to over-the-counter or other non-cash settled commodity markets, thus increasing the risk to investors.

10. The SEC Chief Economist concluded that the derivative rule will create an incentive for firms to engage in less hedging activity, thus increasing the risk to investors. This is the case because derivatives are used by companies primarily to reduce risk. The companies that use derivatives oppose the rule because it requires them to disclose financial trade secrets. If these companies have to disclose information about how they use derivatives to their competitors, it is not as worthwhile for them to use derivatives. Thus,

the rule creates an incentive for companies to use fewer derivatives. Using fewer derivatives creates more risk for the companies' investors.

11. Although the "safe-harbor" provision of the SEC rule is an attempt to limit the litigation arising from the rule, the subcommittee believes that substantial litigation remains likely to occur.

c. Hearings.—None.

7. EPA's Particulate and Ozone Rulemaking.

a. Summary.—The subcommittee conducted significant oversight of the process that the Environmental Protection Agency [EPA] followed in developing new air quality standards for particulate matter [PM] and ozone. This review focused on EPA's compliance with Federal laws and procedures intended to assure that regulations will not do more harm than good. In particular, the subcommittee examined the Agency's compliance with the requirements of the Small Business Regulatory Enforcement Fairness Act [SBREFA], Regulatory Flexibility Act [RFA], the Unfunded Mandates Reform Act [UMRA] and Executive Order 12866, and with the administrative procedures set forth in the Clean Air Act.

On November 27, 1996, EPA proposed revisions to tighten dramatically the National Ambient Air Quality Standards [NAAQS] for particulate matter and ozone. The new NAAQS, which were finalized in July 1997, will regulate fine particles and impose a lower acceptable level of smog measured over a longer time period. Under the Clean Air Act, NAAQS are required to be set at a level that is "requisite to protect the public health," while "allowing an adequate margin of safety." Throughout the rulemaking proceeding, EPA Administrator Carol Browner persistently maintained that the Clean Air Act allows the Agency to consider only health factors in its decisionmaking. Therefore, she insisted that UMRA's regulatory requirements did not apply and that EPA could not consider the results of its regulatory impact analyses in determining whether to revise the current standards. She also argued that RFA and SBREFA did not apply, because these health-based standards do not, in themselves, have any direct regulatory effect. Moreover, she stated that it is not feasible to conduct regulatory impact analyses at the NAAQS-setting stage, because the Agency does not know what specific regulatory requirements a State will choose for implementing the standards.

However, EPA's analyses assume that the available science indicates a threshold for unacceptable risk from which EPA could set a standard allowing an adequate margin of safety. In fact, this assumption ignores the findings of EPA's own scientific advisory committee. Based on the best available science, the Clean Air Scientific Advisory Committee [CASAC] determined that there are no such bright scientific lines. Indeed, CASAC indicated that there is no scientific proof that EPA's standards will measurably improve public health. In the case of ozone, the panel concluded that the proposed standard was not significantly more protective of public health than the current one. In the case of PM, they found significant uncertainty surrounding the health effects of fine particles. In their view, there is no compelling evidence on which to set more restrictive standards at this time. As a result, CASAC concluded

that science could not make the judgment call on EPA's new standards.

In the face of inconclusive science and the prospect of questionable public health benefits, compliance with "good government" procedures takes on added significance. Under these circumstances, sound policy judgments can be made only after (1) a careful balancing of the weight of the available scientific evidence against anticipated costs, risks, and likely benefits; and (2) an adequate opportunity for review and comment. For this reason, the subcommittee closely reviewed EPA's compliance with the Federal laws, Executive orders, and administrative procedures that require the Agency (1) to analyze and take into account a range of factors in exercising its discretion on proper risk management; and (2) to allow ample time for the filing and review of comments. The investigation focused on the following problems:

Regulatory Flexibility Act.—EPA certified that its rules will not have a significant impact on small business. This finding is very problematic because EPA indicated that these rules will have a significant economic effect on a substantial number of small entities in its regulatory impact analyses. Moreover, the Agency has previously prepared analyses of small business effects in other NAAQS-setting rulemakings. Finally, the Small Business Administration, the controlling legal authority, determined that EPA was required to do so in this rulemaking proceeding.

Unfunded Mandates Reform Act.—EPA has insisted that the Clean Air Act (Act) prohibits it from complying with the requirements of UMRA. Therefore, EPA did not prepare a written statement that evaluated the effects of its changes on State, local, and tribal governments and the private sector or provide an explanation why the Agency could not select the least costly, most cost-effective, and least burdensome alternative that achieves the objectives of the Act. Nor did EPA involve State and local officials in developing its rules. Yet, the Agency had the discretion not to change the existing air quality standards and this NAAQS review involved policy judgments.

Executive Order 12866.—Although EPA considered it appropriate to evaluate alternative regulatory options, the Agency maintained that it would be inconsistent with the Clean Air Act for the Agency to take into account the results of its economic analyses in determining which option to select. This is problematic in light of CASAC's conclusion that science could not make the judgment call in this rulemaking proceeding.

Regulatory Impact Analyses.—At the proposing stage, EPA failed to perform full cost analyses of its changes to the PM and ozone standards and available alternatives, even though doing so would have enabled a more informed evaluation of the achievability of these standards and their net benefits.

Risk Management.—In developing its new PM2.5 annual standard, the Agency did not give appropriate weight to the inconclusive nature of the scientific evidence on the health effects of fine particles, especially the significant uncertainties raised by CASAC. Moreover, in spite of the marginal public health benefits that its ozone proposal would provide and its own determination that the costs of implementing the standard would outweigh the benefits,

EPA preferred this option to issuing an 8-hour equivalent of the current standard.

PM Research.—Despite the many unanswered questions and uncertainties surrounding the mortality effects of fine particles, EPA refused to validate the two key government-funded prospective studies upon which the Agency relied, by obtaining and making available to the public for independent review the data underlying those studies.

Opportunity for Review.—EPA did not find it necessary to provide an adequate opportunity for public comment and regulatory review before adopting any revisions to the PM and ozone NAAQS. This is very problematic given the complexity of this NAAQS review, which addressed both the PM and ozone standards, and the amount of time allocated in the past to reviewing just one standard. In the case of the ozone standard, this is particularly egregious because EPA was not under a court-ordered deadline to review that standard. Moreover, in its filing with the District Court in Arizona seeking an extension of the deadlines for the particulate matter rulemaking, EPA recognized that the court provided "an extraordinarily short time period" for reviewing and responding to public comments in a rulemaking of this nature. Under such severe time constraints, it is highly dubious that EPA was able to perform a meaningful review of all of the comments filed on both the PM and ozone proposals.

In pursuing its oversight work, the subcommittee sent letters of inquiry to EPA, OIRA, SBA, and the Council on Economic Advisers. The subcommittee also interviewed EPA, SBA, and OIRA officials involved in this rulemaking proceeding, CASAC scientists, State and local authorities, and economic and policy analysts. In addition to the documents provided in response to its inquiries, the subcommittee reviewed legal, economic and scientific analyses developed by the private sector and the public comments submitted on EPA's proposals.

Finally, on April 16 and 23, 1997, the subcommittee held a hearing on EPA's rulemaking. On the first day of the hearing, the subcommittee heard testimony from representatives of the public, small business, the scientific community, and State and local government. Testifying at the second day of the hearing were EPA Administrator Browner, OIRA Administrator Sally Katzen and SBA Chief Counsel for Advocacy Jere Glover.

On the first day of the hearing, witnesses provided persuasive testimony that EPA's proposed new stringent standards were misguided. Dr. Christopher Grande, an anesthesiologist and intensive care specialist in trauma injury, said that the proposed rules are "the latest example in what [he] see[s] as a disturbing trend of the last two decades where scarce public health resources are diverted from more clearly demonstrated beneficial uses." "For example," he added, "if a community is forced to spend its resources implementing the ozone and particulate matter air quality standards, what other public health needs will the community sacrifice?" This concern was echoed by Faith Kline, a fourth-grade school teacher and severe asthma sufferer, and Fred Congress, a minority business owner. Both admonished the Agency not to take a great public policy leap without more scientific justification. To do otherwise, they

agreed, will just result in onerous new control measures being imposed on the backs of citizens for minimal health benefits.

A bipartisan group of State and local elected officials also expressed concern that EPA's air quality standards will be counterproductive to cleaner air and improvements in public health. According to Ohio Governor George Voinovich, "the proposed standards threaten to undo all the hard work and sacrifice made by our [citizens] to bring their communities into attainment." San Diego Mayor Susan Golding and Illinois State Representative Jeffrey Schoenberg believed that the rules will have an enormous impact on small business and will become "one of the largest unfunded mandates" ever faced by State and local government.

During the course of its oversight, the subcommittee also found the following information particularly noteworthy in view of its concerns about the conduct of the rulemaking process:

Interagency Review.—EPA did not adequately address the economic and scientific criticism that its air quality standards provoked throughout the Clinton administration. The President's own Office of Science and Technology Policy objected that these standards are not based on adequate scientific information. The Council of Economic Advisers [CEA] observed that, "the incremental health-risk reduction from more stringent standards is small, while costs are high." In fact, the CEA estimated that the costs of fully complying with just EPA's new ozone standards could reach $60 billion a year. According to the SBA, these are "the most expensive regulations faced by small business in 10 or more years." The Department of Transportation [DOT] commented that it was "incomprehensible that the administration would commit to a new set of standards without much greater understanding of the problem and its solutions." A DOT analysis of the impact of EPA's standards on States and localities showed that areas in noncompliance will face "economically strangling restrictions to daily operations." The Department noted that the standards will "bring a significantly larger proportion of the population and more jurisdictions under Federal oversight and procedural burdens."

State and local elected officials.—EPA did not adequately address the concerns voiced by numerous governors and thousands of mayors about these standards. They maintained that the standards will have a disproportionate impact on small business and will impose one of the largest unfunded mandates ever on State and localities. These standards will force onerous new control measures and unnecessary lifestyle changes on hundreds of counties that will not be able to comply. The costs of doing business will rise considerably, causing massive layoffs. Areas in nonattainment will have to adhere to stringent requirements regarding building permits and uses, transportations plans, industrial uses, and the like. In short, the elected officials protested that States and localities will face oppressive constraints on their freedom to run their own communities and meet the needs of their citizens.

EPA's Final Regulatory Impact Analysis.—While EPA has interpreted the Clean Air Act as requiring the setting of NAAQS to be health-based and not based on cost or other economic considerations, the Agency nonetheless performed a regulatory impact analysis [RIA] to determine the costs and benefits of its new standards.

Moreover, EPA's final RIA clearly shows that its preliminary analysis did not conform to the administration's own guidelines for issuing regulations (OMB's guidelines for implementing Executive Order 12866). In contrast to that preliminary analysis which showed that the standards were cost-effective, EPA now has found that its new standards may actually result in harm to the public, potentially producing net negative benefits of $26 billion. Based on its estimates, EPA has concluded that the net benefits for ozone are negative and that it is quite plausible that the net benefits of the PM2.5 standard also will be negative. Total costs could be $47 billion ($37 billion from the PM2.5 rule plus $9.6 billion from the ozone rule). By the time EPA finalized its rules, its cost estimate rose about five-fold, while its measure of public health fell by over 80 percent (number of lives saved fell by 97 percent). Finally, the level that EPA has adopted for its annual PM2.5 standard is very cost sensitive. A change in the level by just 1 microgram per cubic meter, from 15 to 16, would result in a 37 percent reduction in the number of residual nonattainment areas—from 30 to 19.

Job Impacts.—In its study, "Costs, Economic Impacts, and Benefits of EPA's Ozone and Particulate Standards, the Reason Public Policy Institute found that the standards could cost from $90 to $150 billion annually. These costs would have an adverse effect on economic growth and employment, taking about $1,600 from each family of four after taxes and putting 200,000 to 400,000 jobs at risk. The costs of these standards could reduce the purchasing power of lower income families by more than 5 percent. Finally, the study projected that disproportionate share of the job losses would come from lower paying occupations in the small business sector.

Better Investments.—EPA did not evaluate the health benefits from investing scarce resources in the implementation of its stringent PM and ozone standards as compared to benefits from investing in other public health and safety programs. In terms of cost per life-year saved, EPA's rules are very cost ineffective when compared with other investment choices, such as mammograms and immunizations. For example, the cost per life-year saved of breast cancer screening for women ages 40–64 is about $17,000, while the cost per life-year saved of pneumonia vaccinations for those over 65 is about $2,300. By contrast, EPA's PM analysis indicates a cost per life-year saved of $2.4 million.

Research.—Although EPA's 1996 "Air Quality and Emissions Trends Report" shows that nationwide air quality has improved substantially over the last 10 years, the incidence of asthma is increasing appreciably. Most experts believe that the primary cause of increased asthma prevalence is related to indoor not outdoor air pollution. Further research is needed to examine the effects of poverty and indoor air quality on the incidence of asthma, relative to the effects of outdoor air. Moreover, with respect to the health effects of fine particles, CASAC urged EPA to "immediately implement a targeted research program to address [the] unanswered questions and uncertainties." President Clinton's budget request for fiscal year 1998 underscored the necessity for research. In requesting $26.4 million for PM research, a 37 percent increase over 1997, the President indicated, among other things, the need to investigate the "biological mechanisms by which PM concentrations in

outdoor air may induce health effects and, in doing so, evaluat[e] potential links between PM exposures and health effects." Clearly, absent a better understanding of the science, effective control strategies cannot be designed.

Underlying Data.—The subcommittee sent letters to Harvard and the American Cancer Society [ACS] urging that they cooperate with efforts to structure a public process for the independent review of the data underlying their long-term studies, which are critical to EPA's annual PM2.5 standard. Prompted by such appeals, Harvard and ASC are working with the Health Effects Institute to set up procedures for independent scientific review.

Unintended Adverse Consequences.—EPA did not evaluate any of the following potential adverse consequences: (1) Reducing ground-level ozone may cause an increase in malignant and nonmelanoma skin cancers and cataracts, as well as other health risks from ultraviolet B rays; (2) Setting a generic fine particle standard may result in controlling particles that don't significantly harm the public health, and not controlling ones that do; and (3) The regulatory costs that will be transmitted throughout the economy will increase poverty levels. As a result, workers and consumers will have less disposable income to spend on safety devices, on medical checkups and procedures, and on clean and safe housing.

b. Benefits.—The record developed through the subcommittee's oversight clearly shows that EPA defied good government laws and procedures in developing its new air quality standards, that these standards are scientifically indefensible, and that they will impose enormous burdens on State and local government and the private sector, with little or no assurance of public health benefits. Nothing in the Clean Air Act removes the Agency's discretion and responsibility to take a reasonable approach when the scientific evidence is inconclusive. Contrary to good government procedures and requirements, EPA rushed to judgment without weighing a range of relevant factors and without providing an adequate opportunity for public comment and review.

c. Hearings.—The subcommittee held a hearing entitled, "EPA's Particulate Matter and Ozone Rulemaking: Is EPA Above the Law?" on April 16 and 23, 1997.

8. GAO Findings on Superfund Cleanup.

a. Summary.—On February 13, 1997, the subcommittee held a hearing on the preliminary findings of the General Accounting Office [GAO] on the duration of the Superfund cleanup process. Despite the Environmental Protection Agency's [EPA] claims to the contrary, GAO testified that the pace of the Superfund program is actually slowing down. GAO stated that it now takes much longer for non-Federal sites to move through the Superfund system than it did 10 years ago. Moreover, GAO staff warned that longer completion times are significant because many listing and cleanup activities remain in the Superfund program.

The Superfund program was created in 1980 when Congress enacted the Comprehensive Environmental Response, Compensation and Liability Act [CERCLA] to identify and cleanup the Nation's worst hazardous wastesites. After nearly 17 years, the public and private sectors combined have spent over $30 billion on the pro-

gram, with only 30 percent of the sites on the National Priorities List [NPL] cleaned up.

At the request of former Government Reform and Oversight Chairman William F. Clinger, GAO investigated the time it takes to assess and cleanup contaminated sites on the NPL and why cleanups have been delayed. In March 1997, GAO issued its final report, "Times to Complete the Assessment and Cleanup of Hazardous Waste Sites," which confirmed its earlier findings. Based on EPA's own data, GAO concluded that:

(1) It now takes substantially longer to list sites on the NPL than it did 10 years ago. In 1996, it took 9.4 years to evaluate and place sites on the NPL, while sites listed between 1986 and 1990 took about 5.8 years. GAO predicted that long delays will continue because a large number of sites are potentially eligible for Superfund listing and only a limited number of sites are being added to the program each year. GAO estimated that between 1,400 and 2,300 sites could be added to the program in the future;

(2) The average number of site additions to the NPL has fallen dramatically over this same 10 year period. Only 16 sites per year have been added in recent years;

(3) The time it takes to clean up a site, once it has been placed on the NPL, is more than twice as long as it was 10 years ago. In 1986, the average time to cleanup a Superfund site listed on the NPL was less than 4 years. In 1993, EPA established a goal of 5 years to cleanup a site. However, by 1996, cleanups were averaging 10.6 years; and

(4) The actual time it takes to do "construction work"—the real shovels-in-the-dirt part—is being completed in the same length of time. In 1996, remedial actions took about 2 years, as long as it took in 1991.

EPA told GAO that the increased cleanup times are the result of three factors: "(1) the growing complexity of sites, (2) efforts to find parties and reach settlements with them, and (3) resource constraints."

Certainly, sites are now "more complex" in one respect. GAO reported in 1993 that a full 40 percent of all the sites that EPA had reported as "construction complete" required no remedial action whatsoever. Basically, EPA finished leaning up the sites that were easier to deal with early in the program. However, GAO also noted in their report that actual cleanup is just as fast today as it was previously. Therefore, the "complexity" that EPA cites as a reason for delay is attributable to the pre-cleanup phase—studies, remedy design, et cetera. In the case of multi-party sites, this phase is dominated by legal battles with potentially responsible parties [PRPs] over who should pay and how much, and what should be done—that is, issues of liability and remedy selection.

Moreover, by stating that efforts to reach settlements with parties delays the process, EPA acknowledged that the liability system hinders site cleanup. Notably, EPA reported to GAO that the reason remedial designs are completed twice as quickly at Federal sites as they are at non-Federal sites is because "Federal cleanups do not usually involve negotiations or litigation with private re-

sponsible parties." EPA's own data suggest that the number of parties involved in legal disputes is correlated to the speed of cleanup:

- A full 50 percent of all "orphan" sites (sites where EPA is unable to identify any viable liable party and simply pays for the cleanup itself) have been completed, and 41 percent of the sites with 10 or fewer parties have been cleaned up. However, at sites with 500 or more PRPs, just 17 percent have been finished.
- The average multi-party Superfund site takes a total of 12 years to be completed after it is listed on the NPL. As John F. Lynch, Jr., an experienced Superfund lawyer, testified at the hearing, the problems at multi-party sites are much greater than at single party sites, "by orders of magnitude." The lengthy testing, decision and "down" periods are directly attributable to complicated negotiations and litigation with PRPs over remedies and their costs, and which parties should pay.

Finally, President Clinton sought unsuccessfully to increase funding for the current Superfund program during fiscal year 1998 by $650 million. Clearly, based on GAO's findings, appropriating such amounts without first reforming the underlying program would do little to expedite cleanups but would simply perpetuate this flawed and inefficient program.

In presenting data on completion times, GAO used a "date of event" analysis (e.g., date of a site's placement on the NPL, date of completing a cleanup) and looked back to compute the length of time. The GAO staff testified that this methodology is the most appropriate measure of the productivity and management of Superfund resources over time. GAO's analysis considered the actual number of listings, cleanups completed, or intermediate steps completed in a given year regardless of when the sites were discovered or placed on the NPL. The staff pointed out that this approach is consistent with the method that EPA uses in its management reports to measure the Superfund program's performance and to justify budget requests.

At the hearing, Elliot Laws, Former Assistant Administrator for Solid Waste and Emergency Response, testified that recent EPA reforms have fundamentally changed the program. Among other things, he claimed that the Agency's reforms have brought relevant stakeholders into the process earlier, increased the number of small parties who are protected from liability, adopted liability allocations worked out by the relevant parties, allowed States to assume more responsibility for cleanups, increased the speed of cleanups by using presumptive remedies, and reduced cleanup costs by establishing a Remedy Review Board to review proposed high-cost remedies at sites.

In March 1997, EPA submitted its own analysis comparing cleanup durations during the Clinton administration to those under prior years. The Agency claimed that its data show that it has taken only 8 years to clean up a site in recent years (1993–1996), as opposed to the more than 10 years it had taken for sites in the pipeline between 1987–1992. EPA's study used a "date of submission" analysis, which tracks processing times by the year sites were discovered or listed. For each time period, EPA's analysis only counted activities started and finished during that time period. As

a result, EPA's findings are skewed. The Agency's study shows improvement in processing times only because the data for later years excludes a higher proportion of ongoing work than the data for earlier years.

On September 24, 1997, GAO issued a report entitled, "Superfund: Duration of the Cleanup Process at Hazardous Waste Sites on the National Priorities List." In that report, GAO compared EPA's projection that sites listed in 1993 through 1996 would be cleaned up in an average of 8 years against the program's historical performance. In doing this, GAO used the same methodology as EPA, a "date of submission" analysis, to isolate any effects of recent policy or procedural changes on processing times. GAO calculated the duration of the cleanup process from a site's listing on the NPL through remedial action for all sites that began this process in fiscal years 1986 through 1994. GAO examined both how long it took to clean up completed sites and how long the uncompleted sites have been "in process." Based on EPA's own data, GAO determined that the only way cleanups could average 8 years would be if all cleanups "in process" had been completed by July 1, 1997. However, because such a large proportion of the sites listed in the 9-year period are still in process, the average cleanup time for these sites will exceed 8 years by a substantial margin. Therefore, even after using the same methodology as EPA to analyze Superfund processing data, GAO verified that cleanups are taking substantially longer.

Finally, on May 30, 1997, at the request of the subcommittee and full committee, GAO completed its report, "Superfund: Information on EPA's Administrative Reforms," in which it examined whether, in fact, EPA's 45 administrative reforms have resulted in significant, fundamental changes in the program and are achieving demonstrable results. GAO found that the Agency could report quantifiable results for just six of them. Furthermore, of those six, EPA could document the benefits fully for merely four reforms. These results do not show any significant progress, let alone a fundamentally different program.

b. Benefits.—The subcommittee's oversight and the GAO report on cleanup times provide further evidence that the current Superfund program is not working and requires comprehensive reform. GAO's findings show that the program will probably get worse before it gets better. Even assuming that the administration can do a better job, the sheer number of potential Superfund sites is staggering. GAO estimated that 1,400 to 2,300 additional sites may be added in the future. If EPA can only clean up 65 sites per year, and it is only taking on 16 new sites per year, the job may never be done. Moreover, GAO's findings show that the delays are attributable to the pre-cleanup phase, which is plagued by legal battles over who should pay and what should be done. Actual cleanup time has remained steady. Therefore, cleanups will continue to be delayed, unless the Superfund's liability system is fundamentally reformed. Only those who are truly responsible for the pollution, those parties which owned and controlled sites and parties which violated disposal laws, should be held accountable. Otherwise, the real mission of this program—cleaning up sites that pose a risk to our citizens—will never be achieved. The subcommittee is amazed

that EPA is not equally concerned by GAO's findings and acknowledging the urgency for comprehensive legislative reform.

c. Hearings.—The subcommittee held a hearing entitled, "GAO Findings on Superfund Cleanup," on February 13, 1997.

9. OMB's "Report to Congress on the Costs and Benefits of Federal Regulations.

a. Summary.—On October 27, 1997, the subcommittee sent a letter to the Office of Management and Budget [OMB] expressing its concerns about the adequacy of the agency's "Report to Congress on the Costs and Benefits of Federal Regulations." These concerns also were shared by the Commerce and Transportation and Infrastructure Committees. Based on a thorough review, all three committees found that OMB's report failed to provide a sound information base for public policy decisionmaking.

This report was submitted pursuant to Section 645 of the Treasury, Postal Services, and General Government Appropriations Act, 1997 (Public Law 104–208), which required the Director of OMB to provide to Congress, by September 30, 1997, a report containing the following information:

(1) Estimates of the total annual costs and benefits of Federal regulatory programs;

(2) Estimates of the costs and benefits of each rule that is likely to result in annual costs of $100 million or more;

(3) An assessment of the direct and indirect impacts of Federal rules on the private sector, State and local government, and the Federal Government; and

(4) Recommendations from the Director and a description of significant public comments to reform or eliminate any Federal regulatory program or program element that is inefficient, ineffective, or is not a sound use of the Nation's resources.

In adopting these regulatory accounting requirements, Congress sought to obtain a credible and reliable assessment of the benefits and burdens of regulation in order to develop a more effective and accountable regulatory system that will achieve better results. However, OMB's report made painfully clear that the Federal Government has not yet established an information system that will yield meaningful estimates of the effects of regulation on our society.

In particular, the letter to OMB noted that its report did not fully comply with specific statutory requirements. It was wholly deficient in assessing the direct and indirect impacts of Federal rules and it made no recommendations for reform. In addition, OMB interpreted Congress mandate too narrowly to achieve the legislative goal. For example, the report did not break down information by Federal program, it provided information on only a limited number of major rules, and it excluded information on rules issued by independent agencies. Most significantly, the report exposed the lack of any systematic approach to collecting, analyzing, and reporting data on regulatory impacts. Moreover, in developing this report, OMB did not take the leadership role that Congress intended in assuring the quality and reliability of the information reported. Without a systematic approach and OMB auditing, Congress will not be

assured of the accurate, complete, and consistently measured information that it needs to properly manage the regulatory process.

The letter recommended that OMB take the lead in implementing the following improvements:

(1) Standardize procedures governmentwide for collecting, analyzing, and documenting the best available information on a regular and systematic basis, including formalizing the agency's "Best Practices" guidelines;

(2) Establish an information database on the benefits and costs of regulation, obtaining information from a variety of sources as it becomes available;

(3) Establish a system for tracking net benefits of different regulatory programs and their program elements;

(4) Ensure that the report to Congress includes information on all Federal mandates, provides estimates on paperwork burdens and full social costs, and disaggregates the total overall estimates by regulatory program and economic sector;

(5) Use traditional economic measures, such as impacts on productivity, employment, and income distribution, to present aggregate information in a more meaningful way; and

(6) Synthesize and evaluate the information provided by Federal agencies, especially their compliance with OMB's guidelines, and supply both an independent assessment of regulatory impacts and concrete reform recommendations.

b. Benefits.—Based on the letter's recommendations, the subcommittee, along with the Committees on Commerce and Transportation and Infrastructure, will work with OMB to implement more effectively Section 625 of the Treasury and General Government Appropriations Act, 1998 (Public Law 105–61), which carries forward these regulatory accounting requirements for another year. As the OMB report indicated, Federal regulation constitutes "a major component of our economy" and regulations have "enormous potential for both good and harm." The committees hope that, working together with OMB, we can begin to build a sound information base for decisionmaking and can make regulatory accounting the effective management tool that Congress intended.

c. Hearings.—None.

10. EPA's Strategic Plan.

a. Summary.—The subcommittee participated with the House Departmental Staff Team which reviewed and commented on the strategic plan developed by the Environmental Protection Agency [EPA] under the Government Performance and Results Act (Public Law 103–62) (Results Act). The overall aim of the Results Act is to foster accountability by requiring Federal Government agencies to establish goals and measure their performance. It is designed to obtain systematic and reliable information about where Federal programs and activities are going, how they will achieve their goals, and how performance will be measured.

Specifically, the Results Act requires Federal agencies to prepare multi year strategic plans, annual performance plans, and annual performance reports. Under the act, Agencies had to submit their first 5-year strategic plans to Congress and the Office of Management and Budget [OMB] by September 30, 1997. The act requires

agencies to include the following six critical components in their plans: (1) a comprehensive mission statement; (2) agency wide long-term goals and objectives for all major functions and operations; (3) strategies and the various resources needed to achieve the goals and objectives; (4) the relationship between the long-term goals and objectives and the annual performance goals; (5) an identification of key factors, external to the agency and beyond its control, that could significantly affect the achievement of the strategic goals; and (6) a description of program evaluations used to establish or revise strategic goals and a schedule for future program evaluation. In developing their strategic plans, agencies were required to consult with Congress regarding the contents of their plans.

On July 28, 1997, the committees participating on the House EPA Staff Team sent a letter to the Agency providing comments on its draft strategic plan. In general, the committees felt that the draft plan was a good starting point, but that many changes were necessary before it complied with the act. The following are some of the changes that the committees recommended to improve the draft plan:

(1) The Agency's mission statement should more accurately reflect its founding statutes and authority. Moreover, the plan should place priority on those strategic goals for which the Agency has statutory authority;

(2) EPA's goals and objectives need to be more results-oriented and measurable;

(3) The Agency's goals and objectives should be expressed as environmental outcomes, while organization/program outputs should be classified as implementation tools; that is, strategies for achieving those goals;

(4) The strategic plan should prioritize among goals and objectives. In particular, EPA should commit to using risk assessment to prioritize environmental risk management decisions;

(5) The plan should emphasize the need to have reliable information in order to measure results. Also needed are performance measures that link EPA's activities to changes in health and environmental conditions;

(6) Given the kinds of goals and objectives that it sets, the strategic plan should contain measurements of the costs that EPA's regulatory actions impose on the private sector and State and local government;

(7) The Agency's numerical objectives must be justified by reference to some statutory or policy requirement;

(8) EPA should include performance measures relating to its efforts to work with States to achieve environmental goals;

(9) The draft plan lacked a sufficient assessment of external factors that would limit the Agency's ability to achieve its objectives;

(10) The draft plan did not include program evaluations used to develop the plan and a schedule for future evaluations;

(11) The draft plan did not address the relationship between its long-term goals and objectives and the annual performance goals; and

(12) The draft plan did not discuss coordination with other agencies for crosscutting programs, activities, or functions that are similar to those of other Federal agencies;

b. Benefits.—Based on these comments, EPA made certain changes in the final strategic plan that it submitted to Congress and OMB in September 1997. It added sections on program evaluations used in preparing the plan and on the relationship of the plan's general goals to annual performance goals. The plan also described the steps that EPA took to coordinate its plan with other agencies, and addressed the role of the States in implementing EPA's programs. The section identifying key external factors was expanded to include additional factors, such as changes in producer and consumer behavior, that could directly affect the achievement of the plan's goals and objectives. The mission statement also was revised to coincide more closely with the language of the Agency's statutes. Finally, EPA included an addendum that identified its authorities by goal and objective.

The Team will continue to work with EPA to make further improvements, such as: (1) stating goals and objectives in quantifiable and measurable terms; (2) relating specific strategies to specific objectives; (3) communicating more effectively the Agency's priorities; (4) ensuring the availability of sufficient scientific and environmental data; (5) coordinating plans and activities with other agencies that have similar or crosscutting functions; and (6) specifically linking the Agency's goals and objectives to each of its budgetary program activities.

c. Hearings.—None.

11. Oversight of EPA and the Regulatory Process.

a. Summary.—As part of its oversight responsibilities concerning Environmental Protection Agency [EPA] and the regulatory process, the subcommittee continued to inquire about specific Agency's rulemaking actions. These inquiries have focused on the Agency's compliance with "good government" laws and procedures intended to assure that regulations do not do more harm than good. Specifically, the subcommittee has investigated the Agency's compliance with the requirements of the Administrative Procedures Act, the Unfunded Mandates Reform Act, the Regulatory Flexibility Act, the Small Business Regulatory Enforcement Fairness Act, the Congressional Review Act, and Executive Order 12866. The subcommittee has been particularly interested in whether the following types of issues were adequately addressed in the rulemaking proceedings: the need for regulation; the incremental costs and benefits of available regulatory alternatives; whether the benefits of the intended regulation would justify its costs; what would be the most cost-effective, least costly, and least burdensome regulatory option and any reasons why the Agency could not select that alternative; paperwork burdens; impacts on small business, State and local government, and the private sector; efforts to involve small business and State and local government representatives early in the development of the rule; impacts on the economy; any disproportionate impacts of the rule on certain populations or geographical areas; opportunity for comment and review.

In the recent past, the subcommittee conducted inquiries into the following specific rulemakings:

Urban Area Source Program.—On November 18, 1997, the subcommittee sent a letter of inquiry to EPA regarding its implementation of the Urban Area Source Program under Section 112(k) of the Clean Air Act. The subcommittee raised concerns about whether EPA, in developing a regulatory strategy on area sources, is complying with the requirements of the Small Business Regulatory Enforcement Fairness Act [SBREFA]. In particular, the subcommittee requested information about whether EPA is analyzing potential impacts on small business entities in developing its strategy; is providing a meaningful opportunity for small entities to participate early in the process; and is planning to convene a Small Business Advocacy Review Panel. Also, the subcommittee inquired whether EPA has been focusing on chemicals that are, in fact, emitted from area sources, in compiling its draft list of candidate air toxics for this program.

Toxic Release Inventory [TRI] Program.—On March 17, 1997, the subcommittee sent a letter to OMB concerning its review of EPA's draft final rule, "Addition of Facilities in Certain Industry Sectors: Toxic Chemical Release Reporting Community Right to Know." This ruled extended the requirements under Section 313 of the Emergency Planning and Community Right-to-Know Act for the reporting of toxic chemical releases to seven new industry sectors. In the letter to OMB, the subcommittee raised concerns about the unnecessary paperwork burdens that this regulation would create, especially for small businesses. The letter requested information on the extent to which such burdens on small business had been analyzed and whether all practicable steps had been taken to exempt from reporting or, alternatively, to minimize the burdens on, small businesses and other small entities. The subcommittee also questioned whether the benefits from imposing these informational requirements justified their costs.

NOX Rule for Utilities.—On November 21, 1997, the subcommittee sent a letter to EPA inquiring about its proposed Phase II Nox rules under the Clean Air Act. This letter raised concerns about the process that the Agency had followed in developing these rules. In this rulemaking, EPA proposed lowering Nox emissions for about 750 wall-fired and tangentially-fired utility boilers (Group 1 boilers) and establishing specific emission limits by category for about 190 other boilers. The subcommittee questioned whether the Agency was providing an adequate opportunity for public input and whether EPA and its consultants used realistic methodologies to support lowering emissions limits on the Group 1 boilers. The subcommittee also questioned the need for changing the Nox emissions standard for Group 1 boilers and the need for regulating cyclone boilers at all. Finally, the subcommittee requested information on why the EPA did not prepare an Initial Regulatory Flexibility Act analysis and on the Agency's efforts to involve State and local officials in developing its rules.

12. Brookhaven National Laboratory.

a. Summary.—The subcommittee has been investigating environmental, health, and safety problems at the Brookhaven National

Laboratory [BNL], one of the Department of Energy's [DOE] major multi-program laboratories, and evaluating actions that are being taken at this Federal facility to remedy and prevent the recurrence of these problems.

Initially, the focus of the subcommittee's oversight was on DOE and BNL efforts to clean up existing onsite groundwater contamination, stemming from the facility's past activities. However, when tritium from active operations was detected in groundwater on the Lab site, it became clear that the problems at BNL were not isolated events, but were, instead, systemic in nature. The subcommittee then began investigating institutional deficiencies in the management of environmental, health, and safety activities [E, H & S] at BNL.

Because of its former use as a military facility and the later operations of the Laboratory, this site became contaminated with chemical wastes and hazardous substances. After a history of chemical and radiological releases to surface water and groundwater on site, the Brookhaven facility was listed on the National Priorities List under the Superfund law in 1989. While there have been ongoing remedial investigations to define future clean-up priorities, activities over the past few years have concentrated on capping inactive landfills, removing underground storage tanks, excavating cesspools, removing above-ground radiological waste tanks, installing a groundwater pump and treat system to minimize off-site contamination, and hooking-up homes south of the site to the public water supply. Although BNL officials recognized the need for extensive groundwater monitoring back in 1992, this was given a low priority.

In December 1996 elevated concentrations of tritium, a low-level radioactive form of hydrogen, were discovered in monitoring wells adjacent to BNL's High Flux Beam Reactor [HFBRA], a research reactor at the site. Results of a DOE investigation pointed to the reactor's spent fuel pool as the source of the tritium. The tritium groundwater plume was found to extend about 2,200 feet and has peak concentrations, close to the reactor, over 30 times the Federal drinking water standard. Based on the size of the plume, the leak may have started as much as 12 years ago. At the time that the leak was detected, the HFBR had been shutdown for routine maintenance and remains shutdown today.

Back in 1994, the Suffolk County Department of Health Services had informed BNL that the HFBR spent fuel pool did not comply with county code requirements for hazardous waste storage. While BNL agreed to install monitoring wells near the spent fuel pool at that time, the wells were not installed until 1996. Also, although the tritium leak was detected in December 1996, it was not until January 16, 1997, that the lab began notifying regulatory agencies and local officials. This delay severely damaged BNL's credibility with the local community. Finally, while the tritium plume posed no health threat to the surrounding communities and lab employees, this incident, which arose after various other problems, showed the need for improvement in laboratory E, S & H management and oversight.

As a result of the discovery of the tritium leak and the management review and investigation that followed, Secretary of Energy

Federico Pena terminated Associated Universities, Inc. [AUI] as the managing contractor for BNL. AUI had been operating contractor for the laboratory since its founding in 1947.

As part of its oversight, subcommittee staff visited BNL twice and interviewed managers and scientists at BNL; DOE's onsite staff, the Brookhaven Group; and local citizens. The subcommittee also interviewed officials at DOE headquarters within the offices of Oversight and Energy Research, and staff at the Environmental Protection Agency [EPA]. The subcommittee has reviewed investigatory reports and management reviews that have been done regarding BNL, including the "Integrated Safety Management Evaluation of the Brookhaven National Laboratory" by DOE's Office of Oversight, the "Interim Report of the BNL Facility Review," the findings of EPA's Multi-Media Compliance Evaluation Inspection, and "Brookhaven National Laboratory: At the Crossroads," the report resulting from the New York Attorney General's investigation.

Based on such reports and evaluations, DOE has developed an Action Plan "to improve the way DOE and BNL protect the environment, provide for the safety and health of employees, and address local community concerns and interests while conducting world-class science." Through its oversight, the subcommittee intends to track the implementation of this plan to determine whether DOE and BNL are meeting their objectives and milestones for change. In particular, the subcommittee will be monitoring their progress in the following areas: (1) Clarifying the roles, responsibilities, and authorities related to BNL; (2) Strengthening management systems and procedures used by BNL and the Brookhaven Group to determine necessary corrective actions and to prioritize, track, and implement those actions; (3) Establishing a structured, standards-based approach to the planning and control of work and related hazards across organizations, facilities, and activities, with a view to fully integrating effective E, S & H management processes and allocating appropriate funding support throughout BNL; (4) Strengthening DOE's monitoring and assessments of BNL E, S & H performance and safety management (especially, BNL's compliance with safety management policies, prioritization of issues and resources, and control of workforce hazards), and including the Department's performance expectations into its strategic plan and annual performance plans; and (5) Expanding BNL community involvement and outreach efforts.

b. Benefits.—All of the investigatory reports and management reviews that the subcommittee reviewed identified opportunities for improvement at BNL. The laboratory must put into place E, S & H management systems and controls that will serve to prevent environmental problems from occurring and that will detect and quickly remedy those that do arise. This subcommittee intends to make sure that environmental management practices are securely in place, the causes of the tritium leak and other problems that have occurred are fully understood, and corrective actions are taken expeditiously.

13. Investigation of President Clinton's Executive Order 13083, "Federalism."

a. Summary.—On May 14, 1998, President Clinton issued Executive Order 13083, "Federalism." On June 3rd, the subcommittee prepared a side-by-side analysis comparing President Reagan's 1987 Federalism Executive Order 12612 with President Clinton's first and second Federalism Executive Orders (12875 and 13083). On June 8th, the subcommittee chairman wrote President Clinton to inquire why he issued Executive Order 13083 since it abandoned protections for State and local governments (e.g., preparation of a Federalism Assessment for statutory and regulatory proposals and a presumption against Federal preemption of State and local laws and rules) which were in place since President Reagan's 1987 order. On June 10th, the subcommittee alerted the National Governors' Association about the new order. Apparently, none of the seven major State and local interest groups were aware of the new order prior to the subcommittee's call. On July 27th, the subcommittee chairman wrote the Office of Management and Budget, initiating an investigation to discover documents which revealed the individuals involved and the philosophy behind the new order.

On July 28th, the subcommittee held a hearing which included bi-partisan agreement and opposition to the new order (see Hearings section below). At the hearing, the administration witness committed to use President Reagan's Federalism order as the starting point for negotiations with State and local governments for a revision of President Clinton's new order. On July 30th, based on arguments presented at the hearing, the subcommittee chairman sent a second letter to President Clinton demanding that the President withdraw or indefinitely suspend his Federalism order.

Executive Order 13083 provided an opportunity for the public to understand the basic difference in philosophy between Republicans and Democrats. Republicans believe that the powers of the Federal Government, specified in the Constitution, are defined and limited and that all other powers should be exercised by State and local governments. In contrast, Democrats support a centralized Federal Government, which usurps the powers of State and local governments even in traditional State and local functional areas.

After the subcommittee provided the Senate Governmental Affairs Committee its side-by-side analysis and the subcommittee chairman's June 8th letter to President Clinton, on July 22nd, the Senate unanimously passed a Sense of the Senate resolution asking the President to repeal his new Federalism order. On July 29th, in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations bill for 1999 (the VA–HUD Appropriations bill), the House passed a statutory prohibition on funds to implement Executive Order 13083. On August 5th, the House passed, by a 417–2 vote, an amendment to the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations bill for 1999, which was similar to the provision in the House VA–HUD Appropriations bill. Additionally, the subcommittee chairman co-sponsored various bills and resolutions opposing the new Clinton order and a bi-partisan bill which would codify President Reagan's Federalism order.

On August 5th, President Clinton indefinitely suspended his new Federalism order.

b. Benefits.—The subcommittee chairman's letters to the President before and after the subcommittee's hearing and the subcommittee's July 28, 1998 hearing itself put pressure on the administration to rethink Executive Order 13083. As a consequence, on August 5, 1998, the President issued Executive Order 13095 which suspended Executive Order 13083. On October 1, 1998, Majority Leader Dick Armey gave an "Excellence in Programmatic Oversight Award" to the subcommittee for its oversight of Executive Order 13083.

c. Hearings.—On July 28, 1998, the subcommittee held a hearing on President Clinton's Executive Order 13083, "Clinton-Gore v. State and Local Governments." The hearing included bi-partisan agreement and opposition to this order. Witnesses testifying for the five major State and local organizations—Governor Michael O. Leavitt (R–UT) for the National Governors' Association, State Representative Daniel T. Blue, Jr. (D–NC) for the National Conference of State Legislatures, Mayor Edward Rendell (D–Philadelphia, PA) for the U.S. Conference of Mayors, Councilman Brian J. O'Neill (R–Philadelphia, PA) for the National League of Cities, and Commissioner Betty Lou Ward (D–Wake County, NC) for the National Association of Counties—voiced their concerns both about the process employed by the Clinton administration and the substance of the new Federalism order. In addition, former and current administration officials discussed the philosophic basis for their Federalism orders.

14. Investigation of Paperwork and Regulatory Accomplishments by the Office of Management and Budget's Office of Information and Regulatory Affairs.

a. Summary.—The subcommittee serves both as the authorizing and oversight committee for the Office of Management and Budget's [OMB] Office of Information and Regulatory Affairs [OIRA]. In 1998, the subcommittee devoted substantial oversight to OIRA's activities under the Paperwork Reduction Act of 1995 [PRA], the Congressional Review Act [CRA], and the regulatory accounting provisions (section 625) of the Treasury and General Government Appropriations Acts for 1997 and 1998. The subcommittee's oversight revealed that OIRA failed to satisfactorily perform its statutory responsibilities for paperwork reduction, the CRA, and regulatory accounting and failed to satisfactorily perform as well in the area of regulatory reviews. OIRA's performance relating to the CRA is discussed in the following section of this report.

(1) Paperwork Reduction

The PRA requires OIRA to work with the agencies to achieve government-wide paperwork reductions of 10 percent per year in fiscal years 1996 and 1997. OIRA is required to review all new and revised paperwork requirements proposed by the agencies on the public before they can take effect. OIRA's reviews resulted in the government's paperwork burden on the public *not* meeting the statutory reduction goals. Instead, there was only a 2.6 percent reduction government-wide in fiscal year 1996 and an estimated 1.8 per-

cent reduction government-wide in fiscal year 1997. The amount of paperwork imposed on the public by several departments and agencies actually increased. For example, in fiscal year 1996, the Department of Housing and Urban Development, the Department of the Interior, and the Environmental Protection Agency increased their paperwork burden on the public by more than 10 percent, 4.6 percent, and 4.5 percent, respectively.

(2) Regulatory Reviews

OIRA also performed very poorly in its review of new and revised regulatory requirements proposed by the agencies on the public. Executive Order 12866 requires OIRA to review all major or significant rules to ensure that the benefits of the rules outweigh their costs and that the agencies comply with all applicable laws and procedures. The subcommittee's oversight revealed that OIRA's regulatory review process has largely become a rubber-stamp function for agency proposals.

OIRA, under the Clinton administration, reviews less than a fourth of the number of rules reviewed by OIRA under the Reagan and Bush administrations. Of the 4,476 rules reviewed by OIRA during the Clinton administration, OIRA rejected only 13 rules, compared to 87 rejected during the Bush administration, and 296 rejected during the two Reagan administration terms. Last year, OIRA sent back only four rules, three of which were from the Railroad Retirement Board, which is not a major regulatory agency.

(3) Regulatory Accounting

Although some economists estimate that Federal regulations cost the American people as much as $1 trillion annually, it is not clear what the relative costs and benefits are in the aggregate and for each major regulation and Federal program. To make difficult choices about whether the social, environmental, and/or economic benefits of a particular government program or regulation are worth the overall costs of the program or regulation, Congress and the American people need accurate and comprehensive information about the impacts of Federal programs and rules.

To begin to obtain such information, the Treasury and General Government Appropriations Acts for 1997 and 1998 required OIRA to submit a report to Congress providing estimates of the total costs and benefits of Federal regulations and the costs and benefits for each major rule, and recommendations for the elimination or modification of specific Federal programs. Instead of providing actual estimates, in the first report, OMB simply rehashed several obsolete studies on the aggregate effects of regulations. For major rules, OMB provided estimates for only 15 of 59 major rules issued during the period covered by the report. Finally, OMB did not offer a single recommendation for terminating or even modifying any Federal regulatory program.

On August 28, 1998, the subcommittee commented on OMB's draft second report to Congress on the costs and benefits of Federal regulations. The subcommittee applauded the improvements made by OMB since its first report to Congress, such as inclusion of rules issued by independent agencies, as the subcommittee recommended in its October 27, 1997 letter to OMB in response to the first re-

port. Nevertheless, the subcommittee stated its belief that the report fell short by not estimating monetized costs for all major rules issued by these agencies during the period covered by the report. OMB's draft report includes monetized cost estimates for only 4 of the 41 major rules issued by these agencies between April 1, 1996 and March 31, 1998.

The subcommittee also repeated some of its concerns stated in its October 1997 letter. Those concerns include (a) the incomplete compliance with specific statutory requirements and (b) the absence of any mandatory systematic and standardized procedure for agencies to collect and report data to OMB on regulatory impacts of all existing, revised, and new regulations. The subcommittee stated its belief that the most significant failure was to comply fully with the statutory requirement to recommend a regulatory program (other than electricity restructuring) for regulatory reform or elimination. The statute requires OMB to recommend regulatory programs or program elements that are inefficient, ineffective, or not a sound use of the Nation's resources. The subcommittee believes that full compliance with this statutory provision is essential to protect the public from unwarranted regulatory intrusion.

With respect to the absence of standard procedures for collecting and reporting data by the agencies, the subcommittee believes that implementing such procedures is critical to the credibility of future government-wide analyses. Accordingly, the subcommittee told OMB that it expects OMB to require all executive branch agencies to follow uniform systematic standardized procedures for collecting and reporting data to OMB and to request that the independent regulatory agencies do the same. At a minimum, the subcommittee asserted there must be a standardized procedure for collecting and reporting data on the costs and benefits for all existing rules.

The subcommittee agreed with OMB about some of the limitations in the report: (a) there are still enormous data gaps; (b) the report's estimates of compliance costs are substantially understated; (c) the cost-benefit analyses for the 33 final rules issued last year incompletely monetized costs and benefits; and (d) there needs to be better information in proposed rules to assure selection of alternatives with the greatest net benefits.

The subcommittee shared OMB's concern about aggregating the cost and benefit estimates from individual rules and various studies. The subcommittee is especially concerned about total Federal regulatory cost estimates that are understated because of insufficient data on the direct and indirect impacts of Federal rules. The statute requires that the report include both OMB's estimates of total costs and benefits and OMB's "assessment of the direct and indirect impacts of Federal rules on the private sector, State and local government, and the Federal Government." The subcommittee recommended that OMB seek out research or reports of any estimates from those sectors on the direct and indirect impacts of Federal rules for consideration in subsequent reports.

b. Benefits.—As a result of the subcommittee's investigation and analysis, the Treasury and General Government Appropriations Act for 1999 includes a statutory requirement for OMB to submit a report to Congress by March 31, 1999 that identifies specific paperwork reduction accomplishments expected, constituting annual

5 percent reductions in paperwork expected in fiscal year 1999 and fiscal year 2000. Additionally, section 638 of the Treasury and General Government Appropriations Act for 1999 is a modification of section 625 of the Treasury and General Government Appropriations Acts for 1997 and 1998. The new language requires OMB to prepare an accounting statement and associated report on the cumulative costs and benefits of Federal regulatory programs and provides for peer review.

c. Hearings.—None. See the next section of this report for information about two 1998 hearings relating to the CRA.

15. The Congressional Review Act.

The subcommittee conducted an ongoing review and study of agency compliance with the requirements of the Congressional Review Act [CRA], 5 U.S.C. ch. 8. A series of hearings, oversight letters, review of new regulations, and extensive legal research revealed that the agencies have not fully implemented the CRA.

a. Oversight of Agency Compliance With CRA.—The subcommittee conducted extensive legal research regarding the requirements of the CRA and reviewed agency compliance with the CRA, finding that many agencies failed to report many interpretive rules, guidances, and policy statements that fall within the CRA's definition of a covered "rule."

Under section 801(a)(1)(A) of the CRA, the Federal agency issuing a rule must send a report to Congress. This report must include the text of the rule, a summary description of the rule, and the proposed effective date. The agency must file such report with Congress, including copies to the General Accounting Office [GAO], "[b]efore a rule can take effect . . ." § 801(a)(1)(A). In other words, unless and until an agency properly reports a rule, the rule has no legal force or effect. Any action the agency takes to promulgate, implement, or enforce an unreported rule is an *ultra vires* act and, therefore, legally null and void.

The CRA broadly defines a rule as any "agency statement of general . . . applicability and future effect designed to implement, interpret, or prescribe law or policy . . ." §§ 804(3) and 551(4). This definition is not limited to "legislative" rules subject to the notice and comment provisions of the Administrative Procedure Act's [APA] section 553. On the contrary, the definition includes any interpretive rule or other agency statement used to apply existing law or implement policy. The legislative history confirms the plain text of the definition: "Interpretive rules, general statements of policy, and analogous agency policy guidelines are covered without qualification because they meet the definition of a 'rule' borrowed from section 551 of title 5, and are not excluded from the definition of a rule." Statement of Representative McIntosh, March 28, 1996, Congressional Record at H3005.

In 1998, the subcommittee gave special attention to three rules that are covered by the CRA but were not reported.

(1) Oversight of HHS/HCFA Compliance With CRA With Regard to Viagra-Medicaid Rule

The subcommittee's review of the Department of Health and Human Services' [HHS] compliance with the CRA revealed that, on

July 2, 1998, HHS's Health Care Financing Administration [HCFA] issued a rule requiring State Medicaid programs to cover Viagra, a prescription drug used to treat male impotence. Under HCFA's new interpretation of the prescription drug reimbursement provisions of the Social Security Act, States are required to reimburse Viagra users under any State Medicaid program that covers prescription drugs. HCFA imposed this interpretive rule on the States without adequate prior consultation with State Medicaid authorities.

The Viagra rule was issued not only in violation of traditional federalism principles but also in violation of the CRA and is, therefore, legally invalid and should not be regarded as binding on the States. The subcommittee reviewed the Viagra ruling to determine whether HCFA complied with the requirements of the APA in issuing this new regulation. In particular, the subcommittee examined HCFA's compliance with the CRA to determine whether HCFA reported the rule to Congress pursuant to the CRA's rule reporting requirements. The subcommittee found that HCFA's Viagra directive is a rule subject to the CRA's requirements and that, in violation of the CRA, HCFA failed to report the rule to Congress.

HCFA's interpretive directive on Viagra falls squarely within the CRA's definition of a rule and is, therefore, subject to the CRA's reporting requirements. HCFA issued this directive on July 2, 1998 in the form of a press release to all State Medicaid Directors. The directive is a statement of general applicability and future effect, applicable to all State Medicaid programs as of July 2nd. The directive is clearly designed to interpret existing law, deeming Viagra a "medically necessary" drug within the meaning of section 1927 of the Social Security Act.

In view of the significant cost of this rule to State governments, which are obliged to administer Federal Medicaid programs, the subcommittee swiftly notified the Governor of each of the 50 States that, because HCFA's directive is a rule subject to the CRA and because HCFA has failed to report this rule to Congress as the statute requires, the rule has not legally taken effect. In other words, the subcommittee informed the Governors, HCFA's expansive interpretation of section 1927 has no legal force or effect and should not be regarded as binding on the States, until such time as HCFA submits all required reports to Congress. Furthermore, because this interpretive rule was issued without observance of procedures required by law, any attempt by HCFA to enforce this illegal rule is subject to judicial review under section 706(2)(D) of the APA.

The subcommittee also sent a letter informing the Secretary of HHS of the delinquent status of the HCFA rule. To date, HHS/HCFA has not reported the rule and has provided the subcommittee with no legal justification for its delinquency.

(2) Oversight of DOT Compliance With CRA in Regard to the "Peanut-Free-Zone" Rule

The subcommittee's review of the Department of Transportation's [DOT] compliance with CRA revealed that DOT's Office of Aviation Enforcement Proceedings had issued a rule requiring the creation of "peanut-free 'buffer zone[s]'" on airline flights. The rule, released on August 12, 1998 by DOT's Office of Aviation Enforcement Pro-

ceedings in the form of a letter sent to the 10 largest U.S. air carriers, interprets provisions of the Air Carrier Access Act of 1986 [ACAA], 49 U.S.C. § 1374(c), and its implementing regulations, 14 C.F.R. Part 382; prescribes requirements that are binding on the air carriers; and establishes a new policy for enforcing such requirements. Although the preamble to the Federal Register entry for Part 382, 63 F.R. 10528 at 10529, refers to peanut allergies, the text of ACAA § 1374(c) and Part 382 make no mention of peanuts or allergies of any kind.

The letter generally applies to the 10 largest airlines, effective August 12, 1998. Because the letter implements and interprets law, and prescribes a new DOT policy, and because the letter is a statement of general applicability and future effect, it is a rule within the meaning of the CRA (5 U.S.C. ch. 8). The subcommittee discovered that, in response to the rule, 4 of the 10 major air carriers canceled their peanut orders outright for fear of enforcement action by DOT, dealing a devastating blow to small peanut farmers.

On September 17, 1998, the subcommittee sent a letter to Secretary Slater advising him of DOT's failure to comply with the CRA in this matter. At the time that this report was printed, the Secretary had failed to respond. Section 372 of the Department of Transportation and Related Agencies Appropriations Act for 1999 provides that no funds may be used to implement, carry out, or enforce any regulation that requires or encourages an air carrier to, on intrastate or interstate air transportation, provide a peanut-free buffer zone or any other related peanut-restricted area, or restrict the distribution of peanuts until the DOT Secretary submits a peer-reviewed scientific study to Congress. The study would need to determine that there are severe reactions by passengers to peanuts as a result of contact with very small airborne peanut particles of the kind that passengers might encounter in an aircraft.

(3) Oversight of EPA Compliance With CRA in Regard to "Environmental Justice" Guidance

The subcommittee's review of the Environmental Protection Agency's [EPA] compliance with the CRA revealed that EPA had issued "Interim Guidance for Investigating Title VI Administrative Complaints Challenging Permits" (Guidance). The Guidance, released on February 4, 1998 by EPA's Office of Environmental Justice, establishes a "framework" for handling complaints filed with EPA's Office of Civil Rights under Title VI of the Civil Rights Act of 1964, as amended (Title VI), alleging disparate environmental impacts on minority populations resulting from the issuance of industrial site permits by State and local governments that receive EPA funding.

If EPA determines that a permit has discriminatory effects, it is required by its own Title VI regulations to terminate funding to the State or local agency issuing the permit (40 C.F.R. pt. 7). These regulations do not specify what constitutes a discriminatory "effect" in the environmental permitting context. The Guidance, which applies prospectively to all Title VI complaints challenging such permits, effectively amends and interprets EPA's Title VI regulations by setting forth specific procedures and criteria that EPA "will follow" in processing complaints. As a result, State and local govern-

ments issuing permits, as well as private parties applying for permits, are likely to regard the requirements of the Guidance as binding in matters related to siting industrial facilities. In light of the legal and policy effects of the Guidance, the subcommittee determined that it is a rule within the meaning of the CRA. The determination as to whether the Environmental Justice Guidance is a rule under the CRA is being researched by the GAO and an opinion is expected in the near future.

Benefits.—These instances of agency persistence in refusing to report rules covered by the CRA, despite the broad financial and policy implications of the rule for the States, the private sector, and small businesses, have given the subcommittee a telling illustration of the reasons for, and the extent of, the agencys' failure to comply with the rule reporting provisions of the CRA. The subcommittee's review demonstrated the glaring need for OMB to issue guidance to the agencies on the requirements of the CRA, including clarification of the definition of a "rule." To assist OMB in the development of such guidance, the subcommittee conducted extensive legal research on the definition of a rule and prepared draft guidance for OMB's use.

b. CRA Seminars.—In cooperation with the House Judiciary Subcommittee on Commercial and Administrative Law and the Small Business Subcommittee on Regulatory Reform and Paperwork Reduction, the subcommittee held three seminars on the use of the CRA as an oversight tool. The first two seminars were for personal staff, and a third seminar was conducted for committee staff. More than 60 House and Senate staff members and members of the public attended the seminars. The seminars addressed the overall structure and basic provisions of the CRA, focusing on the scope of agency actions covered by the statute and the use of the Resolution of Disapproval as an oversight tool in the struggle to control burdensome new regulations. The seminars also addressed more advanced topics regarding the statute's complex timing provision, floor procedures, and legal questions pertaining to the definition of a rule and the availability of judicial review of unreported agency rules.

Benefits.—The seminars heightened congressional awareness of the value of the CRA for oversight of regulatory agencies and provided a forum for answering questions and exchanging recommendations pertaining to implementation of the CRA by both Congress and the agencies.

c. CRA Implementation and Guidance.—OIRA failed to perform its responsibilities with respect to the CRA. Despite OIRA's obligation under President Clinton's Executive order to provide the agencies with guidance on compliance with regulatory laws, OIRA has done virtually nothing to insure that the agencies are complying with the CRA.

To encourage OIRA to carry out its responsibilities under the CRA, the subcommittee proposed to increase OIRA's fiscal year 1998 budget by $200,000 specifically to help with CRA implementation and other responsibilities. Congress accepted this proposal. Regrettably, $200,000 and 12 months later, OIRA has shown no signs of improvement and even openly stated that it has no intention of doing anything new to implement CRA. As a result of the sub-

committee's analysis, the Treasury and General Government Appropriations Act for 1999 includes a statutory requirement for OMB, by March 31, 1999, to issue guidance on the requirements of the CRA, including a standard new rule reporting form.

d. Hearings.—Dismayed by OIRA's recalcitrance regarding CRA, the subcommittee held two hearings (March 10, 1998 and June 17, 1998) on OIRA implementation of CRA. In the subcommittee's hearing on OIRA's implementation of CRA on March 10th, GAO General Counsel Robert Murphy testified that 279 new regulations were not reported as required by the CRA—and this does not include the undisclosed number of policy statements, guidance, and other rules that were not even published in the Federal Register. At both hearings, Mr. Murphy testified that OIRA has refused to cooperate with GAO in developing a standard format for agency reports on new rules. Furthermore, GAO testified that, under the Clinton OIRA's watch, at least eight major rules took effect illegally. At the hearings, OIRA indicated a willingness to improve its performance under CRA, but subsequently did little or nothing to improve its record on CRA implementation.

16. Investigation of the White House Initiative on Global Climate Change and the Kyoto Protocol.

a. Summary.—From March 2–18, 1998, the subcommittee sent letters of inquiry to 22 Federal agencies about the White House Initiative on Global Climate Change. Questions sought for the administration to justify the President's budget request for a huge increase in funding (+ $6.3 billion) and to disclose the administration's domestic strategies for climate change. The Clinton-Gore administration only very reluctantly and very slowly responded to the subcommittee's requests. Due to the incomplete responses to the subcommittee's questions and the incomplete document production, from June 26th to August 12th, the chairman of the full committee issued seven subpoenas for document production by four Executive Office of the President components (the Council of Economic Advisers, the Council on Environmental Quality [CEQ], the Office of Management and Budget, and the Office of Science and Technology Policy); and three other executive departments and agencies (the Department of Energy [DOE], the Department of State, and the Environmental Protection Agency [EPA]).

On September 30, 1998, the subcommittee received from the White House Counsel's office 161 descriptions of over 300 documents being withheld from review even by Members of Congress. Subsequently, the White House Counsel's office added more withheld documents, including some documents originally offered for review by Members. On October 1, 1998, the chairman of the subcommittee wrote White House Counsel Charles Ruff for six specific documents from those being withheld from Congress. On October 7th, Mr. Ruff stated "we are prepared to assert Executive Privilege" for four of these six documents. Such an assertion of Executive Privilege would be only the fourth time that President Clinton has made such an assertion in his 6 years in office in response to a congressional request for documents.

At the subcommittee's October 9, 1998 hearing, the subcommittee issued a report card for 10 agencies on their responsiveness to

the subcommittee's March 1998 inquiries in terms of answers to questions and production of documents. The Department of the Interior received "Incomplete" in both areas. The Department of Agriculture received an "Incomplete" for its answers and an "F" for its document production. The Department of State received a "D-" for its answers and an "Incomplete" for its document production. Other poor grades included a "D" for CEQ's answers and a "D" for DOE's document production. In contrast, the Department of the Treasury and EPA received an "A" and a "B+," respectively, for their document production.

The answers and documents which were provided revealed very few program performance measures (despite the requirements of the Government Performance and Results Act which mandates such measures for every program) on which Congress and the American public could assess what benefits would be received for the requested funding, and a possible backdoor approach to implementing the Kyoto Protocol prior to ratification of the treaty by the U.S. Senate. Documents, which were finally made available to the subcommittee, indicated that the administration has or is evaluating such measures as: (a) annual increases in the Corporate Average Fuel Economy [CAFE] standards for motor vehicles, which already impose unnecessary burdens on the public; (b) fees or taxes on less fuel-efficient vehicles, which will make driving much more expensive for families that need larger cars; (c) performance standards for electric utilities and other regulated sources, which will drive up utility bills; (d) greater use of energy efficiency standards and mandates; (e) a broad-based energy tax (possibly based on carbon content), which would result in higher energy prices to consumers; (f) fuel-specific excise taxes (such as an oil tax or import fee); (g) a sector-specific excise tax (such as a transportation tax); and (h) pollution/consumption taxes which could be costly to all Americans.

As a result of the subcommittee's investigation, analysis, and hearings and other congressional investigations, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act for 1999 includes a statutory prohibition on funding for EPA to propose or issue rules for the purpose of implementation or in preparation of implementation of the Kyoto Protocol prior to Senate ratification and report language directing the administration to do a better job of justifying any requested funding increases in the fiscal year 2000 budget submission for all affected agencies. In addition, the Foreign Operations, Export Financing, and Related Programs Appropriations Act for 1999 includes a statutory requirement for the President to provide a detailed account of all agency obligations and expenditures for climate change programs and activities for fiscal years 1998, 1999, and thereafter, including an accounting of climate change expenditures by agency for each line item in the President's Budget Appendix, and any plan related to the implementation or the furtherance of the Kyoto Protocol.

b. Benefits.—The subcommittee's letters of inquiry, analysis, and hearings revealed very few program performance measures on which Congress and the American public could assess what benefits would be received for the funding requested in the President's

Fiscal Year 1999 Budget, and a possible backdoor approach to implementing the Kyoto Protocol prior to ratification of the treaty by the U.S. Senate. As a consequence, Congress included several statutory provisions and report language in the fiscal year 1999 appropriations bills to ensure additional budget justification and program performance measures in the President's Fiscal Year 2000 Budget and to prevent implementation of the Kyoto Protocol prior to ratification by the U.S. Senate.

c. Hearings.—On June 17, 1998, the subcommittee held a hearing, "The White House Global Climate Change Initiative and Congressional Review Act Implementation: Is OMB Hiding The Truth About New Regulations and Programs?" On October 9, 1998, the subcommittee held its eighth and final 1998 hearing on global climate change, "Will the Administration Implement the Kyoto Protocol Through the Back Door?"

17. Hearings on the Kyoto Protocol.

a. Summary.—The subcommittee conducted six hearings to examine the potential impact of implementing the Kyoto Protocol on the U.S. economy and energy system and to assure that the administration does not unilaterally implement this treaty before it is submitted to the Senate for advice and consent. The subcommittee heard testimony from citizens, State and local government elected officials, business and labor leaders, and economic experts who are concerned that this treaty could significantly harm our economy and standard of living.

On December 11, 1997, the Parties to the United Nations Framework Convention on Climate Change agreed to a Protocol that imposes legally binding targets and timetables on industrialized nations for reducing emissions of six greenhouse gases. This Protocol places the greatest burden on the United States. At Kyoto, the Clinton/Gore administration committed the United States to reducing its emissions by 7 percent below 1990 levels within the timeframe 2008 to 2012. In real terms, this requires an unprecedented 40 percent reduction of fossil energy use from business-as-usual. On the other hand, this treaty exempts developing countries from any restrictions, regardless of their level of economic development or the quantity of greenhouse gases they emit. There are no constraints on such huge emissions producers like China, India, South Korea, Brazil and Mexico.

In Senate Resolution 98, which passed by a 95–0 vote, the Senate indicated to the administration that it would not ratify any climate treaty that excludes developing countries and that could harm the United States economically. Recognizing the Protocol's deficiencies, the Clinton/Gore administration has promised that it will not submit this treaty for ratification until there is "meaningful participation" by developing countries. In addition, in hearings before Congress, Under Secretary of State Stuart E. Eizenstat has repeatedly disavowed any intention of the administration to implement the Protocol before it is submitted to the Senate.

At the subcommittee's hearing on May 19, 1998, Dr. Janet Yellen, chairman of the Council of Economic Advisors, testified that the costs to Americans of complying with the Kyoto Protocol would be "modest." According to the administration's calculations, it

would only cost one-tenth of 1 percent of projected GDP in 2010, about $7 to $12 billion per year, with an emissions price in the range of $14 to $23 per ton of carbon. Based on the modest energy price effects associated with these estimates, the administration also predicted that the treaty would likely have little impact on U.S. trade competitiveness or on U.S. jobs. The administration's estimates assume that there will be unrestricted global trading and that the United States will be able to satisfy 85 percent of its Kyoto obligation by purchasing credits from other nations that can reduce emissions less expensively.

However, the administration's very low estimates stand in sharp contrast to the findings of most economic experts who have analyzed the economic costs of implementing the Kyoto Protocol. At the subcommittee's hearings, experts discussed a wide range of models which predict that meeting the U.S. emissions reduction target would severely diminish U.S. trade competitiveness, eliminate millions of American jobs, and slow U.S. GDP growth. In addition, experts addressed the lack of sound science to support the Protocol.

U.S. Competitiveness. Without the participation of the developing countries, economic studies by Standard and Poor's DRI [DRI] and WEFA, Inc. concluded that the Kyoto Protocol's mandatory requirements for reducing emissions would shift existing competitive advantages away from the United States and other industrialized nations. This would lead to significant declines in American output and employment, with offsetting increases in those countries with low energy costs, such as China, India, and Mexico. They agreed that this treaty also would accelerate the relocation of energy-intensive industries to non-participating countries (non-Annex I countries) to take advantage of cheap labor, lower capital expenses and production costs, and lower environmental, health, and safety standards.

DRI and WEFA noted that the impact on industries that depend on export sales or face strong import competition could be severe if developing countries were allowed to use low-cost, high-polluting technologies and to sell their products at a lower cost in the United States. For example, Ande Abbott of the Boilermakers Union projects that low-priced cement from China could flood the U.S. market, costing the United States its competitive position and hundreds of jobs without any offsetting environmental benefits. According to the Department of Energy's Argonne National Laboratory study, U.S. energy intensive industries such as cement, chemicals, paper, aluminum, and iron and steel would face sharp price increases that would depress domestic demand and encourage imports. That study asserts that, by excluding developing countries from mandated restraints, the Kyoto Protocol would effectively "redistribute output, employment, and greenhouse gas emissions to non-participating countries."

Loss of American Jobs. Without international trading, WEFA projected 2.4 million jobs lost from implementing the Kyoto Protocol. The AFL–CIO estimated that the treaty will cost as many as 1.5 million Americans their jobs. Even assuming the use of the treaty's flexibility mechanisms to achieve emissions reductions, DRI still predicted between 1.1 and 1.6 million job losses during 2008–2012. Cecil Roberts, president of the United Mine Workers of

America, testified that every region of the country will be hit, nearly every sector of our economy affected, and many high-paying mining and manufacturing jobs lost. States that rely on energy production, manufacturing, and trade export will be the hardest hit. Governor Underwood of West Virginia testified that his State could lose over 6,000 jobs, including 3,000 high-paying manufacturing jobs. Mr. Roberts queried "whether the benefit of [implementing the Kyoto Protocol]—a decline in carbon concentrations of about one part per million—is worth a million lost American jobs and over $100 billion per year in lost economic output."

Impact on GDP Growth. At the subcommittee's hearing on April 23, 1998, WEFA, Inc. economist, Dr. Mary Novak, testified that the U.S. target could not be met without significant increases in energy prices. It would "require substantial investments by both consumers and businesses to improve energy efficiency and to substitute low-carbon energy sources for higher carbon energy sources." Dr. Margo Thorning, Chief Economist for the American Council for Capital Formation, agreed, stating that, "in the absence of an international trading system, the U.S. would be forced to curb its emissions by more than 30 percent within little more than a decade. As carbon emissions were reduced, economic growth would slow due to lost output, as prices rise for goods that must be produced using less carbon and/or more expensive processes." Dr. Novak estimated that total annual output in the United States would fall 3.2 percent below 2010 baseline projections, or $300 billion. Limited trading schemes (involving only developed countries and Eastern Europe/Former Soviet Union) would cut the U.S.'s GDP by between 0.9 percent annually, according to Dr. David Montgomery of Charles River Associates [CRA], and 1.6 percent, estimated by Dr. Joyce Brinner of DRI.

Unsubstantiated Science. The science surrounding global warming is far from settled. William O'Keefe, executive vice president of the American Petroleum Institute, noted at one of the subcommittee's hearings that the 1995 Second Assessment Report published by the Intergovernmental Panel on Climate Change [IPCC] indicates considerable uncertainty about the magnitude, pace, and impact of global warming. There is no consensus among climate scientists about whether nature will amplify the small direct impacts on temperature from human greenhouse gas emissions into serious warming at some point in the future. According to the IPCC report, "Our ability to quantify the human influence on the global climate is currently limited because the expected signal is still emerging from the noise of natural variability, and because there are uncertainties in key factors." As Paul Wilhelm, president of the U.S. Steel Group noted, "There are major unresolved questions concerning the accuracy of current and historical temperature and atmospheric observations, the reliability of climate modeling and prediction techniques, and even whether climatic warming might be a good thing."

While the scientific evidence of global warming is very inconclusive, it is clear that measurable net reductions of greenhouse gas emissions cannot be achieved without the participation of developing countries. Paul Agathen, senior vice president of Ameren Corp., pointed out that, according to the former chairman of the IPCC,

Bert Bolin, emissions reductions only by developed nations "would not be detectable on projected temperature increases." By 2015, developing countries' emissions are projected to increase by more than 141 percent over 1990 levels, as compared to only 30 percent for developed countries. Melvin Dixon of the United Paperworkers International Union asserted that "It just seems unreasonable to expect that greenhouse-gas output can be reduced worldwide without regulating the fastest-growing segment of the world's economy." Melvin Brekhus, executive vice president of Texas Industries and Mr. Wilhelm both stated that an unintended consequence of the Kyoto Protocol would be the encouragement of energy inefficiency and increased greenhouse gas emissions by steel and cement manufacturing companies in developing countries.

Cost of Tradeable Permits. Another measure of the burden that the Kyoto target would impose on the U.S. economy is the cost of a tradeable permit to emit a metric ton of carbon. Under a permit system, permits would trade at the marginal cost of abatement. Dr. Novak testified that "requiring consumers and businesses to pay for a permit to consume energy effectively causes energy prices to increase." In her view, these price increases would "act as a prolonged series of mini-shocks to the U.S. economy," as with the oil price shocks in the 1970's and early 1980's. Without international trading, WEFA estimated that a carbon fee of $265 per metric ton would be required to reduce emissions 7 percent below 1990 levels. If the United States can purchase credits overseas to offset 42 percent of its obligation, DRI predicted a permit price of $110. Finally, CRA estimated a permit price of about $120 if the United States could achieve its goal of unrestricted trading among Annex I countries.

The foregoing estimates about the impact of the Kyoto Protocol on American output, employment, and competitiveness are at great variance to the administration's estimates because they rely on quite different assumptions about the scope of international emissions trading, the conversion of powerplants from coal to natural gas, and the development rate of energy efficient and low-carbon technologies. These different assumptions affect the amount of fossil fuel combustion that the United States would have to cut domestically, the price at which those reductions could be achieved within the period 2008–2012, and the impact of the price increases on U.S. growth, employment, and competitiveness. As Dr. Montgomery stated, under different and more reasonable assumptions, the costs of implementing the Kyoto Protocol would be 10 times higher than the estimates stated by Dr. Yellen.

International Emissions Trading. The administration's estimate that carbon permit prices will be only between $14 and $23 per ton of carbon assumes that there will be unrestricted global trading, in which key developing countries, such as China, India and Brazil are active participants, and that the United States will be able to purchase sufficient emissions credits overseas to offset 85 percent of its commitment. However, as Dr. Brinner of DRI and other witnesses stated, this assumption is unrealistic for two reasons: (1) the Kyoto Protocol limits emissions trading only to participating countries (Annex I countries); and (2) other countries' and groups' philosophies on trading may well lead to limits on the amount of

reductions that any one country can achieve outside its borders and on the amount of international trading that a nation can use to meet its emissions target.

At the U.N. climate change negotiating sessions in Bonn, Germany earlier this year, the European Union and several Eastern nations insisted that a "concrete ceiling" be imposed on the use of trading. Moreover, developing countries refused to consider voluntary commitments. Robert Murray, president and CEO of Coal Resources, Inc., noted that, in a closing statement in Bonn, the Ambassador of Indonesia, speaking on behalf of the developing world, said "The Group reiterates that there must be no new commitments, voluntary or otherwise, introduced for all developing countries, under any guise. . . ." John Passacantando, president of Ozone Action, and Daniel Lashoff, senior scientist of the Natural Resources Defense Council, both testified that environmental groups expect the United States to provide leadership to the rest of the world, by achieving its target domestically through increasing energy efficiency and reducing energy consumption. Finally, in May 1998, President Clinton signed a G-8 nation communiqué committing the United States to "undertake domestically the steps necessary to reduce significantly greenhouse gas emissions" and to use trading, as the Kyoto Protocol says, to "supplement domestic actions."

In addition, the administration's cost estimates assume that an international emissions trading system can be developed and operating by 2008–2012. Mr. O'Keefe quoted a statement by the distinguished economist Dr. Thomas Schelling that "an international emissions trading agreement, while esthetically elegant, is economically unworkable. There is no likelihood that nations of the world can sit down and allocate once and for all among themselves several trillion dollars worth . . . of very long-term unchangeable emissions quotas."

Dr. Montgomery noted that "When all of the Administration's assumptions about unrestricted emissions trading are removed, permit prices increase from $14 per ton to $193 per ton with no international trading."

Conversion of Coal-Fired Utilities to Natural Gas. Dr. Montgomery of CRA pointed out that the model on which the administration's analysis relies, the Second Generation Model, projects that all U.S. coal-fired utilities can be converted to natural gas by 2010. Both Dr. Montgomery and Mr. Agathen asserted that this is not feasible due to factors such as the huge costs of prematurely scrapping coal-fired plants and difficulties in obtaining and transporting huge additional quantities of natural gas in a short time period. Moreover, the administration's analysis is inherently contradictory. If international emissions trading holds the cost of carbon permits under $25 per ton, utility executives would have no incentive to replace coal with natural gas. And if the permit prices rise above that mark, the replacement of current coal-fired plants would be a massive and costly undertaking.

Development and Deployment of Energy Efficient and Low-Carbon Technologies. The administration anticipates that improvements in energy efficiency over the next 10 years will have a major impact on the cost of reducing carbon emissions. The basis for the

administration's optimism is a Department of Energy [DOE] study prepared by five national laboratories. As Dan Reicher, Assistant Secretary for Energy Efficiency and Renewable Energy at DOE, testified, this report concluded that, without increasing the Nation's energy bill, significant progress in reducing greenhouse gas emissions can be achieved by developing clean energy technologies. However, the report's conclusions are based on judgments about the effects of price and the assumed effect of a "great commitment" by the government and the "very active" private sector that might accompany the establishment of a permit scheme. The study does not analyze the policies that might be needed to accomplish higher penetration of energy efficient and low-carbon technologies or the costs of such policies.

Dr. John McTague, vice president, Ford Motor Co., maintained that there is no short-term technical fix that would significantly lower U.S. carbon emissions. He testified that, contrary to the administration's rosy predictions, deployment of new technology through the joint government/industry Partnership for a New Generation of Vehicles will not meet the U.S. Kyoto targets and timetable. He added that the treaty's "rigid timetables threaten significant disruption to sound technological development." Furthermore, as George Harad, chairman and CEO of Boise Cascade Corp., noted, capital turnover has its own dynamic, particularly in such capital intensive industries as the forest products industry. Mr. O'Keefe referred to a recent analysis by Stanford University and the Electric Power Research Institute which indicates that an orderly, longer-term strategy would reduce emissions reduction costs by 80 percent and provide greater environmental benefits.

Second Generation Model. The administration's analysis is based on the Second Generation Model [SGM] developed by Pacific Northwest National Laboratory. This model only takes into account costs in energy markets (direct costs) and is not appropriate for analyzing the Protocol's near-term economic impacts. The models used by CRA, WEFA, and DRI include the indirect costs of higher energy prices throughout the economy, not just in energy markets. Unlike the administration, CRA and DRI present results for a full range of trading scenarios, not just for the least-cost unrestricted trading scenarios. David Smith, director of Public Policy for the AFL–CIO, notes that the SGM "does not allow us to determine employment impacts incurred during the transition to a lower emissions producing economy, especially as they are distributed across industries and geographic regions."

Domestic policies to curb emissions to meet the Kyoto target could have a significant impact on U.S. households' economic well-being, as well as negatively affecting the distribution of income. Judy Kent, a consumer and housewife, testified that the Protocol would mean higher costs for American families for housing, heating and air conditioning, lighting, transportation, food, and consumer products. According to Dr. Novak of WEFA, electricity costs could increase by 56 percent, home heating oil could jump 70 percent, and gasoline prices could rise by 48 percent. While all consumers would be affected, the hardest hit would be senior citizens, like witness Robert Johnson, and the poor, who pay a larger share of their income for utilities, gasoline, and food.

Finally, the subcommittee's hearings were intended to assure that the administration does not unilaterally implement the Kyoto Protocol before the President submits it to the Senate. David Gardiner, Assistant Administrator of Policy, Planning, and Evaluation at the U.S. Environmental Protection Agency [EPA], testified that the agency has the authority to regulate the carbon dioxide that we exhale every day as an air pollutant under the Clean Air Act (Act), as if it were the same as other air pollutants, such as sulfur dioxide, or mercury, that already are regulated. Mr. Agathen indicated that, without establishing any basis for reclassifying CO_2 as a pollutant, EPA modified a consent decree with the Natural Resources Defense Council to study ways to control carbon dioxide emissions from electric utilities under the Act's air toxics provisions. Notably, an internal EPA memorandum, dated May 1994, observed that "such aggressive use of Clean Air Act authority" would not be well-received in Congress. Mr. Murray testified that on February 18, 1998 at a widely attended meeting of the Agency's Clean Air Act Advisory Committee, the Acting Assistant Administrator for Air and Radiation indicated that the "next set of major decisions and rules" would include "greenhouse gas implementation." Mr. Murray also described a closed-door meeting in the Assistant Administrator's office, when air program staff showed a slide about the Agency's "Clean Air Power Initiative" which included a statement that EPA's ongoing efforts would significantly impact coal use in favor of natural gas. Based on this testimony and the subcommittee's oversight, Congressman McIntosh urged Congress to support the limitation in the fiscal year 1999 VA–HUD Appropriations Act that would prevent EPA from funding regulatory actions aimed at implementing the Kyoto Protocol before it is submitted to the Senate for advice and consent.

b. Benefits.—The record developed through the subcommittee's hearings shows that the Kyoto Protocol goes too far, too fast, and involves too few countries, given the state of the science and the potential economic consequences of implementing this treaty. These hearings demonstrate how important it is for decisionmakers and the public to be informed about the full range of risks that the United States might face under the Kyoto Protocol, including estimates of cost under less favorable assumptions than the administration's about what other countries will agree to. Given the need to increase U.S. economic growth to address such challenges as a growing population, the retirement of the baby boom generation, and a persistent trade deficit, policymakers need to weigh carefully the treaty's potential negative economic impacts and its failure to engage developing countries in meaningful participation. These hearings argue for a measured approach to climate change—an orderly, long-term strategy based on facts, rigorous analysis, and an objective assessment of the risks.

The record developed through these hearings also strongly suggests that the EPA is taking actions to implement the Kyoto Protocol prior to its submission to the Senate. This record demonstrates that the funding limitation in the fiscal year 1999 VA–HUD Appropriations Act is needed to prevent such back-door regulatory actions.

c. Hearings.—The subcommittee held a series of six hearings entitled, "The Kyoto Protocol: Is the Clinton-Gore Administration Selling Out Americans?" on April 23, May 19, May 20, June 24, July 15, and September 16, 1998.

18. Investigation of OIRA's Review of NAAQS Rules.

a. Summary.—The Environmental Protection Agency's [EPA] National Ambient Air Quality Standards [NAAQS] for particulate matter [PM] and ozone, proposed on November 27, 1996, were considered a "significant regulatory action" under Executive Order 12866 and were reviewed by the Office of Information and Regulatory Affairs [OIRA] of the Office of Management and Budget [OMB]. OIRA approved the rules as complying with the requirements of Executive Order 12866. The NAAQS rulemaking was one of the most significant regulatory actions of this year, expected to impose costs of over $9 billion per year on the regulated public for partial attainment. Because of the major impact of these rules, the subcommittee carefully investigated OIRA's involvement in the rulemaking to determine the extent to which OIRA performed its regulatory review obligations under President Clinton's Executive Order 12866 and ensured that the proposed rules complied with all applicable statutes and Executive orders.

The subcommittee found that OIRA failed to perform its duty to function as an independent reviewer of agency regulatory impact data and an honest broker of disputes between agencies. Instead, politically-appointed OIRA decisionmakers passively followed the whims of the President, the Vice President, and the Administrator of EPA by perfunctorily reviewing and, for reasons of political expediency, approving the PM–Ozone rules despite serious, substantive objections raised by OIRA career staff pertaining to evidence in the record and the desirability of alternative courses of regulatory action. Also, OIRA political officials repeatedly failed to cooperate fully with congressional oversight inquiries and, in particular, with the subcommittee's investigation.

b. Benefits.—The investigation has thus far exposed serious deficiencies in OIRA's conduct of regulatory review pursuant to Executive orders and procedural statutes. As a result, the subcommittee better understands specific areas in which the regulatory review process needs further oversight and reform.

c. Hearings.—None.

19. Oversight of the National Highway Traffic Safety Administration's proposed rule, "State-Issued Driver's Licenses and Comparable Identification Documents."

a. Summary.—The subcommittee examined the privacy concerns surrounding creation of a national identification [ID] card, and more specifically, the National Highway Traffic Safety Administration's [NHTSA] proposed rule, "State-Issued Driver's Licenses and Comparable Identification Documents." This proposal, which provides that a Federal agency may only accept as proof of identity a State-issued driver's license which conforms to certain standards, including that it shall contain a Social Security Number [SSN] (or that a SSN is verified for each applicant), was criticized as establishing a *de facto* national ID card.

NHTSA's rule (23 CFR Part 1331) was proposed on June 17, 1998. The rule implements section 656(b) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1998 (included in the Fiscal Year 1997 Omnibus Consolidated Appropriations Act).

The rule provides that a Federal agency may only accept as proof of identity a State-issued driver's license or identification document that meets certain criteria, including that it contains the holder's SSN, readable visually or electronically, by October 1, 2000. States which do not require SSNs on driver's licenses and identification documents are exempt from this requirement, but must require all applicants to submit their SSNs and must verify each SSN with the Social Security Administration [SSA]. This requirement still raises privacy concerns because the SSNs are likely to be held in the Department of Motor Vehicles records.

The subcommittee also examined the privacy concerns surrounding two other measures developed over the past few years which indicate a move toward a national ID card—a law requiring the development of a unique health identifier or medical ID number for individuals and a law establishing a national database of all newly hired employees.

b. Benefits.—The subcommittee held an oversight hearing on the national ID card issue, focusing on the NHTSA rule on State-issued driver's licenses. Witnesses representing a wide variety of organizations, including the American Civil Liberties Union, the National Conference of State Legislatures, and the National Taxpayers' Union, testified against the development of a national ID card in general and the NHTSA rule in particular.

NHTSA submitted a written statement for the record, stating that it only issued the rule because it was required to do so by law: "We . . . have no programmatic interest in whether a final rule is developed. We issued the proposal because we were directed by the act to do so. The use of the social security number, which has proven highly controversial, has little bearing on the safety mission of the agency." NHTSA asked Congress to reconsider the statutory requirement for the rule: "To the extent that the controversy over the proposal is requiring us to address thousands of comments from angry members of the public, we would welcome the Congress's reassessment of subsection 656 (b) [the statute]."

Also, in a letter to Speaker Newt Gingrich, NHTSA Administrator Ricardo Martinez wrote, "in view of these concerns, and the misgivings of several Members of Congress, we have concluded that the issuance of a final rule pursuant to the Act should await the opportunity for further review by Congress. Accordingly, the agency will await Congress's advice on the issuance of a final rule."

As a result of the hearing and increased opposition to the rule, a 1-year moratorium was included in the Omnibus Appropriations bill that prohibits NHTSA from promulgating regulations related to national ID cards.

c. Hearings.—"A National ID Card: Big Government at its Worst or Technological Efficiency?," September 17, 1998.

20. Oversight of the Patent and Trademark Office's Proposed Consolidation/Relocation.

a. Summary.—The subcommittee conducted an oversight inquiry into the Patent and Trademark Office's [PTO] proposed consolidation and relocation in a new headquarters complex. Specifically, the subcommittee examined concerns raised about the cost of the move. PTO is currently located in leased space in Crystal City. The Federal Government is conducting a bidding process for a new building, which would involve a $1.3 billion, 20-year lease.

The subcommittee's concerns regarding PTO's acquisition of new space focused on the above-standard amenities which PTO included in its plans. PTO's Solicitation for Offers [SFO] requests that bidders incorporate such luxury features as marble or terrazzo floors/walls in the lobby, a fitness center, jogging trails, amphitheaters, statues, and fountains. PTO also plans to purchase all new furniture for the new building. Estimates of the furniture costs are extremely high—$5,000 desks, $1,500 chairs, $1,000 coat racks, $83 wastebaskets, $250 shower curtains, $309 ash urns, $13,298 modular tables, $1,000 beds, $500 bedding, and $1,000 lecterns. General Services Administration [GSA] schedules reveal that the furniture could be purchased for far less. The shower curtains are $6.12, wastebaskets are $5.38, coat racks are $104, desks are $1,300–$2,000, and chairs are $150 (ergonomic office chair)–$600 (top-of-the-line leather, executive chair).

PTO budgeted $29 million for above GSA-standard features, such as locks on private office doors, bumper guards in the hallways, and an uninterruptable power source for the computer system. Although PTO is completely funded by patent and trademark fees (as the new building would be), the subcommittee is still troubled by any misuse of PTO funds. The funds PTO raises are essentially taxpayer dollars because they go directly into the U.S. Treasury and Congress appropriates a portion of them to PTO. The remaining funds are used to pay off the debt and for other government purposes.

b. Benefits.—The subcommittee sent oversight letters on the PTO's proposed consolidation/relocation to Commerce Secretary William Daley, PTO Commissioner Bruce Lehman, and GSA Administrator David Barram. The subcommittee raised concerns about the cost of the consolidation/relocation project, particularly for the above-standard upgrades and furniture. The subcommittee worked in conjunction with Senator Sam Brownback's Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia. Senator Brownback included an amendment in the Commerce, Justice, State Appropriations bill to put a cap on the funds for the PTO's consolidation/relocation.

c. Hearings.—None.

21. The Noxious Nine: The Worst Clinton Regulations of 1997.

a. Summary.—The subcommittee examined and evaluated many of the regulations issued by the Clinton administration in 1997. The subcommittee discovered that the Clinton bureaucracy is making regulatory law at lightening speed. The Federal Register is now over 67,000 pages long—that's 37 percent more pages than 10 years ago. Last year alone, Federal agencies churned out over 4,000

new rules, including at least 59 major rules. Also, over 4,000 rules, including 125 major rules, are now in the planning stage. Each major rule will have an economic impact of at least $100,000. The costs for some of these regulations could run into the hundreds of billions.

In 1997, Federal regulations cost the American people an estimated $688 billion—a 25 percent increase from 10 years before. Broken down, that is approximately $6,900 for a typical family of four. Regulations cost families more than medical expenses, food, transportation, recreation, clothing, or savings.

In many cases these regulations fail to meet the goals of a cleaner, healthier and safer America. Worse, they often defy common sense—hurting the very people they are designed to help or actually polluting the environment instead of helping to clean it. Many are based on dubious, unproven scientific theories. The costs of such regulations often far outweigh the estimated benefits and, in many cases, the agencies do not even bother to estimate the costs.

As a result of the subcommittee's oversight, the subcommittee assembled a cross-section of Clinton regulations that combine the worst of arbitrary government action, bad science and extraordinary costs without significant benefits, and, in short, indifference to the health, safety, and economic survival of America's families. These are the "Noxious Nine"—the Clinton administration's nine worst regulations of 1997:

(1) PM–Ozone Standards (EPA).

Last year the Environmental Protection Agency [EPA] gave itself sweeping new powers over the American economy by mandating rigid, new limits on emissions of particulate matter [PM] and ozone. Independent estimates show total costs exceeding $300–$400 billion per year, far outstripping the supposed health benefits and dealing a crushing blow to America's farms and small businesses. Data shows that the standards will actually harm public health, increasing risks for skin cancer and cataracts, reducing living standards for the poor, and shrinking revenues available for life-saving public health measures.

(2) Airbag Deactivation Rule (DOT/NHTSA).

Some regulations cost people their lives. Airbags have killed at least 40 small children and at least 35 elderly women and men. Responding to the public outcry, President Clinton promised action. The *simple solution* would be to allow people to remove their own airbags, or, to keep the airbags, but install an on-off switch to protect their children and other passengers at risk. The *Clinton Solution* was more government interference and more paperwork. Under new regulations from the Department of Transportation [DOT], people who want to turn off their airbags first have to apply to Dr. Ricardo Martinez, the head of the National Highway Transportation Safety Administration [NHTSA] at DOT, and go through an application and approval process that is *so complicated and so expensive* that most working men and women cannot afford it.

(3) Derivatives Disclosure Rule (SEC).

Designed to protect investors by forcing banks and corporations to disclose additional information about derivatives, this rule actually hurts investors. According to the Securities and Exchange Commission's [SEC] own chief economist, the new rule lulls investors into a false sense of security, leading them to take unnecessary risks. The disclosure requirements also impose unnecessary costs on consumers and investors, force corporations to reveal sensitive information to foreign competitors, and create perverse incentives likely to result in wasteful litigation. In short, the derivatives rule is unnecessary and its requirements are misleading and counterproductive.

(4) Enforcement Guidance on Accommodating Mental Illness in the Workplace (EEOC).

The Equal Employment Opportunity Commission's [EEOC] new mental illness "guidance" instructs employers to take certain "reasonable steps" to accommodate the mental impairments of employees. Under the new guidelines, if an employee is incompetent, uncooperative, hostile, violent, chronically late, or depressed, the employer must first assume the role of professional psychiatrist and determine whether the employee is mentally impaired. *The result:* Any business with 15 or more employees must give mentally impaired employees extra time off, put up room dividers or build sound-proof offices for employees who have trouble concentrating or cannot get along with their coworkers because of mental illness, allow impaired employees to wear headphones, and provide a "job coach" to help them function in the workplace.

(5) Anti-Recycling Policy for Asthma Inhalers Containing CFCs (EPA).

EPA quietly reversed a long-standing, pro-recycling policy by issuing a "verbal guidance" urging manufacturers of asthma inhalers to incinerate factory-second inhalers instead of recycling them to capture the leftover chlorofluorocarbons [CFCs]. The result will be to undo 10 years of EPA-sponsored technology advances and harm the environment. EPA's stated goal is to protect the ozone layer by reducing the emission of CFCs. Ironically, this new, anti-recycling policy will have exactly the opposite effect.

(6) Elimination of Asthma Inhalers Containing CFCs (FDA–HHS) (proposed rule).

Some regulations harm the very people they are intended to help. Not only has EPA banned the recycling of asthma inhalers, but last year the Food and Drug Administration [FDA] announced plans to outlaw the production of asthma inhalers and take them off the market, taking away an essential medical device from the people who need it most. The Clinton administration claims that its PM–Ozone standards will improve public health, supposedly benefiting 15,000 asthma sufferers. But the Clinton-FDA ban on asthma inhalers does just the opposite: it harms exactly the people the clean air laws were designed to help by taking away a potentially life-saving medical device from 30 *million* sufferers of asthma and other diseases.

(7) Stealth Tax on Small Business Partnerships (Treasury/IRS).

The Internal Revenue Service [IRS] tried to slip through a tax increase and more paperwork for America's partnerships—including engineering, consulting, and accounting partnerships—in the form of a regulation. This stealth income tax would require limited partners to pay Medicare health-insurance taxes not only on their own incomes but also on partnership earnings. Congress enacted a 1-year moratorium on publication of a final rule. If the Clinton administration is serious about reforming the IRS, it must stop the IRS from re-enacting the partnership tax or issuing any other illegal tax hike.

(8) Special Education Regulations (Education) (proposed).

The Clinton Education Department's proposed regulations on special education add 71 percent more words of rules on special education, impose new, unfunded mandates on every school district in the Nation, and undermine classroom discipline by mandating a double standard for violent and disruptive children that goes beyond the statute. The regulations strip parents and teachers of their authority, load them down with new paperwork, harm the very students the special education laws were intended to help, and create a bonanza for trial lawyers eager to sue local schools and communities.

(9) A Category Unto Itself: The Kyoto Climate Change Treaty.

The Kyoto Climate Change Treaty deserves a place on the Noxious Nine list, perhaps more than the other eight combined. Nevertheless it belongs in a category all its own, as the Clinton-Gore blueprint for what promises to be the most costly and far-reaching scheme of regulatory control this country has ever known. Although the Treaty has not yet been ratified by the Senate, as required by the Constitution, the administration has already jumped the gun on Congress through a *regulatory backdoor approach*—using regulation to implement a treaty that has not been ratified, for the sake of a theory that has not been proven.

b. Benefits.—The Noxious Nine are the worst Clinton regulations of 1997. These regulations expose the Clinton administration's record of regulatory overkill and abuse. Many of them are still only proposals, so they may be improved or repealed. Others merit careful congressional review and, possibly, resolutions of disapproval under the Congressional Review Act.

c. Hearings.—None.

22. Oversight of the Department of Transportation's "Proposed Statement of Enforcement Policy on Unfair Exclusionary Conduct by Airlines."

a. Summary.—The Department of Transportation [DOT] published a "Proposed Statement of Enforcement Policy on Unfair Exclusionary Conduct by Airlines" on April 10, 1998. DOT issued this proposal to address what the administration believes to be a problem—larger airlines engaging in practices designed to eliminate competition by smaller airlines at hub airports. This proposal identifies the behavior that DOT will consider to be an unfair exclu-

sionary practice and, therefore, will find unlawful. DOT General Counsel Nancy McFadden summarized DOT's policy as follows: "If, in response to a new entry into one of its hub markets, a major carrier pursues a strategy of price cuts and capacity increases that either (1) sacrifices more revenue than all of the new entrant's capacity could have diverted from it or (2) results in substantially worse short-term operating results than would a reasonable alternative strategy for competing with the new entrant, *we propose to find this unlawful*" (emphasis added). DOT has received wide-ranging opposition to its proposal from consumer advocates, small business groups, smaller communities, labor unions, economists, the U.S. Chamber of Commerce, major airlines, and numerous U.S. Senators and Members of Congress. Although the subcommittee shares many of the concerns raised by these parties about DOT's proposal, it has focused its oversight on the manner in which DOT appears to have conducted itself, in the face of this opposition, during the public comment period of this open regulatory docket. The subcommittee sent two letters to DOT Secretary Rodney Slater, inquiring about DOT's compliance with normal regulatory procedures, in accordance with the Administrative Procedures Act, in issuing this proposal for public comment. The subcommittee also questioned DOT about its use of appropriated funds to hire a public relations consultant to lobby Congress on the proposal; whether DOT considers the proposal to be binding on the airlines; and whether DOT plans to submit the proposal to Congress as a rule under the Congressional Review Act.

b. Benefits.—In response to the subcommittee's August 13, 1998 letter, DOT changed its policy on posting comments from Members of Congress in the public docket for this rulemaking. Many letters were not posted because DOT's practice was to wait until a reply was sent from the Secretary to the Member of Congress and then post the original letter and the reply. Therefore, the inclusion of important comments in the rulemaking's public docket was significantly delayed. After the subcommittee's inquiry, DOT agreed to begin posting comments from Members of Congress in the docket upon receipt.

The subcommittee plans to continue its oversight of this rulemaking process.

c. Hearings.—None.

23. Securities and Exchange Commission's Travel Oversight.

a. Summary.—From March 1996 through April 1997, the subcommittee reviewed the official travel policies and procedures of the Securities and Exchange Commission [SEC]. Based upon its investigation, the subcommittee recommended that the SEC make the following reforms in its official travel policies and procedures:

- The SEC should strictly enforce the Federal Travel Regulation's [FTR] restrictions on first-class travel at government expense to permit first-class travel only in situations expressly enumerated in the FTR.[14] The SEC voluntarily should adopt a

[14] Criteria for use of first-class airline accommodations in the FTR: 1) No other reasonably available accommodations—neither coach class nor business class (scheduled to leave within 24 hours of the employee's proposed departure time or scheduled to arrive within 24 hours of the employee's proposed arrival time). 2) Travel by an employee with a disability. 3) Security Rea-

formal policy prohibiting personally-funded or host-paid first-class travel.

• The SEC should strictly construe the FTR's requirements for approvals of upgrades for travel or lodging accommodations, and require explicit justifications for such upgrades consistent with FTR requirements. The FTR should not be construed to permit travel upgrades to business class for the reason that official business needs to be conducted in flight, even if the official work is confidential in nature. The SEC should continue to caution SEC travelers to be circumspect about doing work on confidential or sensitive matters while traveling to protect against inadvertent or premature disclosure of confidential or sensitive information. The subcommittee does not believe that business- or first-class travel significantly enhances the opportunity to maintain confidentiality of agency documents or records.[15]

• The SEC should include the specific FTR justification for any travel upgrade in a written approval memorandum, which must be submitted to the SEC's Comptroller's Office with the travel voucher *before* any reimbursement for upgrade expenses is approved. Consistent with current practice, that memorandum should be retained with the agency's official records relating to the trip.

• If a traveler receives an upgrade for lodging, and he or she stays at a hotel with a rate in excess of the maximum approved rate for subsistence expenses (currently up to 150 percent of the standard per diem allowance) (the maximum per diem allowance), the SEC should determine, on a case-by-case basis, whether the appropriate reimbursement is the standard per diem allowance or the maximum per diem allowance. Factors to be considered include, but are not limited to, the following: (a) net savings to the government due to the proximity of the chosen hotel to the location of work which would lessen related transportation costs to be paid by the government; (b) reasonable personal safety concerns, particularly relative to persons traveling alone; and (c) attendance at conferences or meetings which take place at hotels with rates above the maximum per diem allowance.

• Increasing the lodging allowance up to the maximum per diem allowance for a particular locality should be considered exceptional—travelers are expected to attempt to find reasonable accommodations within the per diem allowance set by GSA. The traveler bears the burden of persuasion to satisfy the SEC's Office of the Comptroller that the traveler should receive more than the standard per diem allowance. The subcommittee is of the view that justifying a rate above the standard per diem allowance on the basis of attending conferences or meetings at hotels with rates above the maximum per diem allow-

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sons—exceptional security circumstances include but are not limited to: (a) travel in any other accommodations would endanger the employee's life or Government property; (b) travel by agents in who are in charge of protective details and who are accompanying individuals authorized to use first-class; (c) travel by couriers and control officers who are accompanying controlled pouches or packages.

[15] The subcommittee does *not* believe that the exceptional security circumstances cited in the FTR include maintaining confidentiality of agency records.

ance is appropriate only if the traveler stays on site, at a less expensive hotel in close proximity to the conference or meeting site, or if no other hotel is reasonably available.

• The SEC should consult with its Inspector General [IG] to implement a periodic audit by the IG of agency travel vouchers, including those in which upgrades have been approved, to determine compliance with the FTR and agency policies.

• All SEC travelers must attach used airline ticket stubs, demonstrating the class of accommodations used by the traveler, to their travel vouchers.

• The SEC should review and approve requests for travel upgrades on a uniform basis.

b. Benefits.—The SEC has adopted and implemented the subcommittee's recommended travel reforms. The SEC Comptroller issued a new travel policy on February 2, 1998 to all its employees, restricting travel upgrades to exceptional circumstances as defined by the FTR. This new travel policy tightened reporting requirements and prohibited government-funded upgrades used to defray the personal costs of employees traveling first-class (although employees are still free to upgrade from coach class to first class at their own expense). On June 5, 1998, the SEC IG conducted an audit of the Commission's travel practices, including travel upgrades. The audit found that the SEC's internal controls were generally functioning as intended and that the new travel upgrade policies complied with the FTR and the subcommittee's recommendations. The SEC's IG is making quarterly reports to the subcommittee on compliance with the travel reforms. Each report to date has shown full compliance with the travel reforms.

c. Hearings.—None.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

1. National Drug Control Policy.

a. Summary.—The National Narcotics Leadership Act of 1988 (21 U.S.C. 1501 et seq.) established the Office of National Drug Control Policy [ONDCP]. The act also provided for appointment of a Director of ONDCP, and required that the Director develop an overall strategy and budget for Federal anti-narcotics efforts, including both supply and demand reduction. Specifically, the statute provided that ONDCP: "(A) include comprehensive, research based, long-range goals for reducing drug abuse in the United States; (B) include short-term measurable objectives which the Director determines may be realistically achieved in the 2-year period beginning on the date of the submission of the strategy; (C) describe the balance between resources devoted to supply reduction and demand reduction; and (D) review State and local drug control activities to ensure that the United States pursues well-coordinated and effective drug control at all levels of the government." Pursuant to the Government Reform and Oversight Committee's jurisdiction over ONDCP, as well as all other departments and agencies engaged in counternarcotics efforts, the Subcommittee on National Security, International Affairs, and Criminal Justice convened numerous in-depth oversight hearings during 1997 to assess the status and ef-

fectiveness of the Nation's Federal drug control strategy and the strategy's implementation.

In addition to administration officials, expert advice and recommendations were sought from preeminent outside experts, including local officials and civic leaders. The subcommittee aimed to identify strategic and policy weaknesses, and in the course of its investigation, the subcommittee engaged in official contact with the various agencies and departments over which it has jurisdiction, namely those that engage in counternarcotics activities. These include, but are not limited to, the Office of National Drug Control Policy, the Departments of Defense, State, Justice, the Central Intelligence Agency, the U.S. Customs Service, and the Financial Crimes Enforcement Network.

Throughout 1997, the subcommittee met extensively with the agencies involved in counternarcotics efforts, collecting and analyzing both statistical and anecdotal evidence on the effectiveness of the Nation's drug strategy and supporting programs. This includes the areas of source zone interdiction, transit zone interdiction, arrival zone interdiction, law enforcement, prevention, and treatment. The subcommittee sought further insight from GAO investigators, field agents, and departmental Inspectors General.

Illegal drugs cost our society approximately $67 billion each year. Drug-related deaths have increased 42 percent since 1990 and numbered 14,218 in 1995. Accidents, crime, domestic violence, illness, lost opportunity, and reduced productivity are the direct consequences of substance abuse. Drug abuse and trafficking hurt families, businesses, and neighborhoods; impede education; and choke criminal-justice, health, and social-service systems. According to the 1996 NHSDA, an estimated 6.1 million current illegal drug users were employed full-time (6.2 percent of the full-time labor force aged 18 and older) in 1996, while 1.9 million worked part-time. More than 1.5 million Americans were arrested for drug-law violations in 1996. Drug-trafficking organizations seek to launder $57 billion a year spent in the illegal U.S. drug market.

According to the 1996 National Household Survey on Drug Abuse [NHSDA] 13 million Americans (6.1 percent of the U.S. household population aged 12 and over) were current drug users. According to the 1997 Monitoring the Future Study (MTF) since 1992 there has been a substantial increase in the use of most drugs—particularly marijuana; and 1 of 4 12th graders is a current illegal drug user while for 8th graders, the figure is approximately 1 in 8. A survey conducted by the Columbia University Center on Addiction and Substance Abuse [CASA] reported that 41 percent of teens had attended parties where marijuana was available, and 30 percent had seen drugs sold at school. In 1996, an estimated 1.7 million Americans were current cocaine users. The current-use rate has not changed significantly in the last 7 years. The 1997 MTF survey found that the proportion of students reporting use of powder cocaine in the past year was 2.2 percent, 4.1 percent, and 5 percent in grades 8, 10, and 12, respectively. This rate represents a leveling off in 8th-grade use and no change in 10th and 12th grade. Between 287 and 376 metric tons of cocaine are estimated to have been smuggled into the United States in 1995. Consumption-based calculations suggest the U.S. demand for cocaine was about 330

metric tons. There are approximately 320,000 occasional heroin users and 810,000 chronic users in the United States. Rates of heroin use among teenagers rose significantly in 8th, 10th, and 12th grades during the 1990s. The 1996 NHSDA found that the mean age of initiation declined from 27.3 years in 1988 to 19.3 in 1995. Plan, TX, one of the Nation's 10 safest cities, had 11 heroin-overdose deaths in 1997. Orlando, FL saw 48 heroin deaths in 1995 and 1996; 10 victims were 21 years of age or younger. The 1996 NHSDA estimated that 4.7 percent (10.1 million) of the population aged 12 and older were current marijuana or hashish users, which is the same rate as 1995. Approximately three-quarters (77 percent) of current illegal drug users used marijuana or hashish in 1996. The 1997 MTF shows that marijuana continues to be the illegal drug most frequently used by young people. Among high school seniors, 49.6 percent reported using marijuana at least once in their lives. By comparison, the figure was 44.9 percent for seniors in 1996 and 41.7 percent in 1995. After 6 years of steady increase, current marijuana use fell in 1997 among eighth graders, from 11.3 percent in 1996 to 10.2 percent. While marijuana is the most readily available illegal drug in our Nation, there is currently no methodology to determine the extent of cannabis cultivation within the United States. Cannabis is frequently cultivated in remote locations and on public land to prevent observation and identification of owners. The 1996 NHSDA estimated that 4.9 million Americans tried methamphetamine in their lifetime, up significantly for the 1995 estimate of 4.7 million. Studies show that methamphetamine use continues to be more common in the western United States than in the rest of the country. Methamphetamine is by far the most prevalent synthetic controlled substance clandestinely manufactured in the United States. It is also imported from Mexico. The 1996 NHSDA reported no significant change in the prevalence of inhalants, hallucinogens (like LSD and PCP), or psychotherapeutics (tranquilizers, sedatives, analgesics, or stimulants) used for non-medical purposes between 1995 and 1996. Current usage rates among those 12 and older for both hallucinogens and inhalants remained well below 1 percent in 1996.

Congressional Delegation.—From May 23 through June 1, 1997, Subcommittee Chairman J. Dennis Hastert was joined by Congressmen Souder, Sanford, Barr, and Blagojevich on a congressional delegation (CODEL) which visited Panama, Colombia, Peru and Bolivia. Accompanying the CODEL were subcommittee staff director and chief counsel, Robert Charles; professional staffers Sean Littlefield and Kevin Long; USCG CDR Rob Mobley and House International Relations Committee staffer, John Mackey. The purpose of the visit was to conduct an in-country review of current U.S. counternarcotics efforts and determine the level of cooperation by source and transit zone countries. The CODEL held extensive meetings with United States and host nation civilian, military, and law enforcement officials to discuss current policies, programs and activities intended to stop the flow of illegal drugs coming into the United States. The CODEL also explored how financial support for these programs could be better directed, and more effectively used.

On May 23, 1997, the CODEL visited with the Panama country team at the Embassy. Those attending included the U.S. Ambas-

sador, DEA, country attache, the U.S. Customs attache, the military attache, and civilian personnel assigned to the Embassy. The country team emphasis seemed to be on unity. They were adamant about how well they worked together in their mission. The Embassy brought in the Panamanian Attorney General and several of his associates to explain Panama's new money laundering laws and creative efforts to stop the flow of laundered money to and through Panama. DEA explained that the Panamanian police were ill-equipped to handle certain routine tasks, and requested that money be provided to the Panamanian police for vehicles and communications equipment. United States Customs personnel expressed a desire to see more x-ray and other detection devices at Panama's airports; the need for Customs aircraft throughout the source country region became obvious.

On May 24, 1997, the CODEL met with General Wesley Clark, Commander in Chief of U.S. Southern Command [SOUTHCOM] at his headquarters; SOUTHCOM'S support staff was present for the briefing. The General offered his view of how to effectively enhance counternarcotics efforts in the source countries and described the mission of SOUTHCOM as it related to an array of present and future counternarcotics issues. SOUTHCOM plays a major role in the region's counternarcotics efforts. It is the southern-most U.S. base, and, as such, is strategically vital in the war on drugs. SOUTHCOM's use of Howard Air Force Base provides regional support for detection, monitoring, and interception of illegal drug traffic by air. The U.S. presence also facilitates regional inter-military cooperation, jungle training, regional police and military training, and intelligence coordination. That presence must be strong, committed, enduring and well-supported by the Pentagon; despite the move of SOUTHCOM to Miami and the importance of continued and uninterrupted development of SOUTHCOM activities on Puerto Rico, there was a consensus among Members of the CODEL that the United States must maintain a strong forward-based presence at Howard Air Force base.

In Colombia, the CODEL visited San Jose del Guaviare, a remote forward-operating base for the Colombian National Police [CNP], and the Colombian Army's Second Mobile Brigade on May 25. This area is located in the southeastern region of Colombia, also known for its geography as the "wild zone." It is the largest coca growing and producing area in the world, and is universally acknowledged to be narco-guerrilla infested. The CODEL was accompanied by CNP General Rosso Jose Serrano, CNP Colonel Leonardo Gallego, director of the DANTI (antinarcotics police), Ambassador Frechette and selected Embassy staff.

The CODEL then continued west from Bogota to Maraquita, where the CNP maintains its aviation school. There, the CODEL witnessed a CNP special operations drug lab assault demonstration using UH–1H helicopters, helicopters critical to effective counternarcotics operations in the narco-guerrilla regions. This involved a live-fire coca lab "take down." Subsequently, the CODEL inspected three of the UH–1Hs, released just prior to the CODEL's arrival in Maraquita. They were released only after pressing the questions to Ambassador Frechette in the country team briefing 2 days earlier. The helicopters were in poor condition; notably, the U.S.-pro-

vided helicopters were inexplicably missing essential mounts for the guns that would protect the helicopters during coca lab take downs. The helicopters were in need of substantial maintenance to place them in flying condition; this was a development widely seen as ironic, in view of the U.S. ability to deliver repaired and flyable excess aircraft. For each helicopter Colombia received from the United States, the CNP must now commit an additional $100,000 to make the asset flight worthy. Following the CODEL's return, the remaining helicopters were released to the CNP. Instructively, these helicopters were conducting counternarcotics missions within 3 days of delivery. These facts strongly support a pressing need for U.S. draw down aid, namely additional "surplus helicopters."

On May 27 and 28, in Santa Cruz, Bolivia, the CODEL met with the Bolivia country team, including the Deputy Charge of Mission [DCM], DEA agent in charge, NAS, and civilian assets in place. The country team was mission-specific, and appeared to be running efficiently and smoothly. The DCM outlined a coherent counternarcotics strategy, which seemed to be the United States Embassy's No. 1 priority in Bolivia. The DEA reported that it would have seven new DEA personnel shortly. The DEA briefed the CODEL about ongoing operations in the Chapare region, which is the country's leading coca producing region. NAS reported on several alternative development projects, and provided persuasive statistics regarding their success.

On May 29 and 30, in Lima, Peru, the CODEL met with the Peruvian country team. Considerable attention was given to the successful "shoot down policy" adopted by President Fujimori's government. Additionally, the DEA and NAS touted eradication efforts and the decrease in coca production. Earlier in Iquitos, Peru, the CODEL witnessed part of Peru's riverine interdiction program. The CODEL also visited some remote coca field sites in Peru. The "shoot down" policy, supported by the United States in combination with intensive Peruvian law enforcement activities, yielded an 18 percent reduction in coca cultivation during 1996. The subcommittee subsequently learned that, in 1997, Peru achieved a further 27 percent reduction in coca cultivation.

b. Benefits.—The subcommittee recognizes that the availability of drugs on U.S. streets and the number of persons using illegal drugs continue to be serious problems in the United States, and constitute a major national and personal security threat. The subcommittee, through its oversight hearings, determined that there are significant policy and management obstacles that must be resolved in order to markedly improve the U.S. drug control efforts. In addition, the effectiveness of U.S. efforts to combat drug production, transshipment, and importation remain, on the whole, handicapped by low resource allocation. It is apparent that the U.S. Government has yet to meet the drug threat with the same intensity and dedication that the drug cartels and traffickers undertake in their efforts. Obstacles include numerous organizational and operational limitations, as well as a lack of sufficient and consistent funding. The subcommittee's hearings, meetings, and official correspondence assisted in elevating interagency cooperation and coordination, as well as providing much needed attention to counternarcotics issues. The oversight and investigation of drug policies

and programs also enabled the subcommittee to determine whether current strategies or programs were meeting their statutory obligations.

c. Hearings.—During the 105th Congress, the Subcommittee on National Security, International Affairs, and Criminal Justice held 16 hearings on the topic of the status of this Nation's National Drug Control Policy. The hearings focused on all aspects of the war on drugs and demonstrated the importance of a several-tiered strategy, including source country and transit zone interdiction efforts to stop the illegal narcotics and precursor chemicals from entering the United States; a strong law enforcement and criminal justice system to apprehend and severely punish those convicted of drug trafficking; prevention efforts that not only educate our young people about the dangers of drug use but unite communities against drug use; and finally, an effective system of treating those already addicted. By encompassing all facets of the counter-narcotics effort, we send a strong "zero-tolerance" message to anyone who considers cultivating, trafficking, or using illegal narcotics. A detailed description of the hearings held by the subcommittee follows:

The subcommittee, in its role as authorizing subcommittee for the Office of National Drug Control Policy [ONDCP], conducts an annual hearing reviewing the President's National Drug Control Strategy. On February 27, 1997, the subcommittee received testimony from General Barry McCaffrey, Director of the Office of National Drug Control Policy at a hearing entitled, "Oversight of the 1997 National Drug Control Strategy." On March 26, 1998, the subcommittee received testimony from General McCaffrey at a hearing entitled, "Oversight of the 1998 National Drug Control Strategy." The purpose of these hearings was to examine the short- and long-term plan described in President Clinton's 1997 and 1998 National Drug Control Strategies, and to assess how effectively the Nation is fighting illegal drug abuse, both domestically and internationally.

At the 1997 hearing alarming statistics were cited to portray the status of our war on drugs.

Drug-induced deaths increased 47 percent between 1990 and 1994, and now number approximately 14,000 per year. In 1995, a record high 531,800 drug-related hospital emergency room episodes occurred. Heroin-related emergency room episodes increased 124 percent between 1990 and 1995. General McCaffrey described cocaine use as plummeting and higher purity heroin use as increasing. He characterized the increase in methamphetamine use as, ". . . a potentially worse threat to America than the crack cocaine epidemic of the 1980's."

Even more threatening to the status of drug use, was the shocking decline in the average age of drug users, now dipping below the teen years. The perceived risk associated with drug use among teens has dropped and consequently the overall number of young people using drugs has skyrocketed. Use of illegal narcotics among 8th-graders, 11- and 12-year olds, is up 150 percent over 1989. These numbers were widely viewed as startling and corroborate the need to educate all young Americans about the perils of drug use.

General McCaffrey stressed the need to more strongly support different aspects of the drug war: stopping the cultivation of drugs at the source; interdicting the drugs in the transit zones and at the borders; enforcing severe punishment for those offenders who sell drugs; preventing young people from ever turning to illegal drug use; and providing treatment for those already addicted to narcotics. The 1997 Strategy has established five strategic goals: (1) Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco; (2) Increase the safety of America's citizens by substantially reducing drug-related crime and violence; (3) Reduce health and social costs to the public of illegal drug use; (4) Shield America's air, land, and sea frontiers from the drug threat; and, (5) Break foreign and domestic drug sources of supply.

With varying degrees of emphasis, all Members, and General McCaffrey, acknowledged that current Federal antidrug efforts are, while effective, under strain from reduced funding. According to McCaffrey, future strategies will continue to focus on drug-related crime and violence, as well as shielding our frontiers and reducing availability. The assumption is that it will also trigger an aggressive initiative to educate young people on the dangers of drug use.

At the 1998 hearing the 1998 National Drug Control Strategy, as well as the accompanying budget and performance measure documents, were outlined. The 1998 National Drug Control Strategy states certain emphasis, goals, and budget priorities. In 1998, the administration released the first 5-year budget for Federal drug control. The 5-year budget covers the fiscal years from 1999 to 2003. There are five goals of the 1998 strategy. The strategy is designed to reduce drug use and availability by 50 percent over the next 10 years. Thirty-two supporting objectives are elaborated on in the strategy. Goal 1: Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco. The strategy's mid-term objectives are to reduce the prevalence of past-month drug use among youth by 20 percent and increase the average age of first use by 12 months before the year 2002. The long-term objectives are a 50 percent reduction in current drug use and an increase of 36 months in the average age of first use by the year 2007. Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence. The strategy's mid-term objective is to reduce drug-related crime and violence by 15 percent before the year 2002. The long-term objective is a 30 percent reduction by the year 2007. Goal 3: Reduce health and social costs to the public of illegal drug use. The strategy's mid-term objective is to reduce health and social consequences 10 percent by the year 2002. The long-term objective is a 25 percent reduction in consequences by the year 2007. Goal 4: Shield America's air, land, and sea frontiers from the drug threat. The strategy's mid-term objective is to reduce the rate at which illegal drugs entering the transit zone and arrival zones successfully enter the United States 10 percent by 2002. The long-term objective is a 20 percent reduction in this rate by the year 2007. Goal 5: Break foreign and domestic drug sources of supply. The strategy's mid-term objectives are a 15 percent reduction in the flow of illegal drugs from source countries and a 20 percent reduction in domestic marijuana cultivation and methamphetamine production by the year 2002. Long-

term objectives include a 30 percent reduction in the flow of drugs from source countries and a 50 percent reduction in domestic marijuana cultivation and methamphetamine production by 2007.

The Performance Measures of Effectiveness [PME] are designed to 1) assess the effectiveness of the National Drug Control Strategy; 2) provide the entire drug control community, including State and local governments, the private sector, and foreign governments, with critical information on what needs to be done to refine policy and programmatic direction; and 3) assist with drug program budget management at all levels. The nucleus of the PME system consists of 12 impact performance targets that define desired outcomes of end states for the strategy. The remaining 82 performance targets calibrate progress toward the strategy's 32 objectives, which are supported by a system of drug control program efforts. In the area of overall drug use, the target is a 50 percent reduction by 2007 in the rate of illegal drug use in the United States compared with that in 1996. In the area of drug availability, the aim is a 50 percent reduction by 2007 of the available supply of illicit drugs in the United States compared with that in 1996. In the area of drug use consequences, the target is a 30 percent reduction by 2007 in the rate of crime and violent acts associated with drug trafficking and drug abuse compared with that in 1996. In addition, this theme targets a 25 percent reduction by 2007 in damaging health and social costs attributable to drug use as measured by annual estimates of the social costs of drug use. The additional 82 performance targets establish benchmarks by which to gauge progress in achieving the National Drug Control Strategy's 32 objectives.

Highlighting the work of successful prevention efforts around the country, the subcommittee held a hearing on February 26, 1997 entitled, "Civic Volunteers, Youth Service Organizations, and the War on Drugs." This hearing focused on successful efforts of civic groups and youth service organizations in the counterdrug effort.

As the level of drug use among 8th and 10th graders has risen over the past few years, prevention efforts across the country are becoming increasingly important for young people. Representatives from a number of civic groups described successful, national programs that they have developed and sustained without any Federal money.

In 1997, there were 5.6 million youth and adult members of the Boy Scouts of America, 260,000 members of the General Federation of Women's Clubs, and 132,000 members of the Junior Chamber of Commerce. Combined, these groups achieved hundreds-of-thousands of volunteer hours and touched the lives of millions of young people. These organizations have the unique ability to reach out to all socioeconomic backgrounds and regions and successfully unite these that may normally not interact. Notably, each organization has approached the problem of youth drug abuse in a different and distinct manner. Several programs focused their exercises on character building, some follow the faith-based model, while others concentrate on building ties to the community through sports and community service projects. These organizations integrate the health dangers of drug use but the social and criminal perils as well.

On the first panel, testimony was received from Mr. Frank Sarnecki, director, Loyal Order of Moose; Mr. John Creighton, Jr.,

president, Boy Scouts of America; Ms. Faye Dissinger, international president, General Foundation of Women's Club; and Mr. Mike Marshall, president, U.S. Junior Chamber of Commerce. Witnesses detailed the importance of building self-esteem in our young people. By showing each and every teenager that they are important and can control the outcome of their lives, such programs taught responsible and well-reasoned decisionmaking skills.

The second panel consisted of Mr. Dick Herndobler of the Benevolent and Protective Order of Elks; Mr. Gordon Thorson, national youth program director of the Veterans of Foreign Affairs; Mr. Howard Patterson, vice-president of Lions Club International; Mr. William Pease, assistant director for children and teens program of the American Legion Child Welfare Foundation; Mr. Don Baugher, president, Masonic National Foundation for Children; Mr. Larry Chisolm, also of the Masonic National Foundation for Children; and Mr. Dennis Windscheffel, a prominent drug prevention program consultant. Panel two brought a different perspective to the hearing. The essence of their message was that it is imperative that we demonstrate, as competent and dependable adults, that when you begin success in your teenage years, it paves the way for a successful adulthood. This panel emphasized that, too often, society is eager to point the finger at the young people and say, "We need to change your behavior." While this may be true, we must demonstrate how to be an effective, reliable and productive adult.

On June 18, 1998 the subcommittee held a hearing on athletes, celebrities, role models, and the message to young people about illegal drugs. The purpose of the hearing, "Athletes, Role Models and Their Influences on Young Americans to Stay Drug-Free" was to highlight how professional athletes, and movie and television stars, serve as role models for young Americans, and that their conduct, particularly as it relates to the use of illegal substances, impacts young lives. Witnesses at this hearing included Sugar Ray Leonard, former professional boxing champion; Steve Fitzhugh, former Denver Broncos football player; Sergeant Sid Kelly, city of Chicago D.A.R.E. officer; Dr. Mark Gold, University of Florida Brain Institute; Bill Ellis, division vice president, K–Mart; and Bryton McClure, star of CBS sitcom, "Family Matters." The subcommittee also heard from two Members of Congress with accomplished athletic careers, Congressman J.C. Watts of Oklahoma and Congressman Jim Ryun of Kansas.

Sugar Ray Leonard testified that preventing children from ever experimenting with drugs is the most effective form of drug control for the Nation to adopt. As testament of his commitment to educating children about the dangers of drug abuse, one of the two principal objectives of the Sugar Ray Leonard Youth Foundation's objective is to educate children about the dangers of illegal drugs. Dr. Gold and Sgt. Kelly both testified to the effectiveness of the D.A.R.E. program (Drug Abuse Resistance Education), Sgt. Kelly from his experience with the Chicago Police Department, which began its D.A.R.E. program in 1988, and Dr. Gold as a prolific author on drugs and addiction, as well as his service with the Office of National Drug Control Policy on a variety of drug prevention matters. K–Mart's division vice president testified about the important role that corporate America can play in helping young people

to make decisions about staying drug-free. K–Mart's annual Kids Race Against Drugs, conducted annually on Capitol Hill, is an example of an important corporate charitable initiative involving Members of Congress, celebrities and young people, which benefits anti-drug charities across the Nation.

The hearing also inspired a letter from Congress to the National Basketball Association, because of the concern in Congress that teenagers are adversely impacted by professional athletes publicized as using illegal drugs. The day of the hearing, Chairman Hastert released a letter to the NBA Commissioner and to the Players' Association Executive Director, along with more than two dozen Members of Congress, including the Speaker, urging the NBA to adopt a consistent drug-testing policy for all players and tough sanctions against those testing positive for illicit drugs, and to adopt a "zero-tolerance" policy for all NBA draft prospects, rookies and veteran players.

On July 23, 1998 the subcommittee heard from experts on the problem of pregnant women and drug abuse from the States of South Carolina and Wisconsin. This hearing, "Expectant Mothers and Substance Abuse: Intervention and Treatment Challenges for State Governments," highlighted two States which have been at the forefront of controversy and publicity for their approaches to the problem of mothers-to-be who use drugs. Witnesses at this hearing included Congressman Tom Latham of Iowa; Charles Condon, Attorney General, State of South Carolina; Joanne Huelsman; State senator, State of Wisconsin; Catherine Christophillis, director of drug prosecution, State of South Carolina; William Domina, Office of Corporation Counsel, Waukesha County, WI; Shirley Brown, outcome manager, Medical University of South Carolina; Paula Keller, director, Serenity Place; Betty Foley, associate director, Haymarket Center; Francine Feinberg, Meta House, Our Home Foundation; Mary Faith Marshall, program in bioethics, Medical University of South Carolina.

South Carolina's program is a multi-level treatment plan which offers a reprieve-oriented judicial process for pregnant women using illegal substances. The State of South Carolina was sued for its program, but the Supreme Court upheld a lower court ruling, *Whitner* v. *State,* which held that viable fetuses (defined as 24 weeks gestation) are persons for purposes under the reporting requirements of South Carolina's code of law, protecting them against illegal drugs such as cocaine, heroin, LSD, amphetamines, and marijuana. Under the State's maternal drug screening protocol, patients are to be made aware that criminal prosecution is possible if they fail to adhere to the criteria of any treatment program required by them of the judicial system. In Wisconsin, the principal provision of legislation sponsored by witness, Senator Joanne Huelsman was to permit child protection officials to seek a court order for a substance-abusing pregnant woman to undergo alcohol or drug abuse treatment who has previously refused treatment. Inpatient treatment in a hospital can also be ordered. The bill has no mandatory reporting requirements, no criminal penalties, and relies on "discretionary reporting" by professionals who come into contact with pregnant women. The legislation resulted from the publicity surrounding two women, a "cocaine mom," who used co-

caine while 8 months pregnant, and Deborah Zimmerman, who allegedly was binge-drinking alcohol in order to kill her unborn baby. The cocaine mom repeatedly refused a doctor's pleas to stop using cocaine and had refused multiple offers of treatment. South Carolina's Attorney General argued persuasively that his State is making progress in solving the problem of pregnant addicts, mixing compassion with "tough love." He cites the highest priority is sparing infants the "unimaginable suffering they experience when they come into the world as drug addicts. Some don't survive the trauma. Others are horribly impaired for the rest of their lives. Most experience exquisite pain during their first days." South Carolina's witnesses offered compelling evidence that by treating addicts as patients, allowing health care experts to intercede, but keeping law enforcement in the wings, prepared to act only in worst-case scenarios with treatment-resistant women, has resulted in successful interventions that render healthy mothers who can serve as fit parents, and healthy newborn children.

On May 14, 1997, the subcommittee held a hearing highlighting the extraordinary efforts of the National Guard in the antidrug effort entitled, "National Guard Support in the Fight Against Illegal Drugs." Historically, the National Guard has performed missions tasked by their respective Governor. However, as the drug epidemic has increased in this country, Governors have turned to the National Guard to combat the flow of illegal narcotics. To continue their high-level of mission performance, the Guard needs consistent support from Congress and the Pentagon.

There are serious concerns that the fiscal year 1998 budget does not adequately support the needs of either their supply or demand reduction activities. A decrease in funding could result in severe reductions in aviation capabilities, intelligence, and engineering support. This hearing highlighted the successful efforts of the National Guard in tackling the rise in methamphetamine and heroin use, and their vital border support.

The subcommittee received testimony from the Honorable Brad Owen, Lieutenant Governor of the State of Washington; the Honorable Michael Bowers, attorney general of the State of Georgia; Major General Russell Davis, Vice Chief of the National Guard Bureau; Mr. James Copple, president and CEO of the Community Anti-Drug Coalitions of America; and Mr. Ronald E. Brooks, chair of the drug policy committee, California Narcotics Officer's Association. The witnesses all testified regarding the value of National Guard counterdrug assistance. According to Attorney General Bowers, in 1996, National Guard assistance resulted in, ". . . over 128,000 arrests and the confiscation of l,371 metric tons of processed marijuana, 12,671 pounds of heroin, and 16,116 weapons." These statistics alone demonstrate the essential nature of the National Guard's long-term commitment to a drug-free America.

During the 105th Congress the subcommittee conducted two oversight hearings on the issue of drug treatment programs and their effectiveness. On June 5, 1998 the subcommittee held a hearing entitled "Cutting Edge Issues in Drug Testing and Drug Treatment." Witnesses at this hearing included Congressman Jerry Solomon of New York; Dr. Robert DuPont, president, Institute for Behavior and Health; Dr. Ian MacDonald, chairman, Employee

Health Programs; Dr. Murray Lappe, president, National Medical Review Offices; Mark deBernardo, director, Institute for a Drug-Free Workplace; Dr. Tom Mieczkowski, professor, University of South Florida; Harold Green, president, Chamberlain Contracting Co.; Neil Fortner, vice president, Laboratory Operations, PharmChem Laboratories; Roxanne Kibben, president, National Association of Alcoholism and Drug Abuse Counselors; and Dr. David Kidwell, chemist, Naval Research Laboratory.

There is a consensus that effective treatment is a crucial component in the war on drugs. There are several issues which have arisen within the context of drug treatment. The most important is overcoming the denial inherent in the addicted condition. According to the witnesses who testified, the best way to overcome the addicts' dependency is a threefold approach: 1) drug test all employees on a random basis; 2) require that addicts and drug users successfully complete treatment; and 3) drug test regularly after treatment to ensure that the addict does not relapse. The workplace is a perfect crucible for the above model. More than 70 percent of those who use drugs in this country are employed. Many of those presently using, but not yet abusing, drugs are deterred from continued use by the above policy. This may be one of the most important goals of drug testing. For both the drug user and abuser, the loss of their jobs represents a powerful deterrent to continued drug use. The success of the model is unmistakable and beneficent. One employer, Harold Green, testified that all of his employees appreciated the fact that the only way to ensure a drug-free workplace was to drug test. Most employees believe that drug testing is a small price to pay to be able to work with fellow employees who are drug free. Many of the witnesses suggested that the government should set an example by drug testing and treating its employees. When the Navy began to drug test its sailors, it found that more than a third used drugs. After drug testing was implemented for a short period, drug use decreased to about 2 percent.

Obviously, there are constitutional restrictions related to drug testing government employees as opposed to employees working in the private sector. To solve this problem, several witnesses testified to the efficacy of drug testing hair or conducting ocular screening, much less intrusive searches under the fourth amendment. According to the witnesses who testified about these lesser intrusions, hair samples can be tested up to 90 days after drug use, whereas urine can only be tested for drugs a couple of days after use, and ocular screening has been endorsed by the American Civil Liberties Union. Virtually all witnesses concluded and testified that the treatment component was impotent without testing, and that drug testing must be an integral part of every treatment dollar spent by the government.

The taxpayers of the United States pay in excess of $3 billion for drug treatment. Unfortunately, it is very difficult to figure out how this money is being spent, let alone whether the money is being spent efficaciously. On July 22, 1998 the subcommittee held a hearing "Drug Treatment Programs and the Criminal Justice System: Making Treatment Work" in order to determine these issues. Witnesses at this hearing included Dr. Donald Vereen, Deputy Director, Office of National Drug Control Policy; Dr. Marsha Lillie-

Blanton; Associate Director, U.S. General Accounting Office; Dr. Sally Satel, psychiatrist, Oasis Clinic; Dr. Eric Wish, Director, Center for Substance Abuse Research; Raymond Soucek, president, Haymarket Center; Bryan Hill, president, American Jail Association; Arthur Pratt, president, Life Effectiveness Training; Dr. Douglas Lipton, senior research fellow, National Development and Research Institute; and Dr. Faye Taxman, associate research professor, University of Maryland.

Initially, the subcommittee heard testimony from Dr. Vereen and Dr. Lillie-Blanton to determine how the money was being spent. Neither could explain where the money was going in anything but the most general way, but both maintained that treatment "works." Support for their position is based on a series of studies which claim extraordinary results. As was pointed out by some congressmen on the committee during questioning, all of these studies are flawed in that they failed to include the facts that most patients drop out of the programs, most cannot be located later, most are self-reporting their own drug use and criminality, and most refuse to take a drug test to support their self-reported abstinence. Finally, exacerbating otherwise skewed studies is the important fact that most treatment specialists consider that the treatment is successful when an addict uses drugs less than he/she did before. When these variables are factored in, probably less than 10 percent can be characterized as non-using addicts 1 year after treatment.

All witnesses testified to the importance of drug testing in the determination of success. One witness testified to the success of the Vietnam Veterans who were addicted to heroin in overcoming their addictions. Virtually all veterans who returned to the United States who were addicted were no longer dependent on drugs 1 year after their return. This tends to show, not only that addiction is not a disease but also, that environment and a change thereof might play an important role in overcoming addiction. Further, a panel of witnesses testified that treatment should be an integral part of the incarceration process for those inmates who desire it. Presently there is little opportunity for those incarcerated to get treatment. Many of those in prison have a drug problem. The prison and jail system should be a perfect setting for successful treatment, but it has not proven itself to be so to any degree in the past.

The primary conclusions of the witnesses about success, in addition to the importance of drug testing, creating a new environment for the addict and treating the prisoners is that drug courts work (but could work better). For most addicts it is very important that the government set up a system that provides very powerful "carrots" and very powerful "sticks" in order for treatment to succeed—the drug courts could provide the "carrots" and "sticks" necessary to have an impact on the drug problem.

On March 10, 1997, the subcommittee held a hearing entitled, "Coast Guard Drug Interdiction Efforts in the Transit Zone." The purpose of this hearing was to examine the national security threat posed by the explosion of maritime drug trafficking in the transit zone, and better understand efforts by the U.S. Coast Guard to combat it. Of particular interest were: (1) the nature of drug trafficking activities in the transit zone, especially the Eastern Caribbean; (2) host nation impediments to an effective regional strategy;

(3) the adequacy of the U.S. Coast Guard's capabilities to interdict drug trafficking; (4) the extent of Federal agency planning, coordination, and implementation of U.S. interdiction efforts; and (5) the needs of the "front-line" drug agents.

At this hearing, testimony was received from Admiral Robert E. Kramek, President Clinton's Interdiction Coordinator and the Commandant of the U.S. Coast Guard, as well as several front-line Coast Guard personnel, including Lieutenant Commander Mike Burns, a C–130 aircraft pilot; Lieutenant Commander Randy Forrester, an HU–25C aircraft pilot; Lieutenant Jim Carlson, Commanding Officer of the Coast Guard cutter *Vashon;* Petty Officer Mark Fitzmorris, a Boarding Officer on the Coast Guard cutter *Tampa.* Finally, the subcommittee heard testimony from Admiral Paul A. Yost, president of the James Madison Memorial Fellowship Foundation, and former Coast Guard Commandant, on how the Coast Guard effectively shut down the Caribbean to drug traffickers in the late 1980's.

The subcommittee found that interdiction is vital. As stated by Admiral Kramek, "When the correct resources are applied, as the Coast Guard has recently demonstrated during Operation Frontier Shield, we get a lot of bang for our buck". Operation Frontier Shield was a "surge operation" implemented on October 1, 1996, was designed to deny smuggling routes into Puerto Rico and the U.S. Virgin Islands. Using available intelligence, this concentrated effort resulted in the confiscation of almost 14,000 pounds of cocaine. Another 17,000 pounds were jettisoned by smugglers during the first quarter of fiscal year 1997. Admiral Kramek testified to the importance of bi-lateral maritime agreements and how essential close cooperation is to their success. He noted that, currently, we have no such agreement with Mexico.

The front-line Coast Guard Officers explained firsthand how intelligence, monitoring, detection, and "end-game" are linked for effective counterdrug operations; one link missing is failure. The importance of adequate resources for effective counterdrug operations was identified, including aircraft, patrol boats, DOD vessels, infrared and aperture radars, intercept radars, communications equipment, and other technology.

Admiral Yost testified that, during his tenure as Commandant, the Coast Guard had more forces dedicated to drug interdiction (in 1990) than they have presently in 1997. He stated: "I think that if you add assets to [the Drug War] you are going to reduce the amount of drugs coming across the Caribbean". Subcommittee Chairman Hastert noted that our national strategy isn't a war anymore, but that the administration prefers to call it a cancer. He added, "When something is a cancer, you don't usually win that. A war you can win. You have to put your resources out there and make sure you do win it". A dominant theme was the cost-effectiveness of added resources for interdiction.

On September 15, 1997, the subcommittee held a hearing entitled, "Needle Exchange, Legalization, and the Failure of Swiss Heroin Experiments." The purpose of the hearing was to examine the current needle exchange programs in the United States, Europe, and in British Colombia which began as a way to deter the spread of HIV among intravenous drug users. Since the implementation of

this program, however, in Europe and here in the United States, this initial goal has proven to be out of reach. Moreover, the programs appear to be genuinely harmful in most, if not all, locations described.

Testimony was received from Ernst Aeschbach, M.D., vice president, Youth Without Drugs; Dr. Matthias Erne, expert on Switzerland Drug Policy; Mr. Robert Maginnis, senior policy advisor, Family Research Council; Ambassador David Jordan, former Ambassador to Peru, and professor, University of Virginia; Ms. Nancy Sosman, Coalition for a Better Community; and Dr. Peter Beilenson, commissioner, Department of Health, Baltimore City, MD.

The subcommittee found that initiatives in other nations, which began similarly to programs in the United States, have proved to be highly destructive. They did not reduce the transmission of AIDS or HIV; in fact, in the Vancouver and Montreal studies, the incidence of AIDS transmission actually rose with the onset of needle giveaways. The programs were "moral compromises" that provided drug paraphernalia to drug addicts for shooting an illegal drug into their veins. This is clearly the wrong message to send to America's children. The subcommittee heard testimony of a needle exchange program in Baltimore which may have had adequate "exchange" controls, but this program is not the norm and is also self-selecting; Baltimore virtually leads the Nation, today, in heroin addiction. Nancy Sosman testified that she was able to obtain needles, paraphernalia, and instructions on how to "shoot up" without providing any needles to "exchange" at the New York City program.

Several hearings were held to highlight counterdrug efforts fought on foreign soil since these efforts are vital to keeping drugs out of our country. The United States has spent billions of dollars on international drug control and interdiction efforts but illegal drugs still flow into this country. A major factor is that international drug-trafficking organizations have become sophisticated, multibillion-dollar industries capable of changing tactics to elude new U.S. drug control efforts and corrupting the institutions of drug-producing and transit countries. U.S. efforts have also been hampered by competing foreign policy objectives, inconsistent funding for U.S. international drug control plans, and a lack of ways to measure the success of counternarcotics efforts.

On March 12, 1998, the subcommittee held a hearing highlighting the efforts of the Departments of State, Defense and Justice in the counterdrug effort entitled, "Oversight of U.S. Regional Counterdrug Efforts." Testimony was received by General Charles E. Wilhelm, Commander in Chief, U.S. Southern Command; Admiral Robert E. Kramek, Commandant, U.S. Coast Guard; Donnie Marshall, Deputy Administrator, Drug Enforcement Administration. In addition the U.S. General Accounting Office submitted written testimony for the record.

Two areas of focus at this hearing were the loss of assets and funding for interdiction operations during the mid-1990's and the need for an influx of new assets. At this hearing Admiral Kramek testified that "[the Coast Guard] now has approximately two-thirds of the resources, and about 50 percent of the shipdays, and less than 50 percent of the flight hours available than [the Coast

Guard] had back in 1991–1992, entering the 1993 timeframe." Kramek went on to state that the "percentage of the drug budget [for] interdiction today is approximately 11 percent," whereas in the early 1990's it was "closer to 17–18 percent." Furthermore, "[w]e cannot presently cover the Eastern Caribbean." General Wilhelm testified that Operation Caper Focus [an exercise to interdict the estimated 220 metric tons of cocaine transiting through the Eastern Pacific] was halted before it had been completed due to budget constraints. General Wilhelm estimated that U.S. Government assets currently cover only about 15 percent of the transit zone of the Caribbean and Eastern Pacific. One additional issue that was addressed, and that the subcommittee continues to monitor closely, is the maintaining of a forward presence for U.S counterdrug forces once the move of U.S. forces from Panama is complete. Currently, the United States Government and the Government of Panama have not been able to reach an agreement on the establishment of a Multinational Counternarcotics Center at Howard Air Force Base, therefore, it may be necessary to forward deploy air assets at other bases in Latin America. Without an "in-theater" air operations base it is estimated that 75 percent of the effectiveness of an air asset would be burnt in transit.

The hub of counterdrug efforts overseas is Colombia. Colombia is the world's leading producer and distributor of cocaine, and remains a major source of heroin consumed in the United States. Since fiscal year 1990, the United States has programmed approximately close to $1 billion in assistance and equipment to support Colombian police and military units involved in counternarcotics activities. On February 14, 1997, the subcommittee held a hearing entitled, "Oversight of United States Counternarcotics Assistance to Colombia." Witnesses at this hearing included Robert S. Gelbard, Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, U.S. Department of State; General Harold Bedoya Pizarro, chairman, Joint Staff, Colombian Armed Forces; Major General Rosso Jose Serrano Cadena, director general, Colombian National Police; Honorable Morris Busby, Former Ambassador to Colombia and Former Ambassador-at-Large for Counter-Terrorism; and Major F. Andy Messing, Jr. USAR (Ret.), executive director, National Defense Council Foundation. At this hearing a number of issues were examined. These included: what levels of counternarcotics assistance is the Government of Colombia receiving from the United States Government; did President Clinton's decision to decertify Colombia in 1996 have a significant detrimental effect on the levels of counternarcotics support Colombia received from the United States via the Department of State and Foreign Military Sales [FMS]; how involved are the Colombian guerrillas in narco-trafficking; what are the goals of the Colombian Government for 1997 in the war against illegal drug production, manufacturing and the organized narcotics traffickers; what support will be necessary from the United States to accomplish these goals; what are the constraints that the United States Government faces in Colombia; how close is Colombia to civil war with the narco-guerrillas and how many Colombian National Police and Military personnel have lost their lives in direct combat with the narco-traffickers; what should the United States do to assure the

most effective counternarcotics effort in Colombia by the Colombian National Police and Colombian Military; and has the administration's decertification of Colombia caused delays in the delivery of vital counternarcotics aid? The overarching conclusion was that additional support for the Colombian National Police is imperative to permanently winning the United States drug war.

On July 9, 1997, the subcommittee held a second hearing on counternarcotics activities relating to Colombia entitled, "International Drug Control Policy: Colombia." Witnesses included Myles Frechette, Ambassador, United States Embassy, Bogota, Colombia; Jeffrey Davidow, Assistant Secretary of State, Bureau of Inter-American Affairs, Department of State; Robert Newberry, Principal Director, Drug Enforcement Affairs, Department of Defense; Donnie Marshall, Chief of Operations, Drug Enforcement Administration; Jane E. Becker, Acting Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, Department of State; Henry L. Hinton, Jr., Assistant Comptroller General, United States General Accounting Office; and Jim Thessin, Deputy Legal Advisor, Office of Legal Advisor, Department of State. At this hearing an examination of the status of the promised 614 waiver for Colombia; the status of the placement of fiscal year 1997 appropriated DEA agents for Colombia; the delay in the production of documents, requested by General Accounting Office, for an examination of United States and Colombian efforts to combat drug trafficking activities; and the proposal by the Department of Defense, for expanded authority to provide enhanced interdiction capabilities of the counterdrug forces in Colombia were discussed. The hearing was characterized by a sense of enormous disappointment with the United States State Department and United States Embassy in Colombia both on policy decisions and management issues.

According to estimates by the Department of State's Bureau for International Narcotics and Law Enforcement Affairs [INL], Mexico is a major transit point for cocaine entering the United States from South America, and a major source country for heroin, methamphetamine, and marijuana. Today, at least 400 tons of cocaine enter the United States annually, 70 percent across the Mexico-United States border; and 150 tons of methamphetamine are now produced in Mexico. Cross-border shipments of these drugs have increased markedly in the past several years.

Close economic and political ties, in addition to the 2,000 mile border, necessitate that there be a close relationship between the United States and Mexico in the "war on drugs." Moreover, the fact that as much as 70 percent of the drugs trafficked into the United States comes through Mexico, and that the United States is the main destination for the drugs accentuates this necessity. Both Mexico and the United States agree that there can be no progress at halting this flow without attention and cooperation from each party. Accordingly, high ranking officials from both countries meet regularly (known as the High Level Contact Group) to discuss what can be done to improve United States-Mexico cooperation. This High Level Contact Group [HLCG] has a number of working groups that focus on specific problems between the United States and Mexico. The HLCG has moved forward, as documented in the publication of the United States/Mexico Bi-National Drug Threat

Assessment in May 1997, and the United States/Mexico Bi-National Drug Strategy, released in February 1998. The group is now focusing on what could be the hardest part yet, in setting benchmarks to measure progress on the strategy. Without these benchmarks it is difficult to judge the potential effectiveness of these agreements. However, it is worth noting that a concise and agreed list of problems, including some difficult areas such as corruption, weapons, and extradition of nationals, is a significant indicator of how seriously Mexico views these issues. The current strategy does not provide clear benchmarks and it is uncertain when such standards will be developed and agreed to.

Despite the fact that Mexico has been annually certified as "fully cooperating" in counter narcotics programs, there is still doubt as to whether this is a reflection of Mexican potential or actual performance. Members of both the House and the Senate introduced resolutions to overturn the President's decision in 1997 and 1998.

The flow of illegal narcotics from Mexico to the United States is growing. Cocaine is flown successfully from Colombia, through Mexico, and into the United States. Methamphetamine precursor chemicals and increasingly the finished product as well, have been smuggled in greater and greater quantities into the West and Midwest of the United States. Mexico has mounted a large and continuing eradication effort. These have produced steady declines in the harvestable crops of marijuana and opium grown in Mexico. Methamphetamine production, however, has expanded. In addition, major criminal gangs, such as the Amezcua Contreras, Arellano-Felix, Amado Carrillo-Fuentes, Caro-Quintero, and Gulf Cartels are increasing in power. Moreover, the death of Amado Carrillo-Fuentes in 1997 has created a power struggle both within the organization and between other organizations to establish control over his organization. A reported alliance between the Arellano-Felix and Caro-Quintero organizations ("the Federation") promises to enhance trafficking ability across the border.

The subcommittee conducted two hearings on the issue of United States-Mexico counterdrug efforts. On February 25, 1997, the subcommittee held a hearing entitled "Counternarcotics Efforts in Mexico and Along the Southwest Border." Witnesses at this hearing included Congressman Henry Bonilla (R–TX); Thomas A. Constantine, Administrator, Drug Enforcement Administration; Robert S. Gelbard, Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, Department of State; Mary Lee Warren, Deputy Assistant Attorney General, Department of Justice; Douglas M. Kruhm, Assistant Commissioner, U.S. Border Patrol; and Tony Castaneda, Chief of Police, Eagle Pass, TX. These witnesses testified to the fact that the growing influx of narcotics along the U.S. Southwestern border poses a direct, palpable, insidious and deepening national security threat.

On March 18, 1998 the subcommittee held a joint hearing with the U.S. Senate Caucus on International Narcotics Control entitled "Oversight of United States/Mexico Drug Cooperation." Witnesses at this hearing included Ben Nelson, Director, International Relations and Trade Issues, National Security and International Affairs Division, U.S. General Accounting Office; Ambassador Jeffrey Davidow, Assistant Secretary of State, Bureau of Inter-American

Affairs, Department of State; Donnie Marshall, Acting Deputy Administrator, Drug Enforcement Administration; Rand Beers, Acting Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, Department of State; Mary Lee Warren, Deputy Assistant Attorney General, Criminal Division, Department of Justice.

Drug trafficking through the Caribbean region and into Florida is a major drug threat to the United States. According to United States law enforcement officials, up to 30–40 percent of the cocaine entering the United States may enter through the Caribbean section of the transit zone. During the past several years, traffickers in the Caribbean have shifted their operations from primarily air-related activities to maritime activities. In addition, traffickers are using improved technologies to counter efforts by U.S. agencies to identify and monitor their activities. In an effort to better understand the dynamic trafficking patterns of the Caribbean, the subcommittee on July 17, 1997, held a hearing entitled, "Drug Interdiction in Florida and the Caribbean." Witnesses at this hearing included Newt Gingrich, Speaker, U.S. House of Representatives; Samuel Banks, Deputy Commissioner, U.S. Customs Service; James Milford, Deputy Administrator, Drug Enforcement Administration; Rear Admiral Norman Saunders, Commander, Seventh Coast Guard District, U.S. Coast Guard; Peter Girard, group supervisor for Cargo Theft, Miami Seaport, Office of Investigations, U.S. Customs Service; Mike Sinclair, Chief of Miami Seaport Cargo Inspection Team, U.S. Customs Service; James H. Wallwork, commissioner, Waterfront Commission of New York Harbor; Edward V. Badolato, chairman, National Cargo Security Council; and Art Coffey, international vice president, International Longshoremen's Association. This hearing focused on: 1) the nature and threat of drug-trafficking activities in the transit zone with particular emphasis on south Florida and the northern Caribbean; 2) the capabilities of United States agencies to interdict illegal drugs in the Caribbean and in Florida's ports of entry; 3) the extent of Federal agency planning, coordination, and implementation of United States interdiction efforts in south Florida and the northern Caribbean; and 4) and the effectiveness of United States enforcement efforts in Florida's ports of entry. The importance of increased effort in this region was plainly corroborated.

Field Hearings.—In addition to the 16 hearings held in Washington, members of the subcommittee traveled to several regions of the country to examine counternarcotics efforts by communities, State, and local law enforcement agencies, as well as cooperation by those groups with Federal counternarcotics agencies and vice versa. Survey after survey shows that drug abuse, especially among teens, is an increasing problem in the United States. Since 1991, teenage use of marijuana, inhalants, cocaine, methamphetamine, LSD, heroin, and other drugs has increased dramatically. This is a sudden reversal of successful antidrug policies in the 1980's, lowering cocaine use, for example, 70 percent in 4 years and reinforcing strong "no use" attitudes. In 1993, the trends began a dramatic reversal. Over the past several years, many communities—both rural and urban—have reported increasing difficulties in dealing with the effects of escalating drug use and drug-related

crime. Local law enforcement authorities have been particularly frustrated as their communities have been subjected to an increase in violent crime and drug use. The subcommittee heard testimony at these field hearings highlighting the cooperative efforts of Federal, State, and local law enforcement officials who continue to take positive steps toward winning the war on drugs. Also apparent was the rising threat posed by traffickers employing more sophisticated technology. These field hearings highlighted two important conclusions. First, the most successful way to combat drugs is for entire communities to become engaged in tackling the issue, working in partnership. This includes families, schools, law enforcement, business, church, synagogue, and other community leaders. Second, interdicting drugs before they cross our border, either at their source or in transit, is essential to combating drug abuse and can be highly effective when properly funded. Effective drug interdiction, the most recent and best science indicates, raises drug prices, reduces drug availability and lowers drug purity. Accordingly, source country and transit zone programs can, if well managed, be highly cost-effective.

On July 7, 1997, the subcommittee held two hearings in Illinois to examine the threat of drugs and gangs to kids in rural communities. In DeKalb, at the hearing entitled, "Report From the Frontline: The Drug Threat to Teens in Our Rural Communities," testimony was received from the following witnesses: Ms. Pam Maakestad, whose son was a victim of drug-related violence; "Connie"—a teenager who has never used drugs; "Jerome"—a teenager who formerly organized drug dealers; "Derrick"—a former gang member; Mr. Mike Coghlan, former States attorney; Kris Povlson, project coordinator of the DeKalb County Partnership for a Substance Abuse Free Environment; Mr. John Nakonechny of DeKalb County Schools; Mr. Michael Haines, a professor at Northern Illinois University; Mr. Tim Johnson, DeKalb County States attorney; Sheriff Richard Randall of Kendall County; and Mr. Bob Miller, representing the Just Say No To Drugs Parade in Lee County.

In Algonquin, at "Report From the Frontline: Drugs and Gangs in McHenry County," testimony was taken from the following witnesses: Mr. Jerry Skogmo, the program director of the Renz Addiction Counseling Center; Mr. Carlos Chavez, coordinator of Youth Prevention Programs; Mr. Les Lunsmann and Mr. Bill LeFew, representing Communities Against Gangs; Mr. Gary Pack, McHenry County State's attorney; Mr. William Morley, Assistant Special Agent in Charge, Drug Enforcement Administration Chicago Field Office; and Sheriff Nygren of the McHenry County Sheriff's Department.

When most people think of drugs and teens, they tend to think of impoverished urban areas crowded with crack dealers and gangs. Rural areas and small towns, such as DeKalb and Kendall, are generally not thought of as places where drug abuse is a problem. Unfortunately, this image no longer accurately reflects the true nature of the drug scourge in America. The victim's of this drug war painted a picture of the true status of drug use in this area. They related stories of drive-by shootings, kids as young as 11- and 12-years-old using heroin, and young people afraid to stand up to the

gangs that terrorize their daily routine. This testimony was not meant to discourage the citizens of DeKalb and Algonquin, it was intended to send a message to Congress that the deadly epidemic is continuing and must be handled like the war on drugs it has become.

Our public safety witnesses highlighted the role of our law enforcement officers as they face increasingly intense battles on the streets. With the rapid emergence of drugs such as heroin and methamphetamine which have been found to have purity levels high enough to kill a first-time user, the struggles facing our Federal, State, and local law enforcement officers multiply and increase in danger each day they report to work.

Testimony from prevention groups and community coalition representatives described successful efforts being taken by citizens and members of the community to stop our kids from ever turning to drugs. As the burden on our law enforcement community continues to grow, the need for citizens in each and every community to take responsibility and play an important role in the battle against drugs is vital. The witnesses at both hearings have demonstrated that commitment and perseverance are essential in successfully keeping kids off drugs.

On July 21, 1997, the subcommittee also held a field hearing at West Mesquite High School in Mesquite, TX entitled, "Report From the Frontline: The Status of Dallas' Fight Against Drugs." Witnesses included Paul Coggins, U.S. attorney, northern District of Texas; Donnie R. Marshall, Chief of Operations, Drug Enforcement Administration; Julio F. Mercado, Special Agent in Charge, Dallas Divisional Office, Drug Enforcement Administration; and Ken Yarbrough, chief of police, Richardson Police Department. These witnesses confirmed that cocaine continues to be readily available throughout the Dallas area; heroin remains available at all levels throughout northeast Texas; methamphetamine and amphetamine are trafficked in and around Dallas; and marijuana is encountered regularly by law enforcement authorities. The link between marijuana and the other drugs was made painfully clear. Additionally, the subcommittee visited a former crack house that was being transformed into usable living space by local business people, with the active support of the law enforcement community.

On September 22, 1997, the subcommittee held a hearing in Aurora, IL entitled, "Report From the Frontline: From South America to South Aurora." This field hearing highlighted the effect our counterdrug efforts in the source countries in South America have on the communities across the United States, like Aurora, IL. The subcommittee received testimony from the following witnesses: the Honorable Juan Carlos Esguerra, Colombian Ambassador to the United States; Lt. Col. Francis Kinney, Director of Strategic Planning for the Office of National Drug Control Policy; Mr. Juventino Cano, president of the Aurora Hispanic Chamber of Commerce; Mr. Bob Barwa, principal of East Aurora High School; Mr. Harold Osby, a former gang member; Mr. Mike Murphy, executive director of the Prayer Coalition for Reconciliation; Ms. Judy Kraemer, president of Illinois Drug Education Alliance; Sgt. Roy Garcia, of the North Central Narcotics Task Force, Illinois State Police; Chief

Larry Langston of the Aurora Police Department; and Mr. Joseph Birkett, DuPage County State's attorney.

This hearing focused on the nexus between drug cultivation in South America and how these deadly narcotics come across our borders and into our neighborhoods. The Colombian Ambassador discussed the country's persistent and courageous efforts to reduce drug cultivation and trafficking of the dangerous substances. State and local law enforcement witnesses testified to the various enforcement and prosecution issues inherent in the drug trade, as well as it's impact on drug-related criminal activity. Civic leaders described to our Members the various successful programs underway within the community to halt the spread of drug use, trafficking, and gang-related violence. All witnesses provided unique and invaluable information for the Members to bring back to Washington to assist in evaluating the current drug policy, as well as creating new legislative initiatives.

On Monday, October 20, 1997, the subcommittee held a field hearing at Freehold Borough High School in Freehold, NJ. At this hearing the subcommittee heard testimony about rising drug use and violence in the community of Central New Jersey. Witnesses at this field hearing included Greg Williams, Chief of Domestic Operations, Drug Enforcement Administration; John Coleman, Special Agent in Charge, Drug Enforcement Administration; John Kaye, Monmouth County prosecutor; Michael Paquette, chief of police, South Brunswick Police; Captain Howard Butt, Narcotics Division, New Jersey State Police; Elliot White, director, Local Advisory Committee on Alcohol and Drug Abuse; Mary Pat Angelini, executive director, Substances Abuse Resources; Ernestine Winfrey, executive director, Mercer Council on Alcoholism & Drug Addiction; and Scott Sechrist, director, Good News Home for Women. In addition, local high school students contributed testimony regarding the current state of drug trafficking and abuse in their schools. Witnesses also testified to the effects drug use and availability had on their community and what is being done to effectively curb the spread. The community of Central New Jersey is proof that the social and economic problems caused by drug trafficking and use can occur anywhere, and can also be prevented when a community comes together to prohibit the spread of drug use by their young people.

2. Immigration and Naturalization Service Program Citizenship USA

a. Summary.—This investigation of the Immigration and Naturalization Service's [INS] Citizenship USA Program [CUSA], initiated in June 1996, has uncovered a pervasive and alarming pattern of election-year fraud and abuses within the INS' naturalization process, the process by which resident aliens become American citizens. The subcommittee held three public hearings on the program, the second of which featured INS line-agent whistleblowers.

This politically-motivated program was evidently intended to naturalize 1.3 million people during fiscal 1996, concluding with the close of voter registrations in September 1996, just prior to the 1996 elections. The program eventually naturalized 1.1 million people. This number represents a massive increase over previous

years; from 1990 to 1994, INS naturalized about 300,000 new citizens per year.

Throughout the course of this program, legal and procedural requirements governing naturalization were consciously weakened, discarded or ignored. Immigration law requires each applicant for citizenship to have "good moral character." This means that the applicant may not become a U.S. citizen if he has committed certain crimes, or lied to the INS about his criminal record. To enforce these requirements, the INS requires each applicant to disclose any criminal history on the application for citizenship, under penalties of perjury. More importantly, the INS takes fingerprints of each applicant and is required to submit them to the FBI. If a candidate's fingerprints match a criminal record on file with the FBI, the FBI sends a copy of the criminal record, or "rap sheet," back to the INS. Because the rap sheet contains criminal charges, but generally does not report dispositions, the INS must then investigate the charges to discover resulting convictions and sentences. At that point, the INS examiner is able to match an application form with the applicant's complete criminal history. The examiner can then determine whether citizenship should be denied based on either (A) the seriousness of the criminal record, or (B) the applicant's failure to report it on his application.

Historically, the INS' criminal background check process has suffered from a number of ingrained problems. They were described in reports issued in 1994 by both the Department of Justice Office of the Inspector General [DOJIG] and by the U.S. General Accounting Office [GAO]. The DOJIG and GAO reports pointed out that the INS' procedures left open the possibility that, in some cases, individuals with criminal records could be improperly naturalized. Both reports made strong recommendations to correct the serious flaws appearing in the process. However, for reasons that remain unexplained, the INS did not adopt the recommendations made by either DOJIG or GAO. Moreover, in many cases, the INS failed to submit fingerprint cards to the FBI, or submitted defective fingerprint cards which were rejected by the FBI. In other cases, the INS submitted fingerprint cards but failed to await the return of the a rap sheet before granting citizenship. Instead, under the enormous, knowingly generated load of the Citizenship USA program, the system broke down completely.

Compounding the crisis, for many months, these problems were deliberately concealed by the INS. Beginning in September 1996, the subcommittee requested detailed information and documents on the issue of criminal background checks. The INS refused to provide any information, and then went so far as to openly defy two congressional subpoenas. In addition, public statements made by senior INS officials and the INS press office were repeatedly misleading, even after receiving incontrovertible corrections from congressional investigators. For example, Alexander Aleinikoff, then the INS Executive Associate Commissioner for Programs (and who has left the agency), told National Public Radio in September that the problem was restricted to ". . . perhaps 40 or 50 cases nationwide." The truth was somewhat different. Louis Crocetti, the INS' Associate Commissioner for Examinations, stated under oath during a congressional hearing last September that the number

". . . was 60 for the entire naturalization program." To date, the INS still has not admitted the true scope and nature of its problems with criminal background checks, which—at a minimum—involves tens of thousands of applications.

Unfortunately, INS' disregard for its own procedures and safeguards has had predictable and serious consequences. On May 12, 1997, DOJ, the parent agency over both the INS and FBI, reported to the subcommittee that out of 1,049,867 persons naturalized, 81,492 were identified as having FBI records which include INS administrative actions, dismissals, misdemeanor and felony arrests and convictions for serious and violent crimes such as drug trafficking, child molestation, assault, robbery, burglary, rape and murder; 124,740 persons were further identified as not having had definitive criminal history checks conducted because their fingerprint cards were rejected by the FBI because of poor quality prints; 55,750 persons were additionally identified for whom it could not and cannot be determined whether or not FBI record checks were ever conducted. Of the 81,492 persons identified as having FBI records, at least 5,500 were identified as convicted felons with disqualifying criminal histories. The DOJ and INS are currently trying to denaturalize these people, and determine if there are additional criminals who were granted citizenship, and if so, how many.

DOJ's review process is still underway, and it is not known exactly how many of the quarter million cases under review should have been denied citizenship, based on criminal convictions and misrepresentation of criminal records. In many cases, especially the 180,000 who became citizens without having proper background checks, the full truth may never be known. In addition, fully remedying the problem may prove difficult or, in many cases, impossible, based on the automatic attachment of due process rights following naturalization, regardless of whether the naturalization in question was legitimate. The legal and logistical obstacles to removal of citizenship are mammoth, and the INS has historically denaturalized only 10 or 15 people per year. If thousands, much less tens of thousands, of people were improperly granted citizenship, the problem may never be fully remedied.

One disconcerting aspect of the CUSA acceleration and waiver of critical regulations is the documented involvement of the White House, including intense involvement by the Vice President and several of his senior staff in the election-year acceleration.

b. Benefits.—The subcommittee's investigation and hearings have brought the full scope and nature of CUSA fraud, abuse and recklessness into the public eye, as media reports from coast to coast have described criminal activities and abuses of power wrought by this politically-motivated and undeniably errant program.

The INS has belatedly enacted new regulations which allow the agency to conduct administrative denaturalization proceedings, and to theoretically permit denaturalization of people who have been erroneously naturalized. The INS has had statutory authority to enact such regulations since 1990, but has heretofore neglected to promulgate any such regulations. Responding to our congressional investigation, this is a small step in the right direction. These administrative proceedings will be substantially less time-consuming and burdensome than judicial denaturalization, which until now

was the agency's only method of denaturalization. Unfortunately, for legal and logistical reasons, these new procedures are unlikely to be retroactively applied to the large number of people who were illegally and improperly naturalized under CUSA during 1996 or prior. This raises additional legal and national security concerns beyond the scope of this report.

In addition, the DOJIG has undertaken its own investigation to which it is devoting considerable resources. At the request of the subcommittee and other congressional offices, GAO also conducted its own investigation. Specifically, they examined the findings and recommendations made by Peat Marwick in addition to reviewing new INS naturalization regulations and procedures.

In sum, the INS, under intense pressure from Congress, the public, and the media, has taken incremental steps to reform its badly-damaged naturalization process. However, this is only a small beginning, and much remains to be done by the INS, DOJ, and the FBI. Continued congressional oversight is necessary to ensure the success of reform efforts.

c. Hearings.—The subcommittee held its third hearing on mismanagement of the naturalization process on March 5, 1997. The hearing, held jointly with the Subcommittee on Immigration of the Committee on the Judiciary, entitled, "Improper Granting of U.S. Citizenship Without Conducting Criminal Background Checks," focused on the breakdown of safeguards at INS that led to the naturalization of at least 5,500 convicted criminals.

Mr. Stephen R. Colgate, Assistant Attorney General for Administration, testified on behalf of DOJ. He was accompanied by Ms. Dawn Johnsen, Acting Assistant Attorney General for the Office of Legal Counsel, Department of Justice, and Mr. Gary Ahrens, KPMG Peat Marwick LLP. Mr. Colgate discussed the measures that DOJ was taking both to discover the exact magnitude of the problem and reinvent the naturalization process so that such abuses did not happen again. Mr. Ahrens discussed Peat Marwick's role in the naturalization review. Dr. Laurie E. Ekstrand, Associate Director for Administration of Justice Issues, General Accounting Office, discussed GAO's role in the review, which was to review Peat Marwick's methodology and implementation strategy.

The Honorable Doris Meissner, Commissioner, Mr. David Rosenberg, Citizenship USA Program Director, Mr. Louis D. Crocetti, Associate Commissioner for Examinations, and Mr. David Martin, general counsel, testified for the Immigration and Naturalization Service. Mrs. Meissner denied any political influence was exerted on the program by the Clinton administration. She also discussed the new safeguards that INS instituted on November 29, 1996, that she believed would prevent such lapses in the future. She did not explain the apparent connections of the CUSA program to the 1996 Federal elections; nor did she address, at all, the failure to act on either past GAO or past DOJIG criticisms of and recommendations to INS. She offered no suggestions on how those responsible within INS should be held accountable, or how to address the legal and security concerns raised by the INS' abdication of responsibility in 1996. She explained that the Citizenship USA program had been implemented to address the surge in naturalization applications in the last few years while improving the entire process; she could

not, however, explain why she had also, consonant with White House memoranda, simultaneously ramped up recruiting of applications in 1996. While she admitted that mistakes were made, she believes that new policies and procedures that INS recently implemented will preclude such errors in the future. On balance, the Commissioner appeared not to grasp the enormity of INS' misfeasance, and potential malfeasance, in 1996.

3. Department of Defense Inventory Management.

a. Summary.—This investigation is exploring the entire universe of acquisition, storage, use and disposal of Department of Defense [DOD] supplies and repair parts, including everything from field rations and medical supplies to aircraft engines. The subcommittee's three policy goals were and are: (1) to identify more modern and efficient inventory management practices, which can simultaneously save taxpayer dollars and improve military readiness; (2) to insure that such practices, once identified, are fully implemented by DOD; and (3) to achieve substantial financial savings in inventory management, freeing up defense dollars for military procurement, research and development, combat training, and other war fighting necessities which have been under funded in recent years. By devoting consistent congressional attention to these issues, and by rendering assistance and applying pressure when necessary, the subcommittee hopes to assist DOD in formulating and executing a plan which will result in a substantially less expensive and more efficient system.

Defense inventory management, for the last 6 years, has been identified by the U.S. General Accounting Office [GAO] as one of the 25 "high-risk" areas in the Federal Government. Defense inventory management was targeted as vulnerable to waste, fraud and abuse because of the enormous amounts of money spent on inventory and the inefficiencies which have long been rampant within the field.

The Defense Logistics Agency [DLA] and the three service departments maintain extensive support and logistics infrastructure designed to supply our armed forces. Headquartered at Fort Belvoir, VA, DLA employs over 50,000 military and civilian personnel worldwide and manages approximately 560 million cubic feet of storage space. DLA maintains a stockpile of millions of secondary inventory items—such as medical supplies, food, clothing and spare parts—worth an estimated $69.6 billion.

The system continues to be based on "just-in-case" practices of overbuying and stockpiling excess inventory at many different locations and levels. This approach usually provides good availability of supplies and repair parts, but only by sacrificing efficiency and savings. However, modern methods of inventory management can provide both availability and efficiency, by making timely deliveries from centralized facilities. This has already been successfully demonstrated in certain areas of defense inventory management, such as medical supplies and food items.

There are additional factors which aggravate the inefficiency of the inventory system. Cumbersome acquisition practices, which have begun to be reformed by Congress during the last two sessions, still contribute substantially to the problem. Furthermore,

many of DOD's accounting systems are outdated and inefficient, which makes it difficult to identify exactly what inventory is in storage, or exactly how much money has been spent. This situation is further complicated by the fact that DLA, as well as the Army, the Air Force, and the Navy, all maintain their own logistics systems, which often do not share information in an efficient manner.

As the military budget has decreased steadily, DOD's force structure and military readiness have suffered more than supporting infrastructure. At the same time that billions are wasted through inefficient inventory management and depot maintenance, there is less and less money for combat troops, combat training, military procurement, research and development.

As part of the investigation, committee staff visited seven different military facilities, each of which added substantially to the committee's oversight investigation and plans for reform. On April 8–9, 1997, majority and minority staff from the committee, accompanied by personnel from the GAO, traveled to three different military facilities. The first stop was DLA headquarters at Fort Belvoir, VA, where the group was briefed by managers who provided an overview of DLA's current operations and plans for the future. The staff then traveled to Walter Reed Army Medical Center, in Washington, DC, to see DOD's innovative virtual prime vendor operations for the purchase of medical supplies. The group then traveled to the New Cumberland and Mechanicsburg supply depots in Susquehanna, PA. There are 90 warehouses at these two depots, each the size of approximately two or three football fields, and over $6 billion worth of consumable and reparable parts are stored there. Compounding the acquisition of excess and unnecessary material is the enormous cost of continued storage for often obsolete or unnecessary inventory.

On May 2, 1997, the staff and GAO personnel then traveled to Philadelphia to see the Defense Industrial Supply Center [DISC] and the Naval Inventory Control Point [NAVICP], where item managers determine the requirements for supplies, order new inventory, and give orders for storage and disposal. The DISC is responsible for hardware items—nuts, bolts, bearings, metal, electrical wiring, et cetera—and the NAVICP is primarily responsible for aircraft parts.

From May 27 to May 30, 1997, the subcommittee staff traveled to the U.S. Army maintenance depot in Corpus Christi, TX, and the U.S. Air Force maintenance depot in Oklahoma City, OK. DLA storage and distribution facilities are collocated at these sites and support the depots. Helicopters and aircraft are upgraded and repaired at these facilities. The maintenance depots are major customers of the inventory system.

b. Benefits.—Although there is much dispute about the complex issues involved in DOD inventory management, one thing is clear: substantial savings of hundreds of millions, if not billions, of dollars can be achieved from reform of the domestic defense infrastructure in general and defense inventory management in particular. However, the subcommittee does not suggest that money saved through improving the logistics system should be cut from the Defense budget.

Rather, any savings that can be realized should be shifted toward procurement and modernization accounts that have been cut by more than 70 percent in real dollars as the Defense budget has been cut for 13 straight years. As the military budget has declined, the combat forces, or "tooth," have undergone more severe reductions than the supporting infrastructure, or "tail." Both DOD and Congress are committed to improving the "tooth-to-tail" ratio, and DOD recognizes that inventory management is one part of the "tail" where significant savings may be realized. In comprehensive reform of support systems lies the opportunity to restore needed resources to the war fighters.

In addition, even if DOD's budget was not continuing to decline, improving inventory management should still be a high priority. Good financial management and efficient utilization of resources are extremely important; reform of the system would be a laudable goal even if financial considerations did not now dictate it. Thus, saving billions of dollars through reform of inventory management is not only beneficial for the military but is compelled by our commitment to responsible fiscal management.

DOD recognizes that it has to reform inventory management and is working with the subcommittee, GAO, and other congressional offices to resolve these long-standing problems. Serious and thoughtful reforms have been initiated by DOD over the last few years which should lead to substantial management improvements and cost-savings over the next several years. Nevertheless, this will be a long, difficult process which will certainly require vigorous congressional involvement to encourage DOD to continue to aggressively pursue reform.

c. Hearings.—On March 20, 1997, the subcommittee held an introductory hearing on DOD inventory management practices and related issues entitled, "Improving Defense Inventory Management." The hearing focused on general defense inventory management problems, measures undertaken by DOD to address the problems and the effectiveness of internal reforms, and the implications that extensive reform might have on DOD's budget, and ways that the committee, working in cooperation with DOD, GAO, and outside experts, can work together to address and solve inventory problems.

Mr. James B. Emahiser, Assistant Deputy Under Secretary of Defense for Materiel and Distribution Management, and Mr. Jeffrey A. Jones, executive director for Logistics Management, Defense Logistics Agency, presented DOD's perspective of the problem and discussed the measures that have been, or are being, implemented to modernize the logistics system. While they strongly disagreed with many of GAO's definitions and conclusions, they acknowledged that DOD is currently holding billions of dollars' worth of excess inventory. They testified that the purchase value of current excess inventory is approximately $12 billion, which for accounting purposes they value at about $300 million. This inventory is sometimes difficult to properly dispose of, but DOD recognizes that disposing of excess inventory, and avoiding purchases of more excess inventory, will "free up" scarce resources. Although further inquiry will follow in 1998, these DOD witnesses denied that DOD is con-

tinuing to buy inventory in excess of current or foreseeable requirements.

Both witnesses stated that DOD has proposed incremental changes to improve support functions and operate more like a private business, but appeared resistant to dramatic or sweeping changes. Commercial practices, the DOD witnesses argued, are not entirely feasible for the military and that the burden of supplying the military cannot be shifted to the private sector. They cautioned that excessive outsourcing or privatization of support functions could adversely affect national security.

The second panel was composed of personnel from GAO. Mr. Henry L. Hinton, Jr., Assistant Comptroller General, Mr. Kenneth R. Knouse, Jr., Assistant Director, and Mr. Robert L. Repasky, Senior Evaluator, presented an overview of the defense inventory problem, on which GAO has been reporting for over 30 years and on which it has issued over 100 reports. The panel addressed problems ranging from adopting commercial sector best practices to trimming budgets for secondary inventory items. GAO asserted that inventory oversight is essential, and there remain weak financial accountability measures and a tendency toward overstated requirements. Within DOD's vast supply system, the GAO estimates that roughly half of the $69.6 billion of secondary inventory items that DLA stockpiles—$33.7 billion worth of inventory—is excess to DOD war reserve or current operating requirements. This excess inventory results in hundreds of millions of dollars wasted on storage costs each year. In addition to the problem of excess inventory from past purchases, it is likely that DOD is continuing to purchase and store more inventory than is needed for military requirements, or than would be needed if DOD's inventory management and maintenance operations were run more efficiently.

Even though GAO asserts that over half of DOD's current inventory is excess to current operating or wartime requirements, they decline to advocate massive disposal of excess stocks. While they assert support for adoption of modern business practices, they appear somewhat short on action. DOD acknowledged, however, that the enormous amount spent on purchasing secondary inventory—approximately $15 billion a year, more than NASA's entire budget—makes reform imperative.

The third panel was composed of Dr. Jacques A. Gansler (now serving as Under Secretary of Defense for Acquisition and Technology), vice chairman, Defense Science Board, and Admiral Luther F. Schriefer (USN, Ret.), executive director, Business Executives for National Security. Both Dr. Gansler and Admiral Schriefer testified that "billions of dollars" could be saved through outsourcing and privatization of most domestic military "infrastructure" functions. They asserted that moving commercial functions into the private sector would allow DOD to save money while putting greater focus on DOD's core mission—preparing for and fighting wars.

Dr. Gansler discussed the current imbalance in Defense spending, estimating that 55 percent of the Defense budget, or $140 billion a year, is spent on support and infrastructure. Of that, he testified that an estimated $60 billion is spent on logistics alone. He cited a November 1996 report by the Defense Science Board, entitled, "Achieving an Innovative Support Structure for 21st Century

Military Superiority," which claims reform consisting of privatizing and outsourcing most domestic-based logistics and infrastructure functions could save $30 billion a year, including $2.5 billion from inventory management accounts. These funds could then be shifted to modernization and training.

Admiral Schriefer is part of a "Tail-to-Tooth Commission," focused on "re-engineering" the Pentagon and spending money more efficiently. He argued, with 70 percent of Defense dollars going to pay for support and infrastructure "war fighters" needs are going unmet. He stressed that DOD must learn from American industry. DOD must dramatically transform the way it manages inventories in order to be "globally competitive." He believes that, "Revolution, not evolution" is required. Admiral Schriefer recommended that DOD buy advanced software to manage the inventory; buy off-the-shelf commercial products as much as possible; rely on contractor support and outsourcing maintenance as much as possible with new systems; and that inventory management be centralized.

On July 24, 1997, the subcommittee held a second oversight hearing on DOD inventory management entitled, "Reforming Inventory Management Through Innovative Business Practices." The subcommittee narrowed the focus of this hearing and specifically addressed the ways in which DOD could employ "cutting edge business practices" to improve inventory management. Witnesses were asked to discuss the success that DOD has demonstrated with "virtual prime vendor" and "direct vendor delivery" practices in acquisition and delivery of medical and pharmaceutical supplies to over 200 medical facilities nationwide. Similar successes revolving around food and clothing items were discussed, and the feasibility of using virtual prime vendor and direct vendor delivery for other types of inventory items, such as hardware items, was explored.

The first panel was composed of personnel from GAO. Mr. David Warren, Director, Defense Management Issues, National Security and International Affairs Division, Mr. Kenneth R. Knouse, Jr., Assistant Director, Mr. Robert L. Repasky, Senior Evaluator, and Mr. Matthew B. Lea, Senior Evaluator, discussed how American business has developed sophisticated methods for inventory management, ensuring both efficiency and economy. Many of these methods—such as "just-in-time delivery," use of supplier parks, and prime vendor contracts—could be applied to DOD's inventory management operations for similar efficiencies and savings. Commercial methods could not be applied to DOD in a wholesale manner, but must be tailored to military readiness needs. The cutting edge "best practices" that GAO believes DOD should aggressively adopt include virtual prime vendor in combination with direct vendor delivery innovations. Using these practices, acquisition personnel are able to order items electronically. The prime vendor then has the items delivered directly to buyer, eliminating the need for inventory backup.

GAO addressed DOD's success in using virtual prime vendor and direct vendor delivery practices in purchasing medical supplies, pharmaceuticals, and food. GAO asserted that by using direct vendor delivery for medical supplies and food items, which represent about 3 percent of inventory items for which these practices could be used, DOD saved $714 million over the past 6 years. GAO sug-

gested that similar techniques be used for other categories of defense inventory items such as industrial hardware, fasteners, wiring, construction supplies, and similar types of common, commercially available material. The estimated value of these items in the inventory is $7.2 billion. If implementation of best practices for these items were successful, DOD could reduce their inventory dollar value by several billion dollars, as well as reducing future purchases of such items and improving service to DOD customers.

One of GAO's chief criticisms was that DOD is not moving aggressively enough to adopt efficient, cost cutting measures at a time when the Department's budget is continuing to shrink. GAO cited service parochialism and a DOD supply and maintenance "culture" resistant to institutional reform in identifying "major roadblocks" to substantial changes. Overcoming these barriers will be necessary for DOD in the coming years.

Dr. Edward Martin, Acting Assistant Secretary of Defense for Health Affairs, Mr. James B. Emahiser, Assistant Deputy Under Secretary of Defense for Materiel and Distribution Management, and Mr. Jeffrey A. Jones, Executive Director for Logistics Management, Defense Logistics Agency, testified for DOD. They discussed the success of reforms enacted to date and outlined additional reforms that DOD plans to implement in the future. Dr. Martin took the opportunity to discuss the history of the virtual prime vendor use for medical supplies and noted successes, difficulties encountered to date, and plans to improve the system in the future. When asked if additional legislation would be required to hasten reform efforts, Mr. Emahiser responded emphatically that it would not be required, and said he considered ". . . existing legislative authority as sufficient to continue to appropriately implement innovative private sector practices." This conclusion remains subject to further scrutiny.

4. Combating Terrorism.

a. Summary.—The subcommittee initiated an oversight investigation of U.S. Government efforts to combat terrorism in the autumn of 1997. The subcommittee has since held three oversight hearings, conducted one large congressional delegation, and asked 11 Federal departments and 7 independent agencies for comprehensive information regarding their programs designed to "combat terrorism." ("Combating terrorism" refers to all programs designed to deter, defend against, counter, or manage the consequences of terrorist acts both domestically and abroad. "Counterterrorism" refers to offensive measures meant to deter or counter terrorist acts. "Antiterrorism" refers to defensive measures designed to reduce vulnerability of individuals and property. "Consequence management" refers to measures taken to manage the consequences of a terrorist attack. The Department of Defense [DOD] frequently uses the term "force protection" interchangeable with antiterrorism.) Such programs are currently executed by more than 40 Federal departments, agencies, bureaus and offices.

The subcommittee initially focused on terrorism and the security of Departments of Defense and State personnel stationed in South West Asia, where, as in many other parts of the world, terrorism is a constant threat. In June 1996, terrorists employing a truck

bomb killed 19 United States airmen and injured hundreds of others at the United States Air Force base at Khobar Towers in Saudi Arabia, prompting a major review of force protection policy. The terrorist attacks on our embassies in East Africa have prompted a similar re-examination of security at State Department facilities. The subcommittee's purpose was to examine the threats facing U.S. Government personnel deployed abroad, the changes in force protection policy made as a result of terrorist attacks, the status of implementing new policies, and the success the United States has had in working with host countries to increase the security of U.S. personnel.

There are approximately 25,000 United States military personnel (including naval personnel stationed off shore) and over 500 State Department personnel in the Persian Gulf region. Unfortunately, they have been, and continue to be, the target of terrorist extremists who are determined to force the withdrawal of United States forces from the Persian Gulf. Since the end of the Gulf war, there have been two terrorist attacks on United States military bases in Saudi Arabia, one in November 1995 and the other in June 1996, which killed 24 United States personnel and injured hundreds of others. The terrorist groups that executed these attacks have not been definitively linked with any country in the region, although recent events indicate that terrorist financier Osama bin Laden may have been behind the attacks. These incidents focused congressional and public attention on force protection policy.

Following the attacks, the Department of Defense undertook a thorough review of its force protection policies. The review, conducted by the Downing Assessment Task Force, completed its work in August 1996. The Downing Report found that the U.S. military lacked a comprehensive strategy for combating terrorism based on common guidance, standards and procedures. The report also includes a series of recommendations to improve the security of U.S. military personnel abroad. It stressed that a single entity within DOD should be responsible for antiterrorism and counterterrorism. Furthermore, the report called for greater interagency cooperation between the Departments of Defense and State in coordinating antiterrorism policy.

The State Department and DOD are responsible for the security of all U.S. personnel abroad. However, they conduct their missions differently in accordance with the respective missions, polices and resources of their departments. For example, the State Department issues general security guidelines and instructions to which every State Department facility must adhere. The Defense Department, on the other hand, issues some guidance, such as vulnerability assessments, but is resistant to issuing prescriptive physical security standards, preferring to leave the decision of which security measures to implement to the field commanders. Reconciling the differences between the Departments of Defense and State is just one of the challenges confronting policymakers formulating comprehensive force protection policy.

Congressional Delegation.—From November 17 through November 25, 1997, Subcommittee Chairman J. Dennis Hastert (R–IL) was joined by Representatives Mark Souder (R–IN), Mark Sanford (R–SC), John Mica (R–FL), John Shadegg (R–AZ), and Delegate

Eni Faleomavaega (D–AS) on a congressional delegation [CODEL] which traveled to Israel, Jordan, Kuwait, Bahrain, Saudi Arabia, Turkey, and Greece. Accompanying the CODEL were committee staff Dale Anderson, Robert Charles, Michele Lang, Kevin Long, and Andrew Richardson. The purpose of the trip was to conduct an in-country assessment of force protection and antiterrorism policy following the terrorist attack at the United States Air Force base at Khobar Towers in Dhahran, Saudi Arabia in June 1996.

The CODEL toured United States military bases and State Department facilities throughout the Middle East and Persian Gulf region, and at every stop, CODEL members were briefed on force protection and antiterrorism policy. The CODEL met with personnel from the Departments of State and Defense to determine what additional measures were necessary to protect our personnel deployed abroad to the maximum extent possible. Since the majority of the forces stationed in the countries of interest are actively involved in the containment of Iraq, CODEL members were also given mission briefs at all military facilities. Finally, the CODEL held meetings with diplomatic and military officials from host nations to learn about the level of cooperation and security provided to U.S. personnel from host nations.

In Jerusalem, CODEL members met with senior officials in the Israeli Foreign Ministry, after which some members met with Israeli Defense Minister Yitzhak Mordechai while others met with Palestinian leader Chairman Yasser Arafat. At these meetings, Members took the opportunity to discuss the stalled Middle East peace process and other related issues.

On November 19th, the CODEL traveled to Amman, Jordan, where the group visited the new United States Embassy and were briefed by Ambassador Wesley Egan. That evening the CODEL continued on to Kuwait City, Kuwait, and that night dinned as guests of Kuwaiti Minister of Information Saud Nasser Al-Sabah. On November 20th, the CODEL visited Camp Doha, a United States Army base outside of Kuwait City which maintains enough forward deployed military vehicles and equipment for a brigade. The base commander, Colonel Robert Polard, USA, briefed Members on security issues and the Army mission. From there the CODEL traveled to Ali Al-Salem Air Base, where the U.S. Air Force operates a radar facility. That afternoon, the CODEL took a sobering tour of the Khobar Towers complex at Dhahran, Saudi Arabia. The group saw the bombed-out buildings where 19 U.S. airmen died and hundreds more were injured when terrorists detonated a truck bomb in June 1996. That evening the CODEL arrived in Bahrain and Members and staff had the opportunity to meet with several United Nations weapons inspectors who had recently been forced to leave Iraq.

On November 21st, the CODEL was briefed at the headquarters of United States Fifth Fleet in Bahrain, where the United States Navy has maintained a presence for almost 50 years. Following the briefing the group was flown out to the aircraft carrier *U.S.S. Nimitz* that was on patrol in the Persian Gulf. That afternoon the CODEL went on to Prince Sultan Air Force Base in Saudi Arabia. Following the attack at Khobar Towers, U.S. Air Force personnel in Saudi Arabia were relocated to this remote base, 90 miles south-

east of Riyadh. Almost 4,000 men and women are stationed there, and Operation Southern Watch, which enforces the no-fly zone over southern Iraq, is run primarily out of this base.

On November 22nd, the CODEL met and were briefed by Ambassador Wyche Fowler at the United States Embassy in Riyadh, following which the group traveled to Eskan Village, the Joint Task Force Southwest Asia headquarters. After meeting with the commander of the Joint Task Force, Major General Roger Radcliff, USAF, the group toured Eskan Village. Members then went to a private meeting with Saudi Crown Prince Abdullah, the likely successor to King Fahd. On the evening of November 22nd the CODEL flew on to Incirlik, Turkey. The next morning the CODEL toured Incirlik Air Base and were briefed on the mission of the United States and British air forces operating out of Incirlik, which is to patrol the northern no-fly zone over Iraq. That afternoon the group traveled to Izmir, Turkey, and toured the facilities of an Air Force unit which supports NATO forces stationed in Turkey. On November 24th the CODEL traveled to Greece, and were briefed by United States Embassy personnel as well as Drug Enforcement Agents operating in Greece. The CODEL returned to the United States on November 25th.

This trip gave Members and staff the opportunity to meet with Defense and State Department officials in-country and observe firsthand the conditions under which they live and work and the strenuous efforts being made to protect our deployed personnel. There is no doubt that both Members and staff returned with a greater appreciation and understanding of the difficult but important missions being carried out by our professional foreign service and military personnel.

In the spring of 1998 the subcommittee broadened its oversight to include all U.S. Federal Government programs designed to combat terrorism. This examination would last for the duration of the 105th Congress. The overall objective is to identify duplicative programs and organizations as well as management practices which hinder rather than facilitate the fight against terrorists. While it is clear that the United States must be prepared to respond swiftly and effectively to acts of terrorism, it is imperative that Congress does not enact and fund programs haphazardly and lose sight of the need for a comprehensive framework through which to manage our combating terrorism programs. The background on this part of the investigation will be divided up into the following categories: policy and organization, the terrorist threat, the Domestic Preparedness Program ("Program"), and General Accounting Office reports.

POLICY AND ORGANIZATION

A variety of Presidential directives, implementing guidance, Executive orders, interagency agreements, and legislation provide the framework for the Federal programs and activities to combat. While there is no single, comprehensive Federal law explicitly dealing with terrorism, dozens of laws have been enacted regarding U.S. efforts to combat terrorism, including the Antiterrorism and Effective Death Penalty Act of 1996, and Title XIV of the National Defense Authorization Act for Fiscal Year 1997 (commonly referred

to as Nunn-Lugar-Domenici). Presidential Decision Directives 39, signed in June 1995, and 62, signed in May 1998, provide the current framework and guidance for U.S. efforts to combat terrorism. These directives, combined with current law, outline the responsibilities of many Federal departments and agencies. Some of the most important are described below.

National Security Counsel is to manage formal interagency coordination.

The Central Intelligence Agency is to coordinate all terrorism-related interagency intelligence efforts. The CIA's Counterterrorist Center has established the Threat Warning Group to analyze threat reports and coordinate them with the intelligence community.

The Department of State is to reduce vulnerabilities affecting the security of all personnel and facilities at nonmilitary U.S. Government installations abroad as well as the general safety of American citizens abroad. As the lead agency responsible for international terrorist incidents, the Department of State is also to work closely with other governments to carry out U.S. policy on combating terrorism. The Department of State manages the interagency Foreign Emergency Support Teams [FEST]. These teams are responsible for rapid deployment to manage terrorist-related crises abroad.

The Department of Defense is to reduce vulnerabilities affecting the security of all U.S. military personnel (except those assigned to diplomatic posts abroad) and facilities both abroad and in the United States and provide support to the lead agencies.

The Department of Justice, through the FBI, is the lead agency for responding to domestic terrorist incidents. The FBI manages the interagency Domestic Emergency Support Teams [DEST]. These teams are responsible for rapid deployment to manage terrorist-related crises domestically. This team would include both the DOD and HHS in supporting roles, and would arrive on the scene after the local and State first responders. The FBI is also responsible for tracking domestic terrorists, foreign terrorists operating within the United States, and providing relevant information to law enforcement entities through the Terrorist Threat Warning System. The FBI operates the Infrastructure Vulnerability/Key Asset Protection Program which maintains information on critical facilities throughout the United States to assist in contingency planning in the event that these facilities become terrorist targets. Through the FBI Awareness of National Security Issues and Response Program, U.S. businesses are warned of potential terrorist activity. The Federal Emergency Management Agency is the lead agency for consequence management of domestic terrorist incidents.

The Department of the Treasury is to reduce vulnerabilities by preventing unlawful traffic in firearms and explosives, by protecting the President and other officials against terrorist attack and by enforcing law controlling the movement of assets, and imports and exports of goods and services under Treasury's jurisdiction.

The Department of Transportation is to reduce vulnerabilities affecting the security of U.S. airports; all means of shipping under U.S. control; and rail, highway mass transit, and pipeline facilities.

The Office of Management and Budget is to report to the President on the adequacy of funding for programs relating to combating terrorism. OMB is also responsible for ensuring that certain technology research, development, and acquisition efforts associated with combating terrorism are adequately funded.

Inter-Agency Working Groups and Commissions

Among the over 40 U.S. Government departments, agencies and bureaus involved with combating terrorism, a number of interagency groups have developed. Within the National Security Counsel, the Deputies Committee Coordinating Sub-Group, which consists of representatives from State, Justice, Defense, CIA and the FBI, is in charge of reaching consensus on terrorism policy and operational matters. Their recommendations go to either the Deputies Committee or the National Security Advisor to the President.

Under the Coordinating Sub-Group there is the Standing Interagency Working Group for Counterterrorism and the Community Counterterrorism Board Interagency Intelligence Committee on Terrorism. Chaired by the State Department, the Standing Interagency Working Group oversees activities of several interagency subgroups. The Community Counterterrorism Board, located in the CIA's Counterterrorist Center, oversees the Interagency Intelligence Committee on Terrorism which advises and assists the Director of Central Intelligence on coordinating national intelligence on terrorism issues. Agency membership to the Intelligence Committee has reached over 40 Federal agencies.

Agencies' Weapons of Mass Destruction Response Capabilities

Numerous agencies are independently developing capabilities related to weapons of mass destruction [WMD]. For example, there is the Army Technical Escort Unit; the Marine Corps Chemical Biological Incident Response Force; the National Guard Rapid Assessment and Initial Detection teams (currently being established); the PHS Metropolitan Medical Strike Teams; as well as specialized chemical teams at the Environmental Protection Agency, biological teams at the Center for Disease Control, and nuclear response teams at the Department of Energy.

THE TERRORIST THREAT

A brief look at the most severe terrorist attacks directed at the United States, and the frequency and severity of domestic and international terrorist acts, may suggest that the Federal Government should be undertaking more thorough analysis of the terrorist threat before enacting programs to combat terrorism.

Severe terrorist attacks have been carried out against the United States both domestically and abroad. Several times over the last two decades U.S. military forces stationed abroad were the target of extremist Islamic groups. In 1983, 241 service men were killed in Beirut, Lebanon, when Hizballah terrorists bombed the Marine Corps barracks. In 1988, Pan Am Flight 103 was destroyed by a bomb while flying over Scotland, killing 189 Americans. Libyan nationalists are suspected. In 1995 and 1996, a total of 24 service men were killed and hundreds others injured in two terrorist acts in Saudi Arabia. Saudi Arabian religious nationalists, perhaps sup-

ported by Saudi terrorist financier Osama bin Laden, are suspected in both incidents. This past August, terrorists struck United States embassies in Nairobi and Tanzania, killing over 250 people, including 12 Americans. The United States claims that groups organized and supported by Osama bin Laden were responsible for the attacks.

In recent years there have been two major terrorist attacks in the United States. Six people were killed and over 1,000 injured in the attack on the New York World Trade Center in 1993 by an Islamic terrorists cell led by Ramzi Yousef. In 1995, 168 people were killed and hundreds were injured when Timothy McVeigh and Terry Nichols bombed the Murrah Federal building in Oklahoma City.

These tragic acts are extremely alarming because they caused great loss of life and significant property damage. While the number of international and domestic terrorist acts is declining, the severity of some of those attacks is extreme. Furthermore, the three attacks against U.S. military personnel overseas demonstrate that terrorist acts can influence the deployment of forces abroad. However, absent from any of these attacks was the use of nuclear, chemical or biological [NBC] weapons. This is noteworthy because significant funding and planning is being dedicated to managing incidents involving NBC weapons. In the future it is likely that the weapons of choice for terrorists will continue to be explosives. Because both domestic and international terrorist groups have demonstrated the ability to employ larger conventional weapons, perhaps greater emphasis should be placed on managing the consequences of a large conventional device as opposed to planning for the consequences of a terrorist incident involving an NBC device.

Of course there have been many other terrorist incidents each year, both domestically and abroad, which were not as destructive as the ones described above. While there were over 300 international terrorist incidents in 1997, this is down significantly from a decade earlier, when there were more than double that number. Furthermore, a significant amount of the terrorist activity is concentrated in certain regions of the world. For example, the National Liberation Army and the Revolutionary Armed Forces of Colombia, both operating within Colombia, accounted for over 25 percent of confirmed and suspected terrorist acts in 1996 and 33 percent of such acts in 1997. The Kurdish Workers party, Dev Sol, and the Turkish Communist party are all fighting the Turkish Government, and accounted for 23 percent of all international terrorist acts in 1996. And while other groups such as the Irish Republican Army, the Basque Fatherland and Liberty (operating in Spain), and the Liberation Tigers of Tamil Eelam (operating in Sri Lanka) are considered international terrorist groups, their terrorist actions are confined largely to the geographic regions where they are pursuing their political objectives. In addition, a significant portion of all terrorist acts, 14 percent in 1996 and 23 percent in 1997, were carried out by unknown groups.

Between 1991 and 1996 there were approximately 12,950 casualties of international terrorism, of which U.S. casualties were about 10 percent, or 1,382, including 56 deaths. Over 90 percent of those

casualties came from just two bombing attacks—the New York World Trade Center and Khobar Towers, Saudi Arabia.

Depending upon how the data is analyzed and categorized, very different conclusions can be drawn as to the threat of international terrorism to the United States. Some methods for reporting international terrorist incidents may exaggerate the threat. For example, if an American tourist and several other foreign tourists in Spain are killed in a Basque terrorist attack, it is considered by the State Department to be an international terrorist incident and noted in its annual report entitled Patterns of Global Terrorism, even though the foreign tourists were not the target of the attack. Furthermore, lesser incidents involving Americans abroad, such as harassment by police and assault by intoxicated individuals, are included in the report entitled Significant Incidents of Political Violence Against Americans.

Domestically, the FBI reported only three incidents of terrorism in 1996. One was the park bombing at the 1996 Olympics in Atlanta, GA. The incident killed two people and wounded over 100. The other two incidents both occurred in Spokane, WA. One involved the bombing of a Planned Parenthood abortion clinic. The other involved the detonation of two pipe bombs, apparently related to a bank robbery. No one was injured in either incident. In 1997, there were 13 terrorists incidents. However, a single group was involved in 11 of those incidents. They sent 11 letter bombs to targets in United States prisons and an Arabic newspaper. None of them exploded.

DEPARTMENT OF DEFENSE DOMESTIC PREPAREDNESS PROGRAM

The subcommittee examined this program closely during the summer and fall of this year, and this program will be described extensively in this section, the GAO report section, and the hearing section. The Nunn-Lugar-Domenici legislation created the Department of Defense Domestic Preparedness Program, which tasks DOD with preparing local firefighters and emergency personnel to respond to a WMD incident. The Department of the Army was designated to execute the program. The Army Director of Military Support, which coordinates military assistance to civil authorities, and the Army's Soldier and Chemical Biological Command [SCBCOM] (formerly the Chemical and Biological Defense Command), which possesses the expertise to provide the necessary training, are responsible for implementing the program. Policy guidance is provided by the Office of the Assistant Secretary for Special Operations and Low-Intensity Conflict as well as the Office of the Assistant Secretary for Reserve Affairs. The Senior Interagency Working Group On Terrorism was established to coordinate Federal assistance with State and local governments. This group was disbanded in June 1998, and coordination of Federal efforts now lies with the National Security Council.

There are 120 cities set to receive assistance. The two most critical elements of assistance are training and equipment loans. At the heart of the program is the train-the-trainer concept, in which personnel from SCBCOM train local police, fire, and medical personnel to respond to a WMD incident. The specialized Army training builds upon existing professional skills and focuses on the dif-

ferences between dealing with a hazardous materials incident and a WMD incident. Once trained, these local personnel are supposed to train other first-responders within their locality and are responsible for sustainment. The cities are also loaned $300,000 worth of equipment from SCBCOM, which may make recommendations as to what the cities should request. This list includes such equipment as personal protective suits and detection and decontamination devices. This equipment is then purchased by SCBCOM and distributed to the cities. To date over 30 cities have received equipment and training, the entire process of which takes over a year. The budget for the program was $36 million in fiscal year 1997, $43 million for fiscal year 1998, and $50 million for fiscal year 1999. DOD expects to spend about $15 million for both fiscal years 2000 and 2001, by which time all 120 cities will have been trained.

In addition to the training and equipment, DOD has established "hotlines" and "helplines" for inquiries regarding weapons of mass destruction. The hotlines are open 24 hours a day, while the helplines operate during business hours.

The Department of Health and Human Services [HHS] through the Public Health Service [PHS] has an important role in the Domestic Preparedness Program. While the Defense Department focuses training on the immediate response to a WMD incident, the PHS focuses on training local emergency service personnel how to deal with casualties through the establishment of Metropolitan Medical Strike Teams. These are not full-time operational entities. Rather, they are composed of local emergency medical personnel who are given specialized training. If a WMD incident were to occur, the Strike Teams would be activated by the local authorities to respond. The PHS had a budget of $6.6 million for fiscal year 1998 to establish the strike teams. This includes providing special medical equipment and pharmaceuticals to the localities and is similar to the DOD equipment loan. Lists are provided to local authorities who get to choose approximately $350,000 worth of equipment. The PHS also provides information to local and State public health officials about how they should respond in the case of a WMD incident.

The Department of Justice and DOD are currently discussing whether to transfer executive agency authority for the Domestic Preparedness Program from the Department of the Army to main Justice to be administered through the FBI and the Office of Justice Programs. Such a move would strengthen Justice's position as the lead department for domestic terrorism response. Furthermore, it would relieve DOD of a responsibility with which, according to some officials, it has not been entirely comfortable. If such a transfer of executive agency status occurs, it is expected to take place October 1, 1999. It is unclear if this consolidation of power within the Department of Justice is a prudent move at this point.

GENERAL ACCOUNTING OFFICE REPORTS

At the request of several congressional offices, including the subcommittee, the U.S. General Accounting Office [GAO] has undertaken a major review of Federal efforts and programs designed to combat terrorism. Their work has been comprehensive and thorough, and to date has resulted in the issuance of four final reports

and one draft report. A summary of the reports deserves inclusion here because GAO and subcommittee staff have worked together closely on this issue and these reports have been a great resource to the subcommittee.

The first GAO report, the findings of which the subcommittee drew upon for the October 1997 hearing on force protection, was Combating Terrorism: Status of DOD Efforts to Protect Its Forces Overseas, (GAO/NSIAD–97–207). This report focused on actions that DOD has taken to increase the security of personnel stationed abroad since the November 1995 terrorist attack in Riyadh, Saudi Arabia, that killed five American service men who were working at the Office of the Program Manager, Saudi Arabian National Guard; and the June 1996 terrorist attack at the United States Air Force Base at Khobar Towers, Dhahran, Saudi Arabia, that killed 19 American service men and injured hundreds others. The GAO concluded that although DOD personnel were more secure today, senior military officials stress that it is impossible to completely eliminate the threat of terrorism to our deployed forces and that some risk is inherent and must be accepted. Since the attack at Khobar Towers, DOD has taken several measures to improve its combating terrorism capabilities. A new office at the Joint Staff has been established to coordinate programs and institute a vulnerability assessment process. The geographic combatant commanders have also been given new antiterrorism responsibilities. However, GAO concluded that these initiatives have not provided a comprehensive framework for combating terrorism. GAO believes that department-wide antiterrorism standards should be adopted that would include uniform vulnerability assessments and mandate certain physical security requirements. The State Department employs such a system. GAO argues that a comprehensive, consistent approach to antiterrorism using common standards would give commanders a more objective basis for determining whether they are providing adequate protection to their facilities and personnel. However, DOD maintains that assessing vulnerability and implementing countermeasures is the responsibility of the geographic and base commanders, and that any centralized guidance would infringe upon a commander's prerogatives.

The second report is Combating Terrorism: Federal Agencies' Efforts to Implement National Policy and Strategy, (GAO/NSIAD–97–254). This report discusses the efforts of more than 40 Federal agencies, bureaus and offices to combat terrorism. The National Security Council [NSC] coordinates Federal efforts through the Interagency Working Group on Counterterrorism. The activities of the intelligence community are coordinated through the Interagency Intelligence Committee on Terrorism. The central elements of Federal efforts to combat terrorism are: the gathering and disseminating of terrorist related intelligence and preventing the entrance of terrorists into the United States; responding quickly to terrorist acts and managing the consequences of such acts, which includes designating lead agencies for crisis response, establishing interagency quick-reaction support teams, creating special operations teams or units, developing contingency plans, and conducting interagency or single agency training and exercises. For both crisis management and consequence management, Federal efforts include

special teams and units to deal with weapons of mass destruction, whether they are nuclear, biological or chemical weapons; and assessing the capabilities of State and local governments to respond to and manage the consequences of terrorist acts involving weapons of mass destruction, and to provide assistance to State and local governments.

The December GAO report, Combating Terrorism: Spending on Government-wide Programs Requires Better Management and Coordination, (GAO/NSIAD–98–39), highlights several problems with the management and coordination of Federal programs to combat terrorism. Currently, it is unknown how much money is spent on such programs. Available information indicates that almost $7 billion was spent on unclassified combating terrorism programs, with DOD accounting for $3.7 billion, or about 55 percent of spending. Although the National Security Council is to coordinate counterterrorism policy issues and the Office of Management and Budget [OMB] is to assess competing funding demands, neither agency is required to regularly collect, aggregate, and review funding and spending data relative to combating terrorism on a crosscutting, governmentwide basis. In addition, neither agency determines priorities for combating terrorism programs or requires that programs be validated by threat and risk assessments. The absence of an overall command and control structure means that programs may not be properly focused and coordinated; high priority programs may not be adequately funded; and many programs may be duplicative and redundant.

The report discusses how the Government Performance and Results Act should be applied to provide guidance to Federal agencies' efforts to combat terrorism. Agencies should develop coordinated objectives and performance measures that are linked to their annual and strategic plans.

The report also mentioned differences between Presidential Decision Directive 39, which requires agencies to provide support for combating terrorism activities at their own expense, and the Economy Act, which requires reimbursement for services provided to other agency, which have caused disagreements between various agencies. For example, DOD wants reimbursement for assistance provided to the FBI, while the FBI claims that such reimbursement is not required. This disagreement has not been resolved. It is possible that as combating terrorism programs develop further, additional differences between Presidential directives and the codified law will arise.

The GAO report, Combating Terrorism: Threat and Risk Assessments Can Help Prioritize and Target Program Investments, (GAO/NSIAD–98–74), was the first terrorism report on which the subcommittee was an official requester. It points out that many combating terrorism programs are being implemented in a vacuum without the benefit of proper threat and risk assessments. For example, as mandated by the Department of Defense Domestic Preparedness Program, the largest 120 cities in the United States will receive about $300,000 worth of training equipment. Yet no coordinated threat and risk assessments have been conducted by Federal, State or local governments. Such assessments could assist localities in determining the threat and what type of training and equipment

they should receive. Such assessments are not required under the program. However, if properly applied, threat and risk assessments can provide an analytically sound basis for building programmatic responses to various identified threats, including terrorism, and could help cities prioritize their investments in weapons of mass destruction preparedness. The report also discusses how possible challenges to using threat and risk assessments could be overcome through Federal, State and local collaboration.

The GAO notes the success that a private company has had in employing threat and risk assessments to identify risk and prioritize security measures for areas such as overseas corporate operations in hostile conditions to hiring practices. Such assessments were conducted by a multi disciplinary team of experts that reviewed threat information, the value and vulnerability of critical assets, and the probability and severity of a terrorist act. Subcommittee staff had the opportunity to meet with and were briefed by an official from this company.

The most recent report, which is still in draft, is Combating Terrorism: Opportunities Exist to Gain Focus and Efficiencies in the Nunn-Lugar-Domenici Domestic Preparedness Program. The GAO discussed most of the findings of this report during our October 2, 1998 hearing. This report takes a comprehensive look at the program and identifies many problems with it's implementation. First, the 120 cities chosen for participation in the program were done so solely on the basis of population. This site selection method has resulted in several clusters of cities each receiving individual training and equipment when such cities would combine to form large metropolitan areas, the Los Angeles metropolitan area being the best example. In dealing directly with the cities as individual entities, as opposed to dealing with either the States or metropolitan areas, DOD did not build upon States' existing emergency infrastructure. Had DOD interfaced with the organizations and structures that actually respond to large scale emergencies, DOD could probably have consolidated training, made more effective equipment loans, saved money, and increased the overall value of the program.

Second, the process through which equipment is provided could also be improved. The equipment given to the cities is on loan and according to the law may not be kept by the cities. However, DOD officials have readily admitted that they will not get the equipment back, and that for all intents and purposes the equipment is a grant. If DOD did repossess the equipment, it would most assuredly be worn-out and of little use to DOD, which would then be responsible for disposing of it. The equipment is also supposed to be used only for training and not operational purposes. But again, DOD officials concede that were an incident to occur tomorrow that the equipment would most certainly be used in an operational role.

The cities are responsible for the upkeep of loaned equipment, even though many lack the technical expertise and funds to maintain it. In addition, most cities probably cannot afford to purchase their own operational equipment. It is likely that many cities are hoping that the Federal Government will provide additional equipment when the equipment loaned, which would have a service life of about 3 to 5 years, breaks down or wears out. There is some trepidation on behalf of DOD that they may very well be asked to

provide additional equipment in the future, but there is no provision in the current law that requires them to do this. Finally, most of this equipment is designed to help cities counter the effects of an attack involving a WMD, even though most intelligence sources believe that conventional weapons will continue to be the choice of terrorists for the foreseeable future.

The Department of Health and Human Services through the PHS is also providing equipment and pharmaceuticals to the cities for Metropolitan Medical Strike Teams. While part of the program, these lists are given to the cities separately from the DOD equipment lists. Cities therefore had to deal with two different bureaucracies and ensure that the equipment provided was compatible and interoperable. Still other Federal agencies, such as the Federal Emergency Management Agency [FEMA] and the National Guard, are providing training and consequence management programs and are failing to adequately coordinate all of their efforts, causing confusion among State and local officials.

b. Benefits.—The subcommittee has many concerns regarding the manner in which the U.S. Government efforts to combat terrorism and currently being organized and executed. The subcommittee is thoroughly involved in the war on drugs and sees many disconcerting similarities between the two efforts. Both are conducted by literally dozens of agencies with no single political office in charge. As with the drug war, many agencies can gain or retain budgets and programs by saying that they are designed to fight terrorism. This has led to an explosion of Federal programs designed to combat terrorism (this point was the focus of our second oversight hearing, described below).

On June 12, 1998, the subcommittee sent out an information request to 11 departments and 7 independent agencies which included most, if not all, of the over 40 agencies, offices and bureaus that currently execute a terrorism-related program. The subcommittee believes that many of these programs are being executed with poor or nonexistent policy and budget oversight from the Office of Management and Budget and the National Security Council. Furthermore, duplication of capability can be found throughout the executive branch, the capability to respond to the consequences of a weapon of mass destruction (described above) being one of the best examples.

The subcommittee focused much of its efforts during the summer and fall on oversight of the government's ability to respond effectively to a terrorist incident involving a weapon of mass destruction on American soil, and believes that GAO has made many valid criticisms of the Domestic Preparedness Program. While experts may disagree as to the near-term likelihood of such an attack, the subcommittee is trying to determine if the program currently being implemented will adequately prepare local fire, police, and emergency service personnel for such a potentially devastating scenario. It appears as if coordination among the major departments could improve, and the potential for duplication of equipment, training and assets remains a concern.

The Domestic Preparedness Program has matured to the point that we can fairly evaluate its performance, and implement measures that can improve the program. The subcommittee acted to do

that this year. The subcommittee maintains that the increasing number of and funding for Federal programs designed to combat terrorism should be closely linked to valid threat and risk assessments. Neither the National Security Council, which is currently attempting to coordinate Federal counterterrorism efforts, or the Office of Management and Budget, require agencies to conduct risk and threat assessments prior to having their programs approved and funded. Subcommittee staff worked with the House National Security Committee on this year's Department of Defense authorization bill to include language requiring the Department of Justice to perform such assessments. It is now law. Further legislative action may be necessary to correct other deficiencies of the program, such as the status of the equipment loans and the manner in which DOD and the other executive branch departments interact with State and local entities.

Overall, the subcommittee hopes that through aggressive and thorough oversight we can identify the flaws in the current Federal efforts to combat terrorism and remedy these deficiencies through legislation.

c. Hearings.—On October 28, 1997, the subcommittee held a closed oversight hearing on the security of U.S. personnel stationed in South West Asia, entitled, "Security Status of U.S. Personnel Overseas." The subcommittee examined the threat, from both terrorist and conventional military forces, to all U.S. Federal Government personnel, but especially Department of Defense and Department of State personnel, stationed in South West Asia; measures taken since the terrorist attack on Khobar Towers to increase the safety of United States personnel; and the success that the United States has had in coordinating with the governments of host countries in reducing the threat to United States personnel. This hearing also provided background information to the Members who traveled to Israel, Jordan, Kuwait, Bahrain, Saudi Arabia, Turkey, and Greece in November 1997 to observe firsthand the threat conditions under which thousands of United States personnel operate.

This hearing was prospective, not retrospective; it examined current and future force protection policy, not past policy. Therefore, the hearing did not address the attack on the United States Air Force base at Khobar Towers, the status of the continuing investigation, or the disciplinary actions taken by Secretary of Defense Cohen.

Major General James C. King, Director for Intelligence, Joint Chiefs of Staff, provided an overview of the threat in the region. The Honorable H. Allen Holmes, Assistant Secretary for Special Operations and Low-Intensity Conflict, was accompanied by Brigadier General J.T. Conway, Deputy Director for Combating Terrorism, Joint Chiefs of Staff. Ambassador Holmes' office has responsibility for counterterrorism policy at the DOD. The Defense Department has the majority of personnel in the countries of interest and shares the responsibility for the security of personnel in these countries with the Department of State. The Honorable Eric Boswell, Assistant Secretary for Diplomatic Security, testified on behalf of the Department of State. He discussed State's ongoing efforts to ensure the safety of all government personnel abroad who fall under the protection of the Secretary of State. The Honorable

Jacquelyn L. Williams-Bridgers, Inspector General, Department of State, focused on the frequent inspections and examinations of State's security policies and facilities conducted by her office. Mr. Mark Gebicke, Director, Military Operations and Capabilities Issues, National Security and International Affairs Division, General Accounting Office, discussed the examination of force protection policy undertaken by GAO at the request of Congress following the attack at Khobar Towers. Since the hearing was closed, the testimony may not be summarized here. This hearing will not be printed.

On April 23, 1998, the subcommittee held its second hearing entitled, "Combating Terrorism: The Proliferation of Agencies' Efforts." This hearing was more general in order to broadly address the multifaceted and seemingly disjointed approach the Federal Government takes to combat terrorism. The hearing focused on the work done by GAO to date, described the current policies and organizations designed to combat terrorism, and discussed the international and domestic terrorist threat.

Testifying before the subcommittee on the first panel was representative Ike Skelton, ranking minority member on the Committee on National Security and a member of the House Permanent Select Committee on Intelligence. Testifying on the second panel were Mr. Richard Davis, Director, National Security Analysis, National Security and International Affairs Division, General Accounting Office, accompanied by Ms. Davi D'Agostino, Assistant Director, National Security Analysis, National Security and International Affairs Division, General Accounting Office. Mr. Larry C. Johnson, a partner at BERG Associates and a former Deputy Director, Office of Counter Terrorism, Department of State, testified as an outside expert.

Representative Skelton was our lead off witness because he has been actively engaged on the terrorism issue and was one of the initial requesters of the GAO reports on terrorism. He pointed out that there is no governmentwide collection and review of funding, no governmentwide priorities, no assessment process to coordinate and focus government efforts, and no government office with the authority to enforce coordination. Representative Skelton said that this lack of coordination is what got him interested in the terrorism issue in the first place. "The left hand must know what the right hand is doing . . . one agency, whether the State Department, FBI, Department of Defense—you choose it—really [didn't] know what the others were doing."

Representative Skelton believes that the threat of terrorism is very serious, and cited many of the worst terrorist incidents to demonstrate the point, explaining how even as the absolute number of terrorists incidents is decreasing, the severity of some attacks has increased. He also discussed how our military might and substantial influence throughout the world will continue to drive our enemies to unconventional terrorists tactics. Last, he mentioned the current budgetary shortfalls at DOD and discussed the implications of giving DOD additional domestic terrorism-related roles, even if they were only in support of agencies.

Mr. Davis discussed GAO's work on terrorism. He began with an assessment of the threat, stating that conventional weapons will

most likely continue to be the weapons of choice for terrorists, although the possibility of the use of chemical and biological weapons will increase in the future. Mr. Davis noted the lack of consensus among terrorism experts on the severity of the terrorists threat and the likelihood of the use of weapons of mass destruction.

Mr. Davis then stressed the need for significantly greater interagency coordination than exists today. "The challenges of efficient and effective management and focus for program investments are growing as the terrorism area draws more attention from Congress, and as there are more players and more programs and activities to integrate and coordinate." Mr. Davis emphasized that terrorism-related programs and resources should be directed based upon analytically sound threat and risk assessments using valid inputs from the intelligence community. He continued that the Domestic Preparedness Program did not require that threat and risk assessments be conducted prior to the training and equipment loan phase of the program, and recommended that law be amended to do so. Such assessments could help Federal, State and local authorities direct resources to where they will most likely be needed.

Mr. Johnson began by stating that the terrorist threat is not as severe as is commonly portrayed, and that "we're throwing too much money at it right now in an unwise way." He based his presentation on the terrorist threat on statistics compiled by the CIA, FBI, and Bureau of Diplomatic Security. Overall, acts of international terrorism are down substantially from their zenith in the mid-1980s. International terrorist attacks against Americans are not increasing in lethality, despite this perception. This point is illustrated by the fact that the two deadliest terrorism attacks against the United States were the bombing of the Marine barracks in Lebanon in 1983, which killed 241 Americans, and the bombing of PanAm Flight 103 over Scotland in 1989, which killed 189 Americans.

He pointed out that in 1997, there were more international terrorist incidents in Colombia than any other country, despite a common belief that most terrorism occurs in the Middle East. Furthermore, radical Islamic groups that engaged in international terrorism were not dramatically increasing. The number of terrorist organizations that are active at any one time is limited, and that we shouldn't be worrying about "a horde" of terrorists. In addition, since the collapse of the Soviet Union in 1991, there has been a substantial drop-off terrorist activity by Marxist groups because their source of financing has disappeared, and this is partly responsible for the decline in international terrorism. He also discussed the growing connection between drug trafficking groups and terrorists organizations, and attributed this to the increasing risks of state-sponsored terrorism.

Mr. Johnson also said that the threat from chemical and biological weapons is overstated, and that "they become what I call weapons of mass distraction, not weapons of mass destruction." In short, Mr. Johnson believes that the current terrorist threat has been exaggerated, that the threat to Americans is currently low, and that the United States has a robust capability to combat terrorism.

On October 2, 1998, the subcommittee held its third oversight hearing entitled "Combating Terrorism: Status of the Department

of Defense Domestic Preparedness Program." In light of the perceived increase in the probability of a terrorist attack on American soil involving a weapon of mass destruction, the subcommittee examined several aspects of the Domestic Preparedness Program and related issues, such as the roles played by the Departments of Defense, Justice, and Health and Human Services in implementing the program, the terrorist threat in the United States today, and the critique of the program by GAO.

Testifying on the first panel were Mr. Richard Davis, Director, National Security Analysis, National Security and International Affairs Division, General Accounting Office; he was accompanied by Ms. Davi D'Agostino, Assistant Director, National Security Analysis, National Security and International Affairs Division, General Accounting Office. The other panel members were Mr. Larry C. Johnson, a partner at BERG Associates, and former Deputy Director, Office of Counter Terrorism, Department of State; Mr. Frank J. Cilluffo, a senior analyst for the Center for Strategic and International Studies; and Mr. Frederick H. Nesbitt, the director of governmental affairs, International Association of Fire Fighters.

Testifying on the second panel for the Department of Justice were Mr. Robert M. Blitzer, Section Chief, Domestic Terrorism/Counterterrorism Planning Section, National Security Division, Federal Bureau of Investigation, and Mr. Michael J. Dalich, Chief of Staff, Office of Justice Programs, Department of Justice. Representing the Department of Defense were Mr. Charles L. Cragin, Principal Deputy Assistant Secretary of Defense for Reserve Affairs, and Mr. James Q. Roberts, Principal Director for Policy and Missions, Office of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict. Dr. Robert Knouss, Director, Office of Emergency Preparedness, represented the Department of Health and Human Services.

Mr. Davis and Ms. D'Agostino discussed GAO's most recent report, still in draft at the time of the hearing, on the Domestic Preparedness Program. The program has drawn praise from State and local governments. They credit the professionalism of the training they receive and the value of the equipment that is loaned to them. They also credit the program with raising their awareness of the dangers posed to their cities by weapons of mass destruction. Local officials also said that the efforts of the Federal Government have improved the working relationships of emergency services at all levels of government. Also, many officials commended DOD's willingness to modify the program based on their suggestions.

Mr. Davis did have several criticisms, however. Using the Los Angeles metropolitan area as an example, he pointed out how eight program cities were within 30 miles of one another, yet DOD made no attempt to train them simultaneously or take advantage of the mutual aid agreements already in place between the cities. In general, DOD has not leveraged existing national and State emergency response structures.

The equipment package has also created problems. The equipment provided by DOD was to be a loan, used only for training rather than operational purposes. But DOD readily admits that it is a grant for all intent and purposes, and that they do not want to recover the equipment, which would be worthless after several

years usage. City governments have complained that they do not have the resources to maintain the equipment or purchase operational equipment. Furthermore, both DOD and HHS are providing equipment to the cities. Some of it is duplicative, and cities have had to deal with two separate bureaucracies in obtaining their equipment.

Mr. Davis reiterated GAO's position that threat and risk assessments, not currently required under the program, were a useful tool which could modify training and equipment loans. Mr. Davis recommended that these deficiencies be corrected and noted that as only one-third of all cities are to have received training by the end of this year, there is ample time to implement and execute improvements in the program.

Finally, Mr. Davis pointed out that an overarching national strategy is lacking, and that such an outline is essential to effectively spend the $7 billion currently being spent on terrorism-related programs annually. GAO believes that the National Security Council position of National Coordinator for Security, Infrastructure Protection and Counterterrorism should attempt to coordinate all government efforts. Mr. Davis noted that there have been discussions within the National Security Council to transfer authority for the program from DOD to the Department of Justice. Mr. Davis said that he was unable to judge the merit of the proposed transfer at this time.

Mr. Johnson discussed what he perceived as the actual terrorist threat in the United States and whether or not the program was effectively meeting that threat. Terrorism in the United States is declining. This is because the FBI has been doing a good job of anticipating, detecting and preventing terrorists incidents. Internationally, terrorism is also declining, and the preferred weapons of choice for terrorists continue to be firearms and bombs. Regarding the threat from chemical and biological weapons, Mr. Johnson noted that Aum Shinrikyo wanted to employ those weapons and kill large numbers of people, invested millions of dollars in chemical and biological labs, and still experienced many obstacles. For all of their determination, they were only able to kill 12 people with sarin gas, their biological attacks were harmless, and the subways they attacked were operating normally within hours. He stated that some government officials have been reckless in describing the terrorist threat in the United States. "It has been grossly irresponsible for several government officials to go out with this nonsense that any terrorist in a lab coat" can create chemical and biological weapons and the delivery systems for them.

Mr. Johnson believes that there are too many different Federal entities involved in combating domestically, and cited the duplication of capability to respond to incidents involving chemical or biological weapons as a good example. To begin with, the Domestic Preparedness Program is training local first-responders to deal with such incidents. Included in the 1999 Defense Authorization bill was a provision to create 10 National Guard Rapid Assessment and Initial Detection [RAID] teams to support local authorities in case of such an incident. There is also the Marine Corps Chemical and Biological Incident response Force, the Army Technical Escort Unit, the PHS Metropolitan Medical Strike Teams, and various

hazmat units at the Environmental Protection Agency. Mr. Johnson stated that there should be one agency to conduct national responses, not the multiple organizations we currently have. Furthermore, he believes that firefighters, if properly trained and equipped, could handle the response mission quite competently, thus eliminating the requirement for many of the specialized teams listed above.

Regarding the proposed shift of the program from DOD to the Department of Justice, Mr. Johnson believed that was a sound proposal, despite what he considers the FBI's poor history of fully cooperating with other agencies.

Mr. Cilluffo noted that terrorism is first and foremost a psychological weapon, intended to sow fear and erode trust in government. He said that although a terrorist incident involving a WMD may be an outside possibility, the consequences would be severe, and might seriously shake the confidence of the American people in the government. The debate over whether or not a major terrorist incident could take place in the United States was ended, he asserts, with the 1993 World Trade Center bombing. The 1995 sarin gas attack on a Japanese subway demonstrated that chemical weapons could be used in a terrorist attack. As a result, WMD terrorism has figured prominently in most major national security reviews in recent years.

Regarding the Domestic Preparedness Program, he endorsed conducting threat and risk assessments, although such assessments should not be the basis for establishing which cities are to receive assistance. He stated that "a nationwide baseline of common policies, plans, procedures and resources, irrespective or resource-rich or resource-poor environments" is required. He also stressed that operational exercises are critical in developing readiness and confidence in our ability to respond to a WMD incident. He closed by urging that the program be authorized beyond fiscal year 1999 and that DOD remain the executive agency.

Mr. Cilluffo made two recommendations to strengthen domestic preparedness. One, that the government establish a commander-in-chief U.S.A. that would be responsible for homeland defense. Second, that a new federally funded research center be created to address the threat of biological weapons.

Mr. Nesbitt was critical of the program, stating that overall it was "surprisingly ineffective." He stated that realistic training had to be a much more important element of the program, and that the DOD training was too focused on "awareness training." This training is not appropriate for first responders, and the program should instead focus on operational, "muddy boots" exercises. Furthermore, he stated that because of high turnover rates of firefighters, periodic refresher courses from DOD are necessary. Contrary to GAO, he criticized the program for not allowing feedback or input from students. In addition, more specialized, durable equipment should be provided by DOD.

He also said that a significant portion of the program's resources were consumed by bureaucracy at several different levels. He suggested that funding for terrorism emergency response training be provided directly to fire departments or to organizations that provide direct training to firefighters.

He recommended that a single agency be identified to serve as a clearinghouse and coordinator for all of the various Federal programs. Regarding the transfer of the program to the Department of Justice from DOD, Mr. Nesbitt thought that was a bad idea, and that it made more sense to consolidate all domestic consequence management support programs in the Federal Emergency Management Agency.

On the second panel, an issue that was addressed by all witnesses from the Departments of Defense and Justice was the proposed transfer of executive authority for the Domestic Preparedness Program from DOD to the Department of Justice. They described how officials from the National Security Council, the Secretary of Defense, the Attorney General, and the Director of FEMA had agreed upon transfer of authority beginning on October 1, 1999. Prior to that, representatives from the various departments and agencies will meet frequently to resolve the details. The purpose of the transfer would be to establish a single agency to provide first responder training and equipment. This decision is partly the result of complaints of too much bureaucracy at the Federal level and suggestions by State and local officials that there be only one agency from which to obtain training and equipment assistance. The subcommittee believes it is unclear if this transfer would accomplish that.

Mr. Blitzer discussed the new National Domestic Preparedness Office that will be established within the FBI to help coordinate Federal support when the program is transferred to the Justice Department. He then discussed various efforts by the FBI and Department of Justice to improve coordination with local governments and described some of the suggestions they had received.

Mr. Blitzer described the three basic categories of international terrorists: those supported by States such as Libya and Iran, those formalized organizations such as Hamas and Hizballah, and rogue terrorists such as Ramzi Yousef, the mastermind behind the World Trade Center attack. The FBI believes that the threat posed by these groups will continue in the future.

When questioned about the utility of threat and risk assessments, Mr. Blitzer said that they "will add value to the overall domestic preparedness effort." Mr. Blitzer indicated that the FBI would be prepared to carry them and that they would be testing a model for executing such assessments in the near future.

Mr. Dalich described the future changes that will be made in the Office of Justice Programs [OJP] as the program is transferred to the Justice Department. OJP will provide the training and equipment support to help cities build response capability through it's new Office of State and Local Domestic Preparedness Support. He stressed how OJP will work very closely with the FBI's new Preparedness Office to coordinate assistance to State and local entities.

He stated that OJP is already providing State and local jurisdictions financial assistance to train and purchase equipment through the Metropolitan Firefighters and Emergency Medical Services Training Program. (It is unclear to the subcommittee if this program will continue to exist once the Domestic Preparedness Program is transferred from DOD.) In fiscal year 1998, OJP opened

the Center for Domestic Preparedness at Fort McClellan, AL, to conduct train-the-trainer programs for State and local emergency responders similar to the DOD program. It is also trying to make technical information regarding these matters available to State and local officials.

Mr. Cragin was the primary witness for the Defense Department. He said that every effort was being made to fully coordinate Federal terrorism policy across the entire executive branch, and to coordinate where appropriate with State and local governments. Both Mr. Cragin and Mr. Roberts defended DOD's implementation of the program to date, noting that they had closely followed the guidelines set forth in the original authorizing language. They noted that they had received mostly positive feedback from localities which had received the equipment and training, and further stated that they had made changes in the curriculum and presentation based upon suggestions they had received from participants.

Mr. Cragin's written testimony stated that DOD was opposed to conducting threat and risk assessments as part of the program, believing that would require delaying implementation. Nevertheless, he recognized that the National Defense Authorization Act for 1999 had mandated the use of threat and risk assessments as part of the program.

Dr. Knouss described the role of HHS through the Public Health Service. PHS has developed a number of programs to assist State and local authorities in the event of a terrorism incident involving a WMD. He described how responding to a chemical incident would be quite different from responding to a biological incident, and that PHS had taken steps to prepare for both. For a chemical incident, the PHS would assist localities prepare for transporting contaminated victims to hospitals, decontaminating them and providing the appropriate treatment. If local hospitals are overwhelmed, the National Disaster Medical System "is being prepared to be able to transport people from the local community to regional or national institutions that can provide definitive medical care."

It is probable that a biological attack would only be recognized when large numbers of people began showing symptoms. PHS would help identify the pathogen, then provide the appropriate response which would include containment of the pathogen, mass care for those infected, and preparation for mass casualties. PHS has, as part of the program, been providing pharmaceuticals and other medical equipment to the cities to prepare their emergency systems for such an event.

Although most of the witnesses on this panel seemed to agree that greater coordination and less duplication was necessary within the executive branch, none of them offered concrete suggestions as to how this may be accomplished, such as reducing the number of agencies with a terrorism-related role, or designating a single entity within the Federal Government that would have budget and operational authority over terrorism programs.

5. Oversight of the National Aeronautics and Space Administration.

a. Summary.—In accordance with the subcommittee's oversight responsibilities, the subcommittee took a review of National Aeronautics and Space Administration's [NASA] missions and long-term

vision. In an environment of tight budgets, and NASA's being repeatedly directed to reduce its future year's budget levels, it is imperative that NASA have a focused mission and vision, and be ever-conscious of the costs and benefits of investments made.

The subcommittee hoped to highlight NASA in the public eye as still being a symbol of our Nation's preeminent position as a scientific leader in the world, and illustrate to NASA the importance of vision, missions, and management. Additionally, the subcommittee will continue to take a broader look at the long-term importance of human space exploration, commercial opportunities in space, solar and alternative energy sources, the educational impact on kids of restarting space exploration and space development, and of balancing cost-efficiencies with long-term vision.

b. Benefits.—The subcommittee's review of NASA's missions and visions focused attention on the overarching importance of having a well-defined and vision for future space exploration, potential space related commercial development, and technological and medical breakthroughs. In this time of down-spiraling budgets, it is important to ensure that NASA's programs are properly defined, well-managed, and that the American taxpayer's expectation of responsible expenditures are met.

c. Hearings.—The subcommittee held two hearings on this issue. On May 9, 1997, the subcommittee held it's first hearing entitled, "Defining NASA's Mission and Americas Vision for the Future of Space Exploration." Testimony was received from Dr. Buzz Aldrin, former *Apollo 11* astronaut and one of the first two men to walk on the Moon; Walt Cunningham, former astronaut who flew the first manned Apollo mission (*Apollo 7*); Story Musgrave, NASA astronaut who has flown six shuttle missions including the repair of the Hubble telescope; Ron Howard, movie producer/director and producer of the movie "Apollo 13;" Dr. Peter E. Glaser, vice president, Advanced Technology; Dr. David R. Criswell, director, Institute for Space Systems Operations, University of Houston; Dr. David Webb, consultant, Science & Engineering Education Council of Universities Space Research Association; and Dr. Richard Berendzen, professor of physics, American University.

On May 19, 1997, the subcommittee held it's second hearing entitled, "Defining NASA's Mission and America's Vision for the Future of Space Exploration—Part II." Testimony was received from Scott Carpenter, former *Mercury 7* astronaut; Captain Eugene A. Cernan, USN (Retired), former *Gemini 9, Apollo 10,* and *Apollo 17* astronaut, and the last man to have walked on the Moon; Dr. Buzz Aldrin, former *Apollo 11* astronaut; Mr. Joshua Ouellete, 15-year-old student, Academy of Science and Technology; Dr. Seth Potter, professor of applied physics at New York University; Dr. Bob Zubrin, president, Pioneer Astronautics; Mr. Tom Rogers, Near-term Commercial Space Transport Opportunities; and Dr. John Lewis, astrogeologist.

Both hearings examined NASA's long-term mission, manned space travel, and the future vision of space exploration. Also explored were space station research, the discoveries of possible water on the Moon, microbes on Mars, breakthrough space-energy and space-medicine technologies, and the impact of renewed commitment to science, engineering and math on our Nation's youth

through a renewed commitment to human space exploration. The hearings had a common theme of promoting a wise investment in America's future through space research, development, and exploration. Dr. Buzz Aldrin addressed the issues of revitalizing the inspiration that the United States had during the Apollo program which energized children to flock to math and sciences, reusable space transportation options as a good investment, private sector rocketry and space exploration, and the endless spin-off technologies and commercial development from manned missions to the Moon and Mars.

6. Oversight of the Census Bureau and Census 2000.

a. Summary.—As per its responsibilities under the Government Reform and Oversight Committee's oversight plan for the 105th Congress, the subcommittee has conducted oversight of the Census Bureau's preparations for the 2000 decennial census. During the first session of the 105th Congress, this scrutiny focused primarily on the Bureau's controversial plans to use "sampling" and "statistical adjustment" in the decennial census.

Census oversight activities in 1997 by the subcommittee represented a continuation of efforts begun under the leadership of Chairman William F. Clinger, Jr., at the full committee level in the 104th Congress, and actively pursued by subcommittee staff in 1996. In a report issued by the committee during the 104th Congress, in September 1996, "Sampling and Statistical Adjustment in the Decennial Census: Fundamental Flaws", numerous concerns were articulated about the Bureau's sampling plan. These concerns included, but were not limited to, the lack of completeness in the Bureau's plan, the vulnerability of sampled census data to unacceptable rates of error and to political manipulation, issues such as the statutory legality and constitutionality of sampling, and the multi billion-dollar risk posed to American taxpayers if and when the Bureau's untested scheme was ruled illegal or unconstitutional by the courts.

The response of the Census Bureau and Commerce Department to these criticisms was one of arrogant ambivalence, studied unconcern and, in general, capricious disregard for the concerns of Congress and the average American taxpayer. In dismissing the legitimate and bipartisan concerns of this committee and subcommittee, the Census Bureau indicated that it was entertaining no plans to reconsider its flawed, risky, and likely unconstitutional approach, or to re-evaluate its questionable methodologies. Instead, the Bureau chose to proceed apace with its Decennial Census Plan in an unmodified form, disregarding both the shortcomings raised by the committee and palpable concerns of American taxpayers.

Early in 1997, as the subcommittee began its renewed oversight of the Bureau for the 105th Congress, two significant events occurred. In February, the General Accounting Office added the 2000 Decennial Census to its "High Risk Series," a list of 25 Federal Government programs that present the most imminent danger of wasting taxpayers' funds while also not yielding satisfactory results. The primary reason that the Census plan was added to this list was the Bureau's self-conceived, risky and controversial plan to use sampling and statistical adjustment in the 2000 Decennial

Census. The GAO's report went on to severely criticize the Bureau for not outlining its plan adequately to Congress, failing to demonstrate to Congress what effects the new procedures would have, and failing to plan for the possibility that the use of sampling and statistical adjustment might be forbidden by Congress (or ruled illegal by the Courts), thus leaving the Bureau with no practical alternatives for taking the 2000 Census. The addition of the 2000 Census to the High Risk Series was a reaffirmation of criticisms raised by the committee's 1996 report, and further indicated that a drastic revision was necessary.

The second key event was the March 1997 release by the Bureau of the "Census 2000 Operational Plan." Upon examining this document, the subcommittee determined that despite numerous and varied criticisms of the Bureau's plans to use sampling and statistical adjustment, the Bureau was continuing to forge ahead with their plans to implement ill-conceived measures, heedless of the criticisms by the committee and GAO, and again with no alternatives or back-up plans available in the event of legal or practical failure.

Following these two events, the subcommittee briefed leadership of the House and Senate on the dire risk posed to the taxpayers of a failed, inaccurate, potentially illegal and politically manipulated census in 2000. This briefing led the joint leadership to determine that the Bureau must be prohibited from proceeding any further with its plans to use either sampling and statistical adjustment.

At the request of the leaders of the House and Senate, the subcommittee developed legislative language to prohibit the Bureau from proceeding further with its plans. This task was a difficult consensus building effort, as many legal experts believed that the Bureau's plan was already in violation of the law (13 U.S.C. 195) and the constitutional requirement that the Census be an "actual enumeration." Accordingly, the subcommittee was asked to relegislate in an area in which the law was already established and the Bureau was openly acting in direct violation of it. After intense legal research, the subcommittee developed legislative language that reinforced the current statutory and constitutional ban against sampling and statistical adjustment, and further prohibited any Federal funds from being spent to "sample" or "adjust the census" in perpetuity. In May 1997, this language was added in conference to the conference report making supplemental appropriations for fiscal year 1997.

In June, the President vetoed this supplemental appropriations bill, citing the census language as one of the principal reasons for his veto. After this Presidential veto, the subcommittee entered into negotiations with the White House and Commerce Department to reach a compromise acceptable to both parties. The result of these negotiations was a requirement that the Bureau prepare a detailed report of its plans and activities for Census 2000, including providing data on the sampling processes that had previously been withheld from the Congress. These reporting requirements were codified as Title VIII of Public Law 105–18, and became commonly known as the "Riche Report."

The Riche Report was presented to Congress on July 14, 1997. The subcommittee extensively scrutinized the report, concluding the Census Bureau did not comply either with the letter or in spirit with the legal requirements of Title VIII of Public Law 105–18. The subcommittee further discovered that the data provided by the Bureau was incomplete, superficial, and boldly stated claims for the "accuracy of sampling" which were and are unsupported by any corroborating facts. Adding to Members' concerns regarding the Bureau's claims of accuracy, the Bureau in August issued a revision of the report indicating that the estimates made in the July 14 report, concerning the rate of error for sampling in the 1995 test census, were understated. Indeed, the revised figures released by the Bureau indicated that the error rate for sampling was, in some cases, as high as 243 percent. This fact, coupled with the failure of the Bureau to objectively report or to accurately inform Congress on information it had possessed for nearly 2 years, caused grave and deepening concern among subcommittee members about the Bureau's basic competence and technical ability to carry out complex plans for the 2000 decennial census.

When Congress reconvened in September, the subcommittee briefed the House and Senate leadership on its findings on the Riche Report. Fresh evidence of the Bureau's inability to execute its plans, its continued refusal to recognize that sampling and statistical adjustment of the census are of both questionable constitutionality and legality, coupled with the Bureau's continuing lack of candor or accurate information led the joint leadership to determine that another effort to prevent the Bureau from proceeding with this risky scheme was imperative. At the request of the bicameral leadership, the subcommittee assisted the Appropriations Subcommittee on Commerce, Justice, and State and Judiciary, in developing legislation which would address the Census Bureau's cavalier non-responsiveness to congressional concerns.

The subcommittee worked throughout September and October with the Appropriations Subcommittee to develop legislation that would protect the American taxpayer and prevent the Census Bureau from proceeding with sampling until such time as the Supreme Court has issued a final ruling on its legality. This measure was designed to protect taxpayers from the risk of wasting billions of dollars on an illegal and misguided census. Additionally, legislation was developed to expedite the Supreme Court review process and improve the "standing" of the Congress and the administration to sue, as well as to increase the chances of resolution in 1998 by using precedent from the recent *Byrd* v. *Rains* case.

The subcommittee ultimately entered into high-level negotiations with the White House and Commerce Department over the Census bill's language. A compromise was reached and language was included in the Conference Report on H.R. 2267, the Commerce, Justice, and State Appropriations Act for Fiscal Year 1998. In addition to preserving the expedited court review and "standing" language, this negotiated compromise imposed new disclosure requirements on all Census Bureau data releases and created a new, bipartisan Census Oversight Board to monitor preparations for the 2000 Decennial Census (as an adjunct to current congressional oversight). The new disclosure requirements mandate that all data released by

the Census Bureau include the actual numbers of persons actually counted before any fictitious or estimated persons are added or subtracted by the device of "statistical inference." This critical measure greatly assists congressional oversight by clearly delineating, both for Congress and the public, the explicit effects of sampling and statistical adjustment on previously concrete or "actual count" numbers. The subcommittee believes that this negotiated accord represented a major legislative accomplishment, and partially lifted the "veil of secrecy" which had surrounded the Bureau's plans.

b. Benefits.—The subcommittee was able to assist the U.S. House leadership in planning and authorizing a new Subcommittee on the Census, which received responsibility for census oversight from the Subcommittee on National Security, International Affairs, and Criminal Justice during the second session of the 105th Congress. The creation of this new subcommittee recognized the large and important undertaking attendant to oversight of the Decennial Census.

c. Hearings.—The subcommittee conducted one comprehensive hearing on the census. This hearing was held in April 1997 and explored the subject of successful outreach for the census in "hard to enumerate" minority communities.

The subcommittee heard testimony from expert witnesses from the city of Milwaukee and the city of Cincinnati, communities whose efforts to promote the census in 1990 among minority groups widely recognized as superior. The subcommittee learned at this hearing that the key to the high levels of census participation in those communities was an aggressive effort to educate the public about the census and the necessity that all citizens return their census forms for the benefit of the community. The subcommittee further learned that these communities began their own local promotion and outreach efforts far in advance of the Census Bureau's efforts. This early start was credited for their high level of response and broad success. The subcommittee was dismayed to learn that the Census Bureau has not shown any substantial interest in using any successful local programs as models for promotion or outreach relating to the 2000 Decennial Census; instead the Bureau has focused efforts on statistical methodologies as a substitute for proper promotion and outreach efforts.

SUBCOMMITTEE ON THE POSTAL SERVICE

1. General Oversight of the U.S. Postal Service: The Inspector General of the Postal Service and the Board of Governors.

a. Summary.—Legislation passed in the 104th Congress created an independent Office of the Inspector General [OIG] of the Postal Service. Prior to enactment of Public Law 104–208, the Inspector General [IG] of the Postal Service concurrently held the position of the Chief Postal Inspector. In order to assure organizational independence of the Office of Inspector General of the Postal Service, the IG has the authority and responsibilities set out in the Inspector General Act of 1978, as amended. The duties of this office are separated from the duties of the office of the Inspection Service, thereby insuring the mission of the Office of the Inspector General is not compromised by apparent or actual conflicts of interest. The

newly created office provides for oversight responsibility for all postal activities, including those of the Postal Inspection Service. The Postal IG may initiate, conduct and supervise U.S. Postal Service [USPS] audits and Postal Inspection Service investigations, however, the IG is directed to avoid duplication of work undertaken by the Postal Inspection Service. The Chief Postal Inspector is required to report to the IG any significant investigations being carried out by the Inspection Service. The new Inspector General, Karla W. Corcoran, was appointed on December 23, 1996, within 90 days of enactment of the law, by the Governors of the U.S. Postal Service and sworn in on January 6, 1997. The act requires that all measures necessary for establishing an Office of Inspector occur no later than 60 days after the Inspector General's appointment. The Inspector General serves for a period of 7 years in this nonpolitical appointment and may be removed by written concurrence of at least seven members of the Board of Governors, and only for cause.

The IG testified that a transition team of 12 officials with diverse professional experience from the Postal Service and other Federal agencies was building a foundation for the OIG. The first priority while developing the staffing and operational plans of the office was to ensure continuity of the operations of Inspector General. Additionally, the team assembled a pay and benefits package comparable to other offices of Inspectors General, assembled the framework for a budget to fund the office, and created a memorandum of understanding with the Chief Inspector. The decision was made to let the OIG conduct all financial statement audit activities above the district level. The office would also conduct postal-wide performance audits, developmental audits, contract administration audits, and new facilities construction audits for acquisitions in excess of $10 million. In carrying out investigations, the OIG will have primary responsibility for bribery, kickback, conflict of interest and systemic investigations including issues regarding worker's compensation. The OIG will provide oversight for embezzlement cases of more than $100,000 but will conduct investigation or partner with the Inspection Service on cases involving executives. In the program area, the OIG will oversee the Postal Service's rate making programs, revenue generation activities and labor-management issues. The transfer of functions between the Office of the Inspector General and the Inspection Service is envisioned to take place within a 5-year strategic plan projection. The plan was approved by the Governors. The Inspector General assured the subcommittee that nothing in the designation of functions would limit her authority. In their March 1997 meeting, the Governors approved a resolution authorizing the Office of Inspector General, in accordance with the Inspector General Act, to carry firearms, serve subpoenas and warrants and to make arrests, subject to the necessary approval of the Attorney General. The Inspector General said that the Governors had approved a 60-day interim budget of $5 million.

During questioning by Members, and in response to written questions, the IG answered that the OIG will review what whistle blower protections are available for postal employees who disclose waste, fraud or abuse and that she would support an effective ap-

proach that will enable the OIG to better protect whistle blowers and enhance reporting of wrongdoing to the OIG. The chairman of the Board of Governors, Tirso del Junco, M.D., testified on behalf of the 11-member Board. Nine of the members are appointed by the President and confirmed by the Senate. The other two members are the Postmaster General and the Deputy Postmaster General. The Governors are chosen generally to represent the public interest and not as representatives of specific interests. The Governors oversee the activities of executive and operating management within the Postal Service. It reviews business practices, directs and controls expenditures, conducts long-range planning and sets major policy on all postal matters. The Governors of the Postal Service guide the operations of an entity with revenues in excess of $56 billion and more than 760,000 full-time employees. The Board functions with four key committees: audits, compensation, strategic planning and capital projects. The Board chairman reported that the Board has continually improved its by-laws to sharpen the focus of the standing committees.

Dr. del Junco reported that the Postal Service had completed its two best financial years in postal history, with about $3.4 billion in net income, or more than the total net income of all previous years of Postal Service operations. Much of this income is designated for the restoration of equity and recovery of prior year's losses. In the previous year, the Postal Service reduced its negative equity by 37.4 percent, down to $2.6 billion. The chairman emphasized that the Postal Service has reduced its negative equity by more than half in 2 years.

The Governors have directed the Postal Service to proceed with its most ambitious capital investment program, $12 billion over the next 5 years, in facilities, technology and equipment. The Governors also instructed the Postal Service to sustain efforts to control labor and transportation costs and to enter the next century as a productive and stable entity, enabling the Service to keep postal rates steady and affordable. Dr. del Junco emphasized that the basic mission of the Postal Service was to provide a fundamental, universal public service.

Dr. del Junco reported that the overnight delivery scores are close to meeting the year's goal of 92 percent on-time performance. The Postal Service's workload is 603 million pieces of mail per day (or 182 billion pieces a year) delivered to 128 million addresses, 6 days per week. This represents 43 percent of the world's total mail volume. Areas for improvement include meeting 2- and 3-day service standards and better controlling postal costs—80 percent which are attributed to labor.

Dr. del Junco testified that the Governors will scrutinize the strategic and performance plans prepared under the Government Performance and Results Act of 1993 to help direct the course of postal management.

The Governors acknowledged the importance of the office of the new Inspector General and the need for cooperation between the staffs of the Inspector General and the Inspection Service. They reported progress in setting up the new OIG and showed confidence and support in the matter.

b. Benefits.—The appointment of an independent Inspector General of the Postal Service provides for an autonomous and strong oversight entity that can conduct and supervise audits and investigations separate from the control of postal management. The OIG will be instrumental in providing leadership and coordination and will be able to recommend policies to promote economy, efficiency and effectiveness within the Postal Service. Furthermore, an independent OIG of the Postal Service, as OIGs of other Federal agencies, can detect waste, fraud and abuse within the Service. Prior to the establishment of this separate office, these functions were under the authority of the Inspector General/Chief Postal Inspector who was responsible to the Postmaster General. It is apparent that an IG independent from the agency management hierarchy can more effectively perform oversight duties of the Postal Service. An indication of support and confidence from the Board of Governors in establishing the Office of the Inspector General is essential to its proper functioning.

2. General Oversight of the U.S. Postal Service: The General Accounting Office and the Postmaster General.

a. Summary.—During the past 3 fiscal years the Postal Service reported a surplus of nearly $4.6 billion—$1.770 billion in Representatives 1995, $1.567 billion in fiscal year 1996, and $1.264 billion in fiscal year 1997. Though the bottom line appears positive, the Postal Service has been plagued with other problems. The accounting period prior to the hearing showed volumes and revenues were lower than expected and the yearly surplus was several million short of the previous year's total. During fiscal year 1996, five of the Postal Service's six product lines lost market share and it was expected that there would be a general rate increase. Additionally, the Postal Service activities garnered unintended publicity; specifically, evidence of the marketing department's budget overruns, questionable ethics of postal officials, and large compensation and retirement packages for senior management. Some expressed concerns about the forthcoming changes in uniform procurement for Postal Service personnel.

Mr. Motley of the General Accounting Office emphasized the need for improving internal controls and performance of the Postal Service. He reported that the Postal Service met or exceeded its on-time delivery goals for Overnight Mail. However, delivery of 2 and 3-day mail did not score well. Mail volume grew at half the projected rate and labor costs continued to account for about 80 percent of the operating costs, with a projected increase of 6 percent in 1997 for compensation and benefits.

The GAO opined that the Postal Service's success would depend on its ability to control operating costs, strengthen internal controls, and ensure the integrity of its services. It found weaknesses in the internal controls that contributed unnecessarily to increased costs. Lack of verification in the Express Mail corporate accounts caused the Service to lose about $800,000 from the Express Mail service alone. Similarly, verifications by supervisors of clerks acceptance of bulk mail were not performed in about 50 percent of the cases—this service accounted for almost half of the Postal Service's total revenue.

The Postal Service has been lax in following required procedures for acquisitions of real estate and equipment purchases. The USPS spent about $89 million on penalties and unusable or marginally usable property.

There were ethical violations in some purchases because the contracting officer failed to correct situations in which individuals had financial relationships with the Postal Service and offerors. The Office of Government Ethics, in reviewing the Postal Service ethics program, reported that all areas required improvement and made a number of recommendations and conducted three reviews to follow up on its recommendations.

GAO studied the process of post office closures and reported that 3,900 post offices have been closed since 1970; 470 post offices were reported in emergency suspension status.

In addressing the issue of postal reform, GAO emphasized the importance of recognizing the significance of the Private Express Statutes. The potential consequences of relaxing them could result in affecting postal revenues and the ability of the Postal Service to offer its public service mandates. Though the public would benefit from improved service through competition, the Postal Service is facing severe competition in the communications market. The Postal Service is now competing in the international mail market and has more flexibility in setting those rates than rates in the domestic market. However, it is still losing business because rates are not competitive and delivery service is not reliable.

Mr. Motley stressed that congressional oversight remains key to improving the organizational performance of the Postal Service, particularly in labor-management relations where unresolved disputes hinder productivity. Grievances which require formal arbitration have increased 76 percent from fiscal year 1993 to fiscal year 1996. Difficulties ensue because the Postal Service, the unions and management associations do not agree on how to address the problems. GAO identified the Government Performance and Results Act [GPRA] as a mechanism that could outline common objectives, strategies and development of a framework of agreement. Since successful labor-management relations are critical in achieving success, the GPRA could be instrumental to the Postal Service and its employees in understanding its mission and developing strategies to be used in attaining result-oriented goals. Oversight of the Postal Service's automation program will need to be continued as billions of dollars have been spent in this endeavor. The Postal Service has an ambitious, $21 billion, 5-year capital investment plan for 1997–2001. This will be spent for technological investments, infrastructure improvements, upgrading the vehicle fleet and improving customer service.

In his prepared remarks, Postmaster General Marvin Runyon acknowledged the assistance given by the GAO and for their advice and recommendations. He reported that the Office of Government Ethics, after its third follow-up review, wrote to the Postal Service that all the recommendations contained in the OGE's report in reference to the Postal Service ethics program have been implemented. The PMG testified that the Inspector General had made progress in establishing the office with the support of the Inspection Service and the Postal Service and pledged continuing support.

He also praised postal employees responsible for the delivery of mail. He reported the success of overnight First-Class mail delivery, even during peak holiday delivery periods and that the Postal Service is doing financially well even without a rate increase, which other delivery entities have imposed on their customers. Though the Postal Service has maintained the same rates for 3 years, mail volumes, however, are not as great as anticipated.

The Postal Service is modernizing its mail system, continuing classification reform, expanding process management and accelerating investments in automation and robotics. He reported a 5 year plan for investing $14 billion in automation and ensuring equipment and facilities for consistent service. He expected bar coding on all mail by the end of 1998 and adding value to products, such as redesigning the Priority Mail network to ensure speed, reliability and reasonable price. The Global Priority Mail Network is expanding to give American businesses a cost-effective vehicle to deliver goods overseas.

Mr. Runyon ensured commitment to the precept of universal delivery and an obligation to grow and to sustain the postal network, as it has done for the past 221 years. Each generation of communication innovation, such as the telephone, telegraph, fax and e-mail has challenged the postal system. However, the challenges are greater today than ever before. Computers, telephones, electronic funds transfers are cutting directly into First-Class Mail, the core of postal business and the basis for universal delivery. Electronic data transactions in the business-to-business arena is expected to triple. There is also diversion to electronic banking, payments and communication of the household to business mail. Additionally, Federal and State governments are encouraging electronic transfers in paying taxes by business and individuals and in the payment of Government funds to individuals.

Mr. Runyon testified that the Postal Service is prepared to work with the subcommittee on H.R. 22 and shaping final legislation. The consensus for change would include preservation of universal service, provide a practical incentive to control costs, support progressive products that meet the customer's and marketplace needs and a modernized ratemaking system that replaces the present complex, costly, inflexible and time-consuming process. The Postal Service would support pricing freedom with the appropriate index controls which reflects the industry it serves, in this case the mix of labor and technology.

The Postmaster General commented on the ongoing, 8 month, Department of Justice investigation on the Coca-Cola matter explaining that he had invested $13,000 in Coca-Cola stock in 1977. When he went to the Tennessee Valley Authority he put the stock into a blind trust where it remained until 1992 when he left TVA. His financial advisor encouraged him to get out of the blind trust because it was not meeting market value. In 1994, the PMG spoke with his general counsel and ethics advisor to inquire whether it was necessary for a PMG to have a blind trust. He was advised that it was not customary nor necessary. The counsel, financial advisor and the Office of Government Ethics helped to remove the blind trust. The concept of an alliance between the Postal Service and Coca-Cola originated in the marketing department, not by the

PMG, though he had attended some meetings. The PMG was advised that he should recuse himself from the discussions because of ownership of stocks. He divested himself of the stock and recused himself from discussions. Ultimately, the project was never instituted.

b. Benefits.—The hearing documented continuing problems with labor-management policies and its effect on the Postal Service to function in a competitive communication world. The hearing emphasized need for the Government Performance and Results Act, which provides a mechanism to focus on the Postal Service's mission and to establish its goals for its current and future role. The hearing put on record the need, and the Postal Service's support, for change in the 27 year structure which is proving to be outdated in the current electronic age and which may restrict the Postal Service from fulfilling its mandate because of mail volume declines and financial concerns. The testimony will be useful in refining the language of H.R. 22, the Postal Reform Act of 1997.

c. Hearings.—The General Accounting Office and the Postmaster General appeared before the subcommittee on April 24, 1997, in a hearing entitled, "General Oversight of the U.S. Postal Services."

3. U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems.

a. Summary.—The General Accounting Office in its 1994 report, U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor, reported that the major postal unions, management associations and the Postal Service agreed that improvements in labor-management were necessary, however, were unable to agree on a mutual approach to remedy the problem. In its September 1997, report, U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems, GAO discussed the challenges which remain and the progress which has been made to improve labor-management relations, and the implementation of some GAO initiatives which had been suggested. GAO testified that since the 1994 report, the Postal Service had improved its financial performance and its First-Class Mail delivery but little had been done in improving labor-management problems, much of which exists because of an autocratic management style and an inappropriate and inadequate performance management system. Service performance, affecting efficiency and competitiveness, are adversely affected because of these ongoing relationships.

Many of the problems are acerbated because of the continued reliance on interest arbitration, a significant rise in the number of grievances which have been appealed and many awaiting arbitration, and because the parties cannot agree on common approaches to rectify the issues. Recurrent issues arising under interest arbitration include the union's concerns regarding wage and benefit increases and job security, and management's concerns regarding cost cutting and flexibility in hiring. In the interest of efficiency and lower costs, grievances should be settled at the lowest possible levels. However, in 1994, 65,062 grievances were at the area office level, and in 1996, the number increased to 89,931, a 38 percent increase. The number of backlogged grievances awaiting arbitration by a third-party arbitrator increased from 36,669 cases in 1994 to

69,555 cases in 1996, an increase of almost 90 percent. Management and employee unions blamed each other for the backlogged cases.

One of the initiatives proposed by the GAO was to establish a framework of common goals that could help labor and management improve their relations and working conditions. The PMG proposed a labor-management relations summit 2 years ago, however, the identified parties were unable or unwilling to convene a meeting because of contract negotiations. Because of difficulties in convening the summit, the Postal Service contacted the director of the Federal Mediation and Conciliation Service. Subcommittee Chairman McHugh also encouraged the director to assist the USPS in bringing the parties together. The summit ultimately met on October 29, 1997. The GAO stated that such meetings would be helpful to smoothing labor-management relationships.

The Postal Service, unions and associations implemented, or attempted to implement, 32 improvement initiatives suggested by GAO. However, they approved the goals of 10 these initiatives. GAO reported that it was difficult to determine the results of the implementations because some had just been implemented, some were only partially put in place because of disagreements on how to implement them and some were discontinued because the participants could not agree on how to use the initiatives to better the postal work environment. The key, GAO believes, is for the parties to agree on common approaches for addressing labor-management problems though continued adversarial relations could escalate difficulties and hinder efforts for progress. Presently, there was no clear solution, but the GAO identified some strategies for dealing with the entrenched issues: use of a third-party facilitator, the requirement of the Government Performance and Results Act and the H.R. 22 proposed Postal Employee-Management Commission.

The director of the Federal Mediation and Conciliation Service submitted testimony presented by Eileen B. Hoffman, director, Office of Special Projects. The FMCS became involved in the labor-management issues because the GAO suggested a role for the entity in helping postal management, unions and associations make changes in adversarial labor-management relationships and enhancing the quality of work life for postal employees. Subcommittee Chairman McHugh wrote to the director encouraging assistance in the matter to the extent the agency's resources would permit. Careful staff work, extensive interviews of major participants, briefing sessions, off-the-record informal meetings and organization of working committees—requiring extensive preparatory work and time—were necessary prior to the summit which convened on October 29, 1997. Presidents of each of the four major labor organization, three management associations, the Postmaster General, chief operating officer and vice president for labor relations participated. FMCS reported that tangible results were evident in dealing with issues of contract administration, grievance and arbitration backlogs and root causes of labor-management discord; however, much more needs to be done.

The National Association of Letter Carriers, the American Postal Workers Union and the Postal Service signed an agreement to address grievance and arbitration backlogs. The APWU and the Post-

al Service agreed to a plan for the previously negotiated "co-mediation" process. Training by FMCS of specially trained labor and management co-mediators started in June 1997. An evaluation system and a code of conduct for co-mediators will be established. The APWU and the Postal Service agreed to experimenting with having some grievances resolved by an outside party. Following 7 months of discussion, the NALC and the Postal Service reported successful efforts in testing a revised dispute resolution process which has fewer steps and uses specially trained labor-management representatives. The results will be evaluated after the end of the first test year to determine if the revised process should replace the system negotiated in their National Agreement.

FMCS proposed that participants of the summit jointly engage in strategic planning based on the premise that labor and management must collectively answer how the Postal Service wants to compete and succeed to the benefit of the agency, unions, employees and customers in an era when the information industry is experiencing unprecedented changes driven by competitive pressures, new technology and customer demands. FMCS encouraged Postal Service management and postal union leaders to be familiar with other industries that have negotiated and developed changes with their unions to respond to competitive pressures to ensure the industry's survival. High performance companies and their unions make an effort to assure that each employee understands the need for change and the consequences of inaction. The following companies were mentioned for their significant roles in meeting challenges: Saturn and Ford Motor Co.s and the United Auto Workers; Nabisco Biscuit Co. and the Bakery, Confectionery, and Tobacco Workers Union; Harley-Davidson Motor Corp. and the International Association of Machinists; Kaiser Permanente Corp. and the Service Employees International Union and other unions affiliated with the Industrial Union Department of the AFL–CIO. For cooperative efforts to succeed, management should regularly share business information with labor and unions should remain committed to improve relationships.

Postmaster General Runyon agreed with the GAO that little progress had been made in labor-management relations but was encouraged by positive changes that are being made and commitments from postal stakeholders. When he became PMG in 1993, Mr. Runyon instituted the application of the Baldrige criteria for business excellence and, by 1995, the USPS instituted its own version, *CustomerPerfect!,* focusing on raising service levels and improving finances. This model provides employees with skills for understanding the Postal Service goals, creating a safer environment, developing skills necessary for responsiveness and service, and satisfying customers. The Postal Service has invested more than $600 million in providing training to employees. Service and customer satisfaction are up and serious injuries are down.

The PMG has made employee relationships a top priority. He mentioned that a better method for measuring the workplace environment needs to be implemented. He reported innovative approaches to reduce grievances such as: Accelerated Arbitration, Mediation, and "Redress"—an Alternative Dispute Resolution method used in Equal Employment Opportunity complaints. Through train-

ing and systems improvements, the PMG is working to resolve conflicts before they generate grievances. In an effort to find solutions to labor-management problems, Postal management approves the concept of an independent labor commission as proposed in H.R. 22. The PMG suggested that the members should come from the private sector, outside of the postal community, and that the duration should be limited to 1 year. He concluded that the Postal Service management was committed to immediate action as everyone in the Service has a stake in success.

Moe Biller, president of the American Postal Workers Union, AFL–CIO testified that there were substantial problems with the analysis and conclusions of the GAO report. He said that the current, persistent labor-management problems are a result of top management decisions. He pointed to the number of unresolved grievances, Merit Systems Protection Board filings, EEO complaints and the observation that there has been no negotiated contract with any of the labor unions in the past 10 years. Mr. Biller took exception to GAO's report because it did not mention Postal management's efforts to persuade postal employees, Congress and the public that Postal employees are overpaid and under productive. This has been a source of diminishing morale. Other sources of antagonism and loss of morale are the outsourcing of postal work and legislative proposals for privatization of the Postal Service.

Mr. Biller reported that the Joint Labor-Management Cooperation Memorandum did not live up to its expectations but, where there was cooperation, the results could have far reaching effects. He reported that the Postal Service had its own agenda in the mediation of grievances instead of joint understanding as required by the memorandum. APWU agrees that a better-trained, less-autocratic management team would be more desirable in ending current Postal Service labor-management problems. Another identified problem is the ratio of managers to employees which is 1 to 23 in mail-processing operations. In this managerial hierarchy, it appears that there is no mechanism for an improper decision by a supervisor to be overruled, causing further employee frustration because of abuse of employee rights. He also alleged union-busting and harassment and intimidation of union officers by local management. Mr. Biller said that labor-management relations are at an all-point low and getting worse because the Postal Service has rules which are different for employees and different for supervisors, postmasters and managers.

William H. Young, vice president for the National Association of Letter Carriers, AFL–CIO, testified that GAO's methodology was fundamentally flawed because labor relations does not lend itself to numerical methodology; it is extraordinarily complex. He also objected to government monitoring and intrusion into collective bargaining. Labor-management issues should be settled by the parties involved. He reported that there are strong indications that the parties have a strong understanding of joint interest stemming from joint concerns. There is an effort to reduce current backlog of cases by instituting a 1-year test aimed at reducing the number of arbitrations and expediting action on grievances. The Postal Service and NALC will conduct joint testing of how letter carrier work can be modified to meet future needs by becoming more efficient,

highly productive and more competitive. There is mutual recognition that management and the union work cooperatively. Furthermore, the union and the Service have agreed on procedures to mollify the "fourth bundle" dispute which has been a major cause for dissent.

William H. Quinn, president of the National Postal Mail Handlers Union testified that the GAO in its 1994 report had correctly identified the autocratic corporate culture as the cause of labor-management disputes. In the 1997 report, GAO was correct in concluding that little progress had been made but faulted GAO for not elaborating on the underlying reasons for the autocratic management style. Postal management has systematically told its employees that they are overpaid, under productive and that their jobs can be contracted out; they are, therefore, a disposable part of postal operations. Simultaneously, the Postal Service has had record delivery scores and the largest surpluses in its history, and the managers benefit from bonuses. This leads to managers not treating the employees with dignity and the rise of labor-management tensions and grievances. He said that some managers believe that there is an advantage of having a backlog of cases because nothing is done, except an occasional GAO report.

Prior to postal reorganization in 1992, grievances were heard by the first level of appeal beyond the employee's immediate supervisor; now the manager of distribution operations hears the grievances. This is generally the same manager who made the decision or took the action about which the employee is complaining. Mr. Quinn suggested that the way to eliminate this would be to provide an early independent review of each grievance. Managers are not held responsible nor penalized for deteriorating employee relations in their organization.

Mr. Quinn said that the programs cited in the GAO report as helpful in improving labor-management relations and were initiated unilaterally by the Postal Service without feedback from the employee organizations. The GAO reported that the "pay for performance" programs would improve labor relations. Mr. Quinn disagreed and stated that his union had no interest in a pay plan which would be based on piece-work. He stated that the NPMHU is opposed to an independent commission to review the state of labor relations. This must be resolved by the parties involved.

Mr. Smith, president of the National Rural Letter Carriers' Association [NRLCA] stated that the rural letter carriers have an evaluated pay system that is made up of three basic measurements and assigns a time value to each component in the job: mileage, boxes and mail count—each type of mail has a different time value. Salaries are set on a time basis. Rural letter carriers, of all postal employees, have the highest customer satisfaction index and the highest employee satisfaction index. They are generally self-supervised and disagreements do not occur on a daily basis, only at the time of route evaluation or adjustment, and automation changes.

The union encourages local stewards to be accessible to members and management to correct problems before they become grievances and carriers are encouraged to be proactive in solving problems. Because the union retains ownership of grievances beyond step 1, when it observes several grievances regarding the same

issue, it encourages them to become a single class action grievance. The association modified the grievance process in the 1995 negotiations in an effort to reduce the number of grievances appealed to step 3. Step 2 grievances are at the district level thereby taking the grievance out of the local office. Since 1982, the Postal Service and the NRLCA have a strong quality of work life/employee involvement process which has also reduced grievances. Mr. Smith said that although the association had supported the Economic Value Added program it is seeing evidence that the EVA is causing pressure on Postmasters to meet External First-Class [EXFC] scores which may lead to increased grievances.

The National Association of Postal Supervisors [NAPS], represented by Vince Palladino, president, reported that there was some improvement in lower-level labor-management relations but more work is necessary. In an effort to deal with labor-management difficulties at the Postal Service, the association would support, with qualifications, the provision in H.R. 22 which would establish a Presidential Postal Management Commission. The Commission should be established only if other methods to rectify the situation from within fail. If that should happen, Mr. Pallidino recommended that all affected parties should come to an agreement regarding the extent and seriousness of outside competition. The legislation states that the members of the Commission should be from outside the Postal Service. He suggested that Commission members should have a historical perspective of and have familiarity with the Postal Service. The Commission should report its findings within a year.

Though pre-summit meetings were held, there was no consensus of the direction in which the Postal Service should move it was to remain a viable entity. Mr. Smith was doubtful that there could be a resolution to labor-management problems from within the Postal Service. However, he was encouraged after the just-concluded summit that this dialog would be conducted on a regular basis under the expertise of the Federal Mediation and Conciliation Service. Two task forces were formed aimed at promoting better understanding of the collective bargaining process and to providing strategic planning initiatives aimed at identifying problems confronting the Postal Service. The Service will now be holding managers accountable for labor-management relations through improved treatment of people on the workroom floor and contract compliance.

Hugh Bates, president of the National Association of Postmasters of the United States [NAPUS] reported that postmasters report mistrust in all regions. Intimidating action from top management causes unrest among employees. He lauded congressional oversight and the GAO report, without which progress would not have occurred. The GAO reported on 10 initiatives, 4 of which affect NAPUS, Associate Supervisor Program [ASP], Performance-Based Compensation, *CustomerPerfect!* and Summit Meetings.

NAPUS agrees with the concept of ASP but is concerned with the inconsistency as to eligibility and intent of the program. NAPUS does not subscribe to the Economic Value Added variable pay program because it excludes all non-exempt employees. Sixty percent of postmasters are non-exempt. NAPUS is currently monitory *CustomerPerfect!* and is generally supportive of the program as

long as the common goals are to provide quality service. Mr. Bates reported that NAPUS would fully participate to improve labor-management relationships. He suggested a management style which permits employees to learn from their mistakes, which can be corrected through mentoring and assistance, not punishment.

Joe Cinadr, national executive vice president of the National League of Postmasters (the League) agreed that labor-management problems arose from a lack of trust. He was encouraged by the Memorandum of Understandings signed between the Postal Service and some unions which are hopeful signs but too recently signed to evaluate. The League did not endorse the Economic Value Added [EVA] program because it excluded 60 percent (mostly women and minorities) of the Postmasters who are considered non-exempt employees. The inequities of the pay and benefits package create friction between Postmasters and their superiors. Mr. Cinadr said that traditional levels of cooperation could be retained by including all Postmasters in the bonus program. In reference to the labor-management Summit, the League saw more area of agreement than disagreement. He explained that the commission as proposed in H.R. 22 should include the "voice of the employee" instead of all commissioners coming from outside the Postal Service.

b. Benefits.—The subcommittee has long monitored labor-management relations and has great concern about the lack of morale among employees, the lack of trust between management and labor, the dehumanization of employees on the workroom floor and the cost of grievances to the bottom line of Postal Service revenues. The GAO study leading to a report has encouraged the Postal Service and its stakeholders to convene a summit whence the dialog has begun toward a common goal. The subcommittee hearing was not only informative but created an additional dialog among the parties and again alerted the parties that if progress in resolving the problems among themselves is not possible, legislative action may be the only corrective action available.

c. Hearings.—A hearing entitled, "Improving Labor Management Relations in the Postal Service" was held on November 4, 1997.

4. International Mail Market.

a. Summary.—The Postal Service is promoting its international mail service and competing with foreign and domestic shipping companies. The rate structure for domestic mail is highly regulated and the process is time consuming. However, the international rate structure is more flexible and the Service is able to compete more aggressively. The Postal Service has become quite successful in this new venture and a worthy competitor. Complaints from its rivals suggest that the Postal Service competition for the international market is strong. Global Package Link is a new electronic system utilized by catalog companies that ship more than 10,000 parcels a year. The Postal Service offers a discount to the shippers, guarantees delivery within a week and helps the shippers to clear overseas customs requirements. USPS rivals claim that the Postal Service is using government privileges in fulfilling its international business. This matter was addressed by amendment in the 1998 Treasury, Postal, General Government appropriations bill but defeated on the House floor because of the nature of the amendment

and the fact that the subcommittee and the Committee on Government Reform and Oversight had requested the General Accounting Office to report on the Global Package Link Service to determine whether the Postal Service receives special treatment from foreign customs offices in countries to which the Postal Service offers this product. The subcommittee is also awaiting written answers to inquiries directed to the Postmaster General. The chairman has requested the General Accounting Office to evaluate the issue of international mail. This study is in progress. It will examine the requirements that foreign customs' administrations place on the Postal Service's Global Package Link service and will compare those requirements to those that private carriers face for similar international package delivery services.

b. Benefits.—The subcommittee is intent in ensuring that the Postal Service competes effectively and fairly in the international mail market; therefore, it is imperative to know whether, and to what extent, customs treatment by major trading partners of items sent via Global Package Link differ from customs treatment afforded equivalent shipments by private companies.

c. Hearings.—None.

5. Electronic Commerce.

a. Summary.—The Postal Service is entering into a highly technological and competitive age that is challenging it for its products and its delivery mechanisms. In order to survive the competition, the Postal Service must become more innovative and efficient. Products which the Postal Service has developed or anticipates developing were not envisioned when reorganization took place in 1970. This challenge has brought forth questions of statutory and regulatory constraints for the Postal Service which need to be discussed and understood. The recurring question is what effect the answers may have on the Postal Service's ability to develop, test and market electronic products and how it can provide and price these products. The Postal Service may need to participate in joint ventures or strategic alliances. These partnerships should be known as should the costs associated with non-postal activities. Subcommittee Chairman McHugh has requested the General Accounting Office to assist in evaluating the issues.

b. Benefits.—The subcommittee is refining a major reform bill which will give the Postal Service greater flexibility and the ability to become competitive and keep its profits, rather than breaking even as has been its mandate over the past 27 years. The subcommittee must know what the Postal Service considers its core products and those it considers its competitive products and if this will change over the next 5 years. The subcommittee would also like to know how the change will affect the Postal Service's ability to finance its universal service obligations.

c. Hearings.—None.

6. Outsourcing.

a. Summary.—The subcommittee is interested in the range of outsourcing of postal contracts. The General Accounting Office has been asked to provide an evaluation as to how much outsourcing

of work will reduce costs for the Postal Service and what areas outside contracts may be utilized.

b. Benefits.—The subcommittee recognizes that a Postal Service which is efficient and can make cost savings will be in a better position to fulfill its mandates. To this end, it is important that the Postal Service be able to institute its goals in the most efficient manner and build in efficiencies. The information gathered in this investigation will enable the Postal Service is serve its stakeholders and customers in the most cost-effective manner.

c. Hearings.—None.

7. Investigation of the Postmaster General: For Knowingly Participating as a Government Officer or Employee in Which he had a Financial Interest.

a. Summary.—The subcommittee learned that the Postal Service was proposing to form an alliance between the U.S. Postal Service and the Coca-Cola Co. At the same time, it became known that the Postmaster General had acquired about 1,000 shares in the company in 1977. Therefore, there was an impression of conflict of interest in the PMG participating in any discussions and action in this venture.

The subcommittee initiated its own investigation into the matter but the Department of Justice had commenced a civil action against the Postmaster General. The Department of Justice had requested that the Postal Inspection Service carry out the investigations in this case. One of the issues which the subcommittee became concerned with was the potential for inaccurate investigations if they were conducted by a department of an agency over the head of the agency. Pursuant to the oversight responsibilities of the subcommittee, the chairman sent several letters to the Department of Justice, to the Attorney General and to the Office of the Assistant Attorney General for Legislative Affairs for a report on the matter. The Department of Justice, however, was extremely slow on its investigations and, in tardy responses indicated that it was unable to provide the information in light of the Department's criminal investigations, but assuring the subcommittee that it was conducting its investigations diligently. The subcommittee had to curtail its inquiry and investigation in this matter until the case was resolved in a civil settlement with the U.S. Department of Justice after a 14-month review. The civil settlement concluded that the Department of Justice found no evidence that the PMG acted with improper intent or to profit personally. However, to avoid the appearance of impropriety, Mr. Runyon agreed to a settlement of $27,550 which represents the gain on his Coca-Cola stock during the 11-week period in 1996 after he signed his Executive Branch Personnel Public Financial Disclosure Report showing that he owned Coca-Cola stock and the date on which he formally recused himself from consideration of the potential marketing alliance.

The Postal Service did not finalize the venture with the Coca-Cola Co.

b. Benefits.—The American public benefits from the oversight process which implements a high standard of accountability for its elected and publicly appointed officials.

c. Hearings.—None.

8. General Oversight of the U.S. Postal Service: The Inspector General, U.S. Postal Service; the General Accounting Office; the Postmaster General & Chief Executive Officer.

a. Summary.—The Office of the Inspector General of the U.S. Postal Service was established by enactment of Public Law 104–208. Since 1988 and prior to that 1996 legislation, the Postal Inspection Service performed the duties of the Office of the Inspector General. The new law states the Governors of the Postal Service shall appoint and shall have the power to remove the Inspector General. The Postal Inspector General has the authority and responsibilities set out in the Inspector General Act of 1978, as amended, relating to detecting, reporting and preventing fraud, waste and abuse in the programs and operations of the U.S. Postal Service. Karla Corcoran, Inspector General, U.S. Postal Service, was sworn into office on January 6, 1997. She testified on the second year of existence of the Office of the Inspector General [OIG]. Progress has been made in meeting legislative mandates, building infrastructure, hiring employees, conducting audits, investigations and other reviews. The OIG submitted the first semiannual report prepared by that office. It is a unified approach with the Postal Service and the Inspection Service, in keeping with the intent of the Inspector General Act, and provides a comprehensive representation of the OIG-related work. With more employees being hired, the OIG is starting work on new issues such as contract monitoring, labor management and ratemaking. The emphasis is hiring employees with recognized professional certifications. The total number of employees hired from government, Postal Service and the private sector by mid-September will be 380. The OIG plans to hire sufficient staff to work on agency-wide, systemic issues rather than concentrating on individual cases. The OIG is working with the Postal Inspection Service to ensure an orderly transfer of functions. Much of the work will involve educating Postal Service employees, customers, management and other stakeholders about the functioning of the Office of the Inspector General. Additionally, Inspector General Corcoran testified that her office is conducting a series of reviews to address the critical issue of the year 2000 problem which, without correction, could thwart mail movement or subvert financial management systems; the Postal Service manages more than 600 computer system applications related to internal and external operations. The Office of the Inspector General found that the Postal Service's procedures for receiving fuel needed to be improved and that it needed to comply with environmental laws and to improve quality assurance efforts. The OIG has taken over full responsibility for the Hotline, including the Inspection Service Postal Crimes Hotline, which has handled more than 15,000 calls of inquiry and complaint. Of these, 1,600 have been handled or retained for evaluation and potential action. The OIG's audit responsibility for labor-management are issues of discipline, grievance and appeals, and workplace relations. The Postal Service is one of the Nation's largest employers, with 800,000 employees. There are more than 100,000 grievances at the regional or national level awaiting arbitration. The majority leader asked the OIG to identify the top 10 management problems in the Postal Service. The list

provided to the majority leader included workers' compensation, electronic commerce, data integrity and workplace violence.

Bernard L. Ungar, Director, Government Business Operations Issues, General Accounting Office testified that the Postal Service faces significant challenges as it ventures into the next millennium. The Service maintained 3 years of overall high performance. In 1997 the net income was more than $1 billion and the on-time delivery scores for First-Class Mail was also high at 92 percent with a total mail volume of about 191 billion pieces. The total revenue generated in 1997 was $58 billion—the highest revenue level reported in the last 3 fiscal years. Mr. Ungar observed that Service can maintain a high income level while providing improved service to its customers. These facts may look optimistic, but Mr. Ungar cautioned that there are spheres of concern. For instance, the 2- and 3-day delivery scores for 1997 were reported to be 76 and 77 percent, respectively but they had declined from the 1995 and 1996 levels which were in the high 70's for 2-day delivery and 80 percent for 3-day delivery. These declines could reinforce the concerns of postal patrons who have complained that the emphasis given by the USPS to overnight mail has been a detriment to two- and three-day mail delivery. The USPS has acknowledged that despite increased overall mail volume, some types of mail have declined or has grown slowly. Express Mail packages have declined because of the inability of the Postal Service to offer volume discounts to large business mailers. The Postal Service anticipated a growth increase of 2.5 percent for First-Class Mail, but this category grew only 1.5 percent due mainly to electronic mail and banking functions. A downward trend is anticipated by the Postal Service for future years, resulting in significant losses in this category of mail. International mail also declined in recent years due to determined efforts by competitors. Because of the large net income achieved by the Postal Service over the past 3 fiscal years, questions have been raised about the need for increasing postal rates and the data used to justify the rate increases.

The General Accounting Office has determined that labor-management relationship in the Postal Service is in constant need of repair and is one of the most serious internal problems confronting the organization. In 1994, the GAO reported that much of the labor-management problems resulted from autocratic management styles, adversarial attitudes of employees, unions and postal management and an inappropriate and inadequate performance management plan. Initiatives had been established after the GAO October 1997 report on labor management relations, but the results were not reported due to those initiatives being discontinued or recently implemented. There were also disagreements among the parties which prevented some initiatives from being fully implemented. Employee grievances continue escalating, showing that problems on the workroom floor are persisting. However, in late October 1997, representatives of the four major postal unions, and Postal Service officials, facilitated by officials of the Federal Mediation and Conciliation Service [FMCS] started summit meetings as proposed in the GAO report of 1997. The GAO reports that FMCS concludes progress has been made in addressing labor management issues though underlying problems and challenges still exist. It is

possible that labor negotiations and elections of officers in two of the largest postal labor unions may affect labor-management relations. Collective bargaining negotiations, expected to commence in August 1998, will occur after the elections. Previously, negotiations between the union officials and the Postal Service have been punctuated by disagreement and dispute, resulting in the need for arbitration.

The GAO reported on DPS (Delivery Point Sequencing) as a part of the overall automation program—the efficient sorting of letters that have been barcoded by the Service or by business customers of the USPS. The goal was to save letter carrier workhours by providing already sequenced letters for delivery. However, the implementation of DPS fell behind schedule due to delays in obtaining equipment and a shortage of barcoded letters. The USPS subsequently revised its overly optimistic DPS goals and benchmarks. The Postal Service determined that workhours were saved, however, there was a decrease in city carrier street efficiency causing a reduction of expected results. The National Association of Letter Carriers concluded that the inefficiency was caused by DPS work methods. The Service is improving supervision of the street operations and testing delivery methods and performance standards. The disagreement with the union has resulted with the filing of numerous grievances, some of which were settled through national arbitration. The GAO observed that the Postal Service's Strategic Plan in response to the requirements of the Government Performance and Results Act had various strengths, especially the emphasis placed on the achievement of performance results and improvement of postal operations so customers can benefit from better postal products and services in a competitive environment. The plan provided useful data on the vision of the Postal Service future and how those results were going to be achieved. The GAO was currently reviewing the Annual Performance Plan for fiscal year 1999 and reported that the plan did a good job in its strategy of measuring performance goals and reviewing results. However, the GAO articulated that the plan could better link strategies and resources with performance goals.

The GAO reported on its studies on USPS management and operations, (cost overruns at the Chicago Post Office; procurement of postal uniforms; emergency suspensions of operations at post offices), work related to postal reform (mail box restriction, governance of the Postal Service, observations on proposed revisions to postal reform legislation) and ongoing GAO work related to competition (Global Package Link, role of the USPS in the Universal Postal Union, and USPS development of new postal products) and diversity issues (promotions of women and minorities into higher postal management positions, diversity training for postal employees—particularly in sexual harassment and equal employment opportunity, and trends in the Federal EEO caseload).

The Postal Reorganization Act of 1970 abolished the Post Office Department and created the U.S. Postal Service [USPS]. This entity is an independent agency, directed by an 11-member Board of Governors which includes 9 Governors, the Postmaster General and the Deputy Postmaster General. The nine Governors appoint the Postmaster General. The Postal Service determines the types

and levels of postal service it provides and how much revenue it needs to provide services. This hearing provided the subcommittee its first opportunity to question Postmaster General Henderson who assumed his position on May 16. Mr. Henderson is the 5th career postal employee, of 72 Postmaster Generals, who have assumed this position. The Postmaster General reported that service rates are up; audit reports for the latest quarter in 1998 showed that 94 percent of local First-Class Mail arrived overnight; 2- and 3-day service increased 6 points over the same period a year ago. He reported that Priority Mail is improving and that the Postal Service is working with its customers to improve service for advertising mail and publications. Though postage rates remained the same, revenue is ahead 3 percent from a year ago, therefore, the Postal Service expects to further reduce its negative equity. The Postal Service delivers 630 million letters and packages daily. The Postal Service intends to continue providing universal service at affordable prices, therefore, performance must continue to increase, along with better reliability, accuracy and value. The Postmaster General testified that the Postal Service plans to spend billions of dollars in technology and infrastructure to increase efficiency and effectiveness. The Postal Service will attempt to improve the skills of its personnel and make the Postal Service an organization where its employees take pride and ownership in their work. The keys would be fairness, opportunity, safety and pride. Mr. Henderson testified that the Postal Service wants to find solutions to workplace threats and violence. Labor-management is the PMG's top priority. The PMG testified that contract talks will commence in August as a prelude to negotiations with unions; labor contracts with three unions expire on November 20, 1998. The preliminary talks give both parties an opportunity to negotiate agreements—it has been over a decade since a labor contract has been negotiated. The PMG wants to deliver a contract that works for postal customers and, at the same time, sets a solid financial infrastructure for the future. Mr. Henderson stressed that the historic mission of the Postal Service must be carried out even though customer needs in the competitive market-place have changed. He said that he would work with the subcommittee in formulating the right mix of public policy by defining strategy and values, implementing strong processes, taking advantage of technology and by managing people, performance and public policy.

b. Benefits.—The information provided by the Postmaster General, the Inspector General and the General Accounting Office will enable the subcommittee to further monitor the progress of the Postal Service in its delivery of mail, the status of labor-management relations, and data quality to further gauge the need for increase of postage rates, if and when necessary, and the justification for the increase. The dialog between the witnesses and the subcommittee gives Congress an opportunity to explore issues which were raised, such as continued instances of wasteful purchases and capital spending. As postal watchdogs, the GAO and the IG reported a broad range of postal operations identifying a number of initiatives which provide a framework for future study and investigation. Close oversight by the subcommittee will guide the Postal

Service in revenue protection, and its adherence to its own performance plans.

c. Hearings.—Hearing entitled "General Oversight of the U.S. Postal Service" was held on June 10, 1998.

9. Oversight of Labor-Management Issues.

a. Summary.—Labor-management issues dominate much of the contact between the subcommittee, Members' offices and correspondence from postal employees. This issue was studied in depth by the General Accounting Office in 1994 and in 1997; however, the GAO continues to report that problems exist. The Postmaster General has indicated that labor-management relations will be one of his priorities, however, the number of grievances has not abated. The subcommittee has consulted with the Office of the Inspector General to monitor episodes of labor-management disputes to determine if they are systemic or incidental. Though the OIG does not have the resources and personnel to evaluate individual cases, they are kept on file, should other instances in that geographical area arise.

b. Benefits.—As the subcommittee continues to monitor labor-management in the Postal Service, the chairman has retained in H.R. 22 the provision to require an independent study. The language provides that the Board of Directors shall contract with the National Academy of Public Administration [NAPA] to conduct an independent study as to how employee management relations within the Postal Service may be improved. The Academy will involve labor, supervisory, and managerial organization of the Postal Service in developing the design and specific objectives of the study. NAPA will consult with representatives of the Postal Service, labor, supervisory and managerial organizations, on the progress of the study and will provide opportunity for those organizations to review and submit written comments on the final report. NAPA will submit its final report to the President, the Congress, the Postal Service, and the labor, supervisory and managerial organization of the Postal Service no later than 12 months after the date on which the contract for the study was entered into. The subcommittee continues to believe that a healthy dialog and understanding of the employees' point of view, the proper training of supervisory personnel, and the vision of a common goal would be fundamental in forming a smooth working relationship.

c. Hearings.—None.

10. Electronic Postal Diversion.

a. Summary.—The Postal Service is facing an era where its methods of delivering mail are being challenged as old-fashioned. Delivery mechanisms have been changed and diverted into electronic transmittals. Some of these methods were not even a concept when the Postal Service was reorganized in 1970 and its impact has not been fully assessed. For instance, catalogs, once usually available just through the Postal Service, can now be obtained online over the Internet. Some companies have announced that they will offer their customers secure electronic trade confirmations as an option to traditional hard copy paper trade confirmations sent by mail. Users benefit from this offer because of the speed of the

communication, and peace-of-mind that their trade information is being kept confidential. This diversion of traditional postal mail delivery of time-based and event-driven documents reduce corporate printing, postage and handling fees. Instead of paper envelopes, the system delivers secure, personalized, interactive and branded electronic envelopes to millions of customers through standard electronic mail. The process is a cost saving measure and increases customer satisfaction because of faster, higher response rates and increased sales opportunities. This system is being used in financial services to create, deliver and process trade confirmation, account summaries, stock alerts and billing statements over e-mail. The Postal Service must become more innovative and productive to resist the onslaught of an electronic postal diversion. The Postal Service may need to forge alliances in the private sector to circumvent the results of a massive diversion of mail, yet, it must maintain a balanced approach with postal unions in order to get their support and confidence. The Federal Government is also turning to an electronic checking system and is pilot testing the project to pay government contractors electronically. It is expected that electronic bill presentment will cut mailing costs by more than $1 billion, and, by year 2000, the base will grow to almost $8 billion; American utilities could save $1.2 billion in billing costs alone by using electronic bill presentment and payment. Colleges and universities are now starting to accept applications via computer; scores for standardized tests are sent electronically to institutions of higher learning. The types of mail affected by electronic diversion are the types of information usually sent by First-Class Mail, the bread-and-butter of the Postal Service.

b. Benefits.—The subcommittee continues to refine legislation which will enable the Postal Service to have greater flexibility in offering products within its mandates and the ability to become competitive. However, the subcommittee will focus on the Postal Service's obligation to offer universal service at competitive rates.

c. Hearings.—None.

11. ".us" Domain Space.

a. Summary.—The U.S. Postal Service has been preparing to commit substantial resources to speed up the development of .us for use in electronic commerce. Under the current .us domain name registrations scheme, there is no central registry for .us. The University of Southern California's Information Sciences Institute delegates registration and maintenance of .us domain of about 1,000-Internet service providers and individuals. The administration is funded by Network Solutions. The current structure of the .us domain is used mainly by those entities that do not fall under the .gov domain, such as cities, counties, and local school districts. .us names become long because they are based on geographic locations, but it was believed that this would make them appropriate for postal service addressing. Most other countries have their own country domain, managed by the government. The Commerce Department was exploring the potential of a similar domain for the Nation. The Postal Service proposal indicated that it would work with the private sector in developing a commerce-enabling space promoting classified business addressing.

Chairman McHugh was concerned with the Commerce Department's National Telecommunications and Information Administration [NTIA] notice published in the August 4, 1998, Federal Register asking for comments relating to administration and possible expansion of the .us domain space. The concern was that the notice lacked vital information that would be required for the public to provide meaningful comments regarding the U.S. Postal Service proposal that it fund the .us registry and also develop and coordinate the processes for expanding the use of the .us domain. The Postal Service proposed supplementing current e-mail accounts by linking a .us Internet address to the corresponding physical addresses of businesses and households throughout the Nation. Officials of the Postal Service and the White House Office of Science and Technology Policy agreed that the public should be given the opportunity to comment on the matter and provided NTIA specific language asking for comments on the USPS proposal. However, NTIA did not include the language in its published notice, therefore, the public was not notified about this major proposal which has the potential to affect communications and commerce. The Postal Service's plan raises questions of public policy, the future role of the Service and the future of the Internet. Additionally, the Postal Service proposal raises issues of appropriate law enforcement authority. The Attorney General is presently considering a Postal Service request for a delegation of authority to allow it to enforce laws related to electronic services.

b. Benefits.—The public must be fully informed regarding any advances and future of the Internet. The public must also be safeguarded from undue, unfair competitive advantage in the communications field which may accrue to the Postal Service. Issues regarding the Postal Service's interest in the managing .us, and perhaps going beyond the scope of its primary and original mission must be aired and answered before it undertakes this new assignment. Ultimately, the public must be given the opportunity to comment on the issues.

c. Hearings.—None.

III. Legislation

A. NEW MEASURES

SUBCOMMITTEE ON THE CIVIL SERVICE

1. H.R. 240, the Veterans Employment Opportunities Act of 1997.

a. Report number and date.—House Report 105–40, March 20, 1997.

b. Summary of measure.—H.R. 240 strengthens veterans' preference and increases employment opportunities for veterans. It permits preference eligibles and certain other veterans to overcome artificial restrictions on the scope of competition for announced vacancies, establishes an effective redress system for veterans who believe their rights have been violated, makes knowing violations of veterans preference laws a prohibited personnel practice, provides preference eligibles with increased protections during reductions in force [RIF], requires agencies to establish priority placement programs for employees affected by a RIF and apply veterans' preference when rehiring from the list, extends veterans' preference to certain positions at the White House and in the legislative and judicial branches of government, requires the Federal Aviation Administration to apply veterans' preference in reductions in force, and provides veterans' preference eligibility for service in Bosnia, Croatia, and Macedonia.

c. Legislative History/Status.—H.R. 240 was introduced on January 7, 1997 by Subcommittee Chairman Mica and referred to the Committee on Government Reform and Oversight, and in addition to the Committees on House Oversight, the Judiciary, and Transportation and Infrastructure. The subcommittee held a hearing and mark up on February 26, 1997, and the subcommittee favorably forwarded the bill to the full committee for consideration. The Committee on Government Reform and Oversight considered the legislation on March 12, 1997. Subcommittee Chairman Mica offered an amendment in the nature of a substitute, which was approved by voice vote. The Committee favorably reported the bill, as amended, to the full House by voice vote. On April 9, 1997, the House passed H.R. 240, as amended, and on April 10, 1997, the bill was referred to the Senate Committee on Veterans Affairs. (For further developments on this issue, see paragraph 14 below.)

d. Hearings.—"H.R. 240, Veterans' Employment Opportunities Act of 1997" was held on February 26, 1997. Witnesses at that hearing were James B. King, Director of the Office of Personnel Management; Emil Naschinski, assistant director, National Economics Commission, the American Legion; Sidney Daniels, director, National Veterans Employment Assistance Service, Veterans of Foreign Wars of the United States; Charles L. Calkins, national executive secretary, the Fleet Reserve Association; Larry D. Rhea,

deputy director of Legislative Affairs, Non Commissioned Officers Association of the United States of America. In addition, a written statement was submitted by Ronald W. Drach, national employment director, Disabled American Veterans.

Director King emphasized the administration's strong support for the principle of veterans' preference and agreed that "[s]trengthening employment opportunities for veterans is a worthy goal." He lauded the success of the Clinton administration in hiring veterans during a time of government downsizing. Director King also indicated that he had suggested to veterans's service organizations an alternative to H.R. 240's RIF provisions. That alternative would have allowed unlimited "bumping" and "retreating" rights for veterans only. However, he also indicated that he would support any approach that the organizations believed would work toward the goal of strengthening veterans' preference in RIFs. Finally, Director King recommended that Congress allow OPM sufficient time to promulgate regulations implementing any changes in RIF laws and to prevent against the disruption of RIFs that are underway on the effective date of the legislation.

Mr. Naschinski testified that the American Legion supports H.R. 240, which he called "long overdue." He emphasized the importance of the bill's redress mechanism to veterans in providing an "effective, efficient and user friendly" appeals system for veterans. The American Legion, according to Mr. Naschinski, "firmly believes that the major problem with veterans' preference is that veterans do not have an adequate redress system for instances of discrimination." The American Legion also supports the bill because it would protect veterans from such unfair personnel practices as single-person competitive levels during RIFs and would provide veterans with enhanced opportunities to find another job if RIFed. Mr. Naschinski also took issue with the claim that veterans' preference is unfair to women and minorities, pointing out that it is completely neutral with regard to the veterans' gender and ethnicity. He also testified that the percentage of minorities serving in the armed forces is double the percentage of minorities in the population. Finally, Mr. Naschinski emphasized that veterans are among the more stable and productive members of society, being familiar with leadership and having an excellent work record.

Mr. Daniels testified that the VFW strongly supports H.R. 240, which is a priority item on the organization's legislative agenda for 1997. In the view of the VFW, this legislation is especially important to veterans who may be facing job loss due to continuing downsizing of the Federal Government. In particular, the VFW supports the legislation's curbs on the use of single-position competitive levels and enhanced assignment rights for preference eligibles, which will discourage the use of "designer RIFs" that threaten veterans' preference. Mr. Daniels also testified that the equal access provisions of the bill will greatly assist many highly qualified veterans who are potential candidates for Federal employment to apply and compete for Federal jobs. Allowing qualified veterans to compete for jobs that are currently open only to insiders, he emphasized, will not only result in more women and minority veterans obtaining employment, but also increase the pool of highly qualified candidates and enhance the overall quality of the Federal

workforce. The VFW also fully supports the redress mechanism in the legislation and making violations of veterans' preference a prohibited personnel practice in all Federal agencies.

Mr. Calkins testified that the Fleet Reserve Association supports this legislation because it reinforces the Nation's commitment to its veterans. He testified that while some Federal agencies support veterans' preference in principle, they circumvent it in practice and answer to no one. He pointed out that an unsuccessful applicant who suspects discrimination based on race, sex, or religion can appeal to the Equal Employment Opportunity Commission for a remedy, but a bypassed veteran now has no similar recourse. The Fleet Reserve Association also supports making violations of veterans' preference a prohibited personnel practice for disciplinary purposes because it strengthens the enforcement of veterans' preference laws. Mr. Calkins also rebutted the argument that veterans' preference is unfair to women and minorities by pointing out that more women and minorities are now recruited for the armed services and that women are no longer restricted to traditional roles outside of the combat theater.

Mr. Rhea testified that enacting this legislation is a high priority of the Non Commissioned Officers Association [NCOA]. The NCOA believes this bill will provide key ingredients that have been missing from veterans' preference law for 50 years, an adequate and fair enforcement mechanism and protection for veterans during RIFs. Veterans' preference, Mr. Rhea testified, has become an "unfilled earned right" simply because veterans' preference laws lack an effective enforcement mechanism." He also emphasized that veterans' preference creates a preference based upon honorable military service for veterans of either sex.

In his written statement, Mr. Drach emphasized the support of the Disabled American Veterans for the legislation equal access provisions and redress mechanism. With respect to the equal access provision, he pointed out that veterans were in fact Federal employees while in the military and made many personal sacrifices to be a Federal employee. Accordingly, the legislation appropriately prevents agencies from barring many veterans from competing for civilian jobs simply because they are not currently civilian employees. He also argued that neither veterans nor veterans' service organizations have ever had access to a meaningful redress system and characterized the redress mechanism established in this bill as an "extremely important provision."

2. H.R. 1316, to amend Chapter 87 of Title 5, United States Code, with respect to the order of precedence to be applied in the payment of life insurance benefits.

a. Report Number and Date.—House Report No. 105–134, June 18, 1997.

b. Summary of measure.—H.R. 1316, as amended, amends 5 U.S.C. §§ 8705 and 8706. It directs the Office of Personnel Management [OPM] to obey certain domestic relations orders when paying the proceeds of life insurance policies under the Federal Employees Group Life Insurance program [FEGLI] and permits courts to direct the assignment of such policies to individuals specified in domestic relations orders.

c. Legislative History/Status.—H.R. 1316 was introduced on April 14, 1997 by Representative Mac Collins (GA). The bill was referred to the Committee on Government Reform and Oversight on April 14, 1997, and it was referred to the Subcommittee on the Civil Service on April 15, 1997. The subcommittee held a mark up on June 10, 1997. No amendments were offered, and the measure was ordered favorably reported to the full committee by a voice vote. On June 11, 1997, the Committee on Government Reform and Oversight met to consider the bill. Subcommittee Chairman Mica offered an amendment, which was approved by voice vote. The committee favorably reported the bill, as amended, to the full House by voice vote. H.R. 1316, as amended, passed the House on June 24, 1997 on the Corrections Calendar and was passed by the Senate on June 18, 1998 by unanimous consent. The President signed it on July 22, 1998. It became Public Law 105–205.

d. Hearings.—There were no hearings on H.R. 1316.

3. H.R. 1836, Federal Employees Health Care Protection Act of 1997.

a. Report Number and Date.—House Report No. 105–374, November 4, 1997.

b. Summary of measure.—H.R. 1836 amends several provisions in Title 5, United States Code. It provides the Office of Personnel Management [OPM] additional tools to fight waste, fraud, and abuse in the Federal Employees Health Benefits Program [FEHBP]. With these tools, OPM will be able to deal swiftly with health care providers who try to defraud the FEHBP. OPM will be better equipped to bar health care providers who engage in misconduct from participating in the FEHBP or to impose monetary penalties on them. The bill also provides that an association of organizations may underwrite health care plans in the FEHBP, and it broadens the current statutory language preempting State insurance laws.

In addition, the bill permits certain employees of the Federal Deposit Insurance Corporation [FDIC] and the Federal Reserve Board (Fed) to participate in the FEHBP, and it requires OPM to encourage carriers who contract with third parties to obtain discounts from health care providers to seek assurances that the conditions for the discounts are fully disclosed to such providers. It also establishes statutory requirements for readmitting health care plans sponsored by employee organizations that have previously discontinued participation in the FEHBP. Under current law, when a health care plan discontinues participation in the FEHBP, OPM must distribute the remaining contingency reserves to those plans that remained in the FEHBP in the contract year after the discontinuance. This bill requires OPM to complete the distribution by the end of the second contract year after the plan is discontinued.

The maximum amount of the physicians comparability allowance under 5 U.S.C. § 5948 is increased from $20,000 to $30,000.

The bill also amends 5 U.S.C. § 8902(k) to explicitly permit carriers to provide for direct access and direct payments to licensed health care providers who are not currently enumerated in the statute.

c. Legislative History/Status.—Chairman Burton introduced H.R. 1836 on June 10, 1997. The bill was referred to the Committee on Government Reform and Oversight on June 10, 1997, and it was referred to the Subcommittee on the Civil Service on June 11, 1997. The subcommittee favorably reported the bill, as amended, to the full committee by a voice vote. On October 31, 1997, the Committee on Government Reform and Oversight met to consider the bill as amended by the subcommittee. Chairman Burton offered an amendment in the nature of a substitute, which was adopted by voice vote. The committee ordered the bill, as amended, favorably reported to the full House by voice vote. The bill passed the House on November 4, 1997 and was referred to the Senate Committee on Governmental Affairs.

The Senate passed H.R. 1836, with an amendment, by unanimous consent on September 30, 1998, and the House agreed to the Senate amendment on October 5, 1998 by voice vote under suspension of the rules. The President signed H.R. 1836 on October 19, 1998, making it Public Law 105–266.

d. Hearings.—There were no hearings on H.R. 1836. However, aspects of the bill were examined during the hearing on FEHBP rate hikes described in Section II. B. 9. (Subcommittee on the Civil Service).

4. H.R. 2675, the Federal Employees Life Insurance Improvement Act.

a. Report Number and Date.—House Report No. 105–373, November 4, 1997.

b. Summary of measure.—H.R. 2675, as amended, improves the life insurance benefits available to Federal employees under the Federal Employees Group Life Insurance program [FEGLI]. It directs the Office of Personnel Management [OPM] to submit a legislative proposal for offering Federal employees group universal life insurance, group variable universal life insurance, and additional voluntary accidental death and dismemberment policies. In addition, it permits employees to continue unreduced additional optional life insurance coverage beyond their 65th birthday at their own expense and to purchase larger amounts of optional life insurance on family members.

c. Legislative History/Status.—H.R. 2675 was introduced on October 21, 1997 by Subcommittee Chairman Mica. The bill was referred to the Committee on Government Reform and Oversight on October 22, 1997, and it was referred to the Subcommittee on the Civil Service on the same day. The subcommittee held a mark up on October 22, 1997. Representative Cummings (MD) offered an amendment that was adopted by voice vote. On October 31, 1997, the Committee on Government Reform and Oversight met to consider the bill as amended. Chairman Burton offered an amendment in the nature of a substitute that incorporated the subcommittee's amendments, which was adopted by voice vote. The committee favorably reported the bill, as amended by the subcommittee, to the full House by voice vote. It passed the House on November 4, 1997, and was referred to the Senate Committee on Governmental Affairs.

The Senate passed the bill, with amendments, on October 5, 1998. (Those amendments directed OPM to conduct a study of group universal and group variable life insurance rather than submit a legislative proposal, make miscellaneous amendments to 5 U.S.C. Chapter 87, and increase from 30 to 60 days the period employees and OPM have to appeal decisions of the Merit Systems Protection Board. The Senate amendments are described in Senate Report 105–337.) On October 8, 1998, the House agreed to the Senate amendments by voice vote under suspension of the rules. The President signed H.R. 2675 on October 30, 1998, and it became Public Law 105–311.

d. Hearings.—There were no hearings on H.R. 2675. However, the Federal Employees Group Life Insurance program was examined in the hearing described in Section II. A. 4. (Subcommittee on the Civil Service).

5. H.J. Res. 56, celebrating the end of slavery in the United States.

a. Report Number and Date.—None.

b. Summary of measure.—Resolves that the celebration of the end of slavery is an important and enriching part of our country's history and heritage and provides an opportunity for all Americans to learn more about our common past and to better understand the experiences that have shaped our Nation and directs that a copy of this joint resolution be transmitted to the National Association of Juneteenth Lineage as an expression of appreciation for its role in promoting the observance of the end of slavery.

c. Legislative History/Status.—H.J. Res. 56 was introduced by Representative Watts (OK) on February 26, 1997 and was referred to the Committee on Government Reform and Oversight. The Committee approved and ordered it reported to the House on June 11, 1997. The House passed the measure on June 17, 1997 by the Yeas and Nays of 419–0 (Roll Call Vote No. 207). The Senate received the bill on June 18, 1997.

d. Hearings.—There were no hearings.

6. H. Con. Res. 95, recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and fortitude.

a. Report Number and Date.—None.

b. Summary of measure.—Recognizes and commends the 82 American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their faithful service, personal bravery, and exceptional fortitude; and requests that the President issue a proclamation recognizing and commending, by name, the service, bravery, and fortitude of those airmen.

c. Legislative History/Status.—Representative Weldon (FL) introduced H. Con. Res. 95 on June 10, 1997. It was referred to the Committee on Government Reform and Oversight, and the Committee discharged the bill on September 5, 1997. The House passed H. Con. Res. 95 by voice vote under suspension of the rules on September 16, 1997. It was received in the Senate and referred to the Senate Committee on Judiciary.

d. Hearings.—There were no hearings.

7. H. Con. Res. 109, recognizing the many talents of the late James M. ("Jimmy") Stewart and honoring the artistic, military, and political contributions he made to the Nation.

a. Report number and date.—None.

b. Summary of measure.—Congress recognizes the many talents of the late James M. ("Jimmy") Stewart and honors the artistic, military, and political contributions he made to the Nation.

c. Legislative History/Status.—The legislation was introduced by Representative King (NY) on July 8, 1997. The Committee on Government Reform and Oversight waived jurisdiction on July 10, 1997, and the bill was passed by the House on September 16, 1997 under suspension of the rules. It was received in the Senate and referred to the Senate Committee on Judiciary.

d. Hearings.—There were no hearings.

8. H.R. 2526, to amend Title 5, United States Code, to make the percentage limitations on individual contributions to the Thrift Savings Plan more consistent with the dollar amount limitation on elective deferrals, and for other purposes.

a. Report number and date.—House Report No. 105–809, October 10, 1998.

b. Summary of measure.—This bill authorizes Federal employees to begin participation in the Thrift Savings Plan [TSP] immediately upon being hired rather than waiting a year as is required by current law. This legislation also authorizes new Federal hires to contribute eligible rollover distributions from qualified trusts, including private sector 401(k) accounts, to the Thrift Savings Fund. Finally, this bill allows employees to contribute to the TSP up to the current IRS limit (now $10,000 per year), regardless of income level.

c. Legislative History/Status.—Representative Constance A. Morella (MD) introduced H.R. 2526 on September 23, 1997, and the bill was referred to the Committee on Government Reform and Oversight. On September 29, 1997, the bill was referred to the Subcommittee on the Civil Service. On July 21, 1998, the subcommittee considered the bill, and forwarded the bill to the Committee on Government Reform and Oversight by voice vote. On July 23, 1998, the Committee on Government Reform and Oversight considered the bill, and ordered the bill to be reported to the House by voice vote. The House did not consider the bill.

d. Hearings.—There were no hearings on H.R. 2526.

9. H.R. 2566, the Civil Service Retirement System Actuarial Redeposit Act of 1998.

a. Report number and date.—House Report 105–757, October 1, 1998.

b. Summary of measure.—This legislation would expand the class of Federal employees under the Civil Service Retirement System who may elect to receive actuarially reduced annuities in lieu of redepositing the amount of retirement contributions previously refunded to them, plus interest.

c. Legislative History/Status.—Representative Constance A. Morella (MD) introduced H.R. 2566 on September 26, 1997. On September 26, 1997, the bill was referred to the Committee on Gov-

ernment Reform and Oversight. The bill was referred to the Subcommittee on the Civil Service on October 1, 1997. The Subcommittee on the Civil Service considered the bill on July 21, 1998 and forwarded the bill by voice vote to the Committee on Government Reform and Oversight. On July 23, 1998, the Committee on Government Reform and Oversight considered the bill. An amendment to the title was offered by Representative Constance A. Morella. The amendment passed by voice vote. By voice vote, the Committee ordered H.R. 2566 to be reported to the House. The House did not consider the bill.

d. Hearings.—There were no hearings on H.R. 2566.

10. H.R. 2943, 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, and for other purposes.

a. Report number and date.—House Report 105–752, September 28, 1998.

b. Summary of measure.—Under this legislation, a Federal employee may use paid leave not exceeding 7 days in any calendar year to serve as a bone marrow donor, and paid leave not exceeding 30 days to serve as an organ donor.

c. Legislative History/Status.—Representative Elijah E. Cummings (MD) introduced H.R. 2943 on November 8, 1997. The bill was referred to the Committee on Government Reform and Oversight. In addition, on November 17, 1997, the bill was referred to the Subcommittee on the Civil Service. On July 21, 1998, the Subcommittee on the Civil Service considered the bill, and forwarded it by voice vote to the Committee on Government Reform and Oversight. On July 23, 1998, the Committee on Government Reform and Oversight considered the bill, and, by voice vote, ordered H.R. 2943 to be reported to the House. The bill passed the House by voice vote under suspension of the rules on October 5, 1998.

d. Hearings.—There were no hearings on H.R. 2943.

11. H.R. 3249, the Federal Retirement Coverage Corrections Act.

a. Report number and date.—House Report 105–625, Part I, July 14, 1998.

b. Summary of measure.—Through no fault of their own, thousands of Federal employees have been erroneously placed in the wrong Federal retirement system. The vast majority of these errors involve misclassifications in either the Federal Employees Retirement System [FERS] or the Civil Service Retirement System [CSRS]. When these errors are discovered, the Office of Personnel Management [OPM] and other Federal agencies must correct the mistake by automatically enrolling misclassified employees in the correct system. Because these corrections do not currently include make-whole relief, their effects are often devastating for the employees involved.

The Federal Retirement Coverage Corrections Act addresses this problem and accomplishes a number of objectives. It provides comprehensive coverage of retirement coverage errors. Employees affected by an error are provided a status quo option, and employees'

Thrift Savings Plan [TSP] accounts are made whole. Agencies are held accountable for their mistakes. Unfair tax consequences of corrections are prevented. To ensure fairness and accuracy, the bill requires centralized oversight of the corrections process and provides affected employees with administrative and judicial review. The bill protects the integrity of the Social Security trust funds, and it protects all employees from reductions in force [RIFs] to pay for the required remedies.

The bill provides a consistent framework to correct all retirement coverage errors for employees with accounts in the Civil Service Retirement and Disability Fund [CSRDF] and also covers former employees, annuitants, and survivors. It extends the same correction options to employees in retirement systems for the Foreign Service and the Central Intelligence Agency.

c. Legislative History/Status.—Subcommittee Chairman Mica (FL) introduced H.R. 3249 on February 24, 1998 after the Committee on Government Reform and Oversight's Subcommittee on the Civil Service held a legislative hearing on the subcommittee chairman's mark. The bill as introduced reflected amendments to the subcommittee chairman's mark offered at that meeting by Mr. Cummings and Mrs. Morella.

The bill was referred to the Committee on Government Reform and Oversight and, in addition, to the Committee on Ways and Means on February 24, 1998. On March 5, 1998 the Committee on Government Reform and Oversight considered the bill. Subcommittee Chairman Mica offered an amendment in the nature of a substitute, which was adopted by the committee. The committee ordered H.R. 3249, as amended, reported to the House. The Committee on Ways and Means considered H.R. 3249 on June 25, 1998. Chairman Archer (TX) offered an amendment in the nature of a substitute, which was adopted by the committee by voice vote, and the committee ordered the bill, as amended, reported to the House.

H.R. 3249, as amended by the Committee on Ways and Means, passed the House on July 20, 1998 by voice vote under suspension of the rules and was referred to the Senate Committee on Finance.

d. Hearings.—An oversight hearing, "Agency Mistakes in Federal Retirement—Who Pays the Price?," was held on July 31, 1997. This hearing is described in Section II. B. 5 (Subcommittee on the Civil Service).

A legislative hearing, "H.R. 3249, The Federal Retirement Coverage Corrections Act," was held February 24, 1998. Witnesses included: Mr. William E. Flynn, Associate Director, Retirement and Insurance Service, Office of Personnel Management; Mr. Roger W. Mehle, Executive Director, Federal Retirement Thrift Investment Board; Mr. Thomas O'Rourke, partner, Shaw, Bransford & O'Rourke, Washington, DC; and Mr. Daniel F. Geisler, president, American Foreign Service Association.

Mr. Mica noted that this legislative hearing fulfilled a commitment made last October to make correction of Federal retirement coverage errors the first order of business for 1998. He added that the remedy proposed in this legislation is long overdue, and observed that the problem was first brought to the Congress' attention in 1989. The employees and annuitants who have been affected by these agency mistakes have had no effective redress. The

subcommittee worked closely with the Committee on Ways and Means and the Joint Committee on Taxation to coordinate an integrated resolution of tax and Social Security issues related to these corrections. This legislation also incorporates procedures to address comparable mistakes in retirement coverage experienced in the Foreign Service and in the intelligence community retirement systems. Although the bill is still being developed, the affected employees should not have to tolerate additional delays in enacting this long overdue framework for future remedies.

Mr. Flynn testified that the administration strongly preferred legislation that it had prepared to deal with the problem of misclassified employees and urged the subcommittee to use that bill rather than the chairman's mark as the basis for legislation. He contended that the administration's bill represented the consensus of a number of agencies to resolve the myriad intricate and intertwined aspects of the problems created by agency errors. In his view, corrective legislation must meet four discrete objectives:

(1) the remedy must demonstrate that the government cares about Federal employees who have been harmed by retirement coverage errors and is committed to an equitable solution for these employees and their families;

(2) employees should have a choice between corrected coverage and the benefit they expected to receive without disturbing Social Security coverage laws;

(3) the options provided to the employee should be easy to understand; and

(4) administrative aspects of the remedy should be minimized to keep the solutions simple and timely.

He argued that the administration's bill satisfies these criteria. Mr. Flynn also testified that there were "fundamental differences" between the administration's bill and the language under consideration by the subcommittee. Under both approaches, he said, employees who were erroneously placed in CSRS or CSRS-Offset will have the option of retroactive placement in FERS, but only under the subcommittee's proposal would individuals electing FERS coverage be entitled to a substantial agency-funded payment to the TSP. He pointed out that misclassified employees may make retroactive contributions to the TSP and receive matching contributions and earnings.

Mr. Flynn acknowledged that the subcommittee's proposal is based upon rules applicable to defined contribution plans in the private sector. However, he contended that private sector rules were inappropriate because Federal employees may participate in both defined contribution and defined benefit plans. He also argued that government make-up contributions to the TSP on behalf of individuals create "intractable" problems involving cost, equity, and complexity, while the administration's plan provides adequate "make whole" relief by offering CSRS or CSRS-Offset coverage as alternatives to FERS. According to Mr. Flynn, this approach is satisfactory because employees "will always receive at least as much as they believed they were going to get." In contrast, he contended that the subcommittee's approach would overcompensate some employees and under compensate others. Finally, Mr. Flynn also argued that the subcommittee's approach was unnecessarily complex,

in part because it held agencies accountable for their errors rather than make payments from the retirement fund.

Mr. Mehle presented the views of the Thrift Board and emphasized that the Thrift Board does not take a position on the appropriateness of benefit levels available under the retirement programs or the TSP. He also noted that the Thrift Board first addressed the problem of misclassified employees in 1989 when it proposed legislation to permit agency payments of lost earnings when agencies failed to permit timely employee contributions to the TSP. That proposal was enacted. However, Congress did not then adopt the Thrift Board's suggestion that it allow misclassified employees to elect to remain in the CSRS, even though the Board recognized then that the procedures it recommended would not provide an adequate remedy in the case of a long-standing retirement coverage error. In his testimony, Mr. Mehle acknowledged that many employees may be disadvantaged by current rules that leave them responsible for making up lost employee contribution, either because they have only a relatively short period of active service before retiring or because they lack the financial resources to make themselves whole.

Both the administration and subcommittee proposals, Mr. Mehle noted, would allow affected employees to elect coverage under CSRS or CSRS-Offset and predicted that most would choose that option. He also noted that whereas the administration's proposal would simply apply existing correction law, the subcommittee's approach would create a new system to deal with misclassification errors. However, he contended that the subcommittee's proposal might create unintended consequences and impose significant administrative burdens on the Thrift Board. The unintended consequences largely consisted of what he considered disparate treatment of affected employees. He also argued that because the corrective mechanism under the subcommittee proposal differed so substantially from current rules, the Thrift Board would not be able to use its existing software or computers to perform calculations and, consequently, would have to contract for that service. In addition, he argued that the Thrift Board would not have ready access to the information it would need to perform the tasks assigned to it under the subcommittee proposal.

Mr. O'Rourke testified that he is an attorney in private practice who specializes in tax, pension, and estate issues. He is currently representing a number of Federal employees who were improperly placed in the CSRS and then involuntarily switched to FERS. He estimates that he has been contacted by approximately 50 such individuals. The losses these individuals suffer, he stated, result from the fact that FERS participants will receive significantly smaller annuities than their CSRS counterparts and have been denied the opportunity to intelligently plan for a FERS retirement by building up an adequate TSP balance. He also described the "anguish and frustration" these retirement coverage errors have caused the employees who have contacted him. Two of his clients have suffered heart attacks, one has had a nervous breakdown as a result of the stress created by this problem, and a number have described marital problems. They have found agency personnel sympathetic to

their plight, but impotent to provide a satisfactory remedy under existing law.

Mr. O'Rourke emphasized that legislation is necessary to resolve the problem of misclassified employees. After reviewing both the administration's proposal and the subcommittee's, Mr. O'Rourke concluded that the subcommittee's approach was preferable. He believed that both proposals took positive steps to protect affected employees by allowing them to choose retirement coverage that provides essentially the same benefits they thought they would earn. However, he found the administration's approach unfair to individuals who, after being notified of the retirement coverage error and removed from CSRS, have attempted to mitigate their losses. In his view, the administration's draft would not make such individuals whole and would even punish them further by inflicting significant financial harm on them whichever option they chose. Employees who choose FERS coverage would lose forever the earnings on contributions they could have made during the period of erroneous coverage. Those who elect CSRS-Offset would be exposed to additional income taxes and penalty taxes based upon distributions from their existing TSP accounts.

In contrast, Mr. O'Rourke testified, the subcommittee's approach attempts to make individuals whole and would not expose them to additional tax burdens. He also contended that the subcommittee's proposal includes a "reasonable and objective mechanism" to provide make-whole relief for those electing FERS coverage that prevents individuals from making TSP investment decisions based upon hindsight, yet relieves them of the financial burden of correcting an error they did not cause.

Nevertheless, Mr. O'Rourke criticized the subcommittee's draft for requiring employees to make retroactive Social Security contributions. In the private sector, he pointed out, such costs would be borne by employers, and he believed the Federal Government should bear the same burden it imposes on other employers. He also faulted both proposals for not explicitly preserving employees' rights to relief under other statutes, such as the Federal Tort Claims Act and the Back Pay Act. This, he argued, is necessary to permit employers to compensate employees for all of the harm they have suffered as a result of these agency errors.

Mr. Geisler testified on behalf of the American Foreign Service Association [AFSA]. AFSA is a professional association for 23,000 active and retired foreign service officers and specialists, and it serves as the bargaining agent for foreign service personnel at the State Department, the Agency for International Development, the U.S. Information Service, the Commerce Department's Foreign Commercial Service, and the Department of Agriculture's Foreign Agricultural Service.

In AFSA's view, employees who are victims of these agency errors should have real options, which requires make-whole relief of the kind provided in the subcommittee proposal. He illustrated this by citing the example of a foreign service officer who was erroneously placed in the Foreign Service Retirement and Disability System, which is analogous to CSRS, on January 1, 1987. This error was not discovered until August 1997. Upon discovery, he was placed in the Foreign Service Pensions System [FSPS], which

is similar to FERS. The agency credited the individual's TSP account with the automatic 1 percent agency contribution for the period of erroneous coverage, and will make retroactive contributions with the appropriate agency match. However, because the TSP is an integral part of the FSPS, the individual is now faced with the need to make up 10 years worth of contributions. And even if he makes such contributions, he will lose the earnings he would have realized on those TSP contributions had they been made over the years. Mr. Geisler pointed out that employees who do not have much discretionary income cannot reasonably be expected to immediately contribute years of foregone employee contributions. Consequently, they would be left with inadequate retirement coverage.

AFSA believes the make-whole relief in the subcommittee's proposal permits employees the opportunity to make real choices. Mr. Geisler believes the averaging methods proposed in the subcommittee's draft benefits those on the lower end of the pay scale more than higher-paid employees. Nevertheless, he found it a fair approach because it prevents the use of "20/20 hindsight" by making retroactive investments without risk and it helps those lower-paid employees who need it most. Under the subcommittee's approach, Mr. Geisler believes individuals will be able to choose freely the retirement system that is best suited for them rather than being forced to remain in the older system simply because they cannot afford to make prohibitively high TSP contributions.

12. H.R. 4259, the Haskell Indian Nations University and Southwestern Indian Polytechnic Institute Administrative Systems Act of 1998.

a. Report number and date.—House Report 105–700, September 9, 1998.

b. Summary of measure.—Under this legislation, Haskell Indian Nations University (Haskell) and Southwestern Indian Polytechnic Institute [SIPI] may conduct 5-year demonstration projects to establish alternative personnel systems, including alternative retirement plans, that meet their needs as higher educational institutions without regard to most civil service laws.

c. Legislative History/Status.—Representative Vince Snowbarger (KS) introduced H.R. 4259 on July 16, 1998. The bill was referred on that date to the Committee on Education and the Workforce, and, in addition, to the Committee on Government Reform and Oversight. On July 23, 1998 the Committee on Government Reform and Oversight considered the bill. Representative Elijah E. Cummings (MD) offered an amendment in the nature of a substitute, which was not adopted by the committee. The committee ordered H.R. 4259 reported to the House without amendment. On October 6, 1998, the House passed the bill by voice vote after defeating an amendment offered by Representative Cummings by a vote of 181–244 (Roll Call Vote No. 485). The Senate passed the bill by unanimous consent on October 15, 1998, and the President signed it on October 31, 1998. It is now Public Law 105–337.

d. Hearings.—There were no hearings on H.R. 4259. However, the need for additional personnel flexibility and portable retirements were examined in Section II. B. 16. (Subcommittee on the Civil Service).

13. H.R. 4280, to provide for greater access to child care services for Federal employees.

a. Report number and date.—House Report 105–756, October 1, 1998.

b. Summary of measure.—This legislation would authorize Federal agencies to use funds appropriated for Federal employees' salaries and expenses to help Federal employees pay for child care.

c. Legislative History/Status.—Representative Constance A. Morella (MD) introduced H.R. 4280 on July 21, 1998. The bill was referred to the Committee on Government Reform and Oversight. On July 23, 1998, the Committee on Government Reform and Oversight considered the bill. Representative Benjamin A. Gilman (NY) offered an amendment to H.R. 4280. The amendment consisted of the text of H.R. 2982. Representative Gilman's amendment passed by voice vote. Representative Henry A. Waxman (CA) offered an amendment to Representative Gilman's amendment. Representative Waxman's amendment also was passed by voice vote. The Committee on Government Reform and Oversight passed H.R. 4280, as amended, by voice vote and ordered the bill to be reported to the House. On October 1, 1998, the bill was referred sequentially to the Committee on House Oversight. H.R. 4280, as originally introduced, was passed by the House on October 5, 1998.

d. Hearings.—There were no hearings on H.R. 4280.

14. S. 1021, the Veterans Employment Opportunities Act of 1998.

a. Report number and date.—None.

b. Summary of measure.—S. 1021, as introduced, was identical to H.R. 240, which is described in paragraph 1 above.

c. Legislative History/Status.—Senators Chuck Hagel (NE) and Max Cleland (GA) introduced S. 1021 as an identical companion bill to H.R. 240 on July 16, 1997. It was referred to the Senate Committee on Veterans Affairs, which reported the bill, as amended, on September 21, 1998 (Senate Report 105–340). On October 5, 1998, the Senate passed S. 1021, as further amended, by unanimous consent. (The Senate amendments narrowed the circumstances under which veterans could overcome restrictions on the scope of competition for Federal jobs; eliminates provisions strengthening veterans' protections during reductions-in-force and making individuals who served in Bosnia, Croatia, and Macedonia eligible for veterans' preference; and added provisions relating to Federal contractors.) The House agreed to the Senate amendments under suspension of the rules on October 8, 1998. The President signed S. 1021, as amended, on October 31, 1998, making it Public Law 105–339.

d. Hearings.—There were no hearings on S. 1021. However the subcommittee did examine the House bill, H.R. 240, in the hearing described in 1(d) above.

15. H. Con. Res. 302, recognizing the importance of children and families in the United States and expressing support for the goals of National KidsDay and National Family Month.

a. Report number and date.—None.

b. Summary of measure.—The resolution recognizes the importance of children and families to the future of the United States;

expresses support for the goals of National KidsDay and National Family Month, as established by KidsPeace; and encourages the people of the United States to participate in local and national activities and celebrations recognizing National KidsDay and National Family Month.

c. Legislative History/Status.—Representative Paul McHale (PA) introduced H. Con. Res. 302 on July 20, 1998, and on July 24, 1998, it was referred to the House Committee on Government Reform and Oversight. The House passed the resolution under suspension of the rules on October 8, 1998.

d. Hearings.—There were no hearings on H. Con. Res. 302.

16. H. Res. 520, congratulating Mark McGwire of the St. Louis Cardinals for breaking the Major League Baseball single season home run record.

a. Report number and date.—None.

b. Summary of measure.—The resolution congratulates and commends Mark McGwire of the St. Louis Cardinals for breaking the Major League Baseball single-season home run record, for bringing great excitement to the 1998 Major League Baseball season, and for being an inspiration to the youth of America and the world and baseball fans everywhere.

c. Legislative History/Status.—Representative James M. Talent (MO) introduced H. Res. 520 on September 9, 1998. On the same day it was referred to the House Committee on Government Reform and Oversight. The House passed the resolution by voice vote under unanimous consent on September 15, 1998.

d. Hearings.—There were no hearings on H. Res. 520.

17. H. Res. 536, congratulating Sammy Sosa of the Chicago Cubs for tying the current major league record for home runs in one season.

a. Report number and date.—None.

b. Summary of measure.—The resolution congratulates and commends Sammy Sosa of the Chicago Cubs for his amazing accomplishments and thanks him for a summer of unsurpassed baseball excitement.

c. Legislative History/Status.—Representative Luis V. Gutierrez (IL) introduced H. Res. 536 on September 15, 1998. On the same day, the House passed the resolution by voice vote under unanimous consent.

d. Hearings.—There were no hearings on H. Res. 536.

18. H. Res. 590, recognizing and honoring Hunter Scott for his efforts to honor the memory of the captain and crew of the U.S.S. Indianapolis and for the outstanding example he has set for the young people of the United States.

a. Report number and date.—None.

b. Summary of measure.—The resolution recognizes and honors Hunter Scott for his efforts to honor the memory of the captain and crew of the *U.S.S. Indianapolis* and for the outstanding example he has set for the young people of the United States.

c. Legislative History/Status.—Representative Joe Scarborough (FL) introduced H. Res. 590 on October 9, 1998 and was referred

to the House Committee on Government Reform and Oversight on the same day. On October 10, 1998, the House agreed to the resolution, as amended, by voice vote under suspension of the rules.

d. Hearings.—There were no hearings on H. Res. 590.

19. S. Con. Res. 83, remembering the life of George Washington and his contributions to the Nation.

a. Report number and date.—None.

b. Summary of measure.—The resolution calls upon the Nation to remember the life of George Washington and his contributions to the Nation; and requests and authorizes the President of the United States:

(1) to issue a proclamation calling upon the people of the United States:

(a) to commemorate the death of George Washington with appropriate ceremonies and activities; and

(b) to cause and encourage patriotic and civic associations, veterans and labor organizations, schools, universities, and communities of study and worship, together with citizens everywhere, to develop programs and research projects that concentrate upon the life and character of George Washington as it relates to the future of the Nation and to the development and welfare of the lives of free people everywhere; and

(2) to notify the governments of all Nations with which the United States enjoys relations that our Nation continues to cherish the memory of George Washington with affection and gratitude by furnishing a copy of this resolution to those governments.

c. Legislative History/Status.—Senator Warner (VA) introduced this resolution on March 10, 1998, and it was referred to the Senate Committee on Judiciary, which reported the resolution without amendment on October 8, 1998. The Senate passed S. Con. Res. 83 on October 9, 1998. The resolution was referred to the House Committee on Government Reform and Oversight. On October 15, 1998, the Committee was discharged by unanimous consent and the House passed the resolution by voice vote.

d. Hearings.—There were no hearings on S. Con. Res. 83.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

1. H.R. 514, District of Columbia Inspector General Improvement Act of 1997.

a. Report Number and Date.—House Report No. 105–29, March 18, 1997.

b. Summary of Measure.—H.R. 514, the District of Columbia Inspector General Improvement Act of 1997, amends the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to allow, at the request of the Inspector General of the District of Columbia, the director of personnel to waive the residency requirement for employees of the Office of the Inspector General.

c. Legislative History/Status.—The bill was introduced by Representative Thomas M. Davis (VA) on February 4, 1997. It was referred to the Committee on Government Reform and Oversight and

subsequently referred to the Subcommittee on the District of Columbia on February 10, 1997. The subcommittee forwarded the bill, amended, to the full committee on February 11, 1997. On March 12, 1997, the Committee on Government Reform and Oversight ordered the bill, as amended, reported to the House, by voice vote. The House passed the legislation on March 18, 1997, as amended under suspension of the rules, on March 18, 1997. The measure was passed by the Senate on March 20, 1997, and the President signed the bill on March 25, 1997, becoming Public Law 105–7.

d. Hearings.—None were held.

2. H.R. 2015, Balanced Budget Bill.

a. Report Number and Date.—House Report No. 105–149, June 24, 1997; Conference House Report 105–217, July 30, 1997.

b. Summary of Measure.—A portion of this bill contained the entire final version of H.R. 1963, which was named Title XI—District of Columbia Revitalization, cited as the, "National Capital Revitalization and Self-Government Improvement Act of 1997".

This section of the bill contained changes made in the District of Columbia in the following major areas: District of Columbia Retirement Funds, Management Reform Plans, Criminal Justice, Privatization of Tax Collection and Administration, Financing of District of Columbia Accumulated Deficit, District of Columbia Bond Financing Improvements, and a Miscellaneous Chapter. Section by section highlights are as follows:

Subtitle A—Unfunded Pension Liability

Subtitle A lifts the burden of the $4.8 billion unfunded pension liability for police and firefighters, teachers, and judges of the District of Columbia created when the Federal Government transferred those pensions plans to the District of Columbia in 1979. The bill has the Secretary of Treasury assume the payment of benefits to currently retired DC teachers, police and firefighters. The judges become a separate Federal plan under the Federal takeover of the District courts (Chapter 4). There is a "freeze date" (June 30, 1997) mandating that no further benefits may be earned under the existing plan. Because of the freeze date there can be no "gaming" of the system where people retire normally or on disability and receive more benefits from the Federal Government than they would have otherwise.

The Secretary will transfer from the DC Retirement Board approximately $3.2 billion in assets and deposit them in a new DC Retirement Fund in the Treasury. Six months after enactment of this legislation the Treasury will set up another account, the DC Supplemental Fund, and begin to deposit Treasury bills in an amount amortized to pay off the liability in 30 years (Secretary determines exact timing).

The Secretary hires an agent to manage the assets and make the payments. The retirement benefits are paid out of the transferred assets until they are used up (approximately 8 years). After the assets are used up, benefits will be paid out of the Supplemental Fund which will have accumulated more than $3 billion in Treasury bills by that time.

Within 1 year of enactment, the DC government must adopt a replacement plan for currently active police and firefighters, and teachers. The legislation requires this new plan to meet ERISA standards and be fully funded. Current police and firefighters and teachers will then have retirement benefits under 2 pension plans—benefits earned up to the freeze date under the current plans; and benefits after the freeze date earned under the replacement plan.

The Secretary is instructed to contract with a consultant to study alternative methods of financing the Federal obligation assumed in this chapter. The study must be completed within 1 year of enactment.

Subtitle B—Management Reform Plans

The Financial Responsibility and Management Assistance Authority (Control Board) and the District of Columbia government shall develop management reform plans for nine listed District agencies and for four citywide functions. The Control Board is to contract with consultants to develop the management reform plans and the plans will have to be finished within 90 days. The department heads will be responsible for implementing the reform plans within their departments and will report to the Control Board and to no one else. The Control Board will direct the implementation of the citywide reform plans. The heads of the nine named departments may only be dismissed by the control board. Upon enactment there is deemed to exist a vacancy at the head of each of the agencies. The mayor may reappoint current department heads or nominate new persons, but the Control Board must confirm those positions and if the mayor does not make a nomination within 30 days, the Control Board shall appoint the head of the nine agencies. The heads of the nine named agencies will have control and discretion on personnel matters within their agencies.

Subtitle C—Criminal Justice

Sentenced Felons.—The legislation takes over funding and operation of the District of Columbia sentenced felon population. A Trustee is set up to oversee the operation of the District Department of Corrections operations at the Lorton Corrections Complex until all inmates are removed from the District facilities at Lorton and then Lorton is closed (no later than 2001). The Federal Bureau of Prisons is responsible for housing all DC sentenced felons and is authorized to contract with other governments or private companies or to place them in Federal facilities. The Bureau of Prisons is ordered to privatize at least 2,000 DC inmates by 1999 and at least 50 percent of the DC inmate population by 2003. The Federal Government will pay for the sentenced felon portion of the DC Department of Corrections, but DC will be responsible for the rest of the corrections system (juveniles, misdemeanant, et cetera) both during the Trusteeship and after BOP assumes responsibility for sentenced felons.

The "Truth-in-Sentencing" requirements of the 1994 crime bill must be met by the District for the takeover to occur. A Truth in Sentencing Commission, chaired by the Attorney General, is established and has 6 months to recommend amendments to the District

of Columbia Code for sentencing certain felony crimes. If the District government has not enacted any recommended amendments or if the Commission fails to make any recommendation, the Attorney General is directed to promulgate amendments to the District Code as necessary under the provisions of this Subtitle.

Courts.—The Federal Government will assume funding responsibility for the DC court system, including probation, public defender service, and pre-trial services, which will become a Federal agency. The courts will continue to be self-managed. The District of Columbia parole, probation, and pre-trial services will be operated by a Federal Trustee until those agencies meet Federal standards and then will become a Federal agency.

Subtitle D—Tax Administration

The District of Columbia Chief Financial Officer is authorized to contract up to the entire processing and collection of the DC tax system. Such contracting must be done with the approval of the Control Board.

Subtitle E—Financing Accumulated Operating Deficit

The District of Columbia will have accumulated an operating deficit of approximately $520 million between 1991 and September 30, 1997. Carrying this debt is severely impacting the District's cash position and holding down the ability of the District to access the private finance market. In other cities in financial crisis one of the first actions is to finance the operating deficit to get the city back on an even cash basis.

This legislation authorizes the District to finance its accumulated operating deficit (it does not have the authority to sell bonds for deficit financing otherwise). The legislation also provides that if no other source is available, the Treasury is authorized to lend to the District for this purpose up $300 million on terms up to 10 years. Additionally, Treasury is authorized to continue to make cash advances to the District for seasonal cash flow purposes on a term of not more than 11 months.

All moneys borrowed from the Treasury have to be repaid at the relevant Treasury rate plus one-eighth of a percent interest. Treasury borrowing is more expensive that private market borrowing so it is anticipated that this authority would only be utilized as a last resort.

Subtitle F—District Government Borrowing Authority

The District of Columbia's borrowing authority, including the use of revenue bonds for economic development purposes, was written in the 1973 Home Rule Act and has not been substantially revised or modernized since. The District authority was also severely restricted because of its inexperience with the public borrowing. Since 1973 the whole world has changed regarding the use and structure of municipal bonds, including revenue bonds. Because of the District's restricted authority, the District has never been able to utilize all of its annual allocation of revenue bonds and has suffered reduced economic development and a competitive disadvantage to States and other cities. In addition, the District government has been less able than other jurisdictions to borrow funds for pub-

lic purposes and this has contributed to the serious deterioration of its capital assets.

The legislation modernizes the District of Columbia's authority to issue both General Obligation and Revenue bonds and brings it into conformity with other jurisdictions. There is no effort to give the District more authority than other jurisdictions nor to continue to restrict or hinder the District in its ability to use this valuable economic development tool.

Subtitle G—District of Columbia Budget

The legislation eliminates the existing Federal payment to the District of Columbia government. The District is required to balance its budget in fiscal year 1998 as opposed to the current requirement that this be done by 1999. The debt service limitation in the Home Rule Act is modified to account for the loss of the Federal payment. The legislation provides for a Federal contribution to the operation of the government of the Nation's Capital with a 1998 level of $190 million.

Subtitle H—Miscellaneous

A number of miscellaneous provisions dealing with diverse aspects of the District of Columbia are contained in subtitle H. The Control Board is directed to implement 2 levels of regulatory reform in DC within 1 year: 1) Gives the Control Board 6 months to review and use its power to change regulations it finds to be anti-competitive, anti-business, or unnecessarily complicated. 2) Gives the Control Board 1 year to determine why DC's application, permit, and inspection programs are dysfunctional and take whatever action is needed (regulatory, personnel, privatization) for DC's processes to be performed at or above the national average with a further goal of making DC's permit and application processes the best in the Nation.

Actions are taken concerning several Federal and DC statutes and Federal law enforcement agencies are allowed and encouraged to make agreements with the Metropolitan Police Department detailing how these Federal agencies will assist MPD in increasing public safety in the Nation's Capital.

c. Legislative History/Status.—H.R. 2015 was introduced by Representative John Kasich on June 24, 1997. It was reported out of the Committee on Budget on June 24, 1997, House Report 105–149. The House amended and passed the bill on June 25, 1997, and was received and passed the Senate with an amendment on June 25, 1997. A conference was agreed to and Conference Report (105–217) filed in the House on July 30, 1997, and passed the same day. The Senate agreed to the report on July 31, 1997, and the President signed the measure on August 1, 1997, to become Public Law 105–33.

d. Hearings.—The subcommittee held the following hearings relating to this measure: on February 20, 1997, hearing on "White House Proposal for the District of Columbia;" on March 11, 1997, a joint hearing held with the Senate Subcommittee on Government, Management, Restructuring and the District of Columbia of the Committee on Governmental Affairs and the Senate Subcommittee on the District of Columbia of the Committee on Appropriations on

"Successes in Urban Problem Solving, Mayoral Perspectives;" on March 13, 1997, joint hearing held with the Senate Committee on Governmental Affairs, Subcommittee on Government, Management, Restructuring, and District of Columbia on the "White House Proposal for the District of Columbia;" on March 25, 1997, hearing held on the "White House Proposal for the District of Columbia—Business and Community Leaders' Perspectives;"on April 25, 1997, hearing on the "White House Proposal for the District of Columbia—Medicaid and Treasury Borrowing;" on May 1, 1997, a hearing on "Education At a Crossroads: What Works and What's Wasted in the D.C. School System?;" and on May 22, 1997, hearing on the "White House Proposal for the District of Columbia—Economic Development of the President's National Capital Revitalization and Self-Government Improvement Plan."

3. H.R. 3025, To amend the Federal Charter for Group Hospitalization and Medical Services, Inc., and for other purposes.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3025, amends the Federal charter of Group Hospitalization and Medical Services, Inc., to: (1) permit the corporation to have one class of members consisting of at least one member and not more than 30; and (2) prohibit dissolution of the corporation without congressional approval.

c. Legislative History/Status.—This legislation was introduced by Representative Thomas Davis (VA) on November 12, 1997. It was referred to the Committee on Government Reform and Oversight and the bill was considered by the House on November 13, 1997, under suspension of the rules. The legislation was agreed to and passed the House by voice vote. The Senate passed this measure on November 13, 1997, and it was signed by the President on December 16, 1997, Public Law 105–149.

d. Hearings.—None.

4. H.R. 1963, Mark-up on the National Capital Revitalization and Self-Government Improvement Act of 1997. See H.R. 2015, Balanced Budget bill.

a. Report Number and Date.—See H.R. 2015, Balanced Budget bill.

b. Summary of Measure.—Introduced by Congressman Tom Davis. This bill realigned functional responsibilities between the Federal Government and the government of the District of Columbia, addressed funding mechanisms and sources between the Federal Government and the government of the District of Columbia, addressed the financial condition of the District of Columbia government in both the short and long term, provided mechanisms for improving the economy of the District of Columbia, to improve the ability of the District of Columbia government to match its resources with its responsibilities, improved the efficiency of the District of Columbia government, and for other purposes. See H.R. 2015, Balanced Budget bill.

c. Legislative History/Status.—Voted out of subcommittee by unanimous voice vote, June 19, 1997. Became part of H.R. 2015, Balanced Budget bill.

d. Hearings.—See H.R. 2015, Balanced Budget bill.

5. Mark-up on H.R. 4523; H.R. 4566; and H.R. 4568.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4523 makes technical corrections to the National Capital Revitalization and Self-Government Improvement act of 1997. The act may be cited as the "Lorton Technical Corrections Act of 1998." H.R. 4566 was to make technical and clarifying amendments to the National Capital Revitalization and Self government Improvement Act of 1997. H.R. 4568 makes technical and clarifying amendments to the National Capital Revitalization and Self-Government Improvement Act of 1997 relating to the reform of certain District of Columbia retirement programs.

c. Legislative History/Status.—Mark-up September 9, 1998. H.R. 4523 and H.R. 4568 were captured in the 1999 Omnibus bill. H.R. 4566 was referred to the Committee on Government Reform and Oversight and in addition to the Committee on Ways and Means on September 15, 1998. Rules suspended and passed the House amended on October 10, 1998. Received in the Senate on October 12, 1998. Passed the Senate October 14, 1998.

d. Hearings.—None.

6. H.R. 513.

a. Report number and date.—N/A.

b. Summary of measure.—To exempt certain contracts entered into by the government of the District of Columbia from review by the Council of the District of Columbia.

c. Legislative History/Status.—Referred to the Committee on Government Reform and Oversight on February 4, 1997. Rules suspended. Passed House March 6, 1997. Roll No. 34: 390–7. Received in the Senate and referred to Governmental Affairs on March 6, 1997.

d. Hearings.—None.

7. H.R. 4237.

a. Report number and date.—N/A

b. Summary of measure.—To amend the District of Columbia Convention Center and Sports Arena Authorization Act of 1995 to revise the revenues and activities covered under such act, and for other purposes.

c. Legislative History/Status.—Referred to the Committee on Government Reform and Oversight and in addition to the Committee on Rules July 16, 1998. Committees discharged. Passed House July 30, 1998. Received in Senate July 30, 1998. Passed Senate July 31, 1998. Presented to the President August 4, 1998. Approved August 12, 1998. Public Law 105–227.

d. Hearings.—Hearing on the New Washington Convention Center Project, July 15, 1998.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

1. H.R. 173, Authorization To Donate Surplus Law Enforcement Canines to Their Handlers.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 173 is a non-controversial measure designed to make Federal property disposal operations more efficient by allowing surplus Federal canines to be donated to their handlers. This promotes humane treatment of surplus canines by shortening the period of time a canine is away from its handler. It also avoids the lengthy screening period normally required, thereby reducing Federal costs.

c. Legislative History/Status.—H.R. 173 was introduced on January 7, 1997, and referred to the Subcommittee on Government Management, Information, and Technology on January 16, 1997. The subcommittee held a markup on March 11 and voted unanimously to forward the bill to the full committee. On March 12, 1997, the Government Reform and Oversight Committee held its markup of H.R. 173, and ordered the bill to be reported to the House of Representatives. H.R. 173 was approved by the House under suspension of the rules on April 16, 1997, and sent to the Senate for consideration. The Senate Governmental Affairs Committee reported the bill favorably, without amendments, on June 17, 1997. H.R. 173 passed the Senate by unanimous consent on June 27, 1997, and was signed by the President on July 18, 1997; Public Law 105–27.

d. Hearings.—Subcommittee markup March 11, 1997.

2. H.R. 680, Transfer of Surplus Personal Property For Donation To Providers Of Necessaries To Impoverished Families and Individuals.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 680 is a bill for "the Transfer of Surplus Personal Property For Donation To Providers Of Necessaries To Impoverished Families and Individuals." This bill authorizes the transfer of surplus personal property to organizations that provide assistance to impoverished individuals. Currently, Federal agencies declare about $6 billion per year in excess Federal personal property. The property is screened by other Federal agencies to determine whether the property is needed by another Federal user. The remaining property is declared surplus and donated to State governments, law enforcement agencies, and other eligible groups. Agencies then sell the remaining property—generally the oldest and most obsolete property—generating very little in proceeds (about $8 million annually).

H.R. 680 authorizes the donation of surplus property to charities that provide services to poor families. Under this measure, these groups are eligible for the property on the same basis as State government agencies. Private charities such as food banks and Habitat for Humanity are a major source of support for the poor. H.R. 680 allows these organizations to receive surplus Federal personal property in support of their mission.

c. Legislative History/Status.—H.R. 680 was introduced on February 11, 1997 and referred to the Subcommittee on Government Management, Information, and Technology on February 13, 1997. The subcommittee marked up the bill and forwarded it to the full committee by voice vote on March 11, 1997. On March 12, 1997, the Committee on Government Reform and Oversight considered the measure and ordered it to be reported. H.R. 680 was called up

under suspension of the rules and passed by the House as amended by a roll call vote of 418–0 on April 29, 1997 (Roll No. 93). The Senate Governmental Affairs Committee favorably reported the bill without amendment on May 22, 1997. The measure was amended on the floor of the Senate on July 9, 1997. On September 18, 1997, on a motion that the House agree to the Senate amendments, the amended bill was cleared for the White House. It was signed by the President on October 6, 1997; Public Law No. 105–50.

d. Hearings.—Subcommittee markup March 11, 1997.

3. H.R. 930, Travel and Transportation Reform Act of 1997.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 930, the Travel and Transportation Reform Act of 1997, is designed to remedy poor management of the Federal Government's massive travel expenditures. H.R. 930 would clear away obstacles to better management and encourage a concerted effort by Federal managers to improve the efficiency and cost-effectiveness of Federal travel.

In fiscal year 1994 (the last year for which precise figures are available), the Government spent more than $7.6 billion on travel, including transportation, lodging, rental cars and other related expenses. There are ample opportunities to save money from this sum without restricting necessary travel. Administrative costs, for example, should be significantly reduced. The cost of completing a travel voucher is about $15 in the private sector while it can run as high as $123 in the Federal Government. H.R. 930 would help the Government adopt successful techniques from the private sector. It has four major provisions.

The first provision provides for universal use of the Federal travel charge card throughout the Government. Relatedly, H.R. 930 seeks to ensure that agencies are able to verify that charges on the travel card are business related. The Government's ability to access this information has been in question because the Right to Financial Privacy Act restricts the release of an individual's financial records, including accounts maintained by the credit card issuer. H.R. 930 clarifies that the Government has the authority it needs to gather this information. This provision would make the Federal Government a better customer and simplify administration for Federal agencies. The result would be an increase in the size of the Federal Government's rebate.

The second major provision concerns prepayment audits of travel charges. Currently, GSA's Office of Transportation Audits spends $11 million to recover $6 million in overpayments using postpayment audits. A GSA pilot program that uses audit contractors to perform prepayment audits on some transportation vouchers has identified overpayments worth four times the amount of the payments to contractors, proving that this is a cost-effective tool. All other invoices submitted to the Federal Government are reviewed by the procuring agency for accuracy prior to payment. The bill authorizes prepayment audits by contractors to verify that charges are correct prior to disbursement of transportation expenses. According to the General Services Administration, this change would save $50 million per year in reduced transportation expenses.

The third major provision corrects an unjust tax liability. The bill authorizes reimbursement to employees who were subjected to a tax liability in tax years 1993 and 1994 due to their service with the Federal Government. This tax liability was established by the 1992 Energy Act. The Energy Act limited the income tax deduction for business related travel to expenses incurred on trips of 1 year or less in duration. Most Federal agencies were unaware of this requirement because the IRS did not notify them until December 1993 and did not withhold tax payments from the employees' salaries. Many of the affected Federal employees were liable for a lump-sum payment plus penalty and interest charges.

The fourth major provision encourages innovation in Federal travel. The sections of the U.S. Code relating to travel are extremely proscriptive and limit agency flexibility in developing improved benefit systems. H.R. 930 would allow Federal agencies to participate in travel pilot tests that would, it is hoped, save taxpayer dollars.

The Travel and Transportation Reform Act of 1997 should save the taxpayers at least $80 million per year by reducing expenditures by $50 million or more each year while also increasing receipts (through the travel card rebate program) by $30 million annually.

c. Legislative History/Status.—H.R. 930 was introduced on March 5, 1997. The bill was marked up by the Subcommittee on Government Management, Information, and Technology on March 11, 1997, and by the Committee on Government Reform and Oversight on March 12, 1997. It was then considered by the House under suspension of the rules and passed by voice vote on April 16, 1997. It has been referred to the Senate Governmental Affairs Committee. H.R. 930 was then referred to the Senate Governmental Affairs Committee, where it was reported favorably with amendments on June 17, 1998, along with Senate Report 105–295 (printed August 25, 1998.) The Senate passed H.R. 2977 with amendments by unanimous consent on September 1, 1998. The House agreed to the Senate amendments by voice vote on October 5, 1998. The bill was signed by the President on October 19, 1998, becoming Public Law 105–264.

d. Hearings.—Subcommittee markup March 11, 1997.

4. H.R. 404, Authorizing the transfer to State and local governments of certain surplus property for use for law enforcement or public safety purposes.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 404 is a bill that would make it easier for State and local governments to receive excess Federal property to benefit law enforcement, fire and rescue purposes. Under current law, surplus Federal property can be donated to State or local governments through a public benefit discount for public health, education, recreation, national service activities, historic monuments, correctional facilities and shipping ports. H.R. 404 would expand the public benefit discount for correctional facilities to cover other law enforcement and fire and rescue activities.

c. Legislative History/Status.—H.R. 404 was introduced on January 9, 1997, and referred to the Subcommittee on Government

Management, Information, and Technology on January 22, 1997. The subcommittee held a markup of the bill on June 3, 1997, and voted unanimously to forward the bill to the Committee on Government Reform and Oversight. On September 30, 1997, the Committee on Government Reform and Oversight considered the measure and voted by voice vote to forward it to the House. H.R. 404 passed the House under suspension of the rules on November 4, 1997. On November 13, 1997, it was referred to the Senate Governmental Affairs Committee.

d. Hearings.—On June 3, 1997, the subcommittee held a hearing on H.R. 404. Officials from Riverside County, CA, testified that they wanted to place a coroner's office and a law enforcement and fire training academy on surplus Federal property at the March Air Force Base. That surplus property became available through the actions of the Defense Base Realignment and Closure Commission. The county officials stated that they wanted the land and buildings for these functions to be made available through one, not two, Federal agencies. Witnesses at the June 3rd hearing included Senator Dianne Feinstein (D–CA), who has introduced a companion bill to H.R. 404 in the Senate, Representative Ken Calvert (R–CA), who authored H.R. 404, and Representative Sonny Bono (R–CA).

On June 26, 1997, the subcommittee marked up H.R. 404. The subcommittee considered an amendment in the nature of a substitute that made technical corrections to the bill as introduced. The subcommittee then voted unanimously to forward the substitute version to the full Committee on Government Reform and Oversight.

5. H.R. 52, The Fair Health Information Practices Act of 1997.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 52 addresses the challenge of protecting confidentiality and privacy between doctor and patient in a rapidly changing health care environment. Managed health care systems must be able to exchange information between doctors, insurers, and others. The increasing use of information technology and the increasing complexity in provider arrangements are inevitable. The exchange of patient health care information is an integral part of the existing health care system. Payments for claims require diagnostic information. Communications between primary care providers and other providers such as specialists or hospitals require patient information to be shared. Pharmacies maintain databases of past prescriptions.

Despite this highly fluid environment for exchanging health care information, no uniform national standard currently exists to protect the confidentiality of this information. Moreover, there is little uniformity among State statutes regarding the confidentiality of health care information. Most of these State laws lack penalties for misuse or misappropriation. Protections vary according to both the holder and the type of information.

Under the Kassebaum-Kennedy Act of 1996, the Secretary of Health and Human Services is required to recommend privacy standards for health care information to Congress by September 1997. If Congress does not enact health care privacy legislation by

August 1999, the Secretary of Health and Human Services is required to promulgate such privacy regulations.

Under H.R. 52, medical records created or used during the process of treatment become protected health information. Furthermore, health care providers are required to maintain appropriate administrative, technical and physical safeguards to protect the integrity and privacy of health care information. H.R. 52 would allow patients to review their medical records and correct inaccurate information. It would also place restrictions on the release of information relating to the treatment of patients and on the payment for health care services.

c. Legislative History/Status.—H.R. 52 was introduced on January 7, 1997. It was referred to the Subcommittee on Government Management, Information, and Technology on February 28, 1997, and the subcommittee held a hearing on the measure on June 5, 1997. H.R. 52 has also been referred to the Commerce Committee, Subcommittee on Health, and Environment and the Judiciary Committee, Subcommittee on Crime.

d. Hearings.—On June 5, 1997, the subcommittee held a hearing on H.R. 52 and the medical privacy issue. Four Members of Congress who have taken the lead on medical records privacy issues testified: Representatives Condit, Slaughter, Stearns, and Green. The subcommittee also heard testimony from privacy advocates, health care providers, records management organizations, and medical researchers.

6. H.R. 1962, Presidential and Executive Office Financial Accountability Act of 1997.

a. Report Number and Date.—House Report No. 105–331, October 21, 1997.

b. Summary of Measure.—H.R. 1962 brings the agencies of the Executive Office of the President [EOP] within the framework and under the requirements of the Chief Financial Officers [CFO] Act. H.R. 1962 authorizes the President to appoint a Chief Financial Officer in a unit or office within the Executive Office of the President and, to the fullest extent practicable, mandates adherence to most provisions of the CFO Act. In recognition of the decentralized structure of the EOP and the unique functions its agencies perform in support of the President, H.R. 1962 anticipates that some exemptions may be necessary. The bill provides considerable discretion for the President to exempt the new CFO from any of a number of responsibilities otherwise stipulated by the CFO Act as authority and functions to be performed by an agency's Chief Financial Officer.

The intent of this legislation is to foster improved systems of accounting, financial management and internal controls throughout the component entities of the Executive Office of the President. This should facilitate prevention, or at least early detection, of waste, fraud and abuse within the Executive Office of the President, as well as in the other executive branch agencies already covered by the CFO Act. Implementation of these provisions will promote not only accountability and proper fiscal management but also efficiency and cost reductions.

c. Legislative History/Status.—On June 19, 1997, Subcommittee Chairman Horn introduced H.R. 1962. The subcommittee marked up the bill on September 4, 1997. One amendment was offered and adopted at the subcommittee mark-up, and the bill as amended was approved by voice vote. The Committee on Government Reform and Oversight marked up the bill on September 30, 1997, approving the amendment in the nature of a substitute, and reporting the measure favorably, as amended, on a voice vote, for consideration by the House of Representatives. H.R. 1962 passed the House by a vote of 413 to 3 on October 21, 1997. The bill has been referred to the Senate Governmental Affairs Committee.

d. Hearings.—The subcommittee held a hearing on the proposed measure on May 1, and marked up the bill on September 4. The Committee on Government Reform and Oversight held its markup of H.R. 1962 on September 30, 1997.

7. H.R. 716, Freedom from Government Competition Act of 1997.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 716 seeks to take the Government out of the business of doing things that the private sector can do better. It prohibits Federal agencies from producing goods or services available from the private sector unless there is either a national security reason or an inherently governmental reason for doing so. The bill allows for agencies to retain functions when the Federal agency is the best value provider of those functions. According to the Congressional Budget Office, many government organizations report a savings of approximately 20 to 35 percent when a Federal Government function is subject to competition. At the same time, this efficiency may come at a cost, especially to Government employees.

c. Legislative History/Status.—H.R. 716 was introduced by Representative Duncan on February 12, 1997, and referred to the Subcommittee on Government Management, Information, and Technology on February 20, 1997. The subcommittee held a hearing on the measure on September 19, 1997. H.R. 716 was also referred to the House Budget Committee. A companion bill, S. 314, was introduced by Senator Thomas (R–WY). S. 314 was reported favorably by the Senate Governmental Affairs Committee with an amendment in the nature of a substitute on July 28, 1998 (accompanied by Senate Report 105–269). S. 314 passed the Senate with an amendment by unanimous consent on July 30, 1998. S. 314 was passed by voice vote under suspension of the rules in the House on October 5, 1998. It was signed by the President on October 19, 1998, becoming Public Law 105–270.

d. Hearings.—The subcommittee hearing was held September 29, 1997. Numerous issues were addressed, including whether the Federal Government should maintain expertise in critical areas and whether the Federal Government has the capacity to manage a number of new Federal contracts. Witnesses at the hearing included Senator Craig Thomas, (R–WY), who introduced the companion measure in the Senate; Representative James Duncan, (R–TN, who authored H.R. 716; Steve Goldsmith, mayor, city of Indianapolis; Ms. Shirley Ybarra, deputy secretary for transportation, State of Virginia; Ed DeSeve, Office of Management and Budget;

Mr. Nye Stevens, Director, Federal Management and Workforce Issues, General Accounting Office; and Mr. Bobby L. Harnage, Sr., national secretary-treasurer, American Federation of Government Employees. Another hearing was held on March 24, 1998, entitled, "A Free Market Approach to Federal Contracting: The Fair Competition Act of 1998 and the Competition in Commercial Activities of 1998."

8. H.R. 2508, "A bill to provide for the conveyance of Federal land in San Joaquin County, California, to the City of Tracy, California"

a. Report Number and Date.—None.

b. Summary of Measure.—This bill directs the Administrator of General Services to convey to the city of Tracy, CA, all U.S. rights and interest to a specified parcel of real property in San Joaquin County, CA, currently administered by the Federal Bureau of Prisons of the Department of Justice. It requires specified portions of such parcel to be used for: (1) a secondary school and other educational purposes; (2) a public park and other recreational purposes; and (3) economic development. It provides a reversionary interest to the United States if such parcels are not used for such purposes.

c. Legislative History/Status.—The subcommittee marked up the bill on June 16, 1998. It was marked up by the Government Reform and Oversight Committee on July 23, 1998. On September 14, 1998, the bill passed the House by voice vote. It was then referred to the Senate Committee on Governmental Affairs. The provisions of H.R. 2508 were added to the Omnibus Consolidated and Emergency Supplemental Appropriations Act for the fiscal year ending September 30, 1999, becoming part of Public Law 105–277.

d. Hearings.—Subcommittee markup on June 16, 1998.

9. H.R. 2635, the Human Rights Information Act

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2635, the Human Rights Information Act requires U.S. agencies to identify, review, organize, and publicly release all records regarding gross human rights violations in Guatemala and Honduras after 1944, no later than 150 days after enactment of the bill. The bill also requires Federal agencies to review, declassify and disclose human rights records upon an official request of another nation or an entity created by the United Nations or the Organization of American States or a similar entity. The act also requires the President to report on each agencies' compliance with the act no later than 150 days after enactment of the bill. H.R. 2635 allows postponement of release of the records if the threat to the national security, military defense, or intelligence operations of the United States outweighs the public's interest in disclosure. The act also prescribes guidelines under which the Interagency Security Classification Appeals Panel (see below) shall review agency determinations to postpone public disclosure of any human rights record. Finally, the act creates two additional positions on the Interagency Security Classification Appeals Panel to carry out the provisions of the act and provides that these positions shall be filled by non-governmental employees.

c. Legislative History/Status.—H.R. 2635 was introduced by Representative Tom Lantos (D–CA) on October 8, 1997. An identical version, S. 1220, was introduced by Senator Chris Dodd (D–CT) on September 25, 1998 and was referred to the Senate Committee on Governmental Affairs. No further Senate action has been taken. In the House, H.R. 2635 was forwarded by the Subcommittee on Government Management, Information, and Technology to the full committee (amended) by voice vote. No further action has been taken.

d. Hearings.—The subcommittee held a legislative hearing on May 11, 1998, entitled H.R. 2635, the "Human Rights Information Act."

10. H.R. 2883, the "Government Performance and Results Act Technical Amendments of 1998"

a. Report Number and Date.—None

b. Summary of Measure.—H.R. 2883 was designed to amend provisions of law enacted by the Government Performance and Results Act of 1993. The purpose was to improve Federal agency strategic plans and performance reports.

The Government Performance and Results Act has enormous potential to improve agency performance. It will help to align agency objectives with legislative intent, to eliminate ineffective and overlapping programs, and to improve measurable program results. It will help the agencies to better manage themselves. It will help the administration in policy, programs, and budgeting. And it will help Congress in both authorization and appropriations.

c. Legislative History/Status.—H.R. 2883 was introduced by Representative Burton (R–IN) on November 7, 1997, as the Government Performance and Results Act Amendments of 1997. The subcommittee held a markup of H.R. 2883 on March 4, 1998. It was then passed, in amended form, by the Government Reform and Oversight Committee on March 5. The House passed H.R. 2883 by a vote of 242 to 168 on March 12, 1998. It was then referred to the Committee on Governmental Affairs in the Senate, where no action has been taken.

d. Hearings.—The subcommittee held a hearing on H.R. 2883 on February 12, 1998. Witnesses included J. Christopher Mihm, Assistant Director, Federal Management and Workforce Issues, General Government Division, U.S. General Accounting Office; Professor Robert M. Grant, School of Business Administration, Georgetown University; and Maurice P. McTigue, distinguished visiting scholar, Center for Market Processes, George Mason University.

11. H.R. 2958, "Quality Child Care for Federal Employees Act"

a. Report Number and Date.—None

b. Summary of Measure.—H.R. 2958 requires a Federal agency that either operates, or contracts for operation of, a child care center in a facility owned or leased by an Executive agency to obtain the appropriate State and local licenses and to comply with child care licensing requirements.

c. Legislative History/Status.—H.R. 2958, the "Quality Child Care for Federal Employees Act," was introduced by Representative Benjamin Gilman (R–NY). The subcommittee marked up the bill on

February 12, 1998, favorably reporting the bill to the Committee on Government Reform and Oversight, where no action has been taken.

d. Hearings.—Subcommittee markup February 12, 1998.

12. H.R. 2977, the Federal Advisory Committee Act Amendments of 1997

a. Report Number and Date.—None.

b. Summary of Measure.—The Federal Advisory Committee Act Amendments of 1997 provide that the Federal Advisory Committee Act [FACA] applies to neither the National Academy of Sciences nor the National Academy of Public Administration.

When it passed FACA in 1972, Congress was explicit in its intention that the law not apply to the National Academy of Sciences and similar organizations. For the last 25 years, FACA did not apply to these organizations. A recent court case changed this when a U.S. Court of Appeals interpreted FACA to apply to the National Academy of Sciences.

Both Houses of Congress were in favor of clarifying through legislation that FACA does not apply to these Academies. Then Director of the Office of Management and Budget Franklin Raines also expressed support for a legislative remedy. The 1997 amendments also provided for several openness measures that will apply to the Academies. Under the new law, they are required to post to the Internet for public comment the committee members' names, biographies, and brief conflict of interest disclosures when nominated. They are also required to invite public attendance at all data gathering committee meetings by posting notice to the Internet.

The benefits of this particular amendment to FACA are twofold. First, the Federal Government and the American people will continue to benefit from the independent high-quality studies of the National Academy of Sciences and the National Academy of Public Administration without undue restrictions. Second, the processes used by the Academies will be more open to scrutiny by all interested parties. The American people can be assured that studies by these Academies will be conducted in a balanced and objective manner.

c. Legislative History/Status.—On November 9, 1997, the bill, H.R. 2977, was introduced by Representative Stephen Horn (R–CA), who was joined by Henry Waxman (D–CA), the ranking member of the full committee. It passed the House under suspension of the rules on November 10 by voice vote. The bill was then considered by the Senate and passed without amendment by unanimous consent on November 13. It was signed by the President on December 17, 1997, becoming Public Law 105–153.

d. Hearings.—The subcommittee held a hearing on this issue on November 5, 1997.

13. H.R. 3900, the Consumer Health and Research Technology [CHART] Protection Act; and H.R. 52, The Fair Health Information Practices Act of 1997

a. Report Number and Date.—None.

b. Summary of Measure.—Both H.R. 3900 and H.R. 52 addresses the challenge of protecting confidentiality and privacy between doc-

tor and patient in a rapidly changing health care environment. Managed health care systems must be able to exchange information between doctors, insurers, and others. The increasing use of information technology and the increasing complexity in provider arrangements are inevitable. The exchange of patient health care information is an integral part of the existing health care system. Claims payments require diagnostic information. Communications between primary care providers and other providers such as specialists or hospitals require patient information to be shared. Pharmacies maintain databases of past prescriptions.

Despite this highly fluid environment for exchanging health care information, no uniform national standard currently exists to protect the confidentiality of this information. Moreover, there is little uniformity among State statutes regarding the confidentiality of health care information. Most of these State laws lack penalties for misuse or misappropriation. Protections vary according to both the holder and the type of information.

Under the Kassebaum-Kennedy Act of 1996, the Secretary of Health and Human Services is required to recommend privacy standards for health care information to Congress by September 1997. If Congress does not enact health care privacy legislation by August 1999, the Secretary of Health and Human Services is required to promulgate such privacy regulations.

c. Legislative History/Status.—H.R. 52 was introduced by Representative Gary Condit (D–CA) on January 7, 1997. H.R. 3900 was introduced by Representative Chris Shays (R–CT) on May 19, 1998.

d. Hearings.—On June 5, 1997, the subcommittee held a hearing on H.R. 52 and the medical privacy issue. On May 19, 1998, the subcommittee held a hearing on H.R. 3900 and other medical privacy proposals. At each hearing the subcommittee heard from Members of Congress who have taken the lead on medical records privacy issues as well as from privacy advocates, health care providers, records management organizations, and medical researchers.

14. H.R. 4007 and S. 1379, the Nazi War Crimes Disclosure Act

a. Report Number and Date.—None

b. Summary of Measure.—The Nazi War Crimes Disclosure Act provides for the disclosure and release of Nazi war criminal records in the possession of the U.S. Government. It establishes the Nazi War Criminal Records Interagency Working Group to locate, identify, declassify, and make available to the public all Nazi war records held by the United States. This law also provides for expedited processing of Freedom of Information Act [FOIA] requests by Holocaust survivors.

Over half a century after the Nazi era, the U.S. Government continues to keep secret much of the information it has on Nazi war criminals. It is imperative that this information receive full scrutiny by as many people as possible. Only through an informed understanding of the Nazi era and its aftermath can we guard against a repeat of this tragic episode in history. Much remains to be learned from the Nazi war crimes files in the possession of U.S. Government agencies.

c. Legislative History/Status.—H.R. 4007 was introduced by Representative Carolyn Maloney (D–NY) on June 5, 1998. An identical version, S. 1379, was introduced by Senator Mike DeWine (R–OH) in November 1997 and passed the Senate by unanimous consent on June 19, 1998. It was signed by the President on October 8, 1998, becoming Public Law 105–246.

d. Hearings.—The subcommittee held a hearing on the "Nazi War Crimes Disclosure Act" on Tuesday July 14, 1998.

15. H.R. 4243, "Government Waste, Fraud, and Error Reduction Act of 1998"

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4243 would reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, and Federal benefit programs.

The Debt Collection Improvement Act [DCIA] was signed into law on April 26, 1996, as Title 3, Chapter 10, of Public Law 104–134 (the Omnibus Consolidated Rescissions and Appropriations Act of 1996). The DCIA established new tools to assist agencies in collecting debts owed to the United States. It provides agencies incentives to increase collections of delinquent debts while protecting the rights of debtors. It also allows agencies to rely on the expertise of private-sector debt collectors.

The role of the Federal Government in the credit markets is enormous. The Federal Government dominates the markets for student loans and housing loans, and has a strong impact on other sectors as well. Effective Federal debt collection practices would protect the interests of the taxpayers. Strong congressional oversight is essential to effective debt collection practices. At this point, the Government is still in the process of implementing the DCIA. There are a variety of steps in the process of implementation that warrant heightened congressional attention.

c. Legislative History/Status.—H.R. 4243 was introduced by Representative Stephen Horn (R–CA) on July 16, 1998. The Government Reform and Oversight Committee marked up H.R. 4243 on July 23, 1998. The bill was then considered by the House under suspension of the rules and passed on October 13, 1998. Following further discussion with the Senate and Administration officials, a new version of the bill was introduced by Representative Horn as H.R. 4857. This bill passed the House by unanimous consent on October 20, 1998. It was then referred to the Senate Committee on Governmental Affairs, where no action has been taken.

d. Hearings.—The subcommittee held a legislative hearing on several debt collection improvement proposals, including "Government Waste, Fraud, and Error Reduction Act of 1998," on March 2, 1998.

16. H.R. 4244, "Federal Procurement System Performance Measurement and Acquisition Workforce Training Act of 1998"

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4244 would amend the Office of Federal Procurement Policy Act to direct the Administrator of the Office of Federal Procurement Policy to establish a system for

measuring the performance and effectiveness of the Federal procurement system and each of its elements. This measure would require the performance standards to be structured as follows: (1) to enable the Congress, the Office of Federal Procurement Policy, and the heads of executive branch agencies to track progress of achievement of acquisition reform objectives on a Governmentwide basis and to gauge the effectiveness of the procurement system in supporting the accomplishment of the mission of such agencies; and (2) to benchmark the performance of such agencies against the performance of private and public sector procurement operations.

c. Legislative History/Status.—H.R. 4244 was introduced by Representative Stephen Horn (R–CA) on July 16, 1998. H.R. 4244 was marked up by the Government Reform and Oversight Committee on July 23, 1998, and reported to the House of Representatives. No further action has been taken.

d. Hearings.—The subcommittee held a legislative hearing entitled, "Federal Activities Inventory Reform Act," on August 6, 1998.

17. H.R. 4620, the Statistical Consolidation Act of 1998

a. Report Number and Date.—None

b. Summary of Measure.—H.R. 4620 is designed to improve the quality and reliability of Federal statistical data and statistical analysis through organizational consolidation and data sharing for statistical purposes.

The economic statistics gathered and analyzed by the Federal Government are integral to public and private decisionmaking. The financial markets rise and fall, Federal aid is determined and distributed, and businesses make a wide variety of decisions all based on the data provided by the Government. Although sound statistics and analysis do not by themselves produce sound public policy, they do provide a necessary foundation from which to identify problems, to evaluate options, and to monitor results. There is widespread concern that Federal statistical agencies could be working more efficiently. The solution may be to consolidate the three main statistical agencies into a single entity. This proposal directly addresses the need for better coordination and planning among economic statistical agencies. The goal of this and other proposals is to improve the Federal statistical system by reducing the organizational and legal barriers to greater coordination.

Title I of the bill establishes a bipartisan Federal Commission on Statistical Policy to study the reorganization of the Federal statistical system. Specifically, the Commission is charged with studying whether and how Federal statistical agencies, including the Bureau of Labor Statistics, the Bureau of Economic Analysis, and the Bureau of the Census, should be merged into a centralized Federal Statistical Service by the year 2001. If the commission recommends consolidation of these bureaus, it will provide Congress with draft legislation outlining implementation of this reorganization. The commission would also make recommendations to Congress on other ways to improve the quality of Federal statistics.

Title II of the bill promotes the sharing of statistical data and information among statistical agencies under uniform confidentiality protections. This legislation would yield many benefits. Data sharing along with the establishment of a Federal Statistical Serv-

ice would eliminate duplication in the collection of statistical data, save valuable resources, and improve the quality of statistical data while protecting the privacy of individuals.

On September 25, 1998, the Senate Governmental Affairs Committee considered S. 1404 the "Statistical Consolidation Act of 1998." Senator Thompson offered an amendment in the nature of a substitute that omitted the "fast-track" provision. The new version was favorably reported by the committee. No further action was taken in the Senate.

c. Legislative History/Status.—H.R. 4620, the Statistical Consolidation Act of 1998 was introduced by Representative Stephen Horn (R–CA). On September 28, 1998, the Subcommittee on Government Management, Information, and Technology marked up H.R. 4620. The bill was favorably reported to the Committee on Government Reform and Oversight. No further action was taken.

d. Hearings.—The subcommittee held two hearings during the 105th Congress on improving the quality of Federal statistics. The first entitled, "Oversight of Metropolitan Statistical Proposals" was held on July 29, 1997. The second was a legislative hearing on the "Statistical Consolidation Act of 1998," and S. 1404 the "Federal Statistical System Act of 1997," held on March 26, 1998.

18. S.J. Res. 58, Recognizing the Accomplishments of the Offices of Inspectors General

a. Report Number and Date.—None

b. Summary of Measure.—S.J. Res. 58 salutes the Inspectors General and their staffs for the extremely important work they do on behalf of the American taxpayers. Twenty years ago this month, in an effort to more effectively combat waste and mismanagement in Federal programs, the Committee on Government Reform and Oversight, then known as the Committee on Government Operations, worked to establish Inspectors General in the largest executive agencies.

Inspectors General serve to protect the integrity of Federal programs and resources. Through their audits and investigations, Inspectors General seek to determine whether program officers, contractors, Federal workers, grantees, and others are conforming with regulations and laws. Congress has come to rely heavily on the critical work of the Inspectors General. Their audits and inspections help root out serious problems in Federal programs and bring them into the light of day.

In April 1998, the subcommittee conducted a series of hearings looking at financial management in the Federal Government. One of these hearings focused on the status of financial management practices at the Health Care Financing Administration. At that hearing, the Inspector General of the Department of Health and Human Services exposed a stunning $20.3 billion in waste in the Medicare program.

With the exposure of problems such as this, agencies and Congress can work to improve Federal programs, make them more efficient, more effective, and less costly. American taxpayers deserve no less from the Federal Government than the utmost accountability for their hard-earned money.

c. Legislative History/Status.—S.J. Res. 58 was introduced by Senator John Glenn on October 1, 1998 and it was passed by the Senate that day. It was referred to the Committee on Government Reform and Oversight, Subcommittee on Government Management, Information, and Technology in the House. It was passed by the House under suspension of the rules on October 10, 1998, and was signed by the President on November 2, 1998.

d. Hearings.—The subcommittee held two hearings on issues concerning Inspectors General: "Oversight of Investigative Practices of Inspectors General," was held on June 24, 1997; "The Inspector General Act of 1978: Twenty Years After Passage, Are the Inspectors General Fulfilling Their Mission?" was held on Tuesday, April 21, 1998.

SUBCOMMITTEE ON HUMAN RESOURCES

1. H.R. 399, the Subsidy Termination for Overdue Payments [STOP] Act.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 399 prohibits the payment of Federal financial assistance to parents who are more than 60 late or delinquent in meeting their child support obligations unless there is deemed to be "good cause" due to factors beyond their control.

c. Legislative History/Status.—H.R. 399 was introduced in the House on January 9, 1997, by Congressman Michael Bilirakis (R–FL).

d. Hearings and Committee Actions.—On November 4, 1997, the Human Resources Subcommittee held a hearing on privatization of child support enforcement services and H.R. 399. Testimony was received from: Congressman Michael Bilirakis (R–FL) and representatives from the GAO, Policy Studies Inc., Lockheed Martin IMS, Maximus Inc., G.C. Services, the Ventura County District Attorney's Office, and the Association for Children for Enforcement of Support.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

1. H.R. 956, Drug-Free Communities Act of 1997.

a. Report Number and Date.—House Report No. 105–105, May 20, 1997.

b. Summary of Measure.—H.R. 956, amends the National Narcotics Leadership Act of 1988, to direct the Director of the Office of National Drug Control Policy to establish a program to support communities in the development and implementation of comprehensive, long-term plans and programs to prevent and treat substance abuse among youth. The bill represents a major, new commitment to novel, well-coordinated anti-drug prevention coalitions on the local level. The bill is also designed to bring national and State leadership to local communities in a systematic manner throughout the United States.

The bill requires the Director, in carrying out the program, to: (1) make and track grants to grant recipients; (2) provide for technical assistance and training, data collection and dissemination of

information on state-of-the-art practices that the Director determines to be effective in reducing substance abuse; and (3) provide for the general administration of the program. The bill also allows the Director to enter into contracts with national drug control agencies, including interagency agreements to delegate authority for the execution of grants and to carry out this act. H.R. 956 authorizes appropriations for fiscal years 1998 through 2002.

In addition, H.R. 956 sets forth specified criteria a coalition shall meet to be eligible to receive an initial or a renewal grant. It prescribes limitations concerning: (1) grant amounts; (2) coalition awards; and (3) rural coalition grants. The legislation grants the Program Administrator general auditing and data collection authority and requires the minimization of reporting requirements by grant recipients.

The measure authorizes the Administrator, with respect to any grant recipient or other organization, to: (1) offer technical assistance and training and enter into contracts and cooperative agreements; and (2) facilitate the coordination of programs between a grant recipient and other organizations, and entities. Authorizes the Administrator to provide training to any representative designated by a grant recipient in: (1) coalition building; (2) task force development; (3) mediation and facilitation, direct service, assessment and evaluation; or (4) any other activity related to the purposes of the program.

Finally, H.R. 956 establishes the Advisory Commission on Drug-Free Communities to advise, consult with, and make recommendations to the Director concerning activities carried out under the program. Within the legislation, the duties of the Advisory Commission are set forth and terminates the Advisory Commission at the end of fiscal year 2002.

c. Legislative History/Status.—H.R. 956 was introduced on March 5, 1997, by Congressman Rob Portman, and referred to the Committee on Government Reform and Oversight. On March 12, 1997, H.R. 956 was referred to the Subcommittee on National Security, International Affairs, and Criminal Justice and the subcommittee held a markup and favorably reported H.R. 956, as amended, to the Committee on Government Reform and Oversight. On May 16, 1997, the Committee on Government Reform and Oversight favorably reported H.R. 956, as amended, House Report No. 105–105, Part I. The Drug-Free Communities Act of 1997 passed the House of Representatives under suspension of the rules by Roll Call vote of 420–1 on May 22, 1997. On June 2, 1997, the bill was referred to the Senate. On June 18, 1997, the Senate passed H.R. 956 by unanimous consent. The Drug-Free Communities Act of 1997 was signed by the President on June 27, 1997, Public Law 105–20.

d. Hearings.—The subcommittee held a hearing on March 12, 1997, at which Congressmen Rob Portman and Sander Levin testified as sponsors of the bill. James E. Copple, president and CEO of Community Anti-Drug Coalitions of America [CADCA], and Robert Francis, executive director of Regional Youth Adult Substance Abuse Project [RYASAP] based in Bridgeport, CT, also testified in support of the bill. Congressman Charles B. Rangel submitted a statement for the record.

Subcommittee Chairman J. Dennis Hastert began the hearing with a statement on the problems facing communities as they address the crisis of rising drug abuse and expressed his support for H.R. 956, a bill on which he worked vigorously and of which he was, with Congressman Portman, original co-sponsor. Ranking minority member, Thomas M. Barrett, attributed the rise in teen drug use to the lack of a strong community position and expressed his support.

Congressman Portman outlined the provisions in the bill. Essentially, H.R. 956 rechannels existing resources to effective community efforts aimed at stemming the increase in teen drug abuse, and reversing the drug tolerance. Representative Portman labeled the mounting teen drug epidemic "a call to action." At its core, H.R. 956 provides incentives for communities to address this problem cost-effectively.

Congressman Sander Levin described the bills enormous potential contribution to anti-drug efforts and said it would give way to a renewed national commitment, helping communities learn from each others activities. Mr. Copple stressed that "anti-drug" coalitions are necessary and noted that this bill would unify whole communities and provide essential resources. Through an emphasis on outcome evaluation and increased participation by elected officials and citizens, this legislation will significantly aid ONDCP in coordinating domestic anti-drug efforts. Mr. Francis added that young people must be offered meaningful alternatives, and encouraged to find long term solutions to their drug problem.

2. H.R. 2610/H.R. 4328, Reauthorization of the Office of National Drug Control Policy.

a. Report Number and Date.—No report filed.

b. Summary of Measure.—"Reauthorization" provides Congress with the opportunity to evaluate the success of an agency's structure and powers in accomplishing the goals set out by the legislative branch. It also offers a chance to revisit those goals and change the structure and power of relationships among agencies to accomplish new and existing goals.

The Office of National Drug Control Policy [ONDCP] was originally authorized by the Anti-Drug Abuse Act of 1988, Public Law 100–690. The most recent authorization of ONDCP expired on September 30, 1997. The purpose of H.R. 2610/H.R. 4328 is to not only reauthorize, reorganize and redirect the manner in which the drug war is being fought by ONDCP, but to assure accountability in this effort by insisting that agencies justify their resource allocations. By augmenting the authority of the Drug Czar to oversee the National Drug Control Program agencies, as well as setting performance measures for measuring the success of National Drug Control programs and agencies, this committee is insisting anew on accountability in our $17 billion drug war. The American people must know specifically where each tax dollar is being spent.

The major provisions of H.R. 2610/H.R. 4328 include supplementary reporting requirements; redefining existing positions as well as creating additional ones; expanding the powers and responsibilities of the Director; and a 5-year reauthorization set to expire September 30, 2003.

Reporting Requirements.—The fundamental tools of accountability in this bill are "hard targets" for anti-drug performance and reporting requirements for all the National Drug Control Program agencies and ONDCP. Each requirement is intended to ensure that the Drug Czar, as well as Congress, is continuously apprised of each agency's contribution to the drug war.

The first of the five additional reporting requirements is a one-time requirement that ONDCP submit a plan to Congress to return the United States to what would be considered a 1960's level of drug use—namely, a return to use by no more than 3 percent of the population, approximately half the rate we are experiencing today—by December 31, 2003. The second is an annual evaluation of each National Drug Control Program agencys' progress toward reaching the aforementioned goal, submitted to Congress by the Director of ONDCP. Third, the bill requires that each National Drug Control Program agency submit annually to ONDCP a detailed accounting of all money scored as drug money. To ensure the validity of these numbers, this provision mandates that the report be authenticated by the Inspector General of each agency. Fourth, this bill requires the Director to submit to Congress an annual evaluation of each High Intensity Drug Trafficking Area [HIDTA] including a justification for continuing resource allocations. Finally, the bill requires the Director of ONDCP to report to Congress any need for future inter-agency reprogramming, and any which occurred in the previous quarter.

Additional Positions.—H.R. 2610/H.R. 4328 creates three additional positions within ONDCP and reorganizes the office to provide better leadership in the four areas of coordination: supply reduction, demand reduction, and State and local affairs. All of the positions created shall be congressionally approved and nominations must be submitted to the Senate no later than 90 days after the enactment of this bill.

Expansion of Powers and Responsibilities of the Director.—This Congress has established a realistic end goal that has long been missing—-specifically, ONDCP must achieve 3 percent drug use (or a lower figure) across the United States within 5 years. In order to effectively coordinate this goal, this bill augments the Director's authority over the National Drug Control Program agencies and increases the responsibility he holds as the Nations Drug Czar.

One of the fundamental powers imbued in any Director is a degree of influence over the funding of all anti-drug agencies. With this in mind, the bill allows the Director of ONDCP, with the consent of the authorizing and appropriating committees of Congress, to reprogram 3 percent of the effected National Drug Control Program agencies budgets. This allows the Director to increase funding for programs which prove to be affective and cut funding for those that do not.

As coordinator of the U.S. national drug control effort, it is also imperative that the Director be apprised of all relevant appointments to anti-drug positions. This bill assures that the Director is consulted prior to any formal nomination relating to drug control.

This bill tasks the Director with establishing Federal policies, goals, and performance measures (including specific, precise, annual targets) for each of the National Drug Control Program agen-

cies. These targets and goals must specify "milestone dates" by which a portion of the ultimate goal is achieved, in order to track the progress (or lack of progress) of each agency. This bill lays the foundation for a system that will allow Congress to foresee and address any deviation from the designated timeframe.

Finally, with the dangerous escalation of teen drug use and medicinal marijuana initiatives across the United States, it is essential that the Nation's Drug Czar deliver a clear, strong no-use message to America's teenagers. Over the years, illicit narcotics have been growing in purity; so much so that drugs now "on the street" will often kill a first-time user. For this reason, the bill mandates that the Director take all actions necessary to oppose any attempt to legalize any Schedule I substance not otherwise approved by the Food and Drug Administration.

c. Legislative History/Status.—H.R. 2610 was introduced by Congressman J. Dennis Hastert on October 6, 1997, and referred to the House Committee on Government Reform and Oversight the same day. On October 7, 1997, the committee approved H.R. 2610, as amended, favorably by voice vote and forwarded it to the House. On October 21, 1997, H.R. 2610 was called up by the House and passed by voice vote under the suspension of the rules.

The Senate received the bill and referred it to the Committee on the Judiciary on October 22, 1997. On November 6, 1997, the Committee on the Judiciary ordered the bill to be favorably reported with an amendment in the nature of a substitute. Also on November 6, 1997, the bill was placed on the Senate Legislative Calendar under General Orders, Calendar No. 273.

Due to the fact that the bill was not passed by the Senate, it was included in the Omnibus Appropriations Act (H.R. 4328) which became Public Law 105–825. The final vote on the bill was 333–95.

d. Hearings.—The subcommittee held two hearings relating to the ONDCP Reauthorization bill. The first hearing was held on May 1, 1997, entitled, "Reauthorization of the Office of National Drug Control Policy." Testimony was received from General Barry R. McCaffrey, Director of the Office of National Drug Control Policy, and Norman J. Rabkin, Director of Administration of Justice Issues of the General Accounting Office [GAO]. General McCaffrey outlined his responsibility to coordinate the National Drug Control Program agencies and their involvement in the war on drugs. He discussed the 32 objectives and 5 goals of ONDCP in 1997, and progress made toward them since his ascension to office in February 1996. ONDCP stated goals are: to reduce the availability of drugs; reduce drug-related crime; reduce health and social problems associated with drug use; shield U.S. borders from drug transshipment; and focus on educating young people about the dangers of drug abuse. Mr. Rabkin briefed Members on the numerous reports that the GAO had completed over the recent years on the Nation's drug control efforts. He reiterated the need for centralized coordination and accountability for the Nation's efforts.

On June 25, 1997, the subcommittee held a hearing entitled, "Effectiveness of Counterdrug Technology Coordination at ONDCP." Testimony was received from Mr. Albert Brandenstein, chief scientist, Counterdrug Technology Assessment Center [CTAC] at the Office of National Drug Control Policy; Mr. Ray Mintz, Director,

Applied Technology Division, U.S. Customs Service; Mr. Leonard Wolfson, Director, Demand Reduction Systems, Department of Defense Drug Enforcement Policy and Support, Office of the Secretary of Defense; and Mr. David Cooper, Associate Director, National Security and International Affairs Division, General Accounting Office. Mr. Brandenstein reiterated the mission of CTAC, which is to ". . . identify, define, and prioritize short-, medium-, and long-term scientific and technological needs of Federal, State, and local drug enforcement agencies to oversee and coordinate drug technology initiatives with Federal, civilian, and military departments . . ." Both Mr. Mintz and Mr. Wolfson testified of their cooperation with CTAC and the successful and unsuccessful missions that they have embarked upon to assist in the counterdrug effort. Mr. Cooper discussed the differing views that ONDCP and Customs have had on the direction of long-range technology. Mr. Cooper noted the need for ONDCP to be able to exert authority as a coordinating agency over the Nation's counterdrug efforts.

3. H.R. 3310, The Small Business Paperwork Reduction Act Amendments of 1998.

a. Report number and date.—House Report 105–462 Part 1, March 24, 1998, Together with Dissenting Views.

b. Summary of measure.—Paperwork counts for *one-third* of total regulatory costs or $225 billion. It took 6.7 billion man hours to complete government paperwork in 1996. The time and money required to keep up with government paperwork prevents many small businesses from growing and creating new jobs. Clearly, small businesses are in desperate need of relief. The purpose of the "Small Business Paperwork Reduction Act Amendments of 1998" is to reduce the burden of Federal paperwork on small businesses.

The measure would (1) require the Office of Information and Regulatory Affairs [OIRA] at the Office of Management and Budget [OMB] to publish a list annually on the Internet and in the Federal Register of all the Federal paperwork requirements for small business; (2) require each agency to establish one point of contact to act as a liaison between small businesses and the agency regarding paperwork requirements and the control of paperwork; (3) suspend civil fines on small businesses for first-time paperwork violations so that the small businesses may correct the violations; (4) require each agency to make further efforts to reduce paperwork for small businesses with fewer than 25 employees, in addition to meeting the current paperwork reduction requirements of the Paperwork Reduction Act; and (5) establish a task force, convened by OIRA, to study the feasibility of streamlining reporting requirements for small businesses.

The suspension of fines section of the measure includes exceptions to ensure that small businesses which do not make a good faith effort to comply with paperwork requirements are not relieved of the penalties for their violations. This section provides that civil fines may be suspended for 6 months *unless* the agency head determines that the violation caused actual serious harm; that waiving the fine would impede the detection of criminal activity; that the violation is a violation of the internal revenue laws or any law concerning the assessment or collection of a tax, debt, revenue or re-

ceipt; or that the violation presents an imminent and substantial danger to the public health and safety.

If the agency head determines that the violation presents an imminent and substantial danger to the public health and safety, the agency head may impose a fine or suspend the fine for 24 hours to allow the small business to correct the violation. In making this determination, the agency head shall take into account all the facts and circumstances of the violation, including the following factors: (1) the nature and seriousness of the violation, including whether it is willful or criminal; (2) whether the small business has made a good faith effort to comply and correct the violation; (3) the previous compliance history of the small business, including any past enforcement actions against its owners or principals; and (4) whether the small business has obtained a significant economic benefit from the violation. Only civil fines may be suspended, not criminal. Only fines assessed for violations of collection of information (paperwork) requirements may be suspended, not fines for violations of other regulatory requirements. This provision also applies to civil fines levied by State governments, acting pursuant to delegated authority, for violations of any Federal paperwork requirement administered by such State governments.

c. Legislative status.—H.R. 3310 was approved by the House on March 26, 1998 by a vote of 267 to 140.

d. Hearings.—"H.R. 3310, Small Business Paperwork Reduction Act Amendments of 1998" hearings were held on March 5, 1998, and March 17, 1998.

4. H.R. 1704, The Congressional Office of Regulatory Analysis Creation Act.

a. Report number and date.—House Report 105–441 Part 2, June 3, 1998, Together with Minority Views.

b. Summary of measure.—The purpose of the "Congressional Office of Regulatory Analysis Creation Act" is to establish a Congressional Office of Regulatory Analysis [CORA] to aid Congress in analyzing Federal regulations. CORA would consolidate Congress's regulatory analysis functions, which are now performed by the Congressional Budget Office [CBO] and the General Accounting Office [GAO]. CORA's responsibilities would include: (1) analyzing all major rules and reporting to Congress on their potential costs, benefits, and alternate approaches that could achieve the same regulatory goals at lower costs; (2) analyzing non-major rules, which currently are not analyzed by GAO and Office of Management and Budget, at the request of committees or Members of Congress; and (3) issuing an annual report on the total costs and benefits of Federal regulations on the economy.

This measure would transfer GAO's responsibilities under the Congressional Review Act [CRA] (5 U.S.C. § 801) to CORA. Specifically, CORA would submit a report to Congress for each "major" rule (as defined in the CRA) on the issuing agency's compliance with all applicable regulatory procedures. In addition to this procedural review, this measure requires CORA to conduct its own analysis of the costs and benefits of each major rule. This analysis shall not duplicate the regulatory impact analysis conducted by the agency. Rather, CORA shall use data and analyses generated by

the agency in developing the rule, as well as any data otherwise acquired by CORA. In addition to its review and analysis of major rules, CORA is required to provide a review and analysis of any non-major rule, upon the request of any committee or individual Member of Congress. CORA is required to give major rules first priority.

This measure would also transfer to the Director of CORA some of CBO's functions under the Unfunded Mandates Reform Act [UMRA]. The UMRA requires the Director of CBO to compare the agency's estimates of costs that a new regulation is expected to impose on State and local governments with cost estimates previously produced by CBO at the time the relevant authorizing legislation was introduced. The bill would transfer the comparison function to CORA (but CBO would retain the function of producing cost estimates at the time the legislation is enacted).

The bill requires the Director of CORA to provide information to the House Committee on Government Reform and Oversight on matters pertinent to the committee's jurisdiction, including the committee's authorization and oversight of the Office of Information and Regulatory Affairs in the OMB.

The bill authorizes appropriations of $5.2 million for CORA for each fiscal year from 1998 through 2006, except that no funds shall be authorized for the Office in the event that total legislative branch funding exceeds the amount appropriated for fiscal year 1998. This section insures that the Office's funding is drawn from existing legislative branch funding and does not increase the total budget of the legislative branch.

c. Legislative status.—On May 21, 1998, the committee favorably reported the bill by a voice vote.

d. Hearings.—"H.R. 1704, Congressional Office of Regulatory Analysis Creation Act" hearing was held on March 17, 1998.

SUBCOMMITTEE ON THE POSTAL SERVICE

1. H.R. 22, The Postal Reform Act of 1997.

a. Report Number and Date.—None.

b. Summary of Measure.—The subcommittee held extensive hearings on Postal Reform during the 104th Congress and a broad range of postal stakeholders testified at that time. (Activities of the House Committee on Government Reform and Oversight, Report 104–874, January 1997.) The current bill, H.R. 22, was introduced at the beginning of this session and reflected the previous legislation which had been enacted in the 104th Congress, including increased salaries for the Governors of the Postal Service and the establishment of the Office of the Inspector General. A major focus of the legislation is reform of the current ratemaking process. The current structure as enacted by the Postal Reorganization Act of 1970, removed Congress from the ratemaking process by implementing a cost-based ratemaking system whereby rates are based on the cost of providing a specific service. The legislation divides postal products into competitive and noncompetitive categories. For noncompetitive postal products, H.R. 22 updates this rate cap pricing system.

The purpose of this hearing was to determine what, if any, inflation index should be used as the benchmark and whether a factor representing productivity gains in the economy should be applied against this inflation marker. The legislation gives new authorities to the Postal Rate Commission for ensuring against service and delivery degradation. It is imperative to achieve a rate-setting procedure which protects captive customers from undue bias in rates while recognizing demand factor in pricing postal products. Expectations for postal service have changed over the past 27 years and conflicting demands have been placed on the Postal Service due to technological and competitive changes. H.R. 22 addresses these concerns. Six nationally renowned economists testified and responded to oral and written questions for the record. John Kwoka of George Washington University testified that over the past 10 to 15 years price caps have rapidly replaced cost-based ratemaking as the plan for monopolies and companies. Most State public utility commissions have adopted price caps or similar performance-based plans. The example of AT&T's success with price caps was touted. However, not all price cap regimes work equally well, depending on the circumstances of the company utilizing the method. A good price cap plan should work to the benefit of both the consumer and the provider. The consumer looks for lower prices which the company must provide by instituting efficiencies without eroding service quality, while motivating managers and employees to attain these efficiencies through compensation and rewards.

Kenneth Rose, senior economist at the National Regulatory Research Institute, testified that price caps are seen as a superior way to regulate as opposed to traditional cost of service methods. In the field of electricity regulation, price caps have held down costs and prices and increased productivity; though possibility for degradation of service quality exists it is not regarded as an insurmountable problem.

There are differences between electric utilities and the Postal Service which may cause different results in utilizing price caps. However, generally, price caps create better incentives for cost reduction and control by severing the link between the rate which can be charged and the costs. Price caps are simple to administer compared with cost-based regulation; it allows for more price flexibility to arrange terms with customers and protects customers with few or no practical alternatives; and price caps can be used as a transition tool to a competitive market. Price caps work best in a competitive market. However, if there was significant competition, price caps would not be necessary and the market could be deregulated but, depending on the product, it may not be feasible to have a completely deregulated market. An additional impediment in implementing a price cap regime to the Postal Service is the fact that the Service has no stockholders to whom dividends are paid when the company gains profit and are penalized when profits are lower.

Joel Popkin, president of Joel Popkin and Co. testified that the performance of the Postal Service since its reorganization in 1971 has been a bit better than the U.S. private business. The wage earnings of a typical postal worker (at level 5) lags behind private sector wages. He said that postal market shares have been growing, labor productivity has risen, postal rates have risen below the

Consumer Price Index, but less than CPI for services. Mr. Popkin suggested that since the Postal Service is a service industry, should a price cap regime be instituted, the index selected should be CPI for consumer services. However, he concluded that price caps in an industry which is labor intensive is equivalent to wage caps and there is no need to alter the regulatory environment since the Postal Service is doing well.

Gregory Sidak, resident scholar, American Enterprise Institute for Public Policy Research, stated that because the Postal Service is a not-for-profit enterprise, it is difficult to relate how a for-profit, shareholder price-cap experience would work for a not-for-profit business. Though H.R. 22 replicates some private-sector incentives, it does not go far enough to maximize profits and minimize costs. He asked why not privatize the Postal Service. Mr. Sidak discussed the two monopolies enjoyed by the Postal Service: Private Express Statutes (enacted in the 1840's) and the mailbox monopoly (enacted in 1934). In defining "letters" and "packets" the Postal Service has the power to define the scope of its own monopoly. He raised the issue that both these monopolies appear in the U.S. Criminal Code because they are criminal prohibitions. Because the definitions are vague, as a matter of due process the statute may be void and unenforceable. Furthermore, he asserted, the mailbox monopoly makes it possible for the Postal Service to raise the costs of its rivals in making deliveries to their customers. He testified in favor of repealing the Private Express Statutes, the mailbox monopoly and other statutory privileges. He also recommended that the burden of universal service be removed and all services of the Postal Service be subject to antitrust oversight, pointing to commercialization of the Postal Service. However, if that was not expedient he recommended that there should be an increase of regulatory oversight of the Service, including enhancing the powers of the Postal Rate Commission, and the ability for the Service to initiate and offer postal products.

Professor Michael Crew of Rutgers University and Professor Paul Kleindorfer of the University of Pennsylvania presented joint testimony. Changes to the Postal Service are due because of exogenous factors such as technological change which are revolutionizing traditional communications systems. To remain viable, postal administrations worldwide are undergoing reform and becoming more businesslike. Mr. Crew suggested privatization of the Postal Service with a labor force subject to the right to strike and lock out provisions—not binding arbitration. He reported that price cap regulations have worked in Great Britain because the industries are now privatized. For price cap regulations to succeed, there must be residual claimants. Absent these residual claimants, management lacks proper incentives to make profits and increase the value of shareholders' investments. Therefore, price caps for a publicly held enterprise whose employees are subject to binding arbitration may prove to be problematic.

Mr. Kleindorfer referred to concerns he had with the product baskets and the uniform applicability of adjustment factors within these baskets. He proposed a more flexible definition which would be used only for monopoly products and price regulation would be applicable only to monopoly services. The more flexible definition

and the use of indexing within the regulated basket would give the Postal Service an opportunity to compete and innovate. Products would be divided into regulated and nonregulated groups.

c. Benefits.—Improvements in ratemaking, with assurance of nondiscrimination in rates to users of monopoly products of the Postal Service, will enhance mail service to all users. Instituting a flexible ratemaking structure should make postal products more competitive, which benefits all Americans. Witnesses further testified that a properly constructed price cap regime initiates incentives to control costs, thereby helping attract and retain postal customers. It is important that all stakeholders come together to preserve the one institution charged with providing universal mail service to all 50 States and territories.

d. Legislative History/Status.—H.R. 22, was introduced by Subcommittee Chairman John M. McHugh, (R–NY), on January 7, 1997. The legislation was referred to the Committee on Government Reform and Oversight on January 22, 1997, and referred to the Subcommittee on the Postal Service. A legislative hearing was held on April 16, 1997.

e. Hearings.—Hearing entitled, "H.R. 22, The Postal Reform Act of 1997" was held on April 16, 1997.

2. H.R. 282, To Designate the United States Post Office building located at 153 East 110th Street, New York, New York, as the "Oscar Garcia Rivera Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—The bill designates the U.S. Post Office building located at 153 East 110th Street, New York, NY, as the "Oscar Garcia Rivera Post Office Building." This legislation honors the first Puerto Rican elected to public office in the continental United States. After graduating from high school, Mr. Rivera came to New York and worked at the post office in City Hall while attending college. He was instrumental in organizing and establishing the Association of Puerto Rican and Hispanic Employees within the Post Office Department. He was elected assemblyman in the State of New York in 1937, and served until 1940. Mr. Rivera returned to Puerto Rico where he continued to be known for his commitment to protect the rights of manual laborers and remained a role model and a community leader.

c. Legislative History/Status.—The legislation was introduced January 7, 1997, by Representative Serrano of New York and was cosponsored by the entire New York House Delegation, as required by the Committee on Government Reform and Oversight. The subcommittee forwarded the measure to the committee. On October 7, 1997, H.R. 282 was considered by the committee and ordered reported by voice vote. On October 21, 1997, the bill was called up by the House under suspension of the rules and it passed by voice vote. The Senate received the bill on October 22, 1997, and the Committee on Governmental Affairs ordered the bill to be reported favorably on November 5. H.R. 282 passed the Senate by unanimous consent on November 9, 1997, and became Public Law No. 105–87.

d. Hearings.—None were held on this legislation.

3. H.R. 499, To designate the facility of the United States Postal Service under construction at 7411 Barlite Boulevard in San Antonio, Texas, as the "Frank M. Tejeda Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 499 designates the facility of the U.S. Postal Service under construction at 7411 Barlite Boulevard in San Antonio, TX, as the "Frank M. Tejeda Post Office Building". The measure honors the late Representative Frank Tejeda who died in office while serving his 2nd term as the first elected Representative from the 28th District of Texas. Representative Tejeda was awarded the Purple Heart, the Bronze Star, the Commandant's Trophy, the Marine Corps Association Award, among others, for his service with the Marine Corps during the Vietnam conflict. Although he was a high school drop out, Representative Tejeda earned the highest academic average in Marine Corps history when he attended officer candidate school. He later received a J.D. from the University of California, Berkeley, a master's degree in public administration from Harvard and a master of law from Yale. He served in the Texas' State Legislature in both the House and Senate from 1977 until 1992, when he came to Congress.

c. Legislative History/Status.—H.R. 499 was introduced by Representative Bonilla on February 4, 1997, and supported by all members of the House delegation of the State of Texas. The bill was referred to the House Committee on Government Reform and Oversight on February 4, 1997, and then referred to the Subcommittee on the Postal Service on February 5, 1997. The House called up the legislation under suspension of the rules on February 5th, and the measure was passed by a recorded vote of 400–0 (Roll No. 9). The Senate received the bill on February 6, 1997, and was referred to the Committee on Governmental Affairs. The committee discharged the bill, and the Senate passed H.R. 499 by unanimous consent and the bill was cleared for the White House. The President signed the measure on March 3, 1997, to become Public Law No. 105–4.

d. Hearings.—No hearings were held on this legislation.

4. H.R. 681, To designate the United States Post Office building located at 313 East Broadway in Glendale, California, as the "Carlos J. Moorhead Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 681 designates the U.S. Post Office building located at 313 East Broadway in Glendale, CA as the "Carlos J. Moorhead Post Office Building". The legislation honors Representative Moorhead who served in the U.S. House of Representatives from 1972 until he retired in 1997. While a member of the Committee on the Judiciary, Mr. Moorhead became chairman of the Subcommittee on Courts and Intellectual Property. He is a veteran of World War II and a retired Judge Advocate Lieutenant Colonel.

c. Legislative History/Status.—This legislation was introduced by Representative Henry Hyde of Illinois on February 11, 1997, and was cosponsored by all Members of the California House delegation, (the State in which the post office will be located). H.R. 681

was referred to the House Committee on Government Reform and Oversight and subsequently referred to the Subcommittee on the Postal Service. On October 7, 1997, the committee considered and favorably order the bill to be reported to the House by voice vote. The measure was called up by the House on October 21, 1997, under suspension of the rules, and was passed on voice vote. H.R. 681 was received by the Senate on October 22, 1997, and referred to the Committee on Governmental Affairs, which reported the bill favorably on November 5. The Senate passed the bill by unanimous consent on November 9, and the President signed the legislation on November 19, 1997, to become Public Law No. 105–88.

d. Hearings.—No hearings were held on this measure.

5. H.R. 1057, To designate the building in Indianapolis, Indiana, which houses operations of the Indianapolis Main Post Office as the "Andrew Jacobs, Jr. Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1057 designates the building in Indianapolis, IN, which houses the operations of the Circle City Station Post Office as the "Andrew Jacobs, Jr. Post Office Building". The legislation honors Representative Andrew Jacobs who served in the House for 30 years. After serving in the Marine Corps during the Korean conflict, he received his undergraduate and law degrees from the University of Indiana. He served in the Indiana State House and was elected to represent his district in the 89th Congress through the 104th Congress, with a break during the 93rd Congress. During his tenure in Congress, he chaired the Social Security Subcommittee of the Committee on Ways and Means.

c. Legislative History/Status.—H.R. 1057 was introduced by Chairman Burton on March 13, 1997, and was cosponsored by the House delegation of the State of Indiana. It was referred to the House Committee on Government Reform and Oversight and subsequently to the Subcommittee on the Postal Service. The subcommittee considered and marked up the bill on April 8, 1997. H.R. 1057 was amended by the subcommittee to reflect the name of the facility, from "Circle City Station Post Office" to "Indianapolis Main Post Office". The legislation, as amended, was passed favorably by voice vote by the subcommittee and ordered forwarded to the committee for consideration. The committee considered and marked up the bill on May 16, 1997, and ordered it reported to the House. H.R. 1057 was called up by the House under suspension of the rules, and the bill as amended was adopted by the House on a Yea-Nay Vote (413–0). The bill was received in the Senate and referred to the Committee on Governmental Affairs. On October 9, the committee discharged the bill and was passed by the Senate on November 9, 1997, by unanimous consent. The President signed the legislation on November 19, 1997, and it became Public Law No. 105–90.

d. Hearings.—No hearings were held on the legislation.

6. H.R. 1058, To designate the facility of the United States Postal Service under construction at 150 West Margaret Drive in Terre Haute, Indiana, as the "John T. Myers Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1058 designates the facility of the U.S. Postal Service under construction at 150 West Margaret Drive in Terre Haute, IN, as the "John T. Myers Post Office Building". The legislation honors Representative John T. Myers, who was elected by the 7th District of Indiana to serve in the U.S. House of Representatives in the 90th Congress and served until his retirement following the 104th Congress. He served on the Committee on Appropriations, and was chairman of the Subcommittee on Energy and Water Development for 2 years. He was ranking member of the House Ethics Committee in the 1980's, and served as ranking member of the Committee on Post Office and Civil Service in 1993 and 1994.

c. Legislative History/Status.—The bill was introduced by Chairman Burton on March 13, 1997. It was referred to the House Committee on Government Reform and Oversight on March 13 and subsequential to the Subcommittee on Postal Service on March 14, 1997. The subcommittee considered and marked-up the legislation on April 8, 1997, and forwarded it to the full committee by voice vote. On May 16, 1997, the committee considered and marked-up the legislation and ordered it favorably reported by voice vote to the House. The House called up the legislation under suspension of the rules on June 17, 1997, and H.R. 1508 passed the House by Yea-Nay Vote: 416–0 (Roll No. 205). The legislation was received by the Senate on June 18, 1997, and referred to the Committee on Governmental Affairs. On October 9, 1997, the Senate Committee on Governmental Affairs discharged the bill and the Senate passed the bill by unanimous consent on November 9, 1997. The President signed the legislation on November 19, 1997, and it became Public Law No. 105–91.

d. Hearings.—No hearings were on the legislation.

7. H.R. 1231, the "Post Office Relocation Act of 1997."

a. Report Number and Date.—None.

b. Summary of Measure.—This legislation amends title 39, United States Code, to establish guidelines for the renovation, relocation, closing, or consolidation of post offices, and for other purposes. Generally, this legislation addresses the issue of emergency closings of post offices. The GAO submitted comments on this issue on April 23, 1997.

c. Legislative History/Status.—H.R. 1231 was introduced by Representative Blumenauer on April 8, 1997. The bill was referred to the Committee on Government Reform and Oversight and subsequential referred to the Subcommittee on the Postal Service.

d. Hearings.—No hearings were conducted on this legislation.

8. H.R. 1254, A bill to designate the United States Post Office building located at Bennett and Kansas Avenue in Springfield, Missouri, as the "John N. Griesemer Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1254 designated the U.S. Post Office building located at Bennett and Kansas Avenue in Springfield, MO, as the "John N. Griesemer Post Office Building". The measure honors John N. Griesemer, a native of Missouri who served as an engineering officer in the U.S. Air Force from 1954 until 1956.

After his discharge from the Air Force, he joined his family's business where he served as president and as director until his death in 1993. Mr. Griesemer also founded and served as director and president of several companies in Missouri and was an active participant in his community. In 1984, President Reagan named John Griesemer to serve on the U.S. Postal Service Board of Governors. He was elected chairman of the Board in 1987 and 1988, and served for 3 years as the Board's vice chairman.

c. Legislative History/Status.—H.R. 1254 was introduced by Representative Blunt on April 9, 1997, and was supported by all members of the House delegation of the State of Missouri. The bill was referred to the Subcommittee on the Postal Service on April 14, 1997, of the committee. The subcommittee considered the legislation on June 5, 1997, and amended the legislation to reflect the accurate address of the facility, 1919 West Bennett Street, which was designated by the city after the legislation was introduced. The subcommittee voted on the legislation as amended by voice vote and forwarded it to the full committee. The House Committee on Government Reform and Oversight discharged the bill and H.R. 1254 was called up by the House under suspension of the rules. It was considered by the House and the measure passed the House as amended by voice vote on September 16, 1997. H.R. 1254 was received in the Senate on September 17, 1997, and referred to the Committee on Governmental Affairs. On November 13, the Senate Committee on Governmental Affairs discharged the bill and it passed the Senate by unanimous consent the same day and cleared for the White House. The President signed the bill on December 2, 1997, to become Public Law No. 105–131.

d. Hearings.—No hearings were held on this legislation.

9. H.R. 1585, A bill to allow postal patrons to contribute to funding for breast cancer research through the voluntary purchase of certain specially issued United States postage stamps.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1585, the Stamp Out Breast Cancer Act, as amended permits postal patrons to contribute to funding for breast cancer research through the voluntary purchase of specially issued U.S. postal stamps. The rate will be determined by the Governors of the Postal Service and offered as an alternative to the regular First-Class rate of postage. Such rates will be equal to regular First-Class rate of postage, plus a differential not to exceed 26 percent of the First Class rate. After the sale of specially designated stamps, 70 percent of the funds are designated to be available for breast cancer research at the National Institutes of Health and the remainder to the Department of Defense, payments to be made at least twice a year. The Postmaster General is required to include information regarding the operation of the act in each annual report to the Board of Governors. The act is terminated at the end of the 2-year period beginning on the date on which the postage stamps are first made available to the public. The Comptroller General is required to report to Congress regarding the act, no later than 3 months, but not earlier than 6 months, before the end of the period covered by the act.

b. Legislative History/Status.—This legislation was introduced by Representative Susan Molinari (R–NY) on May 13, 1997. It was referred to the Committee on Government Reform and Oversight, in addition to the Committees on Commerce, and National Security, for a period to be determined by the Speaker for consideration of the provisions as fall within the jurisdiction of the respective committees. On May 19, 1997, the legislation was referred to the Subcommittee on the Postal Service and on May 21, it was referred to the Committee on Commerce, Subcommittee on Health and Environment. H.R. 1585 was also referred to the Committee on National Security, Subcommittee on Military Readiness on June 5, 1997. The House called up the bill under suspension of the rules on July 22, 1997, and passed the Houses as amended by Subcommittee Chairman McHugh by a record vote of 422–3 (Roll No. 299). The Senate received the legislation on July 23, 1997, and the measure passed the Senate by unanimous consent and it was cleared for the White House. The President signed the legislature on August 13, 1997, to become Public Law No. 105–41.

d. Hearings.—No hearings were held on the measure.

10. H.R. 2013, To designate the facility of the United States Postal Service located at 551 Kingstown Road in South Kingstown, Rhode Island, as the "David B. Champagne Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2013 designates the facility of the U.S. Postal Service located at 551 Kingstown Road in South Kingstown, RI, as the "David B. Champagne Post Office Building". The bill recognizes the valiant efforts of David B. Champagne, a 19 year old Marine, born in Wakefield, RI, and after completing high school, joined the Marine Corps and lost his life in the Korean conflict after saving the lives of his fellow Marines. Corporal Champagne was posthumously awarded the Medal of Honor by President Eisenhower for his gallantry above the call of duty in action against the enemy.

c. Legislative History/Status.—H.R. 2013 was introduced by Representative Weygand on June 23, 1997, and cosponsored by the House delegation from the State of Rhode Island. The bill was referred to the House Committee on Government Reform and Oversight on June 23, 1997, and referred to the Subcommittee on the Postal Service on June 26, 1997. The committee considered the bill on October 7, 1997, and was favorably ordered reported to the House by voice vote. The House called up the bill under suspension of the rules on October 21, 1997, and it passed by voice vote. H.R. 2013 was received in the Senate on October 22, 1997, and was passed by the Senate by unanimous consent on October 24, 1997. The President signed the bill on November 10, 1997, becoming Public Law No. 105–70.

d. Hearings.—No hearings were held on this legislation.

11. H.R. 2015, Balanced Budget Act of 1997 (also known as the Budget Reconciliation bill).

a. Report Number and Date.—House Report No. 105–149, June 24, 1997.

b. Summary of Measure.—This bill provides for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the House Concurrent Resolution 84 on the budget for fiscal year 1998. The Subcommittee on the Postal Service considered legislation repealing the authorization of appropriations for transitional expenses to the U.S. Postal Service pursuant to 39 U.S.C. § 2004. This section provides reimbursement for payments to the employee compensation fund based on obligations incurred when the U.S. Postal Service was the Post Office Department. Until enactment of H.R. 2015, the Postal Service received an annual appropriation of approximately $35 million to cover expenses associated with workers' compensation liabilities incurred prior to Postal Reorganization in 1970.

This portion of the Budget Reconciliation bill, Section 6001, does not relieve the Postal Service from having to reimburse the Employee Compensation Fund. Under this measure, the financial obligations of the former Post Office Department pertaining to the Employee Compensation Fund becomes those of the U.S. Postal Service and the Postal Service Fund. This provision mandates that the Postal Service be required to make payments for employees of the former Post Office Department to the Department of Labor from its own revenues, without Federal reimbursement. Enactment of the legislation will not affect the payment made to individuals receiving benefits from the Employee Compensation Fund. The measure stipulated that if the appropriation for funding the transitional appropriations is enacted prior to the enactment of this measure, then the Postal Service Fund will reimburse the U.S. Treasury an amount equal to the appropriation it has received. In addition, technical changes were made in this legislation.

c. Legislative History/Status.—The subcommittee considered the proposal and held a markup of the legislation on June 5, 1997, and favorably ordering it reported to the House Committee on Government Reform and Oversight, where the measure was approved the same day. The committee forwarded the provision to the House Committee on the Budget and it was included as Section 6001 of H.R. 2015. The Committee on the Budget reported the legislation to the House, as report No. 105–149, on June 24, 1997, and it was called up by special rule and considered by the House on June 25, 1997. The measure passed the House as amended by a vote of 270–162 (Roll Call Vote No. 240). After passing the Senate, the House and Senate agreed to the Conference Report and the measure was presented to the President who signed H.R. 2015. The legislation became Public Law 105–33 on August 5, 1997.

d. Hearings.—No hearings were held on this provision.

12. H.R. 2129, To designate the United States Post Office located at 150 North 3rd Street in Steubenville, Ohio, as the "Douglas Applegate Post Office".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2129 designates the U.S. Post Office located at 150 North 3rd Street in Steubenville, OH as the "Douglas Applegate Post Office". Mr. Applegate was elected to the 95th Congress by Ohio's 18th Congressional District and re-elected each term until his retirement after the 103d Congress. Represent-

ative Applegate was known as an advocate of America's veterans and was the chairman of the Veterans' Affairs Subcommittee on Compensation, Pensions, and Insurance.

c. Legislative History/Status.—H.R. 2129 was introduced by Representative Traficant on July 9, 1997, and the bill was referred to the House Committee on Government Reform and Oversight. On July 15, the legislation was referred to the subcommittee on the Postal Service. The committee considered the legislation on October 7, 1997, and was ordered to be reported by voice vote to the House. The House considered the legislation under suspension of the rules on October 21, 1997, and it was passed by voice vote. The Senate received the bill on October 22, 1997, and referred to the Committee on Governmental Affairs. The committee ordered the legislation to be reported favorably to the Senate on November 5, 1997. On November 9, 1997, H.R. 2129 was passed by the Senate by unanimous consent and was cleared for the White House. The President signed the legislation on November 19, 1997, and it became Public Law No. 105–97.

d. Hearings.—No hearings were held on this legislation.

13. H.R. 2378, Making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1998, and for other purposes.

a. Report Number and Date.—House Report No. 105–240, August 5, 1997. Supplemental report filed September 3, 1997; Pt. II. Supplemental report filed September 11, 1997; Pt. III. Conference Report filed September 29, 1997; 105–284.

b. Summary of Measure.—Title II of H.R. 2378, the Treasury, Postal Service and General Government Appropriations bill relates to payments to the Postal Service Fund for revenue foregone on free and reduced rate mail for non-funded liabilities. The Postal Service operates on funds generated through the sale of its goods and services and has not received an appropriation for operating expenses since 1982. The current appropriation is directed for specific programs and not intended for general postal operation and programs.

Section 519 of the bill provided that no funds appropriated for the U.S. Postal Service under this or any other act may be expended by the Postal Service to expand the Global Package Link Service [GPL]. This language applied to the current appropriations and incorporated by reference the permanent appropriation authority contained in title 39 of the United States Code section 2401(a), thus violating the Rules of the House of Representatives clause 2 of rule XXI, which prohibits reporting a provision which changes existing law. Subcommittee Chairman McHugh raised a point of order on the House floor, which was conceded by Mr. Kolbe, chairman, Subcommittee on Treasury, Postal Service, and General Government, Committee on Appropriations.

The subject of the amendment, Global Package Link Service, is a specialized bulk shipping service for mail order goods which provides international air export parcel delivery service for postal customers. These companies rely on the U.S. Postal Service to provide timely services to worldwide customers. The program is funded

solely through ratepayer revenues. GPL's enhanced technology is utilized by American companies in conducting their business in international markets. These companies rely on the U.S. Postal Service to provide timely services to worldwide customers. Affected companies, and those who do not as yet utilize the service, claim that curtailing the program would adversely impact their ability to compete and expand in lucrative international markets.

c. Legislative History/Status.—H.R. 2378 was introduced by Mr. Kolbe, chairman, Subcommittee on Treasury, Postal Service, and General Government, Committee on Appropriations on August 5, 1997. The measure was called up as a privileged matter in the House on September 17, 1997, and was passed as amended by Roll Call Vote No. 403 of 231–192. The measure was passed the same day in the Senate, as amended, in lieu of S. 1023. Conferences were held and both the Senate and House agreed to the conference report and signed the enrolled measure. The measure was presented to the President, and became Public Law 105–61.

d. Hearings.—No hearings were conducted by the subcommittee on this legislation.

14. H.R. 2564, To designate the United States Post Office located at 450 North Centre Street in Pottsville, Pennsylvania, as the "Peter J. McCloskey Postal Facility".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2564 designates the U.S. Post Office located at 450 North Centre Street in Pottsville, PA, as the "Peter J. McCloskey Postal Facility". The naming of the Post Office honors Peter McCloskey, a Pennsylvania native who joined the U.S. Army Air Corps during World War II. In 1967, he was selected to join the Post Office Department as Acting Postmaster of the city of Pottsville and then was appointed Postmaster. Mr. McCloskey has been active in the Pottsville community for more than 60 years.

c. Legislative History/Status.—H.R. 2564 was introduced on September 26, 1997, by Representative Holden and cosponsored by the entire Pennsylvania House delegation. It was referred to the House Committee on Government Reform and Oversight and then referred to the Subcommittee on the Postal Service on September 30, 1997. On October 7, 1997, the legislation considered and favorably reported to the House by voice vote. The measure was called up by the House under suspension of the rules on October 21, 1997, and it passed the House by voice vote. The Senate received the bill on October 22, 1997, and referred it to the Committee on Governmental Affairs. The bill was ordered reported favorably to the Senate without a report. The legislation was passed by the Senate on November 9, 1997, by unanimous consent and presented to the President who signed the measure into law on November 19, 1997, to become Public Law 105–99.

d. Hearings.—No hearings were held on this measure.

15. S. 1378, A bill to extend the authorization of use of official mail in the location and recovery of missing children, and for other purposes.

a. Report Number and Date.—None.

b. Summary of Measure.—S. 1378 extends the authorization for use of official mail in the location and recovery of missing children through December 31, 2002. Authorization was initially approved on August 9, 1985, and extended in October 1992. The present authorization is due to expire at the end of 1997. The legislation enables Members of Congress to mail a photo and description of missing children, as provided by the National Center for Missing and Exploited Children, in their franked mail in efforts to raise public awareness to locate these children. Currently, 20 Members use this authority.

c. Legislative History/Status.—S. 1378 was introduced by Senator Warner in the Senate on November 5, 1997, and passed the Senate by unanimous consent. On November 6, the House received the measure and referred same to the Committee on Government Reform and Oversight, and to the Committee on House Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. The House called up the legislation under suspension of the rules on November 12, 1997, and it passed the House by voice vote. The measure was presented to the President on November 19, 1997, and signed by the President on December 1, 1997, to become Public Law 105–126.

d. Hearings.—No hearings were held on this legislation.

16. H.R. 2348, 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 Dymally Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—The bill designates the Federal building located at 701 South Santa Fe Avenue in Compton, CA, and known as the Compton Main Post Office, as the "Mervyn Dymally Post Office Building". The legislation honors Mervyn Dymally, a former Member of Congress who was born in Cedros, Trinidad, British West Indies. He came to the United States of America to study at Lincoln University in Jefferson City, MO. In 1954, he received his B.A. from California State University, Los Angeles, his M.A. from California State University, Sacramento, in 1969, and his Ph.D. from the U.S. International University in San Diego in 1978. He was a California State assemblyman from 1963 to 1966, California State senator from 1967 to 1975, and lieutenant governor of California from 1975 to 1979. He chaired the California State Commission for Economic Development, and the Commission of the California. Dr. Dymally was elected to the 97th Congress and served for five succeeding terms. He was not a candidate for reelection in 1992. He was a member of the Committee on Post Office and Civil Service.

c. Legislative History/Status.—The legislation was introduced by Representative Millender-McDonald of California on July 31, 1997, and was cosponsored by the entire California House Delegation, pursuant to the policy of the Committee on Government Reform ad Oversight. The bill was referred to the House Committee on Government Reform and Oversight on July 31, 1997 and to the Subcommittee on the Postal Service on August 6, 1997. The measure

was called up by the House under suspension of the rules on October 7, 1998, and considered as unfinished business. H.R. 2348 passed the House by a roll call vote of 421–1 (Roll No. 492). The bill was received in the Senate on October 8, 1998.

d. Hearings.—No hearings were held on the legislation.

17. H.R. 2349, 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".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2349 designates the Federal building located at 10301 South Compton Avenue, in Los Angeles, CA, and known as the Watts Finance Office, as the "Augustus F. Hawkins Post Office Building". The legislation honors former Member of Congress, Augustus Hawkins who was born in Shreveport, LA in 1907. His family moved to Los Angeles in 1918 to escape racial discrimination and to find better educational opportunities. Mr. Hawkins served in the California Legislature for 28 years, often as the only African-American member. He authored more than 100 laws including those improving child care, housing and fair employment. He was elected to the U.S. House of Representatives in 1962 and served in each succeeding Congress through the 101st. Gus Hawkins served at the chairman of the Committee on Education and Labor for four terms. He also served as the chairman of the Subcommittee on Elementary, Secondary and Vocational Education, as a member of the Joint Economic Committee. Mr. Hawkins was chairman of the Committee on House Administration from 1981 to 1984. His major legislative efforts during his tenure in the U.S. House of Representatives and during his public service in California were focused on children and education.

c. Legislative History/Status.—The bill was introduced by Representative Millender-McDonald on July 31, 1997. It was referred to the House Committee on Transportation and Infrastructure on July 31, 1997, and to the Subcommittee on Public Buildings and Economic Development on August 14, 1997. The House Committee on Transportation discharged the measure on October 1, 1998, and it was rereferred to the House Committee on Government Reform and Oversight. The measure was called up by the House under suspension of the rules and passed the House by voice vote. It was received in the Senate on October 13, 1998.

d. Hearings.—No hearings were held on this legislation.

18. H.R. 2623, To designate the United States Post Office located at 1625 Highway 603, Kiln, Mississippi as the "Ray J. Favre Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—The legislation designates the U.S. Post Office located at 16250 Highway 603, in Kiln, MS, as the "Ray J. Favre Post Office Building". Mr. Favre was appointed Postmaster of Kiln, in 1940 and served in that position until his retirement in 1976. He was known for his prompt, courteous and efficient service to all who used the postal facility, and was particularly known for providing assistance to those who were indigent.

The Hancock County Board of Supervisors honored Mr. Favre on his retirement by proclaiming it as, "Ray Favre Day". The Veterans of Foreign Wars [VFW] also honored Mr. Favre. He was a member of several civic associations until his death in April 1996.

c. Legislative History/Status.—H.R. 2623 was introduced by Representative Taylor of Mississippi on October 7, 1997, and was cosponsored by the entire Mississippi House Delegation, pursuant to the policy of the Committee on Government Reform and Oversight. The measure was referred to the House Committee on Government Reform and Oversight on October 7, 1997, and to the Subcommittee on the Postal Service on October 10, 1997. The subcommittee considered the bill and held a mark-up session on July 21, 1998. By voice vote, the subcommittee forwarded the measure to the full committee. Committee consideration of the bill and mark-up took place on July 23, 1998, and it was ordered to be reported by voice vote. H.R. 2623 was called up by the House under suspension of the rules on September 9, 1998 and passed by voice vote. The bill was received in the Senate and read twice the next day and referred to the Committee on Governmental Affairs. On September 24, 1998, the committee ordered the bill to be reported favorably without amendment. On September 25, 1998, H.R. 2623 was reported to the Senate by Senator Thompson without amendment or written report. It was placed on the Senate Legislative Calendar No. 649 under general orders. The measure was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—None were held on this legislation.

19. H.R. 2766, To designate the United States Post Office located at 215 East Jackson Street in Painesville, Ohio, as the "Karl Bernal Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—This bill, designating the U.S. Post Office located at 215 East Jackson Street in Painesville, OH, as the "Karl Bernal Post Office Building", honors Karl Bernal, a civic and community leader in Painesville, OH. Mr. Bernal was a life member of the National Association for the Advancement of Colored People [NAACP] and was president of the Lake County Branch for two terms. He was founder of the Lake County NAACP Scholarship Program and was a fund-raiser for numerous other organizations. Mr. Bernal was a member of the Painesville Area Chamber of Commerce and received its Outstanding Citizen of the Year award in 1989. He also received the distinguished service award of the Lake County Mental Health Board, distinguished service award of Lakeland Community College, the United Way of Lake County's Good Neighbor Award, the United Way of Lake County's Good Neighbor Award, among numerous other awards. The Ohio House of Representatives and the Ohio Senate recognized his volunteer work and his work in mental health services. Mr. Bernal died at the age of 76 after a life of service to his community.

c. Legislative History/Status.—H.R. 2766 was introduced by Representative LaTourette on October 29, 1997, and was supported by all members of the House delegation of the State of Ohio, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the House Committee on Govern-

ment Reform and Oversight on October 29, 1997, and to the Subcommittee on the Postal Service on November 5, 1997. The committee considered and marked up the bill on February 12, 1998, and it was ordered to be reported by voice vote. The House called up the bill on February 24, 1998 under suspension of the rules and it passed by voice vote. The bill was received in the Senate on February 25, 1998, read twice and referred to the Committee on Governmental Affairs. On April 1, 1998, the committee ordered the measure to be reported favorably without amendment. Senator Thompson reported the bill to the Senate on April 21, 1998, without written report and it was placed on the Senate Legislative Calendar (No. 338) under general orders. The legislation was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on the legislation.

20. H.R. 2773, To designate the facility of the United States Postal Service located at 3750 North Kedzie Avenue in Chicago, Illinois, as the "Daniel J. Doffyn Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2773 designates the facility of the U.S. Postal Service located at 3750 North Kedzie Avenue in Chicago, IL, as the "Daniel J. Doffyn Post Office Building". The legislation honors Daniel J. Doffyn, a 40-year-old Chicago police officer who was shot to death by gang members while he was investigating a routine burglary call. Officer Doffyn's long time dream was to be a police officer. That opportunity came just 8 months before he was killed.

c. Legislative History/Status.—H.R. 2773 was introduced on October 30, 1997, by Representative Blagojevich and cosponsored by all members of the House delegation of the State of Illinois pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the House Committee on Government Reform and Oversight and referred to the Subcommittee on the Postal Service on November 5, 1997. The committee considered the bill and a mark-up session was held on February 12, 1998. The bill was ordered to be reported by voice vote. The House called up the legislation under suspension of the rules on February 24, 1998. The Senate received H.R. 2773 on February 25, 1998; it was read twice and referred to the Committee on Governmental Affairs. On April 1, 1998, the committee ordered it to be reported favorably without amendment. On April 21, 1998, Senator Thompson reported the bill to the Senate without amendment and without written report. It was placed on the Senate Legislative Calendar (No. 337) under general orders. The measure was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on this bill.

21. H.R. 2798, To redesignate the building of the United States Postal Service located at 2419 West Monroe Street, in Chicago, Illinois, as the "Nancy B. Jefferson Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2798 redesignates the building of the U.S. Postal Service located at 2419 West Monroe Street, in Chi-

cago, IL, as the "Nancy B. Jefferson Post Office Building". The honoree, Nancy Jefferson, was a community organizer who led the fight to ensure equal rights and opportunity for all persons, the disabled, welfare recipients, single parents, the widowed and the poor. The oldest of 13 children born to sharecroppers in Paris, TN, she earned degrees in library science and social work at Philander Smith College in Little Rock, AR. She later moved to Chicago and studied at the University of Chicago. Mrs. Jefferson was the president and Chief Executive Officer of the Midwest Community Council for more than 25 years. She instituted a network of block clubs that helped to develop social service programs. The former mayor of Chicago, Jane Byrne, appointed Mrs. Jefferson to the Chicago Police Board and Governor Jim Edgar appointed her to the Illinois Human Rights Commission. Mrs. Jefferson died in October 1992 and Governor Edgar set up a scholarship fund for minority students in the name of Nancy B. Jefferson.

c. Legislative History/Status.—This legislation was introduced by Representative Davis of Illinois on November 4, 1997. All the members of the House delegation of the State of Illinois cosponsored the bill pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the committee on November 4, 1997, and to the Subcommittee on the Postal Service on November 12, 1997. The Committee on Government Reform and Oversight considered the bill and held a mark-up session on May 21, 1998; it was ordered to be reported by voice vote. The House called up H.R. 2798 on June 3, 1998, under suspension of the rules. The measure was passed by the House by voice vote. On June 4, 1998, the bill was received in the Senate, read twice and referred to the Committee on Governmental Affairs. On June 30, 1998, the bill was referred to the Subcommittee on International Security. On September 24, 1998, the Committee on Governmental Affairs ordered the bill to be reported favorably without amendment. On September 25, 1998, Senator Thompson reported the bill to the Senate without amendment or written report. The bill was placed on the Senate Legislative Calendar No. 650 under general orders. The measure was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on this legislation.

22. H.R. 2799, To redesignate the building of the United States Postal Service located at 324 South Laramie Street, in Chicago, Illinois, as the "Reverend Milton R. Brunson Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2799 redesignates the building of the U.S. Postal Service located at 324 South Laramie Street in Chicago, IL, as the "Reverend Milton R. Brunson Post Office Building". The legislation honors Milton R. Brunson, the founder of the Thompson Community Singers; he guided group for 48 years and the singers became known around the world for their gospel music. In 1995, Mr. Brunson and the choir won a Grammy Award for "Through God's Eyes." Mr. Brunson demanded that all members of his choir, in addition to being singers, must be productive citizens and positive role models for others—many of whom have become

lawyers, judges, teachers and doctors. Reverend Brunson also served as Pastor and music director of the 22,500 member Christ Tabernacle Baptist Church until his death on April 1, 1997.

c. Legislative History/Status.—H.R. 2799 was introduced by Representative Davis of Illinois on November 4, 1997, and cosponsored by all members of the House delegation from the State of Illinois, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the House Committee on Government Reform and Oversight on November 4, 1997, and to the Subcommittee on the Postal Service on November 12, 1997. The committee considered the bill and held a mark-up session on May 21, 1998, and the bill was ordered to be reported by voice vote. The House called up H.R. 2799 under suspension of the rules on June 3, 1998, and it passed by voice vote. The Senate received the bill on June 4, 1998; it was read twice and referred to the Committee on Governmental Affairs. On June 30, 1998, the bill was referred to the Subcommittee on International Security. The Committee on Governmental Affairs ordered the bill to be reported favorably without amendment on September 24, 1998, and it was reported to the Senate by Senator Thompson without amendment and without written report. The bill was placed on the Senate Legislative Calendar (No. 657) under general orders. The legislation was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—None were held on this legislation.

23. H.R. 2836, To designate the building of the United States Postal Service located at 180 East Kellogg Boulevard in Saint Paul, Minnesota, as the "Eugene J. McCarthy Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2836 designates the building of the U.S. Postal Service located at 180 East Kellogg Boulevard in Saint Paul, MN, as the "Eugene J. McCarthy Post Office Building". Eugene J. McCarthy served as both a U.S. Representative and as a Senator from Minnesota for more than two decades. He was elected to Congress by Minnesota's 4th District in 1948 and served his district in the House for 10 years. He was then elected to the U.S. Senate, where he served until 1970. He declared his candidacy for the Democrat nomination for President of the United States in 1968 while he was still in the Senate. He called for an immediate withdrawal of all U.S. troops in Vietnam, the first anti-war candidate.

c. Legislative History/Status.—H.R. 2836 was introduced by Representative Vento on November 6, 1997, and cosponsored by all the members of the Minnesota House delegation, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the House Committee on Government Reform and Oversight on November 6, 1998, and to the Subcommittee on the Postal Service on November 14, 1998. On February 12, 1998, the committee considered the bill and held a mark-up session. The legislation was ordered to be reported by voice vote. The House called up the bill on February 24, 1998, under suspension of the rules and the bill passed by voice vote. The Senate received the bill on February 25, 1998; it was read twice and referred to the Committee

on Governmental Affairs. On April 1, 1998, the committee ordered the bill to be reported favorably without amendment. On April 21, Senator Thompson reported H.R. 2836 to the Senate without amendment and without written report. The bill was placed on the Senate Legislative Calendar (No. 339) under general orders.

d. Hearings.—No hearings were held on this legislation.

24. H.R. 3120, To designate the United States Post Office located at 95 West 100 South Street in Provo, Utah, as the "Howard C. Nielson Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3120 designates the U.S. Post Office located at 95 West 100 South Street in Provo, UT, as the Howard C. Nielson Post Office Building". The naming of the post office honors Howard C. Nielson who was elected by the newly created Third Congressional District of Utah in 1982. He served in Congress until 1991 when he voluntarily resigned. Mr. Nielson also served in the U.S. Air Force from 1943 until 1946. He earned his Bachelor of Science degree from the University of Utah in 1947, his Master of Science at the University of Oregon in 1949, and his MBA and Ph.D. from Stanford in 1956 and 1958, respectively. He worked as an economist at Stanford Research Institute and then became a professor at Brigham Young University. Mr. Nielson started his political career in 1960 when he was elected to the Utah State House. He became majority leader in 1971 and speaker in 1973. As a statistician and an economist, Mr. Nielson was a valuable member of the House Committee on Energy and Commerce and served on the Subcommittees on Health and the Environment; Energy and Power; and Commerce, Consumer Protection and Competitiveness. He was well known for his work on the problem of waste dumping by Amtrak and he urged the railroad to take corrective measures. In the 99th Congress, Representative Nielson also served on the Government Operations Committee and was ranking member of the Government Activities and Transportation Subcommittee. He was active on issues regarding trade, natural resources, deregulation of the broadcast, telephone and natural gas industries, commercial interests of the motion picture industry and Wall Street financing practices. Representative Nielson decided not to run for Congressional office after his fourth term. He and Mrs. Nielson went, instead, to Australia for a year where they served as missionaries for the Church of the Latter-day Saints.

c. Legislative History/Status.—H.R. 3120 was introduced by Representative Cannon on January 28, 1998, and was cosponsored by all members of the Utah House delegation, pursuant to committee policy. The bill was referred to the Committee on Government Reform and Oversight on January 28, 1998, and to the Subcommittee on the Postal Service on February 2, 1998. The committee considered and marked up the legislation on February 12. The bill was amended to reflect the correct address and was reported by voice vote. The House called up H.R. 3120 under suspension of the rules and passed it by voice vote, as amended. The bill was received in the Senate on February 25, 1998, read twice and referred to the Committee on Governmental Affairs. On April 1, 1998, the committee ordered the bill reported favorably without amendment. Sen-

ator Thompson reported the bill to the Senate on April 21, 1998, without amendment and without written report. It was placed on the the Senate Legislative Calendar (No. 340) under general orders. The measure was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on this legislation.

25. H.R. 3167, To designate the United States Post Office located at 297 Larkfield Road in East Northport, New York, as the "Jerome Anthony Ambro, Jr. Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3167 designates the U.S. Post Office located at 297 Larkfield Road in East Northport, NY, as the "Jerome Anthony Ambro, Jr., Post Office Building". The bill honors Jerome Anthony Ambro, Jr., a life-long New Yorker who was elected to Congress in 1974 and served three terms representing the Third District of New York after serving four terms as Huntington Town Supervisor and as a member of the Suffolk County Board of Supervisors. Representative Ambro was elected leader of the 82 freshman members who were elected after Watergate. He served as chairman of the House Subcommittee on Natural Resources and Environment and was known for his work for senior citizens, strengthening Social Security and for his role in passing the clean air and clean water legislation. Mr. Ambro died at the age of 64 in 1993.

c. Legislative History/Status.—H.R. 3167 was introduced by Representative Ackerman on February 5, 1998, and supported by all members of the House delegation from the State of New York, pursuant to the policy of the Committee on Government Reform and Oversight. The measure was referred to the Committee on Government Reform and Oversight on February 5, 1998, and to the Subcommittee on the Postal Service on February 9, 1998. The subcommittee considered and marked-up the bill on July 21, 1998, and forwarded to the full committee by voice vote. Committee consideration and mark-up session was held on July 23, 1998, and H.R. 3167 was ordered to be reported by voice vote. The House called up the bill under suspension of the rules on September 9, 1998, and it passed by voice vote. The Senate received H.R. 3167 on September 10, 1998; it was read twice and referred to the Committee on Governmental Affairs. The legislation was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on this legislation.

26. H.R. 3630, To redesignate the facility of the United States Postal Service located at 9719 Candelaria Road NE. in Albuquerque, New Mexico, as the "Steven Schiff Post Office".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3630 was introduced by Chairman Burton on April 1, 1998. The legislation designates the facility of the U.S. Postal Service located at 9719 Candelaria Road NE. in Albuquerque, NM, as the "Steven Schiff Post Office". (The subcommittee amended the bill to read "Steve Schiff" as he was known by his colleagues, friends and constituents.) Steven Harvey Schiff was born in Chicago and he earned his undergraduate degree from

the University of Illinois. He earned his law degree from the University of New Mexico Law School. He was admitted to the bar and stayed in New Mexico to become the assistant district attorney of Bernalillo County for 2 years. He then became a trial attorney but returned to public service as an assistant city attorney, counsel for the Albuquerque police department and district attorney of Bernalillo County for 8 years. He earned the reputation of being tough on crime and going by the book. He served in the New Mexico Air National Guard and was an Air Force Reserves colonel. During the Persian Gulf crisis in 1991, he performed legal duties for military reservists. In 1996, he served for several days in the Bosnia theater as a judge advocate general involved in international legal matters. Mr. Schiff was elected by the First District of New Mexico to the 101st Congress and to three succeeding Congresses. Representative Schiff was a member of several committees: Ethics, Judiciary (on which he served as vice chair, Subcommittee on Crime), Science (serving as chair of the Subcommittee on Basic Research), and Government Reform and Oversight. Representative Steve Schiff died of skin cancer at the age of 51 in March 1998.

c. Legislative History/Status.—The bill was introduced by Chairman Burton on April 1, 1998. Pursuant to the policy of the Committee on Government Reform and Oversight, the legislation is cosponsored by all the members of the New Mexico delegation, though the sponsor of the bill is from Indiana. The bill was referred to the Committee on Government Reform and Oversight on April 1, 1998, and to the Subcommittee on the Postal Service on April 7, 1998. The committee considered and marked-up the bill on May 21, 1998 and ordered it to be reported as amended by voice vote. H.R. 3630 was called up by the House under suspension of the rules and considered as unfinished business. The bill as amended passed by a vote of 391–0 (Roll No. 195). H.R. 3630 was received in the Senate on June 4, 1998, read twice and referred to the Committee on Governmental Affairs. On June 30, 1998, it was referred to the Subcommittee on International Security. The Committee on Governmental Affairs ordered the measure to be reported favorably without amendment on September 24, 1998. The following day, Senator Thompson reported H.R. 3630 to the Senate without amendment and without written report. It was placed on the Senate Legislative Calendar No. 651. The measure was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on this legislation.

27. H.R. 3725, To make the Occupational Safety and Health Act of 1970 applicable to the United States Postal Service in the same manner as any other employer.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3725, the Postal Service Health and Safety Promotion Act, amends the Occupational Safety and Health Act [OSHA] of 1970 to apply it to the U.S. Postal Service in the same manner as any other employer. When OSHA was enacted in 1970, the Postal Service was still a Federal agency and, as such, was not subject to OSHA enforcement in the same manner as private employers. The Postal Service is now a quasi-public agency, but it still enjoys Federal agency status under section 19

of OSHA, despite the fact that it competes with private sector companies. OSHA conducted about 237 inspections on the 40,000 Postal Service facilities from February 1996 to February 1997. However, neither the Department of Labor nor the OSHA have the legal authority to require the Postal Service to comply with OSHA requirements and is incapable of penalizing the Postal Service in the same manner as penalizing private employers. H.R. 3725 permits OSHA to use its enforcement tools—citations and penalties—to ensure safety and health in the postal environment.

The issue of improving the health and safety of postal workers is not new to Congress. Bipartisan legislation, known as the Federal and Postal Service Employees Occupational Safety and Health Act of 1994, passed the Committee on Post Office and Civil Service in 1994 and was placed on the Union Calendar but did not come to a vote before the end of the term.

The statistics from the Department of Labor's Office of Workers' Compensation Programs show that the U.S. Postal Service with 858,392 employees had a total of 78,671 cases of illness or injury (a 9.16 percent total injury rate), resulting in a 3.78 percent lost time rate representing 42 percent of the Government's lost time cases. The Postal Service has among the highest workers compensation costs under the Federal Employees Compensation Act [FECA]; the chargeback cost was $547 million, or 48 percent of the entire Government's claim. Postal employee unions have often blamed the lack of OSHA enforcement for the high costs. There is room for improvement in the Postal Service's accident and injury prevention efforts. The U.S. Department of Labor expressed concern about the situation and welcomed the additional tools that H.R. 3725 would provide to improve occupational safety and health in the Postal Service. This legislation would allow OSHA to enforce its regulations in all Postal Service facilities.

c. Legislative History/Status.—H.R. 3725 was introduced by Representative Greenwood on April 23, 1998. The bill was referred to the Committee on Education and the Workforce, and in addition to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. The bill was referred to the Subcommittee on Workforce Protections of the Committee on Education and the Workforce. Subcommittee hearings were held on April 29, 1998, and the subcommittee held a mark-up session on May 14, 1998. The subcommittee amended the bill and forwarded it to the full committee by voice vote. The Committee on Education and the Workforce considered the bill and held a mark-up session on June 10, 1998. H.R. 3725 was referred to the Subcommittee on the Postal Service on April 28, 1998. The subcommittee considered the bill and marked it up on July 21, 1998, and forwarded it as amended to the Committee on Government Reform and Oversight. The committee ordered the bill to be reported as amended by voice vote on July 23, 1998.

d. Hearings.—No hearings were held on this legislation.

28. H.R. 3808, To designate the United States Post Office located at 47526 Clipper Drive in Plymouth, Michigan as the "Carl D. Pursell Post Office".

a. Report Number and Date.—None.

b. Summary of Measure.—The bill designates the U.S. Post Office located at 47526 Clipper Drive in Plymouth, MI, at the "Carl D. Pursell Post Office". This legislation honors former Representative Carl D. Pursell who was elected to the 95th Congress and was reelected to represent the Second Congressional District of Michigan for seven succeeding terms, from 1977 to 1992. Carl Pursell was born in Imlay City, MI. After receiving his bachelor's degree from Eastern Michigan University, he served in the U.S. Army for 2 years and then earned his master's degree. He served on the Wayne County, MI, Board of Commissioners and then in the Michigan Senate from 1971 to 1976. Mr. Pursell also had experience as a teacher, a publisher and owned a real estate firm. During his terms as a Member of Congress, Mr. Pursell served on the Appropriations Committee and the Committee on Official Conduct. Mr. Pursell lives in Plymouth, MI where he has lived all his life.

c. Legislative History/Status.—The bill was introduced on May 7, 1998, by Representative Upton. Each member of the House delegation from the State of Michigan cosponsored H.R. 3808. The legislation was referred to the House Committee on Government Reform and Oversight on May 7, 1998, and referred to the Subcommittee on the Postal Service on May 12, 1998. Committee mark-up was held on the bill on May 21 1998, and it was ordered to be reported as amended. The amendment simply corrected the address from "Clipper Drive" to "Clipper". The House called up the bill under suspension of the rules on June 3, 1998. It was considered by the House as unfinished business and then passed the House as amended by the committee by a 389–0 (Roll No. 194). The bill was received in the Senate on June 4, 1998, and read twice and referred to the Committee on Governmental Affairs. On June 30, 1998, it was referred to the Subcommittee on International Security. The Committee on Governmental Affairs ordered the bill to be reported favorably without amendment on September 24, 1998. On September 25, 1998, the Committee on Governmental Affairs reported the measure without amendment and without a written report. It was placed on the Senate Legislative Calender (No. 652) under general orders.

c. Hearings.—No hearings were held on this legislation.

29. H.R. 3810, To designate the United States Post Office located at 202 Center Street in Garwood, New Jersey, as the "James T. Leonard, Sr. Post Office".

a. Report Number and Date.—None.

b. Summary of Measure.—The bill designates the U.S. Post Office located at 202 Center Street in Garwood, NJ, as the "James T. Leonard, Sr. Post Office". This legislation honors Mr. Leonard who was born in 1911. He joined the U.S. Navy during World War II. He was among the founding members of the Garwood First Aid Squad, serving as its president for 38 years and serving as a member of the Garwood Fire Department for 38 years. Mr. Leonard had extensive association with Garwood including as a Special Police

Officer of the Borough of Garwood for 4 years, recorder, Magistrate and judge of Garwood Municipal Court. He was the last non-lawyer municipal court judge in the State of New Jersey and one of the longest serving municipal court judges in the State. Mr. Leonard died on August 15, 1991.

c. Legislative History/Status.—H.R. 3810 was introduced by Representative Bob Franks of New Jersey on May 7, 1998. This legislation was cosponsored by all members of the delegation from the State of New Jersey, pursuant to the policy of the Committee on Government Reform and Oversight. On May 7, 1998, the bill was referred to the Committee on Government Reform and Oversight and on May 12, 1998 it was referred to the Subcommittee on the Postal Service. The subcommittee held a mark-up session on July 21, 1998 and the bill was forwarded to full committee by voice vote. The committee marked up the bill on July 23, 1998 and ordered it to be reported by voice vote. The House called up the bill under suspension of the rules and the measure passed by voice vote on September 9, 1998. The Senate received H.R. 3810 on September 10, 1998; it was read twice and referred to the Committee on Governmental Affairs. On September 24, 1998, the committee ordered the bill to be reported favorably without amendment. It was reported to the Senate on September 25, 1998, by Senator Thompson without amendment and without written report and placed on the Senate Legislative Calendar (No. 653) under general orders. The legislation was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on this legislation.

30. H.R. 3846, To designate the post office located at 203 West Paige Street, in Tompkinsville, Kentucky, as the "Tim Lee Carter Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—The bill designates the post office located at 203 West Paige Street, in Tompkinsville, KY, as the "Tim Lee Carter Post Office Building". The legislation honors the late Representative Tim Lee Carter who was elected to serve his district as a Republican Member in the 89th Congress and to seven succeeding terms, from 1965 to 1981. He was not a candidate for the 97th Congress. Mr. Carter was born in Tompkinsville, Monroe County, KY in 1910. After completing his undergraduate education in Kentucky, he earned his medical degree from the University of Tennessee. Dr. Carter volunteered for military service and was a combat medic for 3½ years during World War II, serving as a Captain in the 38th Infantry Division. He returned to practice medicine in Monroe County from 1940 to 1964. Representative Carter, upon his election to Congress, was the first Republican Member to seek withdrawal of our troops from Vietnam, but never wavered in his support for American troops. He was well-known in Kentucky for his efforts to improve one of the poorest districts in the Nation, working tirelessly for better schools, water systems, libraries, airports, roads and recreation. He was the only practicing physician in Congress for much of his tenure in the House. Most of the legislation he worked on affected health and hospitals. He considered his major legislative achievement the law that provided preventive

medical care for poor children. He was one of the earliest advocates of national insurance for catastrophic illness. Representative Carter died in Kentucky in 1987 and is interred in Tompkinsville.

c. Legislative History/Status.—Representative Whitfield introduced H.R. 3864 on May 13, 1998. All members of the House delegation from the State of Kentucky, pursuant to the policy of the Committee on Government Reform and Oversight, cosponsored the bill. The bill was referred to the Committee on Government Reform and Oversight on May 13, 1998, and referred to the Subcommittee on the Postal Service on May 20, 1998. The measure was called up by the House under suspension of the rules and passed by voice vote on October 5, 1998. H.R. 3864 was received in the Senate on October 6, 1998. This legislation was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—None were held on this legislation.

31. H.R. 3939, To designate the United States Postal Service building located at 658 63rd Street, Philadelphia, Pennsylvania, as the "Edgar C. Campbell, Sr., Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3939, sponsored by Representative Fattah, designates the U.S. Postal Service building located at 658 63rd Street, Philadelphia, PA, as the "Edgar C. Campbell, Sr., Post Office Building". Mr. Campbell Sr., was elected to five terms of city-wide office in Philadelphia beginning in 1967 as Councilman-At-Large, and continuing in 1975 as Clerk of Quarter Sessions Court for three terms. Mr. Campbell was the recipient of numerous honors and recognitions.

c. Legislative History/Status.—H.R. 3939 was introduced by Representative Fattah on May 21, 1998, and cosponsored by the entire House delegation from the State of Pennsylvania, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the Committee on Government Reform and Oversight on May 21, 1998, and to the Subcommittee on the Postal Service on May 29, 1998. The subcommittee held a mark-up session on the legislation on July 21, 1998, and forwarded it to the committee by voice vote. On July 23, 1998, the committee held a mark-up session and ordered the measure to be reported by voice vote. On September 9, 1998, the House called up the bill under suspension of the rules and it passed the House by voice vote. The Senate received the bill on September 10, 1998; it was read twice and referred to the Committee on Governmental Affairs. On September 24, 1998, the committee ordered the bill to be reported favorably without amendment. Senator Thompson, on September 25, 1998, reported the bill to the Senate without written report. The bill was placed on the Senate Legislative Calendar (No. 654) under general orders. The legislation was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on this measure.

32. H.R. 3999, To designate the United States Postal Service building located at 5209 Greene Street, Philadelphia, Pennsylvania, as the "David P. Richardson, Jr., Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3999 designates the U.S. Postal Service building located at 5209 Greene Street, Philadelphia, PA, as the "David P. Richardson, Jr., Post Office Building". David Richardson was an 11th term member of the Pennsylvania House of Representatives, representing the 201st District, when he died in 1995. He served on numerous community and professional organization during his lifetime, including the Urban League of Philadelphia, National Association of State Legislators, and the Greater Germantown Youth Corp., and he was the recipient of numerous awards and honors.

c. Legislative History/Status.—Mr. Fattah introduced H.R. 3999 on June 5, 1998. The entire House delegation of the State of Pennsylvania cosponsored the measure, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the Committee on Government Reform and Oversight on June 5, 1998, and to the Subcommittee on the Postal Service on June 11, 1998. The subcommittee marked-up the legislation on July 21, 1998, and forwarded it to the committee by voice vote. The committee held a mark-up session on July 23, 1998, and ordered it to be reported by voice vote. On September 9, 1998, the House called up the legislation under suspension of the rules and it passed the House by voice vote. The bill was received in the Senate on September 10, 1998, read twice and referred to the Committee on Governmental Affairs. On September 24, 1998, the committee ordered H.R. 3999 to be reported favorably without amendment. Senator Thompson reported the measure to the Senate on September 25, 1998, without amendment and without written report. It was placed on the Senate Legislative Calendar (No. 655) under general orders. The legislation was included in the Omnibus Appropriations bill which became Public Law 105–277.

33. H.R. 4000, To designate the United States Postal Service building located at 400 Edgmont Avenue, Chester, Pennsylvania, as the "Thomas P. Foglietta Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4000 designates the U.S. Postal Service Building located at 4000 Edgmont Avenue, Chester, PA, as the "Thomas P. Foglietta Post Office Building". Mr. Foglietta commenced his career as a public servant by serving in the Philadelphia City Council. He then represented Pennsylvania's First Congressional District for almost nine terms. Representative Foglietta developed an expertise in foreign affairs, serving on the House Foreign Affairs Committee. He was also a member on the House Appropriation's Transportation Subcommittee and ranking member on the Subcommittee on Military Construction. Representative Foglietta was nominated and unanimously approved as Ambassador to Italy in 1997 where he is currently posted.

c. Legislative History/Status.—H.R. 4000 was introduced by Representative Fattah on June 5, 1998. The legislation was cosponsored by each member of the House delegation of the State of Pennsylvania, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the Committee on Government Reform and Oversight on June 5, 1998, and to the Subcommittee on the Postal Service on June 11, 1998. The sub-

committee marked-up the legislation on July 21, 1998. The bill was amended to correct the middle initial of Thomas Foglietta's name from "P" to "M". The bill was forwarded as amended by the subcommittee to the committee by voice vote. The committee considered and marked up H.R. 4000, on July 23, 1998, ordering it to be reported as amended by voice vote. The House called up the legislation under suspension of the rules on October 5, 1998, passing as amended by voice vote. H.R. 4000 was received in the Senate on October 6, 1998.

d. Hearings.—No hearings were held on this legislation.

34. H.R. 4001, To designate the United States Postal Service building located at 2601 North 16th Street, Philadelphia, Pennsylvania, as the "Roxanne H. Jones Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4002 designates the U.S. Postal Service building located at 2601 North 16th Street, Philadelphia, PA, as the "Roxanne H. Jones Post Office Building". In 1984, Roxanne H. Jones was the first African-American woman elected to the State Senate in Pennsylvania. She was reelected to two more terms before her untimely death in 1997. Since 1950, Ms. Jones was a leader in the struggle to improve the lives of people. She was involved in numerous community and professional organizations, including the founding of the Philadelphia Citizens in Action, National Welfare Rights Organization and the Philadelphia Commission on Human Relations. Senator Jones was committed to improving the conditions of those citizens who were on welfare. As a former welfare recipient, Senator Jones was an example of personal achievement through hard work, high goals and a strong commitment. During her tenure in the State Senate, she helped pass legislation that helped people break the cycle of welfare dependency by supporting legislation that provided job training opportunities, introducing and passing legislation to expand affordable housing and obtaining State funding for drug treatment centers for addicted mothers and their children. The post office is located in her former Senatorial district.

c. Legislative History/Status.—Representative Fattah introduced the bill on June 5, 1998. It was cosponsored by the entire House delegation from the State of Pennsylvania, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the Committee on Government Reform and Oversight on June 5, 1998, and to the Subcommittee on the Postal Service on June 11, 1998. The subcommittee marked-up H.R. 4001 on July 21, 1998 and forwarded it to the committee by voice vote. The committee considered and marked-up the legislation on July 23, 1998, and ordered it to be reported. On October 5, 1998, the House called up the legislation under suspension of the rules, and it passed by voice vote. The bill was received by the Senate on October 6, 1998.

d. Hearings.—No hearings were held on this bill.

35. H.R. 4002, To designate the United States Postal Service building located at 5300 West Jefferson Street, Philadelphia, Pennsylvania, as the "Freeman Hankins Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4002 designates the U.S. Postal Service building located at 5300 West Jefferson Street, Philadelphia, PA, as the "Freeman Hankins Post Office Building". Freeman Hankins was first elected to the Pennsylvania House of Representatives in 1961. He was then elected to the Pennsylvania Senate in 1967 and served with distinction until his retirement in 1989. Senator Hankins was the sponsor of legislation that made Dr. Martin Luther King's birthday a State holiday. Additionally, Senator Hawkins served on the boards of the Pennsylvania Higher Education Assistance Agency, the Pennsylvania Minority Business Development Agency, Lincoln University and was a board member of the Mercy Douglas Corp. He was also the recipient of many awards and honors.

c. Legislative History/Status.—H.R. 4002 was introduced by Representative Fattah on June 5, 1998, and cosponsored by all members of the House delegation of the State of Pennsylvania, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the Committee on Government Reform and Oversight on June 5, 1998, and to the Subcommittee on the Postal Service on June 11, 1998. The subcommittee held a mark-up session on the legislation on July 21, 1998, and forwarded it to the committee by voice vote. The committee marked-up the bill on July 23, 1998, and ordered it to be reported. The bill was called up by the House under suspension of the rules on September 15, 1998, and H.R. 4002 passed the House by voice vote. On September 16, 1998, the bill was received in the Senate, read twice and referred to the Committee on Governmental Affairs.

d. Hearings.—No hearings were conducted on this legislation.

36. H.R. 4003, To designate the United States Postal Service building located at 2037 Chestnut Street, Philadelphia, Pennsylvania, as the "Max Weiner Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4003 designates the U.S. Postal Service building located at 2037 Chestnut Street, Philadelphia, PA, as the "Max Weiner Post Office Building". Max Weiner was the founder of the Consumers Education and Protective Association and the Independent Consumer Party. As a tireless advocate for consumer rights and protections, Mr. Weiner fought and won many battles that helped Pennsylvanians keep their homes, heat their homes, protect their privacy and have greater access to mass transportation.

c. Legislative History/Status.—Representative Fattah introduced H.R. 4003 on June 5, 1998, and the legislation was cosponsored by all members of the House delegation of the State of Pennsylvania, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the Committee on Government Reform and Oversight on June 5, 1998, and to the Subcommittee on the Postal Service on June 11, 1998. The subcommittee marked-up the bill on July 21, 1998, and forwarded it to the

committee by voice vote. The committee marked-up H.R. 4003 on July 23, 1998, and ordered it to be reported. The House called up the bill on September 15, 1998, under suspension of the rules and the measure passed by voice vote. The Senate received the bill on September 16, 1998. It was read twice and referred to the Committee on Governmental Affairs.

d. Hearings.—No hearings were held on this legislation.

37. H.R. 4052, To establish designations for United States Postal Service buildings located in Coconut Grove, Opa Locka, Carol City, and Miami, Florida.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4052 introduced by Representative Meek of Florida establishes designations for U.S. Postal Service buildings located in Coconut Grove, Opa Locka, Carol City, and Miami, FL.

Section 1 of the legislation designates the U.S. Postal Service building located at 3191 Grand Avenue in Coconut Grove, FL, be known and designated as the "William R. 'Billy' Rolle Post Office Building" honoring William Rolle who dedicated his life to teaching and coaching in-school and out-of-school youth. He served as teacher, football and track coach, band instructor, assistant principal and superintendent for community education.

Section 2 of the bill designates the U.S. Postal Service building located at 550 Fisherman Street in Opa Locka, FL, be known as the Helen Miller Post Office Building". This section honors the first African-American woman to be elected to the Opa Locka City Commission in 1981 and, in 1982, she was the first African-American woman elected to become mayor of Dade County. Helen Miller was motivated by fair play and justice. She served on about 40 different non-profit community boards. The many years of political activism made her the elder statesperson of Opa Locka and Miami-Dade County's political community.

Section 3 of the bill designates the U.S. Postal Service building located at 18690 N.W. 37th Avenue in Carol City, FL, be known as the "Esse Silva Post Office Building". Esse Silva chaired the Governmental Affairs Committee for the Miami-Dade Chamber for many years. She was a pioneer and matriarch of American business development for south Florida. Her legacy lives on through scholarships, contests and awards established in her honor.

Section 4 of H.R. 4052 designates the U.S. Postal Service building located at 500 North West 2d Avenue in Miami, FL, as the "Athalie Range Post Office Building". Ms. Range started her career in public service as the P.T.A. President of Liberty City Elementary School for 16 years. She also served as the president of the County P.T.A. Athalie Range was the first African-American and the second woman to be elected city commissioner for the Miami City Commission; she served for 5½ years. Ms. Range was the first African-American appointed as a Department Head in the State of Florida. She received more than 160 honors and awards for her dedication to the improvement of society.

Section 5 of the bill designates the U.S. Postal Service building located at 995 North West 119th Street, Miami, FL, be known as the "Garth Reeves, Sr. Post Office Building". Garth Reeves, Sr.,

served south Florida for more than 50 years. He received his B.S. degree in printing at Florida A&M University and has been a reporter, editor, publisher, banker, entrepreneur, community activist and humanitarian since 1940. He has earned service awards from many institutions of higher education, having served as vice chairman of the Miami-Dade Community College board of trustees, trustee of Barry University, Bethune-Cookman College, and Florida Memorial College. Florida A&M University has a scholarship in his name that provides support for the education of aspiring journalists. Currently, Mr. Reeves is owner and publisher emeritus of the Miami Times, a newspaper founded in 1923 by his father.

c. Legislative History/Status.—Representative Meek of Florida introduced H.R. 4052 on June 11, 1998. The legislation was cosponsored by all members of the House delegation of the State of Florida, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the Committee on Government Reform and Oversight on June 11, 1998, and to the Subcommittee on the Postal Service on June 17, 1998. The subcommittee marked-up the bill on July 21, 1998, and it was forwarded to the committee by voice vote. The committee held a mark-up session on July 23 and the bill was ordered to be reported by voice vote. The House called up the measure under suspension of the rules on October 9, 1998. It was considered by the House as unfinished business. The House passed the bill, as amended, by voice vote. The amendment simply reflects the correct spelling of "Esse Silva" to "Essie Silva" in each instance it appears in the bill. The bill was received in the Senate on October 9, 1998. The legislation was included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—None were held on this bill.

38. H.R. 4516, To designate the United States Postal Service building located at 11550 Livingston Road, in Oxon Hill, Maryland, as the "Jacob Joseph Chestnut Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4516 designates the U.S. Postal Service building located at 1150 Livingston Road, in Oxon Hill, MD, as the "Jacob Joseph Chestnut Post Office Building". The bill honors Officer Jacob Joseph "J.J." Chestnut who was assassinated on Capitol Hill on July 24, 1998, in the line of duty in the U.S. Capitol. Officer Chestnut was a veteran of the U.S. Air Force and was just a few years away from retirement from the U.S. Capitol Police. The post office being named in his honor is located in the area where his friends and family reside.

c. Legislative History/Status.—H.R. 4516 was introduced by Representative Wynn on August 6, 1998. The legislation is cosponsored by the entire House delegation from the State of Maryland, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the Committee on Government Reform and Oversight on August 6, 1998, and to the Subcommittee on the Postal Service on August 17, 1998. The legislation was called up by the House under suspension of the rules on October 9, 1998, and was passed by the House by voice vote. The bill was received in the Senate on October 10, 1998. This bill was included

in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—No hearings were held on this legislation.

39. H.R. 4616, To designate the United States Post Office located at 3813 Main Street in East Chicago, Indiana, as the "Corporal Harold Gomez Post Office".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 4616 designates the U.S. Post Office located at 3813 Main Street in East Chicago, IN, as the "Corporal Harold Gomez Post Office". The bill honors Harold Gomez, who enlisted in the U.S. Marine Corps soon after graduating from high school. Corporal Gomez was a fire team leader in a rifle company of the Third Marine Division when, in 1967, he was killed by a land mine explosion in South Vietnam. He received numerous awards, including the Purple Heart Medal, Combat Action Ribbon, Residential Unit Citation, National Defense Service Medal, Vietnam Service Medal, RVN Military Merit Medal, RVN Gallantry Cross Medal, Vietnam Campaign Medal, and the Rifle Sharpshooters Badge. Corporal Gomez was posthumously awarded the Silver Star Medal for his courageous leadership and heroism. Harold Gomez was the first citizen from Northwest Indiana to die in the Vietnam War.

c. Legislative History/Status.—H.R. 4616 was introduced by Representative Visclosky on September 23, 1998, and was supported by all members of the House delegation of the State of Indiana, pursuant to the policy of the Committee on Government Reform and Oversight. The bill was referred to the House Committee on Government Reform and Oversight on September 23, 1998, and to the Subcommittee on the Postal Service on October 13, 1998. The legislation was called up by the House under suspension of the rules on October 7, 1998; the House passed it by a Yea-Nay vote: 425–0 (Roll No. 491). H.R. 4616 was received in the Senate on October 8, 1998.

d. Hearings.—No hearings were held on this measure.

40. S. 916, To designate the United States Post Office building located at 750 Highway 28 East in Taylorsville, Mississippi, be known as the "Blaine H. Eaton Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—S. 916 designates the U.S. Post Office building located at 750 Highway 28 East in Taylorsville, MS, as the "Blaine H. Eaton Post Office Building". The legislation honors Blaine Eaton, a native of Smith County, MS. He was named Alumni of the Year of Jones Junior College which he attended in 1930; he also attended the University of Mississippi and George Washington Law School. Mr. Eaton started his professional career as a farmer and cotton buyer. He was executive secretary to U.S. Senator James O. Eastland before joining the U.S. Navy from 1944 to 1946. After returning from World War II, he was elected to the Mississippi State House of Representatives where he served for 12 years. He was instrumental in passing Farm-to-Market legislation which is still benefiting the State. Mr. Eaton left public office in 1958 and went to work in the private sector where he was recog-

nized for his outstanding service. He retired from his professional career in 1982 but remained active in community service. Mr. Eaton taught Sunday School classes for 25 years at the first Baptist Church of Taylorsville where he was a member until his death in 1995.

c. Legislative History/Status.—S. 916 was introduced by Senator Cochran on June 17, 1997, read twice and referred to the Committee on Governmental Affairs. On October 9, 1997, the committee discharged the bill by unanimous consent and it passed the Senate without amendment by unanimous consent. A message on the Senate action was sent to the House on October 21, 1997. On the same date, S. 916 was referred to the Committee on Government Reform and Oversight and to the Subcommittee on the Postal Service on October 22, 1997. The Committee on Government Reform and Oversight held a mark-up session on February 12, 1998, and it was ordered to be reported by voice vote. The House called up the legislation under suspension of the rules and S. 916 passed the House by voice vote on February 24, 1998. The bill was cleared for the White House on February 24, 1998, presented to the President on February 26, 1998, and signed by the President on March 9, 1998. It became Public Law No. 105–161.

d. Hearings.—No hearings were conducted on this bill.

41. S. 985, To designate the United States Post Office located at 194 Ward Street in Paterson, New Jersey, as the "Larry Doby Post Office".

a. Report Number and Date.—None.

b. Summary of Measure.—S. 985 designates the post office located at 194 Ward Street in Paterson, NJ, as the "Larry Doby Post Office". This legislation honors the first African-American to play in the American League. Larry Doby was born in Camden, SC, but moved to Paterson, NJ, with his mother when he was 8 years old. Excelling in sports, he attended Long Island University briefly on a basketball scholarship before enlisting for service in the U.S. Navy. After World War II ended, he returned to play for the Negro League Newark Eagles. In 1948, he batted an impressive .301 with 14 home runs and 65 runs batted in during the regular season. He helped the Indians win the American League pennant and the World Series in six games over the Boston Braves. Larry Doby was the first African-American to play on a World Series Champion team. He played 13 seasons in the majors with the Cleveland Indians, the Chicago White Sox and the Detroit Tigers, hitting a career average of .283 with 253 home runs. He served as manager of the Indians in 1978 and was the second African-American manager in the major leagues.

c. Legislative History/Status.—S. 985 was introduced by Senator Torricelli on June 27, 1997, read twice and referred to the Committee on Governmental Affairs. On October 9, 1997, the committee discharged the measure by unanimous consent. It was laid before the Senate by unanimous consent. Senator Stevens proposed amendment SP 1322 for Senator Thompson which was agreed to in the Senate by unanimous consent. The legislation passed the Senate with an amendment by unanimous consent. On October 21, the Senate sent a message on its action to the House. S. 985 was re-

ferred to the Committee on Government Reform and Oversight on October 21, 1997, and to the Subcommittee on the Postal Service on October 23, 1997. The committee mark-up was held on February 12, 1998, and the bill was ordered to be reported by voice vote. On February 24, 1998, the House called up the bill under suspension of the rules and it passed by voice vote. On February 24, 1998, was cleared for the White House and was presented to the President on February 26, 1998. On March 9, 1998, the legislation was signed by the President and it became Public Law No. 105–162.

d. Hearings.—No hearings were held on this legislation.

42. S. 1298, To designate a Federal Building located in Florence, Alabama, as the "Justice John McKinley Federal Building".

a. Report Number and Date.—None.

b. Summary of Measure.—S. 1298 designates a Federal building located at 210 North Seminary Street in Florence, AL, as the "Justice John McKinley Federal Building". This legislation honors John McKinley who was a U.S. Senator, and the first U.S. Supreme Court Justice from the State of Alabama. Mr. Justice McKinley was born in Virginia. He was a self-taught lawyer and practiced law in Kentucky. He moved to Alabama in 1818, becoming a member of the Cypress Land Co., the largest single purchaser of land in north Alabama. Andrew Jackson was also a member of this company. In 1820, Mr. McKinley was elected to the Alabama State Legislature. He proceeded to have a long, historic and distinguished public career. The State legislature elected Mr. McKinley to the U.S. Senate in 1826 and he served until 1831. He was appointed to the Supreme Court by voice vote of the Senate in September 1837. This bill would designate the first Federal building honoring Justice McKinley.

c. Legislative History/Status.—S. 1298 was introduced by Senator Shelby on October 10, 1997; it was read twice and referred to the Committee on Environment and Public Works. The committee ordered the measure to be reported favorably without amendment on May 21, 1998. Senator Chafee reported the bill to the Senate without amendment and without a written report on May 21, 1998 and it was placed on the Senate Legislative Calendar (No. 375) under general orders. On June 2, 1998, the Senate passed the bill without amendment by unanimous consent. The Senate sent a message to the House on June 3, 1998, reporting the action of that body. On October 9, 1998, the House called up S. 1298 under suspension of the rules and it passed the House by voice vote. The measure was cleared for the White House on October 9, 1998, and presented to the President on October 20, 1998. The legislation was signed by the President on October 27 and it became Public Law No. 105–299.

d. Hearings.—No hearings were held on this legislation.

43. S. 2370, Designates the facility of the United States Postal Service located at Tall Timbers Village Square, United States Highway 19 South, in Thomasville, Georgia, shall be known and designated as the "Lieutenant Henry O. Flipper Station".

a. Report Number and Date.—None.

b. Summary of Measure.—S. 2370 designates the facility of the U.S. Postal Service located at Tall Timbers Village Square, U.S. Highway 19 South, in Thomasville, GA, as the "Lieutenant Henry O. Flipper Station". This measure honors Lieutenant Henry O. Flipper, the first African-American to graduate from the U.S. Military Academy at West Point in 1877. Lieutenant Flipper was born in 1856 in Thomasville, GA, and had a distinguished career as an Army officer. His first assignment to frontier duty was with the 10th Cavalry at Fort Sill Oklahoma. The 10th Cavalry unit, along with the 9th Cavalry unit, were responsible for facilitating the movement of pioneers wishing to settle in the Western frontier. The African-American members of these two units became known as "Buffalo Soldiers." While serving at Fort Sill, Lieutenant Flipper engineered a drainage system to eliminate stagnant malarial ponds and swamps created during the rainy season. Significant improvements were made to the health of the Post. The ditch, known as "Flipper's Ditch," is now a historic landmark. Lieutenant Flipper was instrumental in the successful 1880 campaign against Mescalero Apache Chief Victorio, an escapee from New Mexico, facing judicial sentence for murder in 1879. After the end of his military service in 1882, Lieutenant Flipper continued a distinguished career in surveying and engineering and using his skills as a mining engineer on the Southwest and Mexico. He was the first African-American to gain prominence in engineering. His continuing list of firsts for an African-American include: Military Academy graduate, cavalry officer, surveyor, cartographer, civil and mining engineer, translator, interpreter, inventor, editor, author, special agent to the Justice Department, personal confident and advisor to a Senator, and pioneer in the oil industry. In spite of a successful civilian life, Lieutenant Flipper always considered himself first and foremost an Army officer.

c. Legislative History/Status.—Senator Cleland introduced S. 2370 on July 29, 1998. The legislation was read twice and referred to the Committee on Governmental Affairs. On September 25, 1998, the committee ordered the bill to be reported favorably without amendment. Senator Thompson reported the bill to the Senate without amendment and without written report. The measure was placed on the Senate Legislative Calendar (No. 647) under general orders. Provisions of this bill were included in the Omnibus Appropriations bill which became Public Law 105–277.

d. Hearings.—None held on this legislation.

B. REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

The Committee on Government Reform and Oversight has primary jurisdiction over a series of important accountability laws. Primary among them include the Government Performance and Results Act of 1993, the Chief Financial Officers Act of 1990, the Clinger-Cohen Act of 1996, and the Inspector General Act of 1980. These laws require Federal agencies to provide the Congress with performance information regarding their programmatic, financial, and information systems. With this information, the quality of Fed-

eral agency decisionmaking is enhanced and Congress is better able to hold government accountable to taxpayers.

1. Review of the Implementation of the Government Performance and Results Act of 1993, Public Law 103–62.

Prior to enactment of the Government Performance and Results Act [Results Act], congressional policymaking, spending decisions, and oversight had been severely handicapped by a lack of clear program goals and inadequate program performance and cost information. The goal of the Results Act was to remedy that situation by requiring agencies to clarify their missions, set clear goals, measure performance toward those goals, and report on their progress.

During the first session of the 105th Congress, the committee continued its review of the implementation of the Results Act. The first phase of the act requires Federal agencies to submit 5 year strategic plans to Congress, the first of which were received by Congress in September 1997. (Most agencies have posted their Results Act plans on their websites.) The strategic plan is to articulate the agency's mission, goals, and strategies and serve as the benchmark for evaluating its future success or failure. Agencies were required by the act to consult with Congress in developing their strategic plans. However, a majority of agencies did not comply with this requirement, and in cases where they did, the consultation did not necessarily achieve agreement between Congress and the agency on the substance of the plan.

The Republican leadership of the 105th Congress encouraged each congressional committee to make Results Act implementation a priority in its day to day oversight, authorizing, and appropriating activities. In an effort spearheaded by Majority Leader Dick Armey, House leadership took additional steps throughout the 105th Congress to educate and coordinate congressional oversight of Federal agency implementation of the act. Congressional teams—made up of staff from across various committees—were formed to consult with agencies and systematically review and assess Results Act agency plans. The Government Reform and Oversight Committee played a crucial role in this process, working with the majority leader's office to develop and coordinate the House-wide effort.

This unprecedented level of cross-committee coordination has been successful in allowing the act to be taken seriously by executive agencies and in educating Congress about the potential of the Results Act as a useful accountability tool.

As a member of the Results Act coordinating team, the Government Reform and Oversight Committee helped author two bi-cameral congressional reports on the Results Act. The first was issued in September after congressional teams conducted a comprehensive examination of draft agency strategic plans. The September report ("The Results Act: It Matters Now, an Interim Report") found that a number of the draft plans lacked basic components required by the law, and that the substance of the plans were highly inadequate.

The Government Reform and Oversight Committee also helped author a second congressional report which was issued in November after congressional staff teams reviewed agencies' final strate-

gic plans. That report ("Results Act: It's the Law") revealed that, in general, agencies final plans had improved somewhat over their draft efforts, but still had a long way to go to be fully compliant with the act. Chairman Dan Burton went on to introduce legislation (H.R. 2883) that required agencies to re-submit more compliant plans by the end of September 1998. This legislation passed the committee on March 5, 1998 by a vote of 21 to 12, and passed the full House on March 12, 1998 by a bi-partisan vote of 242 to 168. The bill was not taken up in the Senate.

In addition to the coordinating efforts with the leadership, the Committee held two full committee hearings on the Results Act in 1997, one on February 12 and the other on October 30. These are described in more detail in the section above.

2. Review of the Chief Financial Officers Act of 1990, Public Law 101–576, as amended by the Government Management Reform Act of 1994, Public Law 103–356.

One of the underlying historical impediments to better management of Government programs has been the lack of reliable financial information. Agencies—many larger than the Nation's largest private corporations—have typically not been able to perform even the most rudimentary bookkeeping functions. Agency financial management systems are badly deteriorated. OMB reports that most do not meet standards and almost all agencies have been unable to pass the test of an independent financial statement audit. With passage of the Chief Financial Officers [CFO] Act, the Congress said that this must change and change quickly.

The CFO Act, with strong bipartisan support, was signed into law on November 15, 1990. The legislation, with an objective of greatly improving and strengthening financial management and accountability in the Federal Government, represented the most comprehensive financial management reform initiative in 40 years.

The Government Management Reform Act [GMRA] of 1994 expanded the CFO Act by establishing requirements for the preparation and audit by agency Inspectors General [IGs] of 24 agency-wide financial statements beginning with fiscal year 1996. It also requires the preparation and audit by GAO of consolidated financial statements for the Federal Government beginning with fiscal year 1997.

Enactment of these provisions resulted in the first time ever that the financial status of the entire Federal Government was subjected to the same professional scrutiny to which many who interact with the Federal Government are subject. However, for the fiscal year 1997 governmentwide consolidated financial statements prepared by Treasury, GAO was unable to render an opinion on the Government's financial statements. Only 2 of 24 major Federal agencies required to submit reports had reliable financial information, effective internal controls, and complied with applicable laws and regulations. For example, in the Department of Defense, it was found that 220 more tanks, 10 fewer helicopters, 25 fewer aircraft, and 8 fewer cruise missiles existed than those reported in the system. Also, DOD could not account for 2 utility boats valued at $174,000 each, 2 large harbor tug boats valued at $875,000 each, 1 floating crane valued at $468,000, 15 aircraft engines (including

2 F–18 engines valued at $4,000,000 each), and 1 Avenger Missile Launcher valued at $1,000,000.

The committee will continue to monitor full compliance with the CFO Act and the GMRA, which are, for the first time, exposing these problems to the public.

3. Review of the Clinger Cohen Act of 1996, Public Law 104–208.

The purpose of the Clinger-Cohen Act [CCA] is to improve the productivity, efficiency, and effectiveness of Federal programs through the improved acquisition, use and disposal of information technology [IT] resources. Among other provisions, the law (1) encourages Federal agencies to evaluate and adopt best management and acquisition practices used by both private and public sector organizations; (2) requires agencies to base decisions about IT investments on quantitative and qualitative factors associated with the costs, benefits, and risks of those investments and to use performance data to demonstrate how well the IT expenditures support improvements to agency programs, through measurements such as reduced costs, improved employee productivity, and higher customer satisfaction; and (3) requires executive agencies to appoint executive-level chief information officers [CIOs]. CCA also streamlines the IT acquisition process by eliminating the General Services Administration's central acquisition authority, placing procurement responsibility directly with Federal agencies, and encouraging the adoption of smaller, modular IT acquisition projects.

4. Review of the Inspector General Act, as amended, Public Law 95–452.

With the Inspector General Act, Inspector General offices were established in all major Federal agencies and departments in order to create independent and objective units responsible for auditing and investigating fraud and abuse, and generally keeping the agency head and Congress fully informed about program problems and deficiencies. The act also allows the certain designated Federal agency heads to appoint IGs for their agencies.

Inspectors General are responsible for uncovering and reporting fraud, waste, and abuse, and promoting effectiveness and efficiency in the Federal Government. Since passage of the Inspector General Act, much has changed in the way the Federal Government managed its programs and operation. Legislation such as the Government Performance and Results Act, the Chief Financial Officers Act, and the Government Management Reform Act [GMRA], for example have dramatically changed the management and accountability of the Federal Government, and in turn, have required the IGs to shift their focus and contributions.

The Government Reform and Oversight Committee, which has jurisdiction over the IG Act, is committed to ensuring that the IGs keep pace with such changes, and that the IGs continue to provide meaningful insight for evaluating and measuring the government effectiveness. To that end, Congressman Dan Burton, chairman of the Government Reform and Oversight Committee, along with Congressman Horn, chairman of the Subcommittee on Government Management, Information, and Technology, and Senator Charles Grassley, chairman of the Special Committee on Aging, have re-

quested that the GAO obtain information on the IG organizational structure, workload, staffing, and operational issues. Two surveys were sent out to the IGs: the first was for attribution and requested data on organization, staffing, workload, policy views and other issues. The second was anonymous and requested views on current policy issues.

In addition, the committee has requested that GAO undertake a comprehensive review of the IGs semi-annual reporting, in particular to identify ways in which the report can become a more useful management tool for Congress as well as agency management. Staff of the committee met with GAO several times over the year to discuss GAO's approach, methodology, and findings.

Throughout the second session of the 105th Congress, numerous meetings were held with various IGs to discuss various issues such as semi-annual reports, problems with management, proposed legislation, and proposed reforms to the IG Act.

5. The Federal Acquisition Streamlining Act of 1994, Public Law 103–355, October 13, 1994

The Federal Acquisition Streamlining Act [FASA] of 1994 was developed to provide the foundation for establishing "commercial-like" procedures within the Federal procurement system. FASA established a preference for commercial items and simplified procedures for contracts under $100,000 as well as addressing a wide spectrum of issues regarding the administrative burden—on all sides—associated with the Government's specialized requirements.

H.R. 1670, reported by the committee on August 1, 1995, as House Report 104–222, Part I, would amend section 5061 of FASA (41 U.S.C. 413 note) to permit the OFPP Administrator to exercise the authority granted in FASA to test "innovative" procurement procedures without having to wait for the implementation of other FASA provisions.

Public Law 104–106 authorizes OFPP to test alternative procurement procedures and removes a requirement that the testing of these procedures be contingent upon the full implementation of the Federal Acquisition Computer Network Electronic Commerce [FACNET] procedures. It also would limit the linkage between the use of the simplified acquisition procedures and the full implementation of FACNET.

6. Office of Federal Procurement Policy Act (41 U.S.C. Section 401 et seq., 88 Stat. 796, Public Law 93–400)

The Office of Federal Procurement Policy [OFPP] Act established OFPP within the Office of Management and Budget to promote economy, efficiency, and effectiveness in the procurement of property and services by and for the executive branch of the Federal Government and to provide government-wide procurement policies, regulations, procedures, and forms.

H.R. 1760, reported by the committee on August 1, 1995, as House Report 104–222, Part I, would revise the current OFPP Act to provide for improved definitions of competition requirements; to establish an alternative quality-based pre-qualification system for meeting the Government's recurring needs; to exempt commercial items from the Truth in Negotiations Act and the Cost Accounting

Standards; to add a new section to encourage the Government's reliance on the private sector sources for goods and services; to revise and simplify Procurement Integrity provisions; to remove certain certification requirements currently in statute and other regulatory certifications (unless justified); to add a new section providing that each executive agency establish and maintain effective value engineering processes and procedures; and to establish a series of policies and procedures for the management of the acquisition workforce in civilian agencies.

Division D of Public Law 104–106 contains many of the provisions of House Report 104–222 in addition to other changes to the OFPP Act. The provisions of Public Law 104–106 include: exempting commercial item purchases from the Truth in Negotiations Act and cost accounting standards; removing certain unnecessary certification requirements; providing for the inapplicability of certain procurement laws to commercially available off-the-shelf items; extending authority for executive agencies to establish and maintain cost-effective, value engineering procedures and processes; establishing a series of policies and procedures for the management of the acquisition workforce in the civilian agencies. It also repeals the current procurement integrity provisions and their certification requirements. New language provides for the protection of confidential procurement information by prohibiting both the disclosure and receipt of such information and imposing criminal and civil penalties for violations. There also is a limited ban on contacts between Government officials and industry contractors, as well as government-wide "revolving door" restrictions.

7. Federal Property and Administrative Services Act of 1949, as amended—June 30, 1949, 63 Stat. 377 (the Act) (40 U.S.C. Section 471 et seq.; Public Law 152, 81st Congress)

This law provides the Federal Government with a system for procurement of personal property and non-personal services, for storage and issues of such property, for transportation and traffic management; for further utilization and disposal of surplus property, and for management authority was modified in 1985. GSA's original responsibilities were enacted as part of Title 44, U.S. Code. The committee has amended certain sections of the 1949 Act.

With respect to Title III (Procurement Procedure), H.R. 1670, reported by the committee on August 1, 1995, as House Report 104–222, Part I, would amend contract solicitation provisions, provide for preaward debriefings, amend preaward qualification requirements and replace these provisions with a contractor performance system; amend all commercial items from the Truth in Negotiations Act; and apply simplified acquisition procedures to all commercial items regardless of their dollar value.

Division D of Public Law 104–106, the Federal Acquisition Reform Act of 1996, retains the provisions regarding commercial item purchasing in modified form. The law also maintains the original language authorizing preaward debriefings for excluded offerors where appropriate.

Division E of Public Law 104–106, the Information Technology and Reform Act of 1996, includes a Senate provision that would require agencies to inventory all agency computer equipment and to

identify excess or surplus property in accordance with Title II of the act. The statement of the committee of conference on S. 1124, which became Public Law 104–106, contains a direction of the conferees that GSA, exercising current authority under Title II of the act, should issue regulations that would provide for donation of such equipment under Title II on the basis of this priority: (1) elementary and secondary schools and schools funded by the Bureau of Indian Affairs; (2) public libraries; (3) public colleges and universities; and (4) other entities eligible for donation under the act.

8. The Competition in Contracting Act of 1984 (41 U.S.C. 253, 98 Stat. 1175, Public Law 98–369, July 18, 1984)

The Competition in Contracting Act of 1984 amended Title III of the Federal Property and Administrative Services Act of 1949 to establish a statutory preference for the use of competitive procedures in awarding Federal contracts for property or services; to require the use of competitive procedures by Federal agencies when purchasing goods or services—sealed or competitive bids; and to direct the head of each agency to appoint an advocate for competition who will challenge barriers to competition in the procurement of property and services by the agency and who will review the procurement activities of the agency.

Division D of Public Law 104–106 contains language which retains the current statutory competition standard, but adds a requirement that the standard is to be implemented in a manner which is consistent with the government's need to "efficiently" fulfill its requirements. Further provisions are added to allow contracting officials more discretion in determining the number of proposals in the "competitive range," to provide for preaward debriefings of unsuccessful offerors, and to authorize the use of special two-phase procedures for design and construction of public buildings.

9. Brooks Automatic Data Processing Act (40 U.S.C. 759)

This provision of law is found at section 111 of the Federal Property and Administrative Services Act (the Act). It provides the authority to coordinate and provide for the purchase, lease, and maintenance of automatic data processing equipment for all Federal agencies through the Administrator of General Services. It also provides authority for the General Services Board of Contract Appeals to review any decision by a contracting officer that is alleged to violate a statute, a regulation, or the conditions of a delegation of procurement authority.

Division E of Public Law 104–106 repeals section 111 of the Act. It provides authority for the acquisition of information technology within each of the Federal agencies and gives the Office of Management and Budget the responsibility for coordinating government-wide information technology management and purchasing. It also establishes the General Accounting Office as the sole independent administrative forum for bid protests.

10. President John F. Kennedy Assassination Records Collection Act of 1992 (Public Law 102–526) and an act to amend the President John F. Kennedy Assassination Records Collection Act of 1992 to extend the authorization of Assassination Records Review Board until September 30, 1998 (Public Law 105–25)

The House Report (House Report 105–138, Part 1) directed the Assassination Records Review Board to report to the committee, on a monthly basis, on the status of its progress toward completing its work by its September 30, 1998, termination date under Public Law 105–25. Committee staff reviewed these reports and communicated with the Review Board staff on ways that the chairman could best assist the Review Board in completing its work. Chairman Burton wrote to the following agencies, which the Review Board had identified as having not been fully cooperative in reviewing their records on the Kennedy assassination and transferring these records to the Review Board: the CIA, IRS, Library of Congress, Senate Select Committee on Assassinations, and Clerk of the House. The chairman urged each of them to cooperate fully with the Review Board and in a timely manner. Committee staff also met with FBI officials regarding the FBI's delay in reviewing records and releasing them to the Review Board.

On June 4, 1998, Chairman Burton met with members of the Review Board regarding the negotiations between the Justice Department and the Zapruder family for compensation for Abraham Zapruder's film of President Kennedy's assassination. On June 5, 1998, the chairman wrote to Assistant Attorney General Frank W. Hunger, expressing his strong support for the government's efforts to reach an agreement on compensating the Zapruder family so that the government may secure the camera-original Zapruder film.

Chairman Burton drafted a resolution that would order the public release of copies of records of the former House Un-American Activities Committee that relate to the assassination of President John F. Kennedy. Under this draft resolution, redacted copies of these assassination records would be transferred to the President John F. Kennedy Assassination Records Collection at the National Archives and Records Administration. The records listed in the draft resolution were identified by the Assassination Records Review Board as being related to President Kennedy's assassination, and Chairman Burton believes that they should be made public under the President John F. Kennedy Assassination Records Collection Act. This resolution was not introduced before the House adjourned sine die. Chairman Burton plans to address this issue when the 106th Congress convenes.

SUBCOMMITTEE ON THE CENSUS

1. Two recent Federal district courts have held that section 195 of Title 13 prohibits the use of statistical sampling in the determination of population for purposes of apportionment of Representatives in Congress among the several States.

Section 195 of Title 13 states: "Except for the determination of population for purposes of apportionment of Representatives in Congress among the several States, the Secretary shall, if he con-

siders it feasible, authorize the use of the statistical method known as 'sampling' in carrying out the provisions of this title." Throughout the 105th Congress, there has been much controversy over whether this statute prohibits statistical sampling for determining the population for purposes of apportionment, or whether the use of such sampling is discretionary with the Secretary of Commerce. As a result of this controversy, in the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, fiscal year 1998, Congress passed section 209 of Public Law No. 105–119, 111 Stat. 2440 (1997), which created a civil action through which any aggrieved person (including either House of Congress) could challenge the use of sampling in the census for apportionment before a three judge panel of a Federal district court. The panel's decision could be appealed directly to the U.S. Supreme Court.

Two suits have since been initiated: *United States House of Representatives* v. *Department of Commerce, et al.,* filed in the U.S. District Court for the District of Columbia, and *Glavin, et al.* v. *Clinton, et al.,* filed in the U.S. District Court for the Eastern District of Virginia. Both lawsuits have sought the courts to declare that the use of sampling to determine the population for the purpose of apportionment is unlawful because the Constitution and the Census Act, 13 U.S.C. section 195, forbid it, and to enjoin the Department of Commerce and the Bureau of the Census from using such sampling. While not ruling on the constitutional questions presented, both district courts held that the Census Act prohibits statistical sampling in the apportionment census. Further, both courts ordered that defendants were permanently enjoined from using any form of statistical sampling, including their program for nonresponse follow-up and Integrated Coverage Measurement, to determine the population for purposes of apportionment. The U.S. Supreme Court will hear oral arguments for both cases on November 30, 1998.

a. United States House of Representatives v. Department of Commerce, et al.

The U.S. District Court for the District of Columbia began its analysis by finding that sections 141(a) and 195 of Title 13 are determinative as to whether statistical sampling is permissible to determine the population for purposes of apportionment. Both of these provisions were last amended in 1976. The court concluded that the legislative history established that prior to the 1976 amendments, section 195 was clear on the prohibition regarding statistical sampling for congressional apportionment, and section 141 was silent on the use of statistical sampling. *United States House of Representatives* v. *United States Department of Commerce, et al.,* 11 F. Supp. 2d 76, 98 (D.D.C. 1998). Therefore, the court had to determine what effect, if any, the 1976 amendments had on the use of statistical sampling.

Prior to the 1976 amendments, section 195 read as follows: "Except for the determination of population for apportionment purposes, the Secretary may, where he deems it appropriate, authorize the use of the statistical method known as 'sampling' in carrying out the provisions of this title." Defendants argued that the 1976

amendments to section 195 altered the use of statistical sampling for non-apportionment purposes from "may", which is an authorization, to "shall", which is a mandate. Defendants furthered argued that an exception from a mandate is discretionary for the area covered by the exception. Id. at 99. The court disagreed with defendants' interpretation, finding that the "except" clause must be read as prohibitory. Id. at 100. "We have a prior understanding that demands the conclusion that whether to use statistical sampling is not to be left to the discretion of the Secretary of Commerce absent a more direct congressional pronouncement." Id. "[T]he most logical reading of the effect of the amendments to section 195 is that while they strengthen the call for sampling in non-apportionment information gathering, they do not have the implicit collateral effect of transforming what was formerly an absolute proscription into a matter of pure agency discretion." Id.

Additionally, the court did not find any intent by Congress to change settled law and permit the use of sampling to determine the population for apportionment. "[I]n an instance such as this, where the discretion afforded the executive on a matter affecting the composition of another co-equal branch would be dramatically altered, an especially clear signal by the legislature is mandated. None is present." Id. at 102. Finding nothing in the House or Senate Reports, hearings, investigations or other legislative fact-finding efforts, "[t]he House of Representatives' apparent lack of interest in a statutory modification that goes to the fundamental matter of its composition cannot be ignored by the court." Id.

Defendants also argued that the 1976 amendments to section 141(a) of the Census Act permitted the use of statistical sampling for purposes of apportionment. The post-1976 version states:

> The Secretary shall, in the year 1990 and every 10 years thereafter, take a decennial census of population . . . in such form and content as he may determine, *including the use of sampling procedures and special surveys.* (emphasis added)

To the extent that section 141(a), which appears to permit statistical sampling in apportionment, and section 195, which prohibits the same, conflict, the rules of statutory construction dictate that the more specific provision controls over the general. Id. at 103. The court found that section 195 was the more specific provision and would control to the extent the two provisions conflict. Id. The court held that reading sections 141(a) and 195 together, and considering the plain text and legislative history, the use of statistical sampling to determine the population for purposes of the apportionment of Representatives in Congress among the States violates the Census Act. Id. at 104.

b. Glavin, et al. v. Clinton, et al.

The U.S. District Court for the Eastern District of Virginia began its analysis with determining the interplay between sections 141(a) and 195 of the Census Act. The court found that while section 141 generally authorizes the use of sampling in various aspects of the census without a prohibition, the plain language of section 141 further establishes Congress' intent "to authorize sampling for numer-

ous purposes of the census other than congressional apportionment." *Glavin, et al.* v. *Clinton, et al.,* No. CIV. A. 98–207–A, 1998 WL 658650, at "9 (E.D. Va. Sept. 24, 1998). Whereas with section 195, the court found that the "except for" language was clear that the use of sampling in collecting numbers for apportionment was prohibited. Id.

The court rejected defendants' argument that its general authority to sample pursuant to section 141 negates the prohibition of sampling for congressional apportionment in section 195. The court stated that such an interpretation would render section 195 "meaningless" and "the statute must be read to give meaning to both provisions." Id. at 10. To the extent that sections 141 and 195 cannot be reconciled, section 195's more specific statutory prohibition would govern over the more general provisions of section 141. Id. The court found that this was "the only plausible interpretation" of the plain language of the Act. Id. The court concluded that "[a]s Congress prohibited sampling for purposes of apportionment, the secretary has no authority to do anything but an actual head count of the population for this purpose." Id.

SUBCOMMITTEE ON THE CIVIL SERVICE

1. The Veterans' Preference Act of 1944 (58 Stat. 387)

This law provides preferences for veterans in obtaining and retaining Federal employment. In connection with its legislative actions regarding H.R. 240 (see section III. A. 1. of the Subcommittee on the Civil Service), the subcommittee continued the review of this law that it began in the previous Congress. The subcommittee concluded that veterans' rights in reductions in force are often circumvented and, most importantly, that veterans do not have access to an effective redress system when their rights have been violated. In addition, the subcommittee also concluded that veterans entitled to preference and others who have served honorably in the armed forces are frequently shut out of competition for Federal jobs by artificial restrictions on competition. H.R. 240, which Subcommittee Chairman Mica introduced, remedies these deficiencies.

The subcommittee also reviewed this law in connection with its consideration of S. 1021 (see section III. A. 14. of the Subcommittee on the Civil Service). As passed, that measure (now Public Law 105–339) addresses many, but not all, of the key issues raised by the subcommittee's review of this law.

2. Chapter 87 of Title 5, United States Code

This chapter establishes the Federal Employees Group Life Insurance program. The subcommittee reviewed these laws in connection with its examination of FEGLI (see section II. B. 4. of the Subcommittee on the Civil Service) and its consideration of H.R. 1316 (see section III. A. 2. of the Subcommittee on the Civil Service). As a result of its review of this review, the subcommittee concluded employees should have additional choices and improved benefits, including the option to choose life products other than term insurance. Subcommittee Chairman Mica introduced H.R. 2675 (see section III. A. 4. of the Subcommittee on the Civil Service) in order to provide those choices and improvements. In addition, the

subcommittee determined that sections 8705 and 8706 should be amended to cure an inequity in the FEGLI program by directing OPM to pay the proceeds of FEGLI life insurance policies in accordance with certain domestic relations orders and permitting courts to direct the assignment of such policies to individuals specified in domestic relations orders.

3. Chapter 89 of Title 5, United States Code

This chapter establishes the FEHBP. The subcommittee reviewed this chapter in connection with its examination of the following matters:

a. H.R. 1836 (see section III. A. 3. of the Subcommittee on the Civil Service).—The subcommittee concluded that several provisions should be amended to protect the integrity of the FEHBP, permit certain plans to reenter the FEHBP after terminating their participation, expedite the distribution of the reserves of terminated plans, and broaden the scope of the preemption of State laws in order to strengthen the ability of national plans to offer uniform benefits and rates Nationwide. In addition, the subcommittee provided statutory authority to permit certain current and former employees of the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System to receive health care benefits through the FEHBP.

b. FEHBP option for military retirees and military families.—During this Congress, the subcommittee has examined various proposals to offer military retiree and military families the option of enrolling in the FEHBP as an alternative to military health care, including H.R. 1631, introduced by Subcommittee Chairman Mica, and the limited demonstration project established in the Defense Authorization Act for Fiscal Year 1999. That demonstration project allows up to 66,000 Medicare-eligible military retirees and certain other beneficiaries of military health care in 6–10 regions around the country to enroll in the FEHBP.

c. MSAs.—The subcommittee reviewed this chapter in evaluating proposals to add Medical Savings Accounts [MSAs] as an option in the FEHBP, including H.R. 3166, which was introduced by Chairman Burton and Representative Archer, chairman of the Committee on Ways and Means, and proposals considered by the Republican Health Care Task Force.

d. Cost Accounting Standards.—The subcommittee reviewed the current authority of the Office of Personnel Management [OPM] to audit participating carriers and health care providers in connection with the application of Cost Accounting Standards to FEHBP contracts. Upon examination of this question, the subcommittee determined that OPM has sufficient authority under Chapter 89 to ensure that such contracts are adequately audited and that the Cost Accounting Standards, which the Office of Management and Budget had directed OPM to apply, are not compatible with insurance and health care accounting systems, as OPM had long recognized. Moreover, the application of those standards would have imposed costly burdens on participating health care carriers while achieving little or no benefits for the Federal Government. Consequently, applying the Cost Accounting Standards could have forced some carriers to discontinue participation in the FEHBP. Therefore, the

subcommittee supported legislation to relieve OPM and the carriers of the burden of complying with the Cost Accounting Standards. Section 518 of the Treasury and General Government Appropriations Act, 1999 provides that the Cost Accounting Standards shall not apply to FEHBP contracts.

e. Prescription contraceptives.—In addition, the subcommittee reviewed these statutes in connection with its examination of section 656 of the Treasury and General Government Appropriations Act, 1999, which mandates coverage of prescription contraceptives.

4. Statutes reviewed in connection with Labor, Health and Human Services, and Education appropriations, H.R. 2264, Public Law 105–78

The subcommittee reviewed several title 5 provisions in connection with its examination of the personnel provisions of section 211(e) of the "Departments of Labor, Health and Human Services, and Education, and Related Appropriations Act, 1998," relating to the transfer of the Gillis W. Long Hansen's Disease Center to the State of Louisiana. These provisions included subchapter III of chapter 83, chapter 84, and 5 U.S.C. § 5545. In addition, the subcommittee also reviewed Public Law 104–208 § 101(f) (section 663 of the Treasury, Postal Service, and General Government Appropriations Act, 1997) in connection with this transfer. The subcommittee agreed to special rules for certain employees at the center to facilitate the transfer.

5. Statutes reviewed in connection with the Internal Revenue Service Restructuring and Reform Act of 1997, H.R. 2676

a. Chapters 23, 33, 35, 43, 45. 51, 53, 55, 71, 73, and 75 of title 5, United States Code.—The subcommittee reviewed these statutes in connection with proposed personnel flexibilities that purport to reform the Internal Revenue Service in light of abuses revealed during Senate hearings.

6. Statutes reviewed in connection with the Defense Authorization Acts, H.R. 1119, Public Law 105–85, and H.R. 3616, Public Law 105–261.

The subcommittee reviewed laws within its jurisdiction in both sessions of this Congress in connection with its examination of various provisions in those bills relating to civilian personnel matters.

The following statutes were examined in the first session in connection with H.R. 1119, Public Law 105–85:

a. 5 U.S.C. §§ 2108, 3309(2).—These statutes, which deal with veterans' preference, were amended to provide veterans' preference to veterans who served during the Desert Shield/and Desert Storm period (August 2, 1990 to January 2, 1992) and to authorize veterans' preference for Vietnam Era veterans by statute.

b. 5 U.S.C. § 3329(b).—This statute was amended to remove the 6-month deadline for the Department of Defense to provide priority employment consideration for certain former military reserve technicians.

c. 5 U.S.C. § 5334(d).—This statute was amended to increase management flexibility and avoid excessive costs when an overseas educator moves from a teaching position to a position covered by

the General Schedule by permitting the Secretary of Defense to authorize pay increases of up to 20 percent.

d. 5 U.S.C. § 5520a.—This statute was amended to permit agencies to collect the administrative cost of garnishment from the employee whose wages are garnished.

e. 5 U.S.C. § 5597 and the Federal Workforce Restructuring Act of 1994 (Public Law 103–226).—These statutes were amended to extend the Department of Defense's authority to offer buyouts through September 30, 2001 (or, for certain positions under the Defense Conversion, Reinvestment, and Transition Assistance Act of 1992, through January 1, 2002) and to require the Department to pay the Civil Service Retirement and Disability Fund 15 percent of the final basic pay of each employee receiving a buyout.

f. Chapter 71 of Title 5 and various provisions of Title 22, United States Code relating to personnel of the Panama Canal Commission.—The subcommittee approved special personnel and labor relations rules for the Commission in order to facilitate the transfer of the Panama Canal to the government of Panama in accordance with the Panama Canal Treaties of 1977.

The following statutes were examined in the first session in connection with H.R. 3616, Public Law 105–261:

a. Chapter 89 of 5 U.S.C.—This statute was amended to establish a demonstration project to include certain covered beneficiaries within the FEHBP.

b. 5 U.S.C. § 5596(b).—This statute was amended to clarify that the 6-year limitation period set forth in the Tucker Act and the Barring Act applies to cases under the Back Pay Act unless a shorter limitations period applies.

c. 5 U.S.C. § 6304(d)(3)(A).—This statute was amended to provide for the restoration of annual leave accumulated by civilian employees at installations in the Republic of Panama to be closed pursuant to the Panama Canal Treaty of 1977.

d. 5 U.S.C. § 5302(8)(B).—This statute was amended to allow for the elimination of retained pay as a basis for determining locality-based adjustments.

e. 5 U.S.C. § 6103(b).—This statute was amended to allow for the observance of certain holidays at duty posts outside the United States.

f. 5 U.S.C. § 3307.—This statute was amended to set a maximum age for entry and to provide for law enforcement and firefighter retirement to the Nuclear Materials Courier Force at the Department of Energy.

g. 22 U.S.C. § 3601 et seq. (Panama Canal Act of 1979).—This statute was amended to deal with various aspects of civilian employment at Panama Canal installations.

h. Chapter 59 of 5 U.S.C.—This statute was amended to provide for the sunset of U.S. overseas benefits immediately prior to transfer.

i. Section 663 of the Treasury, Postal Service, and General Government Appropriations Act, 1997 (Public Law 104–208).—The subcommittee reviewed this statute, which authorizes Federal agencies to offer buyouts under certain conditions, in connection with a proposal, adopted in Conference, to permit the Department of Energy to provide buyouts until January 1, 2001.

j. 5 U.S.C. Chapter 47.—The subcommittee reviewed these statutes in connection with its examination of provisions providing additional personnel flexibility to the Defense Advanced Research Projects Agency.

7. Statutes reviewed in connection with the civil service provisions of the Balanced Budget Act of 1997, Public Law 105–33

a. Chapters 83 & 84 of title 5, United States Code.—The civil service provisions amended these statutes to increase the retirement contributions of all agencies other than the Postal Service and the Metropolitan Washington Airports Authority by 1.51 percent for each employee covered by the Civil Service Retirement System [CSRS], beginning on October 1, 1997, and continuing through September 30, 2002. These provisions also gradually raise individual contributions to the CSRS and the Federal Employees Retirement System [FERS] by 0.25 percent beginning January 3,1999, an additional 0.15 percent in 2000, and another 0.10 percent in 2001; the full 0.5 percent increased contribution remains throughout 2002. The subcommittee examined the impact of such increases in the hearing described in part II. B. 1. of the Subcommittee on the Civil Service.

b. 50 U.S.C. § 2021, 22 U.S.C. §§ 4045 and 4071.—These statutes were amended to impose corresponding increases in the agency and employee contributions to the Central Intelligence Agency Retirement and Disability System, the Foreign Service Retirement and Disability System, and the Foreign Service Pension System.

c. 5 U.S.C. § 8906.—This statute was amended to establish a permanent formula for computing the Government's share of health insurance premiums under the Federal Employees Health Benefits Program [FEHBP]. Under this formula, the Government's contribution will be based upon 72 percent of the weighted average of the subscription charges for enrollments for all options of all plans participating in the FEHBP. Separate calculations will be performed for self alone and self and family enrollments. Current law regarding part-time employees and the prohibition against the Government share exceeding 75 percent of any premium are retained.

8. Statutes reviewed in connection with the "Treasury and General Government Appropriations Act, 1998," Public Law 105–61 and the "Treasury and General Government Appropriations Act, 1999," section 101(h) of Public Law 105–277.

In both sessions of this Congress the subcommittee reviewed statutes in connection with provisions in the Treasury and General Government Appropriations Acts relating to personnel matters.

The following statutes were reviewed in connection with the "Treasury and General Government Appropriations Act, 1998," Public Law 105–61:

a. 5 U.S.C. §§ 8334, 8337, 8339, 8334a, 8344, 8415, 8422, and 8468.—These statutes were amended to permit former Members of Congress who served in an executive branch position at reduced pay in order to remove the impediment to the appointment of the Member imposed by article I, section 6, clause 2 of the Constitution to be computed as if he had not served at reduced pay. The former

Member must make an appropriate deposit with interest to the Civil Service Retirement and Disability Fund.

b. 5 U.S.C. § 5948 and the Federal Physicians Comparability Allowance Act of 1978 (5 U.S.C. 5948 note).—These statutes were amended to extend agencies' authority to pay physicians comparability allowances until September 30, 2002.

c. 5 U.S.C. §§ 8341, 8339, 8442, and 8445.—These statutes were amended to provide that a survivor annuity of a former spouse who was married to a Federal employee for at least 30 years will not be terminated if, on or after January 1, 1995, the former spouse remarries before age 55.

d. Chapters 83 and 84 of Title 5, United States Code.—These statutes were reviewed in connection with the "Federal Employees' Retirement System Open Enrollment Act of 1997," which established an open season during which individuals covered by the CSRS may elect coverage under FERS.

e. 5 U.S.C. § 5545.—The subcommittee reviewed this statute in connection with a provision in the appropriations act prohibiting the payment of Sunday premium pay unless an employee actually performed work on Sunday. The previous year's appropriation act prohibited the payment of both Sunday premium pay and night differential pay to an employee who did not perform work during the appropriate period. This year's House bill proposed to relax the prohibition on night differentials for individuals who have been performing night work for a period of 26 weeks or more. However, the conference agreement permits the payment of night differentials in the absence of work.

The following statutes were reviewed in connection with the "Treasury and General Government Appropriations Act, 1998," Public Law 105–277:

a. 5 U.S.C. Chapter 89.—These statutes were reviewed in connection with its examination of the administration's determination to apply the Cost Accounting Standards to FEHBP contracts and with a provision that mandates coverage of prescription contraceptives. Section 518 of this legislation prohibits the application of those Standards. Section 656 requires FEHBP plans to cover prescription contraceptives.

b. 5 U.S.C. Chapter 55, subchapter V.—The subcommittee reviewed these statutes in connection with its examination of section 628 of this legislation which revises the law on overtime payments for Federal firefighters.

c. 5 U.S.C. § 4507.—This statute was amended to increase the monetary awards for career Senior Executives who receive the rank awards of Distinguished Executive or Meritorious Executive.

d. 5 U.S.C. § 5384.—This statute was amended to increase the performance bonuses that career Senior Executives may earn.

e. 5 U.S.C. §§ 5303 and 5304.—The subcommittee reviewed these statutes in connection with its examination of legislative proposals to curtail the President's authority to limit the annual increases in Federal employees' basic pay and locality pay. Section 647 of this legislation sets the 1999 pay raise for Federal employees at 3.6 percent.

9. Statutes reviewed in connection with the "Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1998," Public Law 105–119

a. Chapters 43, 47, 51, and 53 of title 5, United States Code.—These statutes were reviewed in connection with the limited authority provided by section 122 of the act to the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco and Firearms, the U.S. Customs Service, and the U.S. Secret Service to adopt alternative personnel management systems covering certain positions. The FBI may exercise its authority to establish for 3 years an alternative system to cover not more than 3,000 non-Special Agent employees to fill critical scientific, technical, engineering, intelligence analyst, language translator, and medical positions. The Secretary of the Treasury may establish a 3-year demonstration project, covering not more than 950 employees, who fill the same positions in the other agencies.

10. Statutes reviewed in connection with H.R. 2526, a bill to make the percentage limitations on individual contributions to the Thrift Savings Plan more consistent with the dollar amount limitation on elective deferrals, and for other purposes.

a. 5 U.S.C. Chapters 83 and 84.—This legislation would have amended provisions of these chapters to allow Federal employees to contribute more of their own money to the Thrift Savings Plan.

11. Statutes reviewed in connection with H.R. 2943, a bill to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes.

a. 5 U.S.C. § 6327.—This legislation would have amended this statute to allow organ donors to take 30 days leave rather than 7.

12. Statutes reviewed in connection with H.R. 2566, the "Civil Service Retirement System Actuarial Redeposit Act of 1998".

a. 5 U.S.C. § 8334.—This legislation would have amended the statute to allow certain Federal employees to receive actuarially reduced annuities rather than redeposit, with interest, refunds previously received.

13. Statutes reviewed in connection with the "Haskell Indian Nations University and Southwestern Indian Polytechnic Institute Administrative Systems Act of 1998" (Public Law 105–337).

a. 5 U.S.C. Chapter 47.—The subcommittee examined the provisions of this chapter in connection with this legislation to provide the administrations of these two Indian schools with the authority to implement personnel policies more suitable to educational institutions. The subcommittee determined that current law would not provide the broad authority with respect to benefits, including retirement, that these institutions need.

14. Statutes reviewed in connection with the "Department of State Special Agents Retirement Act of 1998" (Public Law 105–382).

a. 22 U.S.C. §§ 4044, 4045, 4046, 4071a.—These statutes were amended to provide Department of State Special Agents with law enforcement retirement.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

1. District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93–198.

An act to reorganize the government structure of the District of Columbia, to provide a charter for local government in the District of Columbia, to provide a charter for local government in the District of Columbia subject to acceptance of the majority of the registered qualified electors in the District of Columbia, to delegate certain legislative powers to the local government, to implement certain recommendations of the commission on the organization of the government of the District of Columbia, and for other purposes.

2. District of Columbia Financial Responsibility and Management Assistance Act, Public Law 104–8.

To eliminate budget deficits and management inefficiencies in the government of the District of Columbia through the establishment of the District of Columbia Financial Responsibility and Management Assistance Authority, and for other purposes. (See II., Investigations, B.)

3. Balanced Budget Act of 1997, Public Law 105–33, Title XI.

"National Capital Revitalization and Self-Government Improvement Act of 1997." (See part III., Legislation, A.)

COUNCIL ACTS TRANSMITTED IN 1997 AND BECAME LAW IN 1997

1. Jan. 10, 1997—Act 11–310, "Rhema Christian Center Property Tax Relief Act of 1996." To provide equitable real property tax relief to the Rhema Christian Center, a tax-exempt religious organization. Act 11–310 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4357) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–164, effective April 9, 1997.

2. Jan. 10, 1997—Act 11–311, "Simpson-Hemline United Methodist Church Property Tax Relief Act of 1996." To provide equitable real property tax relief to the Simpson-Hemline United Methodist Church. Act 11–311 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4359) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–165, effective April 9, 1997.

3. Jan. 10, 1997—Act 11–312, "Holy Comforter Episcopal Church, Saint Andrew Parish Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to the Holy Comforter Episcopal Church, Saint Andrew Parish. To provide equitable real property tax relief to Holy Comforter Episcopal Church, a tax-exempt religious organization. Act 11–312 was pub-

lished in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4361) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–166, effective April 9, 1997.

4. Jan. 10, 1997—Act 11–314, "St. Matthew's Evangelical Lutheran Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to St. Matthew's Evangelical Lutheran, a tax-exempt religious organization. Act 11–314 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4365) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–167, effective April 9, 1997.

5. Jan. 10, 1997—Act 11–315, "Upper Room Baptist Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to Upper Room Baptist Church, a tax-exempt religious organization. Act 11–315 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4367) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–168, effective April 9, 1997.

6. Jan. 10, 1997—Act 11–316, "Commission on Mental Health Services Psychologists Protection Amendment Act of 1996." To amend the District of Columbia Employee Non-Liability Act to provide for the indemnification of psychologists in certain circumstances. Act 11–316 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4478) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–169, effective April 9, 1997.

7. Jan. 10, 1997—Act 11–317, "Child Support Enforcement Amendment Act of 1996." To amend the District of Columbia Child Support Enforcement Amendment Act of 1985 to require the court to base findings of good cause not to impose immediate withholding of earnings or income for child support on a written determination that immediate withholding is not in the best interest of the child, and, in cases where support orders are being modified, to also require proof of timely payment of previously ordered child support; to require child support court orders to include a provision that directs absent parents to keep the IV–D Program informed of the parent's health insurance coverage and policy information; to require the court to issue to the absent parent advance notice of intent to impose wage withholding in cases where wages are not subject to immediate withholding; to require the court to issue to employers a notice to withhold within 15 calendar days of the date of the support order in the case of immediate withholding; and to establish notice requirements consistent with Federal law in interstate withholding cases where the District of Columbia is the initiating or responding state. Act 11–317 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4480) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–170, effective April 9, 1997.

8. Jan. 10, 1997—Act 11–318, "Community Development Corporation Money Lender License Tax Exemption Amendment Act of

1996." To amend an act to regulate the business of loaning money on security of any kind by person, firms, and corporations other than national banks, licensed banker, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia to authorize the Mayor to waive certain bonding requirements and to exempt certain community development corporations acting as money lenders from the money lender license tax. Retransmitted. Act 11–318 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4484) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–171, effective April 9, 1997.

9. Jan. 10, 1997—Act 11–320, "Early Intervention Services Sliding Fee Scale Establishment Act of 1996." To establish a program to provide early intervention services designed to meet the developmental needs of infants and toddlers, from birth through 2 years of age and their families, and to require the Mayor to establish a sliding fee scale for early intervention services based on the income of eligible families. Act 11–320 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4491) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–172, effective April 9, 1997.

10. Jan. 10, 1997—Act 11–321, "Anti-Loitering/Drug Free Zone Act of 1996." To authorize the Chief of the Metropolitan Police Department to determine and declare a drug enforcement zone and to prohibit the congregation of two or more persons on public space on public property, for the purpose of participating in the use, purchase, or sale of illegal drugs, within the perimeter of the drug enforcement zone. Act 11–321 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4493) and transmitted to Congress on January 10, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–270, effective June 3, 1997.

11. Jan. 10, 1997—Act 11–322, "Expulsion of Students Who Bring Weapons Into Public Schools Temporary Act of 1996." To require, on a temporary basis, the expulsion, for not less than 1 year, of any student who brings a weapon into a District of Columbia public school, absent extenuating circumstances as determined on a case-by-case basis by the Superintendent of Schools, and consistent with the Individuals With Disabilities Education Act. Act 11–322 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4497) and transmitted to Congress on January 10, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect Congress not having disapproved, this act became D.C. Law 11–173, effective April 9, 1997.

12. Jan. 10, 1997—Act 11–323, "Expulsion of Students Who Bring Weapons Into Public Schools Act of 1996." To require the expulsion, for not less than 1 year, of any student who brings a weapon into a District of Columbia public school, absent extenuating circumstances, as determined on a case-by-case basis by the Superintendent of Schools, and consistent with the Individuals With disabilities Education Act. Act 11–323 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4500) and

transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–174, effective April 9, 1997.

13. Jan. 10, 1997—Act 11–325, "Free Clinic Assistance Program Extension Amendment Act of 1996." To amend the Free Clinic Assistance Program Act of 1986 to extend the life of the Program until September 23, 2001. Act 11–325 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4371) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–175, effective April 9, 1997.

14. Jan. 10, 1997—Act 11–326, "Abatement of Controlled Dangerous Substances Nuisance Amendment Act of 1996." To amend the Residential Drug-Related Evictions Amendment Act of 1990 to authorize the Corporation Counsel, civic association, or community association within whose boundary the nuisance is located to bring a civil action to abate a nuisance of controlled dangerous substances located on privately owned residential property. Act 11–326 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4234) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–176, effective April 9, 1997.

15. Jan. 10, 1997—Act 11–327, "Vending Site Lottery Assignment Act of 1996." To amend the District of Columbia Municipal Regulations to authorize the Metropolitan Police Department to designate vending sites and assign them by lottery, and to require the Mayor to attempt to designate additional vending spaces to replace vending spaces that have been eliminated as a result of recent Federal measure to increase the security of the White House Complex and the Federal Bureau of Investigation headquarters. Act 11–327 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4238) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–177, effective April 9, 1997.

16. Jan. 10, 1997—Act 11–328, "Bicyclist Responsibility Regulation Amendment Act of 1996." To amend chapter 12 of title 18 of the District of Columbia Municipal Regulations to clarify the rights and duties of bicyclists. Act 11–328 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4240) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–178, effective April 9, 1997.

17. Jan. 10. 1997—Act 11–329, "Juvenile Detention and Speedy Trial Act of 1996." To amend title 16 of the District of Columbia Code to limit the length of time a juvenile remains in secure detention. Act 11–329 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4243) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–179, effective April 9, 1997.

18. Jan 10, 1997—Act 11–331, "Establishment of the John A. Wilson Building Foundation Act of 1996." To establish the John A. Wilson Building foundation, a nonprofit corporation, for the purpose of developing long-term plans for the use of the Wilson Building and to develop long-range fundraising plans to pay for the ren-

ovation of the Wilson Building. Act 11–331 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4246) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–180, effective April 9, 1997.

19. Jan. 10, 1997—Act 11–332, "Nonprofit Corporation Two-Year Report Amendment Act of 1996." To amend the District of Columbia Nonprofit Corporation Act to provide for the filing of a 2-year report instead of a 5-year report, to change the normal filing date from April 15th to January 15th effective January 15, 1998, and to add certain fees. Act 11–332 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4503) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–181, effective April 9, 1997.

20. Jan. 10, 1997—Act 11–333, "District of Columbia Income and Franchise Tax Act of 1947 Conformity Amendment Act of 1996." To amend the District of Columbia Income and Franchise Tax Act of 1947 to provide for greater conformity with Federal income tax law. Act 11–333 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4251) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–182, effective April 9, 1997.

21. Jan. 10, 1997—Act 11–334, "Comprehensive Merit Personnel Act Health And Life Insurance Clarification Amendment Temporary Act of 1996." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to clarify eligibility for continuation of health and life benefits for certain employees of the District government first employed after September 30, 1987. Act 11–334 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4253) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–183, effective April 9, 1997.

22. Jan. 13, 1997—Act 11–337, "Highway Trust Fund Establishment Act and the Water and Sewer Authority Amendment Act of 1996." To establish the District of Columbia Highway Trust Fund to comply with the requirement for the creation of a dedicated highway fund mandated by the District of Columbia Emergency Highway Relief Act, to require the Mayor to deposit into the fund an amount equivalent to revenue received from the motor vehicle fuel tax and associated fees and fines; to amend the Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996 to add one additional board member, to improve the Authority's bond rating, and to clarify the Authority's relationship to the District government. Act 11–337 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4265) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–184, effective April 9, 1997.

23. Jan. 13, 1997—Act 11–338, "Business Corporation Two-Year Report Amendment Act of 1996." To amend the District of Columbia Business Corporation Act of 1954 to provide for the filing of a 2-year report instead of a 5-year report, and to make conforming

amendments to the sections governing a proclamation of revocation. Act 11–338 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4510) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–185, effective April 9, 1997.

24. Jan. 13, 1997—Act 11–339, "Fire Code Amendment Act of 1996." To amend the District of Columbia Fire Prevention Code and the District of Columbia Building Code to permit District of Columbia public schools to permanently close certain exit doors. Act 11–339 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4513) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–186, effective April 9, 1997.

25. Jan. 13, 1997—Act 11–340, "Alcoholic Beverage Underage Penalties Amendment Act of 1996." To amend the District of Columbia Alcoholic Beverage Control Act to provide for criminal and civil penalties for misrepresentation of age or purchase, possession, or consumption of alcoholic beverage by persons under 21 years of age. Act 11–340 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4515) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–187, effective April 9, 1997.

26. Jan. 15, 1997—Act 11–341, "District of Columbia Employee Vatical Settlement Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to provide authority for the offering of Vatical settlements to terminally ill employees and former employees enrolled in the District of Columbia Group Life Insurance Program. Act 11–341 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4273) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–188, effective April 9, 1997.

27. Jan. 13, 1997—Act 11–342, "International Registration Plan Agreement Temporary Amendment Act of 1996." To provide, on an temporary basis, for membership in the International Registration Plan pursuant to the Federally mandated reciprocal requirements of 49 U.S.C. § 31704. Act 11–342 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4275) and transmitted to Congress on January 13, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–189, effective April 9, 1997.

28. Jan. 31, 1997—Act 11–343, "Council Contract Approval Modification Temporary Amendment Act of 1995 Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Procurement Practices Act of 1985 to establish additional criteria for Council review and approval of contracts for expenditures in excess of $1 million during a 12-month period, and to further expedite the review and approval of Federal-aid highway contracts. Act 11–343 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4279) and transmitted to Congress on January 31, 1997 for a 30-day review. This act shall ex-

pire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–190, effective April 9, 1997.

29. Jan. 13, 1997—Act 11–347, "Health Services Planning Program Re-establishment Act of 1996." To re-establish a health services planning and certificate of need regulatory program in the District of Columbia. Act 11–347 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4535) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–191, effective April 9, 1997.

30. Jan. 23 1997—Act 11–348, "Emergency Assistance Clarification Amendment Act of 1996." To amend the District of Columbia Right to Overnight Shelter Act of 1984 and the District of Columbia Public Assistance Act of 1982 to clarify the circumstances under which the District of Columbia government claims Federal financial participation. Act 11–348 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4285) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–192, effective April 9, 1997.

31. Jan. 13, 1997—Act 11–349, "Oak Hill Youth Center Educational Contracting Temporary Act of 1996." To provide, on an temporary basis, that the Mayor may contract for services to operate an education program at the Oak Hill Youth Center without adhering to the District's procurement laws and to establish procedures for the contracting of such services. Act 11–349 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4373) and transmitted to Congress on January 13, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–193, effective April 9, 1997.

32. Jan. 13, 1997—Act 11–354, "Board of Real Property Assessments and Appeals Membership Qualification Act of 1996." To amend the District of Columbia Real Property Tax Act Revision Act of 1974 to require numerical diversity in the requirements for membership on the Board of Real Property Assessments and Appeals. Act 11–354 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4557) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–194, effective April 9, 1997.

33. Jan. 13, 1997—Act 11–355, "Holy Comforter-Saint Cyprian Roman Catholic Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to Holy Comforter-Saint Cyprian Roman Catholic Church, a tax-exempt religious organization. Act 11–355 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4559) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–195, effective April 9, 1997.

34. Jan. 13 1997—Act 11–358, "Extension of the Moratorium on Retail Service Station Conversions and the Gas Station Advisory Board Amendment Act of 1996." To amend the Retail Service Station Act of 1976 to extend the moratorium on the conversion of full

service retail service stations to limited service retail stations until October 1, 1999, to extend the life of the Gas Station Advisory Board, and to modify the petition for exemption process. Act 11–358 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4564) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–196, effective April 9, 1997.

35. Jan. 13, 1997—Act 11–359, "Housing Finance Agency Loan Forgiveness Amendment Act of 1996." To amend the District of Columbia Housing Finance Agency Act to provide that the District of Columbia Housing Finance Agency's loan, advanced from the General Fund to cover the operating and program expense of the Agency from 1980 to 1992, be forgiven. Act 11–359 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4567) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–197, effective April 9, 1997.

36. Jan. 13, 1997—Act 11–360, "Fiscal Year 1997 Budget Support Act of 1996." To amend the District of Columbia Real Estate Deed Recordation Tax Act to require that the amount of recordation tax be based on the higher of the assessed value or the sales price of the deed and other amendments. Act 11–360 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4569) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–198, effective April 9, 1997.

37. Jan. 13, 1997—Act 11–361, "Adjustment Process for Nonviolent Juvenile Offenders and Parent Participation in Court-Ordered Act of 1996." To amend title 16 of the District of Columbia Code to provide for an alternative to adjudication for juveniles charged with certain nonviolent offenses and to authorize the court to hold parents and guardians in contempt for not participating in a court-ordered proceeding or program. Act 11–361 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4385) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–199, effective April 9, 1997.

38. Jan. 23, 1997—Act 11–362, "Commercial Counterfeiting Criminalization Act of 1996." To prohibit counterfeiting of trademarks, service marks, or other intellectual property, permit the seizure of counterfeit intellectual property and personal property used in the manufacture of counterfeit property, and prohibit the knowing possession of material for the reproduction of counterfeit intellectual property. Act 11–362 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4585) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–271, effective June 3, 1997.

39. Jan. 13, 1997—Act 11–363, "Modified Reduction-in-Force Temporary Amendment Act of 1996." To amend on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to modify the reduction-in-force procedures to allow only one round of lateral bumping within a competitive level, to set a deadline of February 1, 1997, for personnel authori-

ties to make final decisions on the identification of positions to be abolished through a reduction-in-force to add 5 years to creditable service for District residency for purposes of a reduction-in-force, and to require the Mayor to submit to the Council by March 1, 1997, a list of positions to be abolished through a reduction-in-force. Act 11–363 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 5427) and transmitted to Congress on January 13, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–200, effective April 9, 1997.

40. Jan. 15, 1997—Act 11–364, "Boating While Intoxicated Temporary Act of 1996." To prohibit, on a temporary basis, the operation of any watercraft while under the influence of, or intoxicated by, alcohol or any controlled substance. Act 11–364 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4390) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–201, effective April 9, 1997.

41. Jan. 15, 1997—Act 11–367, "Medicare Supplement Insurance Minimum Standards Amendment Act of 1996." To amend the Medicare Supplement Insurance Minimum Standards Act of 1992 in order to implement requirements of the Medicare supplement minimum standards as mandated by the Social Security Act Amendments of 1994. These changes to the regulatory programs will ensure that the District of Columbia maintains approval as meeting minimum Federal standards. Act 11–367 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6054) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–202, effective April 9, 1997.

42. Jan. 15, 1997—Act 11–370, "Closing of Public Alleys and Abandonment and Establishment of Easements in Square 878, S.O. 95–38, Act of 1996." To order the closing of public alleys and abandonment and establishment of easements in Square 878, bounded by I Street, SE, 6th Street, SE, and 7th Street, SE, in ward 6. Act 11–370 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4670) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–203, effective April 9, 1997.

43. March 27, 1997—Act 11–371, "Lottery Games Amendment Act of 1996." To amend the law to legalize lotteries, daily numbers games, and bingo and raffles for charitable purposes in the District of Columbia to permit Maryland lottery advertising in the District on a reciprocal basis and to clarify that lottery ticket receipts are held in trust by lottery sales agents until transferred to the Lottery Board. Act 11–371 was published in the January 15, 1997, edition of the D.C. Register (Vol. 43 page 4672) and transmitted to Congress on March 27, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–272, effective June 3, 1997.

44. Jan. 15, 1997—Act 11–372, "Testing of District Government Drivers of Commercial Motor Vehicles for Alcohol and Controlled Substances Temporary Amendment Act of 1996." To amend, on a

temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to authorize and require that District employees and candidates for employment with the District government who need to have a commercial driver's license, as a condition of employment, be tested for the use of alcohol and controlled substances. Act 11–372 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4674) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–204, effective April 9, 1997.

45. Jan. 15, 1997—Act 11–374, "Public Assistance Fair Hearing Procedures Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Public Assistance Act of 1982 to change the requirement that a verbatim written transcript be prepared for every fair hearing and to require recorded testimony instead, and to authorize transcripts when requested by a claimant, if ordered by the hearing officer or for purposes of judicial review, with costs of transcription to be borne by the Mayor. Act 11–374 was published in the September 13, 1996, edition of the D.C. Register (Vol. 43 page 4935) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–205, effective April 9, 1997.

46. Jan. 15, 1997—Act 11–378, "Paternity Acknowledgment and Gas Station Advisory Board Re-establishment Temporary Act of 1996." To amend, on a temporary basis, chapter 9 of title 16 of the District of Columbia Code to require each public and private birthing hospital in the District of Columbia to operate a hospital-based program that provides services to facilitate the voluntary acknowledgment of paternity immediately before and after the birth of a child to an unmarried woman, to require each birthing hospital to transmit completed voluntary acknowledgment of paternity forms to the Mayor, and to require the Mayor to provide to the staff of each birthing hospital the forms, materials, and training required to operate the program; and to amend the Retail Service Station Act of 1976 to re-establish the Gas Station Advisory Board. Act 11–378 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4684) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–206, effective April 9, 1997.

47. Jan. 15, 1997—Act 11–380, "Real Property Tax Reassessment Temporary Act of 1996." To extend, on a temporary basis, time deadlines in the District of Columbia Real Property tax revision Act of 1974 for the assessment of class 1 and class 2 real property for the tax year 1997, to extend the time for the appeal of a real property tax assessment for the tax year 1997, to provide that the latest assessment shall be considered the final assessment for purposes of appeal, and to increase the limit on the compensation of the members of the Board of Real Property Assessments and Appeals for the District of Columbia. Act 11–380 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4691) and transmitted to Congress on January 15, 1997 for a 30-day re-

view. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–207, effective April 9, 1997.

48. Jan. 23, 1997—Act 11–381, "District of Columbia Housing Authority Police Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Housing Authority Act of 1994 to create a public housing police force. Act 11–381 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4695) and transmitted to Congress on January 23, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–208, effective April 9, 1997.

49. Jan. 15, 1997—Act 11–384, "Preservation of Residential Neighborhoods Against Nuisances Temporary Act of 1996." To deem, on a temporary basis, that new restaurants in any residentially zoned area within the boundaries of the Georgetown Historic District that engage in carry out or delivery services that comprise more than 5 percent of their business operations constitute a public nuisance. Act 11–384 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4700) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–209, effective April 9, 1997.

50. Jan 15. 1997—Act 11–386, "Cable Television Franchise Amendment Act of 1996." To amend the Cable Television Communications Act of 1981 to establish a procedure to award additional cable service franchises. Act 11–386 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4700) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–210, effective April 9, 1997.

51. Jan. 15, 1997—Act 11–387, "Closing of a Public Alley in Square 375, S.O. 95–54, Act of 1996." To order the closing of a public alley in Square 375, bounded by H Street, NW, 9th Street, NW, G Place, NW, and 10th Street, NW, in ward 2.

52. Jan. 15, 1997—Act 11–389, "Health and Hospitals Public Benefit Corporation Act of 1996." To establish a public benefit corporation to be known as the District of Columbia Health and Hospitals Public Benefit Corp. to provide comprehensive community centered health care to residents of the district and assume the functions and personnel responsibilities of the D.C. General Hospital and the Commission on Public Health community clinics. Act 11–392 was published in the September 13, 1996, edition of the D.C. Register (Vol. 43 page 4992) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–214, effective April 9, 1997.

53. Jan. 15, 1997—Act 11–391, "Drug Paraphernalia Amendment Act of 1996." To amend the Drug Paraphernalia Act of 1982 by including glassy bags and zip-lock bags of certain sizes within the definition of "drug paraphernalia", creating an inference that glassy bags and zip lock bags of certain sizes sold by a commercial establishment are drug paraphernalia, and requiring the license and certification of occupancy for the commercial establishment be

suspended upon conviction. Act 11–391 was published in the September 13, 1996, edition of the D.C. Register (Vol. 43 page 4990) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–213, effective April 9, 1997.

54. Jan 15, 1997—Act 11–392, "Reorganization Plan No. 5 for the Department of Human Services and Department of Corrections Temporary Act of 1996." To reorganize on a temporary basis, the Department of Human Services to transfer the Bureau of Correctional Services from the Department of Human Services to the Department of Corrections. Act 11–392 was published in the September 13, 1996, edition of the D.C. Register (Vol. 43 page 4992) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–214, effective April 9, 1997.

55. Jan. 15, 1997—Act 11–413, "Oyster Elementary School Modernization and Development Project Temporary Act of 1996." To provide, on a temporary basis, authorization to modernize the James F. Oyster Elementary School, to privately develop a portion of the Oyster School site, and to fund the improvements to Oyster School and other public school facilities through payments in lieu of taxes on the privately developed portion of the Oyster School site. Act 11–413 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6070) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–215, effective April 9, 1997.

56. Jan. 15, 1997—Act 11–414, "Economic Recovery Conformity Temporary Act of 1996." To prohibit, on a temporary basis, the increase in the individual income tax, the sales and use tax, and real property tax rates contingent on the enactment of an act of Congress which would reduce the percentage of Federal income tax applicable solely to residents of the District of Columbia under the Internal Revenue Code of 1986. Act 11–414 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6074) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–216, effective April 9, 1997.

57. Jan. 15, 1997—Act 11–415, "Real Property Tax Rates for Tax Year 1997 Temporary Amendment Act of 1996." Act 11–415 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6076) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–217, effective April 9, 1997.

58. Jan. 15, 1997—Act 11–431, "Zero Tolerance for Guns Amendment Act of 1996." To amend the Firearms Control Regulations Act of 1975 to provide for civil forfeiture for weapons offenses; title 23 of the District of Columbia Code to permit pretrial detention for individuals charged with weapons offenses and individuals who pose a risk of flight or other serious risk; and the District of Columbia

Work Release Act to permit the director of the Department of Corrections to grant work release and to increase the fine and days of incarceration for violations of work release plans. Act 11–431 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6168) and transmitted to Congress on January 15, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–273, effective June 3, 1997.

59. Jan. 15, 1997—Act 11–432, "New Hires Police Officers, Fire Fighter, and Teachers Pension Modification Amendment Act of 1996." Act 11–414 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6172) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–218, effective April 9, 1997.

60. Jan. 15, 1997—Act 11–433, "BNA Washington Inc., Real Property Tax Deferral Temporary Amendment Act of 1996." To amend, on an temporary basis, the real property tax deferral procedure to provide for the deferral of real property taxes on certain real property. Act 11–433 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6176) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–219, effective April 9, 1997.

61. Jan. 15, 1997—Act 11–434, "District of Columbia Moratorium on the 1997 Real Property Assessments for Real Property Tax year 1998 Temporary Amendment Act of 1996." Act 11–434 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6181) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–220, effective April 9, 1997.

62. Jan. 23, 1997—Act 11–438, "Lead-Based Paint Abatement and Control Act of 1996." To establish a program to reduce, eliminate, and abate lead-based paint hazards in the District of Columbia Act 11–438 was published in the December 27, 1997, edition of the D.C. Register (Vol. 43 page 6854) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–221, effective April 9, 1997.

63. Jan. 23, 1997—Act 11–441, "Real Property Tax Rates for Tax Year 1997 Amendment Act of 1996." To amend the District of Columbia Real Property Tax Revision Act of 1974 to establish real property tax rates and the real property special tax rates for real property tax year 1997 and to update reports adopted by the Council. Act 11–441 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 108) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–222, effective April 9, 1997.

64. Jan. 23, 1997—Act 11–442, "District of Columbia Moratorium on the 1997 Real Property Assessments for Real Property Tax Year 1998 Amendment Act of 1996." To amend the District of Columbia Real Property Tax Revision Act of 1974 to provide that the Mayor shall publish in the District of Columbia Register the proposed 1997 real property tax rate son the third Friday following the date

1997 real property assessment roll is certified and to provide that the assessed value of all real property located in the District of Columbia for real property tax year 1998 shall be the assessed value for real property tax year 1997 and the valuation date for real property tax year 1998 real property assessments shall be January 1, 1997. Act 11–442 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 111) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–223, effective April 9, 1997.

65. Jan. 23, 1997—Act 11–443, "Tax Revision Commission Establishment Temporary Amendment Act of 1996." To amend, on a temporary basis, the Tax Revision Commission Establishment Act of 1996 to increase the number of members of the Commission. Act 11–443 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 114) and transmitted to Congress on January 23, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–224, effective April 9, 1997.

66. Jan. 23, 1997—Act 11–452, "Insurers' Records Access and Control Amendment Act of 1996." To amend the Law on Examinations Act of 1993 to clarify that an insurer may use reliable electronically stored data or other process which accurately reproduces or forms a durable medium for storing records and under what circumstances the original may be destroyed. Act 11–452 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 122) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–225, effective April 9, 1997.

67. Jan. 23, 1997—Act 11–453, "Fiscal Year 1997 Budget Temporary Act of 1996." To amend, on a temporary basis, the District of Columbia Real Property Tax Revision Act of 1974 to provide that real property assessments shall be made on a biennial basis. Act 11–453 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 124) and transmitted to Congress on January 23, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–226, effective April 9, 1997.

68. Jan. 23, 1997—Act 11–455, "Insurance Agents and Brokers Licensing Revision Act of 1996." To specify the qualifications and procedures for the licensing of insurance agents and insurance brokers in all lines of insurance. Act 11–455 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 140) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–227, effective April 9, 1997.

69. March 27, 1997—Act 11–458, "Initiative 51 Real Property Assessment and Tax Initiative of 1996." To allow any taxpayer to challenge tax assessments on the public's behalf, or to intervene in assessment appeals before the Board of Real Property Assessments and Appeals; require that all proceedings of the Board be held in public and that all information presented to the Board be publicly available; and establish a "Public Advocate" to represent the public interest before the Board and the courts on matters, including, but not limited to, property assessments; to conduct investigations; to

appeal any assessments; and to advise the public of its rights under the tax laws. Act 11–458 was published in the December 27, 1996, edition of the D.C. Register (Vol. 43 page 6868) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–269, effective April 9, 1997.

70. Jan. 23, 1997—Act 11–460, "Eldebrooke United Methodist Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to Eldebrooke Untied Methodist Church, a tax-exempt religious organization. Act 11–460 was published in the January 24, 1997, edition of the D.C. Register (Vol. 44 page 386) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–228 effective April 9, 1997.

71. Jan. 23, 1997—Act 11–461, "Chevy Chase Baptist Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to Eldebrooke United Methodist Church, a tax-exempt religious organization. Act 11–461 was published in the January 24, 1997, edition of the D.C. Register (Vol. 44 page 388) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–229, effective April 9, 1997.

72. Jan. 23, 1997—Act 11–462, "Department of Corrections Criminal Background Investigation Authorization Temporary Act of 1996." To authorize, on a temporary basis, the director of the Department of Corrections to conduct criminal background investigations on all employees, including non-probationary employees, of the Department of Corrections. Act 11–462 was published in the January 23, 1997, edition of the D.C. Register (Vol. 44 page 390) and transmitted to Congress on January 23, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–230, effective April 9, 1997.

73. Jan. 23, 1997—Act 11–463, "Check Identification Fraud Prevention Temporary Amendment Act of 1996." To amend, on a temporary basis, the Use of Consumer Identification Information Act of 1991 to allow a person to request the display of a second form of identification such as a credit card or other form of identification. Act 11–463 was published in the January 24, 1997, edition of the D.C. Register (Vol. 44 page 392) and transmitted to Congress on January 24, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–231, effective April 9, 1997.

74. Jan. 24, 1997—Act 11–490, "Closing of Portions of 3rd Street, NW, and L Street, NW, Adjacent to Squares 525, 526, 556, and 558, SO 90–18, Act of 1996." To order the closing of portions of 3rd Street, NW, and L Street, NW, adjacent to Squares 525, 526, and 558, collectively bounded by New York Avenue, NW, New Jersey Avenue, NW, K Street, NW, and 4th Street, NW, in ward 2. Act 11–490 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 217) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–232, effective April 9, 1997.

75. Jan. 24, 1997—Act 11–493, "Risk-Based Capital Act of 1996." To enact a Model Risk-Based Capital Act for insurers and to protect the confidentiality of reports filed with the Insurance Administration by both property and casualty and life and health insurance companies. Act 11–493 was published in the February 14, 1997, edition of the D.C. Register (Vol. 44 page 765) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–233, effective April 9, 1997.

76. Jan. 24, 1997—Act 11–494, "Uniform Partnership Act of 1996." To enact the Revised Uniform Partnership Act in the District of Columbia. Act 11–494 was published in the February 14, 1997, edition of the D.C. Register (Vol. 44 page 777) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–234, effective April 9, 1997.

77. Jan. 31, 1997—Act 11–495, "Health Maintenance Organization Act of 1996." To set forth standards for the formation, operation, and regulation of Health maintenance Organizations in the District of Columbia. Act 11–495 was published in the February 14, 1997, edition of the D.C. Register (Vol. 44 page 818) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–235, effective April 9, 1997.

78. Jan. 24, 1997—Act 11–496, "Naming of Public Spaces Amendment Act of 1996." To amend the Street and Alley Closing and Acquisition Procedures Act of 1982 to permit symbolic naming of public spaces, to establish additional standards for naming public spaces, and to require payment of fees for the naming of public spaces. Act 11–496 was published in the February 21, 1997, edition of the D.C. Register (Vol. 44 page 917) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–236, effective April 9, 1997.

79. Jan. 24, 1997—Act 11–497, "Uniform Commercial Code Negotiable Instruments Amendment Act of 1996." To amend article 3 of the Uniform Commercial Code by adding a provision concerning lost, destroyed, or stolen cashier's checks, teller's checks, or certified checks. Act 11–497 was published in the February 21, 1997, edition of the D.C. Register (Vol. 44 page 920) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–237, effective April 9, 1997.

80. Jan. 24, 1997—Act 11–498, "Uniform Commercial Code—Letters of Credit Act of 1996." Act 11–498 was published in the February 21, 1997, edition of the D.C. Register (Vol. 44 page 923) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–238, effective April 9, 1997.

81. Jan. 31, 1997—Act 11–499, "Uniform Commercial Code—Bulk Sales Act of 1996." To revise article 6 of the Uniform Commercial Code and to make conforming amendments to articles 1 and 2. Act 11–499 was published in the February 21, 1997, edition of the D.C. Register (Vol. 44 page 936) and transmitted to Congress

on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–239, effective April 9, 1997.

82. Jan. 24, 1997—Act 11–500, "Uniform Commercial Code Investment Securities Revision Act of 1996." To enact revised Article 8 of the Uniform Commercial code in the District of Columbia and to make conforming amendments to articles 1, 4, 5, 9, and 10. Act 11–500 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1087) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–240, effective April 9, 1997.

83. Jan. 24, 1997—Act 11–501, "Newborn Health Insurance Amendment Act of 1996." To require that all individual and group health insurance policies provide coverage for a minimum stay in a hospital or other birthing facility for a mother and child following the birth of a child, and for other purposes. Act 11–501 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1125) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–241, effective April 9, 1997.

84. Jan. 24, 1997—Act 11–502, "Real Estate Licensure Amendment Act of 1996." To amend the District of Columbia Real Estate Licensure Act of 1982 relating to the duties of real estate brokers, salespersons, and property managers. Act 11–502 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1128) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–242, effective April 9, 1997.

85. Jan. 24, 1997—Act 11–503, "Victims of Violent Crime Compensation." To establish a Crime Victims Compensation Program in the District of Columbia and to designate the administration of the program to the Superior Court of the District of Columbia. Act 11–503 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1142) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–243, effective April 9, 1997.

86. Jan. 24, 1997—Act 11–504, "Mandatory Use of Seat Belts Amendment Act of 1996." To amend the Mandatory Use of Seat Belts Act of 1985 to require the driver and all passengers in a motor vehicle to wear a properly adjusted and fastened safety belt while the driver is in control of the vehicle, to provide an exemption for passengers in a vehicle if all seating positions with seat belts in the vehicle are occupied by other persons, provided that the driver shall insure that children 16 years of age and under shall have preference to seating positions with seat belts, to provide for an enforcement date, to provide that efforts to educate the public about the requirements and purpose of this act shall be multi-lingual and in alternative formats, to increase the monetary fine for a violation, to provide for primary enforcement, to provide for the assessment of 2 points to the driving record of a driver found in violation, to make the driver of the vehicle, except the operator of a passenger vehicle for hire, responsible for ensuring that passengers comply with this act; to amend title 31 of the District of Columbia Municipal Regulations to establish a mandatory seatbelt usage signage requirement for passenger vehicles for hire; and to

provide for a $100 fine for drivers of public vehicles for hire who fail to comply with the signage requirement. Act 11–504 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1155) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–244, effective April 9, 1997.

87. Jan. 24, 1997—Act 11–505, "Hospital and Medical Services Corporation Regulatory Act of 1996." Act 11–505 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1158) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–245, effective April 9, 1997.

88. Jan. 31, 1997—Act 11–506, "Collateral Reform Temporary Amendment Act of 1996." To amend, on a temporary basis, title 18 of the District of Columbia Municipal Regulations to establish the amount of collateral to be paid by a person charged with failure to obey under 18 DCMR 2000.2 based upon the number of times the person has committed the offense. Act 11–506 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1223) and transmitted to Congress on January 31, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–246, effective April 9, 1997.

89. Jan. 30, 1997—Act 11–507, "Mortgage Lender and Broker Act of 1996 Time Extension Temporary Amendment Act of 1996." To amend, on a temporary basis, the Mortgage Lender and Broker Act of 1996 to extend the time for mortgage lenders and brokers to obtain a license and to allow the superintendent of the Office of Banking and Financial Institutions the authority, if necessary, to issue provisional licenses. Act 11–507 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1225) and transmitted to Congress on January 31, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–247, effective April 9, 1997.

90. Jan. 30, 1997—Act 11–510, "Sex Offender Registration Act of 1996." To establish a sex offender registration program in the District of Columbia that will operate in accordance with the recommendations of a newly created advisory council, and to provide for selective community disclosure of registration information that is relevant and necessary to protect the public and to counteract the assessed dangerousness of convicted sex offenders who have returned to the community. Act 11–510 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1232) and transmitted to Congress on January 31, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–274, effective June 3, 1997.

91. Jan. 31, 1997—Act 11–511, "Boating While Intoxicated Act of 1996." To prohibit the operation of any watercraft while under the influence of, or intoxicated by, alcohol or any controlled substance, to establish no-wake zones, and increase registration fees. Act 11–511 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1242) and transmitted to Congress on January

31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–248, effective April 9, 1997.

92. Feb. 6, 1997—Act 11–512, "Recorder of Deeds Recordation Surcharge Amendment Act of 1996." Act 11–512 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1247) and transmitted to Congress on February 6, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–257, effective April 15, 1997

93. Jan. 31, 1997—Act 11–513, "Closing of a Public Alley in Square 107, S.O. 95–56, Act of 1996." To order the closing of a public alley in Square 107, bounded by K Street, NW, 19th Street, NW, L Street, NW, and 18th Street, NW, in ward 2. Act 11–513 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1251) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–249, effective April 9, 1997.

94. Jan. 31, 1997—Act 11–514, "BNA Washington, Inc., Real Property Tax Deferral Amendment Act of 1996." To amend the real property tax deferral procedure to provide for the deferral of real property taxes on certain real property. Act 11–514 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1253) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–250, effective April 9, 1997.

95. Jan. 31, 1997—Act 11–515, "Joseph H. Cole Fitness Center Designation Act of 1996." To rename the recreation center located at 1200 Morse Street, NE, presently known as the Wheatley Recreation Center, as the Joseph H. Cole Fitness Center. Act 11–515 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1259) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–251, effective April 9, 1997.

96. Jan. 31, 1997—Act 11–516, "Closing of a Portion of M Street, SW, Adjacent to Square 651, SO 95–239 Act of 1996." To order the closing of a portion of M Street, SW and establishment of an easement, at the intersection of M Street, SW, and South Capitol Street, adjacent to Square 651, in ward 2. Act 11–516 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1260) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–252 effective April 9, 1997.

97. Jan. 31, 1997— Act 11–517, "Closing of a Portion of Ingraham Street, NE, and Public Alleys Adjacent to Squares 3700 and 3701, SO. 96–27, Act of 1996." To order the closing of a portion of Ingraham Street, NE, east of First Place, NE, and adjacent to Square 3700 and Square 3701, and the closing of a public alley between Ingraham Street, NE, and Lot 806 in Square 3700, in ward 5. Act 11–517 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1262) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–253, effective April 9, 1997.

98. Jan. 31, 1997—Act 11–518, "Title 47, D.C. Code Enactment Act of 1996." To enact and amend title 47 of the District of Columbia Code and District of Columbia Enactment Act of 1996. Act 11–

518 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1264) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–253, effective April 9, 1997.

99. Jan. 31, 1997—Act 11–519, "Second Technical Amendments Act of 1996." To amend the District of Columbia Statehood Constitutional Convention Initiative Act of 1979 to correct a grammatical error; to amend the District of Columbia Comprehensive Plan Act of 1984 to correct a grammatical error. Act 11–519 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1271) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–255, effective April 9, 1997.

100. Jan. 30, 1997—Act 11–520, "Second Criminal Code Technical Amendments Act of 1996." To amend an act to establish a code of law for the District of Columbia to correct a punctuation error and to delete extraneous language. Act 11–520 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1464) and transmitted to Congress on January 30, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–275, effective June 3, 1997.

101. Jan. 31, 1997—Act 11–521, "Air Pollution Control Temporary Amendment Act of 1996." To amend, on at temporary basis, the District of Columbia Air Pollution Control Act of 1984 to authorize the Mayor to issue or amend the air pollution control rules to implement the act. Act 11–521 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1414) and transmitted to Congress on January 31, 1997 for a 30-day review. Act 11–520 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1464) and transmitted to Congress on January 30, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–275, effective June 3, 1997.

102. Jan. 31, 1997—Act 11 523, "Correctional Treatment Facility Act of 1996." Act 11–523 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1416) and transmitted to Congress on January 31, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–276, effective June 3, 1997.

103. March 21, 1997—Act 11–524, "Department of Insurance and Securities Regulation Establishment Act of 1996." Act 11–524 was published in the March 28, 1997, edition of the D.C. Register (Vol. 44 page 1730) and transmitted to Congress on March 21, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–268, effective May 21, 1997.

104. Feb. 6, 1997—Act 11–525, "Alcohol Beverage Control Act Private Club Exception Amendment Act of 1996." Act 11–525 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1421) and transmitted to Congress on February 6, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–258, effective April 15, 1997.

105. Feb. 6, 1997—Act 11–526, "Procurement Reform Amendment Act of 1996." To amend an act to establish a code of law for the District of Columbia to establish a $5 surcharge to be collected

at the time a document is submitted for recordation at the Recorder of Deeds: to amend an act providing for the expenses of the offices of the recorder of deeds and register of wills of the District of Columbia to provide that the funds generated by the surcharge shall be used exclusively to cover the costs of purchasing a state-of-the-art automated system at the Recorder of Deeds, maintaining the new computer system, training staff to implement and operate the new computer system and repairing an upgrading the infrastructure components at the Recorder of Deeds which are necessary and essential to meet its overall mission; to provide that the funds generated by the surcharge shall be deposited in a fund entitled the Recorder of Deeds Automation and Infrastructure Improvement Fund; to require the Mayor to make an annual budget request for the restricted use of the funds collected pursuant to this act; to amend the District of Columbia Income and Franchise Tax Act of 1947 to encourage the establishment of new business enterprises in the District of Columbia by enacting a deduction for dividends received by a corporation from a wholly-owned subsidiary after March 1, 1997; and to amend the District of Columbia Sales Tax Act to tax the sale of prepaid telephone calling card as the sale of tangible personal property, subject only to such taxes as are imposed on the sale or use of tangible personal property, even if no card has been issued. Act 11–526 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1423) and transmitted to Congress on February 6, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–259, effective April 15, 1997.

106. Feb. 25, 1997—Act 11–527, "Natural and Artificial Gas Gross Receipts Tax Temporary Amendment Act of 1997." Act 11–524 was published in the March 28, 1997, edition of the D.C. Register (Vol. 44 page 1452) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–260, effective April 25, 1997.

107. Feb. 25, 1997—Act 11–528, "Washington Metropolitan Area Transit Authority Safety Regulation Temporary Act of 1997." To regulate, on a temporary basis, the safety and security of the rail fixed guideway system operated by the Washington Metropolitan Area Transit Authority by creating and operating a joint entity among the District of Columbia, Commonwealth of Virginia, and the State of Maryland to oversee this regulation and by authorizing the Mayor of the District of Columbia to enter into and implement an agreement with Virginia and Maryland to achieve these purposes. Act 11–528 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1455) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–261, effective April 25, 1997.

108. Feb 25, 1997—Act 11–529, "Washington Convention Center Authority Act of 1994 Time Extension Temporary Amendment Act of 1997." To amend, on a temporary basis, the Washington Convention Center Authority Act of 1994 to change the time in which the Authority has to submit final financial requirements and a feasibil-

ity analysis to the Mayor and the Council. Act 11–529 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1460) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–262, effective April 25, 1997.

109. Feb. 25, 1997—Act 11–530, "Designation of Excepted Services Positions Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978, to increase, to a total of 200 the number of all positions under the Mayor's authority and the number of Excepted Service employees that the Mayor may appoint to subordinate agencies, to allocate up to 40 of the positions subject to appointment by the Mayor to the Office of the Inspector General and, during a Control year up to 20 positions to the Office of the Chief Financial Officer, and to repeal the requirement that lists of Excepted Service positions and incumbents in those positions be published in the District of Columbia Register. Act 11–530 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1462) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–263, effective April 25, 1997.

110. Feb 25, 1997—Act 11–531, "Supplemental Security Income Payment Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Public Assistance Act of 1982 to eliminate the supplement to the Federal Supplemental Security Income payment for District residents who live independently and re-direct the supplemental payment to persons who receive the Supplemental Security Income benefits and who live in community residential facilities; and to codify the current special living arrangement rates that have been established by rule. Act 11–531 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1464) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–264, effective April 25, 1997.

111. Feb 25, 1997—Act 11–532, "Cooperative Association Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Cooperative Association Act to permit regular corporations to become members of an association formed under that act; to apply some sections of the District of Columbia Business Corporation Act to associations formed under the District of Columbia Cooperative Association Act; to permit a trade association representing cooperative organizations to use the word "cooperative" in its name; and to amend the D.C. Nonprofit Corporation Act to permit nonprofit cooperatives to be organized under the act. Act 11–532 was published in the March, 14, 1997, edition of the D.C. Register (Vol. 44 page 1467) and transmitted to Congress on February 25, 1997 for 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–265, effective April 25, 1997.

112. March 6, 1997—Act 11–533, "Unemployment Compensation Federal Conformity Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Unemployment Compensation Act to conform with the Federal requirement to permit the withholding of Federal income taxes from unemployment compensation benefits at the request of the claimant. Act 11–533 was published in the March 21, 1997, edition of the D.C. Register (Vol. 44 page 1576) and transmitted to Congress on March 6, 1997 for 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–266, effective May 7, 1997.

113. March 6, 1997—Act 11–534, "Equal Opportunity for Local, Small and Disadvantaged Business Enterprises Temporary Act of 1997." To establish new size standards for small business enterprise categories, require an assessment every 3 years of the continued need for the local, small, and disadvantage programs, establish a 2 tier set-aside program for small business enterprises, establish affiliated interest standards for small and disadvantaged business enterprises, and to amend the Minority Contracting Act of 1976 to authorize board members participation at Minority Business Opportunity Commission meetings by conference telephone. Act 11–534 was published in the March 21, 1997, edition of the D.C. Register (Vol. 44 page 1579) and transmitted to Congress on March 6, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–267, effective May 7, 1997.

114. March 6, 1997—Act 12–5, "General Obligation Note Act of 1997." This act authorizes the issuance of general obligation notes of the District of Colombia for the purposes of financing certain appropriations for which unappropriated revenues are not available. Act 12–5 was published in the March 14, 1996, edition of the D.C. Register (Vol. 44 page 1469) and transmitted to Congress on March 6, 1997 for 30-day review. Congress not having disapproved, this act became D.C. Law 12–1, effective May 7, 1997.

115. March 6, 1997—Act 12–15, "District of Columbia Unemployment Compensation Tax Stabilization Temporary Amendment Act of 1997." The purpose of the act is to amend, on a temporary basis, the District of Colombia Unemployment Compensation Act to reduce the taxable wage base, lower the maximum weekly benefit amount, and eliminate the dependent's allowance. Act 12–15 was published in the March 28, 1996, edition of the D.C. Register (Vol. 44 page 1751) and transmitted to Congress on March 6, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–2, effective May 7, 1997.

116. April 8, 1997—Act 12–45, "Mortgage Lender and Broker Act of 1996 Temporary Amendment of 1997." To amend, on a temporary basis, the Mortgage Lender and Broker Act of 1996 to clarify certain requirements of the act and to conform certain definitions to Federal law; the District of Columbia Real Estate Licensure Act of 1982 to exempt mortgage brokers and lenders from the requirements of the act; and an act to regulate the business of loaning money on security of any kind by persons, firms, or corporations other than national banks, licensed bankers, trust com-

panies, savings banks, building and loan associations, and real estate brokers in the District of Columbia to add certain exemptions. Act 12–45 was published in the March 28, 1996, edition of the D.C. Register (Vol. 44 page 2098) and transmitted to Congress on April 8, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–3, effective May 23, 1997.

117. April 8, 1997—Act 12–46, "Fiscal Year 1997 Budget Support Temporary Amendment Act of 1997." To amend, on a temporary basis, the fiscal year 1997 budget support tax of 1996 to repeal the requirement that deed recordation tax and transfer taxes be based on the higher of the assessed value of the sale price of the deed, to repeal the requirement the employees file returns for withholdings on a quarterly basis, to repeal the requirement that returns for gross receipt taxes and toll telecommunication service taxes be made on a quarterly basis, and to repeal the requirement that all requests for proposals for public schools include a clause giving the schools the option to accept contracted services or to receive funds representing their proportionate share of the costs for contracted services. Act 12–46 was published in the April 8, 1996, edition of the D.C. Register (Vol. 44 page 2101) and transmitted to Congress on April 8, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–4, effective June 5, 1997.

118. April 17, 1997—Act 12–61, "Tenant Representative Services Lease Negotiation and Review Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Revenue Act of 1970 to expedite Council review of new leases or renewals as existing leases where the District is a tenant and the Mayor is obligated to expend funds for construction or alteration of tenant improvements in excess on $1 million or average annual gross rental in excess of $1 million over the lease period, and to allow the direct negotiation of new leases or renewals of existing leases where the District represented by a duly licensed private sector commercial real estate broker. Act 12–61 was published in the April 25, 1997, edition of the D.C. Register (Vol. 44 page 2410) and transmitted to Congress on April 17, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–5, effective June 5, 1997.

119. April 17, 1997—Act 12–63, "District of Columbia Taxicab Commission Establishment Act of 1985 Temporary Amendment Act of 1997." To amend on a temporary basis, the District of Columbia Taxicab Commission Establishment Act of 1985 to authorize hearing examiners to hear and decide complaints against taxicab owners, operators, companies, associations, fleets, and radio dispatch operations. Act 12–63 was published in the April 25, 1997, edition of the D.C. Register (Vol. 44 page 2432) and transmitted to Congress on April 17, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–6, effective June 5, 1997.

120. June 11, 1997—Act 12–79, "Public Assistance Temporary Amendment Act of 1997." To amend on a temporary basis, the District of Columbia Public Assistance Act of 1982 to comply with provisions of the Personal Responsibility and Work Opportunity Act of 1996, Public Law 104–193, by repealing the Aid to Families with Dependent Children Program, establishing the Temporary Assistance to Needy Families as a non entitlement program of assistance, and making the following conforming amendments: (1) imposing a time limit for receipt of benefits under TANF; (2) revising certain eligibility requirements related to children absent from the home; (3) revising the duty to assign child support rights while on assistance; (4) defining the duty to cooperate in pursuing child support; (5) defining the "good cause" exception to the cooperation requirement; (6) establishing alien eligibility for TANF and Medicaid; (7) extending the current payment level and amount of assistance; (8) revising the living at home requirements for pregnant and parenting teens; (9) broadening the application of the school attendance provisions of the Demonstration Project for pregnant and parenting teens; (10) denying assistance to recipients engaging in certain kinds of fraud, fugitive felons, and parole violators; (11) making technical amendments to reflect the termination of the pass-through of the first $50 of child support; and, (12) establishing confidentiality provisions; and to amend an act to enable the District of Columbia to receive Federal financial assistance until title XIX of the Social Security Act for a medical assistance program, and for other purposes to make conforming changes to the Medicaid law. Act 12–79, was published in the June 13, 1997, edition of the D.C. Register (Vol. 44 page 3353) and transmitted to Congress on June 11, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–7, effective August 1, 1997.

121. June 11, 1997—Act 12–80, "District of Columbia Regional Airports Authority Amendment Act of 1997." To amend the District of Columbia Regional Airports Authority Act of 1985 to increase the Metropolitan Washington Airports Authority from 11 to 13 members. Act 12–80 was published in the June 13, 1997, edition of the D.C. Register (Vol. 44 page 3371) and transmitted to Congress on June 11, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–8, effective August 1, 1997.

122. June 25, 1997—Act 12–83, "Procurement Reform Temporary Amendment Act of 1997." To amend, on a temporary basis, the Procurement Reform Amendment Act of 1996 to increase the penalties of Civil False Claims and Qui Tam provisions and to change the title of the head of the Office of Contracting Procurement. Act 12–83 was published in the July 4, 1997, edition of the D.C. Register (Vol. 44 page 3721) and transmitted to Congress on June 25, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–17, effective September 12, 1997.

123. June 25, 1997—Act 12–84, "BNA Washington, Inc., Real Property Tax Deferral Temporary Amendment Act of 1997." To amend the real property tax deferral procedure to provide for the deferral of real property taxes on certain real property. Act 12–84

was published in the July 4, 1997, edition of the D.C. Register (Vol. 44 page 3740) and transmitted to Congress on June 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–18, effective September 12, 1997.

124. June 18, 1997—Act 12–85, "Children's Defense Fund Equitable Real Property Tax Relief Temporary Amendment Act of 1997." To provide, on a temporary basis, equitable real property tax relief to the Children's Defense Fund, a tax-exempt organization. Act 12–85 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3610) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–9, effective September 5, 1997.

125. June 18, 1997—Act 12–86, "Closing of a Public Alley in Square 253, S.O. 88–107, Temporary Act of 1997." To order, on a temporary basis, the closing of a public alley in Square 253, bounded by F Street, NW, 13th Street, NW, G Street NW, and 14th Street NW, in ward 2. Act 12–86 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3612) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–10, effective September 5, 1997.

126. June 18, 1997—Act 12–87, "Assessments Initiative Procedures Temporary Amendment Act of 1997." To amend, on a temporary basis, the Real Property Assessment and Tax Initiative of 1997 to delay its applicability until the real property tax year 1999. Act 12–87 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3614) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–11, effective September 5, 1997.

127. June 18, 1997—Act 12–88, "Closing of a Public Alley in Square 484, S.O. 90–272, Temporary Act of 1997." To order, on a temporary basis, the closing of a public alley in Square 484, bounded by K Street NW, 5th Street, NW, Massachusetts Avenues, NW, and 6th Street NW, in ward 2. Act 12–88 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3616) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–12, effective September 5, 1997.

128. June 18, 1997—Act 12–90, "Motor Vehicle Biennial Inspection fund Act of 1997." To amend an act to provide for the annual inspection of all motor vehicles in the District of Columbia to establish a dedicated fund for the District of Columbia Enhanced Vehicle Emissions Inspection Program as mandated by the Federal Clean Air Act Amendments of 1990. Act 12–90 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3618) and transmitted to Congress on June 18, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–13, effective September 5, 1997.

129. June 18, 1997—Act 12–91, "International Registration Plan Agreement Act of 1997." To provide for membership in the International Registration Plan pursuant to the Federally mandated reciprocal registration requirements of 49 U.S.C. § 31704. Act 12–91 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3620) and transmitted to Congress on June 18, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–14, effective September 5, 1997.

130. June 18, 1997—Act 12–92, "Ivy City Yard Fixed Right-of-Way Mass Transit System Designation Temporary Act of 1997." To designate, on a temporary basis, all buildings, structures, and other improvements located at the Ivy City Yard as related to a fixed right-of-way mass transit system which is exempt from the subdivision requirement for certain proposed actions pertaining to the erection or construction of buildings, structures, and other improvements. Act 12–92 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3625) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–15, effective September 5, 1997.

131. June 18, 1997—Act 12–93, "Motor Vehicle Excessive Idling Fine Increase Temporary Amendment Act of 1997." To amend, on temporary basis, 16 DCMR 3224 and 18 DCMR 2601.2 to increase the civil infractions fine for violating the engine idling provisions of the District of Columbia Air Pollution Control Act of 1984 and the Traffic Adjudication Act of 1978 and to amend the idling restriction of 18 DCMR 2418.3 to make it comply with the District of Columbia Air Pollution Control Act of 1984. Act 12–93 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3627) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–16, effective September 5, 1997.

132. July 11, 1997—Act 12–95, "Ivy City Yard Fixed Right-of-Way Mass Transit System Designation Act of 1997." To designate all buildings, structures, and other improvements located at the Ivy City Yard as related to a fixed right-of-way mass transit system which is exempt from the subdivision requirement for certain proposed actions pertaining to the erection or construction of buildings, structures, and other improvements. Act 12–95 was published in the July 18, 1997, edition of the D.C. Register (Vol. 44 page 3998) and transmitted to Congress on July 11, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–19, effective September 23, 1997.

133. July 11, 1997—Act 12–97, "Washington Metropolitan Area Transit Authority Safety Regulation Act of 1997." To regulate the safety and security of the rail fixed guide way system operated by the Washington Metropolitan Area Transit Authority by creating and operating a joint entity among the District of Columbia. Commonwealth of Virginia, and the State of Maryland to oversee this regulation and by authorizing the Mayor of the District of Columbia to enter into and implement an agreement with Virginia and Maryland to achieve these purpose. Act 12–95 was published in the

July 18, 1997, edition of the D.C. Register (Vol. 44 page 3998) and transmitted to Congress on July 11, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–19, effective September 23, 1997.

134. July 11, 1997—Act 12–98, "General Public Assistance Program Termination Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia General Public Assistance Act of 1982 to terminate the General Public assistance program. Act 12–98 was published in the July 18, 1997, edition of the D.C. Register (Vol. 44 page 4028) and transmitted to Congress on July 11, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–21, effective September 23, 1997.

135. July 11, 1997—Act 12–99, "Washington Convention Center Authority Collective Bargaining Amendment Act of 1997." To amend the Washington Convention Center Authority Act of 1994 to provide for coverage of the Washington Convention Center Employees by the Public Employee Relations Board and by the labor-management relations title of the District of Columbia Government Comprehensive Merit Personnel Act of 1978. Act 12–99 was published in the July 25, 1997, edition of the D.C. Register (Vol. 44 page 4168) and transmitted to Congress on July 11, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–22, effective September 23, 1997.

136. July 11, 1997—Act 12–100, "Business Improvement District Temporary Amendment Act of 1997." To amend, on a temporary basis, the Business Improvement Districts Act of 1996 to authorize the establishment and administration of business improvement districts in the District of Columbia and the assessment and collection of taxes for the improvement of business improvement districts. Act 12–100 was published in the July 25, 1997, edition of the D.C. Register (Vol. 44 page 4170) and transmitted to Congress on July 11, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–23, effective September 23, 1997.

137. July 29, 1997—Act 12–107, "Closing of a Public Alley in Square 253, S.O. 88–107, Reinstatement Act of 1997." To reinstate an act that ordered the closing of a public alley in Square 253, bounded by F Street, NW, 13th Street, NW, G Street, NW, and 14th Street, NW, in ward 2. Act 12–107 was published in the August 1, 1997, edition of the D.C. Register (Vol. 44 page 4316) and transmitted to Congress on July 29, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–24, effective October 8, 1997.

138. July 29, 1997—Act 12–108, "Closing of a Public Alley in Square 484 S.O. 90–272, Reinstatement Act of 1997." To reinstate an act that ordered the closing of a public alley in Square 484, bounded by K Street, NW, 5th Street, NW, Massachusetts Avenue, NW, and 6th Street, NW in ward 2, and to amend the closing of a public alley in Square 107, S.O. 95–56, Act of 1996 to clarify a provision requiring an affordable housing contribution. Act 12–108 was published in the August 1, 1997, edition of the D.C. Register (Vol. 44 page 4318) and transmitted to Congress on July 29, 1997

for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–25, effective October 8, 1997.

139. July 29, 1997—Act 12–109, "Business Improvement Districts Amendment Act of 1997." To amend the Business Improvement Districts Act of 1996 to authorize the establishment and administration of business improvement districts in the District of Columbia and the assessment and collection of taxes for the improvement of business improvement districts in the District of Columbia and the assessment and collection of taxes for the improvement of business improvement districts. Act 12–109 was published in the August 1, 1997, edition of the D.C. Register (Vol. 44 page 4320) and transmitted to Congress on July 29, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–26, effective October 8, 1997.

140. July 29, 1997—Act 12–113, "Health Insurance Portability and Accountability Federal Law Conformity Temporary Act of 1997." To provide, on a temporary basis, individual and group health insurance subscribers in the District of Columbia the benefits and protections mandated by the Health Insurance Portability and Accountability Act of 1996. Act 12–113 was published in the August 1, 1997, edition of the D.C. Register (Vol. 44 page 4345) and transmitted to Congress on July 29, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–27, effective October 8, 1997.

141. Sept. 3, 1997—Act 12–117, "Sex Offender Registration Temporary Amendment Act of 1997." To amend, on a temporary basis, the Sex Offender Registration Act of 1996 to require the Metropolitan Police Department to update its registry promptly, and to require new residents to the District of Columbia who fall within the registration requirements to register with the Metropolitan Police Department within 10 days of establishing residence in the District of Columbia. Act 12–117 was published in the August 8, 1997, edition of the D.C. Register (Vol. 44 page 4506) and transmitted to Congress on September 3, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–28, effective October 23, 1997.

142. Sept. 3, 1997—Act 12–119, "Iglesia Del Dios Vivo Columna Y Apoya De La Verdad La Lux Del Mundo Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax relief to the Iglesia Del Dios Vivo Columna Y Apoya De La Verdad "La Lux Del Mundo", a tax exempt religious organization. Act 12–119 was published in the August 15, 1997, edition of the D.C. Register (Vol. 44 page 4641) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–29, effective October 23, 1997.

143. Sept. 3, 1997—Act 12–125, "Living Word Church Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax relief to the Living Word Church, a tax exempt religious organization. Act 12–125 was published in the August 15, 1997, edition of the D.C. Register (Vol. 44 page 4656) and transmitted to Congress on September 3, 1997 for a 30-day review. Con-

gress not having disapproved, this act became D.C. Law 12–30, effective October 23, 1997.

144. Sept. 3, 1997—Act 12–126, "Faith Tabernacle Church Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax relief to Faith Tabernacle Church, a tax exempt religious organization. Act 12–126 was published in the August 15, 1997, edition of the D.C. Register (Vol. 44 page 4658) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–31, effective October 23, 1997.

145. Sept. 3, 1997—Act 12–128, "Healthcare Entity Conversion Act of 1997." To establish procedures to ensure the protection of charitable assets held in the public trust by Healthcare entities when those assets are transferred to entitles that are for-profit and to make conforming amendments to the Health Services Planning Program Reestablishment Act of 1996, the Hospital and Medical Services Corporation Regulatory Act of 1996, and the Health Maintenance Organization Act of 1996, and to authorize the Corporation Counsel to approve all conversions. Act 12–128 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4819) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–32, effective October 23, 1997.

146. Sept. 3, 1997—Act 12–129, "Washington Home for Incurables Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax relief to the Washington Home for Incurables a tax exempt. Act 12–129 was published in the August 15, 1997, edition of the D.C. Register (Vol. 44 page 4660) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–33, effective October 23, 1997.

147. Sept. 3, 1997—Act 12–130, "Real Property Interest Reporting Improvement Amendment Act of 1997." To amend an act to establish a code of law for the District of Columbia to require the owner mortgagee, secured party under a deed of trust, trustee, and lienholder of any real property to notify the Recorder of Deeds when there is a name or address change, and to authorize an administrative fee to cover the cost of additional research to locate an owner, a mortgagee, a secured party under a deed of trust, a trustee, or a lienholder after an unsuccessful attempt using available information. Act 12–130 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4827) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–34, effective October 23, 1997.

148. Sept. 3, 1997—Act 12–131, "Health Care for the Homeless Project, Inc., Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax, and transfer tax relief to the Health Care for the Homeless Project, Inc., the National Health Plan, and the Community Group Health Foundation, tax exempt organizations. Act 12–131 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4662) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not

having disapproved, this act became D.C. Law 12–35, effective October 23, 1997.

149. Sept. 3, 1997—Act 12–132, "Comprehensive Merit Personnel Act Pay Limit Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to repeal the prohibition on an employee receiving a rate of basic pay in excess of the rate of pay for the Mayor; and to amend the District of Columbia Police and Firemen's Salary Act of 1958 to authorize the Council to change or suspend by resolution the compensation provisions for officers and members of the Metropolitan Police Department and the Fire and Emergency Medical Services Department. Act 12–132 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4829) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–36, effective October 23, 1997.

150. Sept. 3, 1997—Act 12–139, "Real Property Tax sale Amendment Act of 1997." To amend Title 47 of the District of Columbia Code to prevent owners of real property with delinquent real property taxes from participating in real property tax sales. Act 12–139 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4850) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–37, effective October 23, 1997.

151. Sept. 3, 1997—Act 12–140, "Homestead Exemption Penalty Expansion Amendment Act of 1997." To amend title 47 of the District of Columbia Code to establish as a misdemeanor the failure to notify the Mayor of termination of eligibility for the Homestead tax exemption program. Act 12–140 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4852) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–38, effective October 23, 1997.

152. Sept. 3, 1997—Act 12–143, "Human Rights Amendment Act of 1997." To amend the Human Rights Act of 1977 to establish a mandatory mediation process prior to the formal investigation of a complaint by the Office of Human Rights, to provide for a period of up to 60 days for completion of the conciliation process after the Office of Human Rights completes its formal investigation, to permit the Commission to order the payment of civil penalties, to provide for a 1-year statute of limitations for filing a court action, and to provide for the tolling of the 1-year statute of limitations during the pendency of a complaint before the Office of Human Rights. Act 12–143 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4856) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–39, effective October 23, 1997.

153. Sept. 3, 1997—Act 12–144, "Real Property Assessment Process and Tax Revenue Anticipation Notes Amendment Act of 1997." To amend title 47 of the District of Columbia Code to provide for an administrative appeal process for supplemental assessments, provide that real property shall be assessed at least once every 3 years, establish an administrative appeal process for triennial as-

sessments, establish a process for appeals filed outside of the triennial assessment period, establish an appeal process for new owners, provide that the assessment role shall be estimated instead of certified, and authorize the issuance of District of Columbia general obligation tax revenue anticipation notes of the District of Columbia to finance general governmental expenses for the fiscal year ending September 30, 1997. Act 12–144 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4859) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–40, effective October 23, 1997.

COUNCIL ACTS ENACTED INTO LAW DURING THE 2ND SESSION OF THE 105TH CONGRESS

1. Sept. 26, 1997—Act 12–106 (Law 12–42), "Arts and Humanities Enterprise Fund Establishment Amendment Act of 1997." Act 12–106 was published in the October 3, 1997, edition of the D.C. Register (Vol. 44 page 5577) and transmitted to Congress on September 26, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–42, effective January 29, 1998.

2. Oct. 3, 1997—Act 12–127 (Law 12–43), "CFO Membership on the Health and Hospitals Public Benefit Corporation Board, Council Review of Board Promulgation, and Approval of Organizational and Operational Plan Amendment Act of 1997." Act 12–127 was published in the October 10, 1997, edition of the D.C. Register (Vol. 44 page 5763) and transmitted to Congress on October 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–43, effective February 6, 1998.

3. Oct. 12, 1997—Act 12–158 (Law 12–44), "Public Before and After School Care Exemption Temporary Amendment Act of 1997." To amend, on a temporary basis, Chapter 3 of Title 29 of the District of Columbia Municipal Regulations to ensure that child development centers that receive Federal funds and that provide a before school child development program, an after school development program, or a before and after school child development program in the District of Columbia Public Schools meet licensure requirements and to exempt certain others from licensure. Act 12–158 was published in the October 24, 1997, edition of the D.C. Register (Vol. 44 page 6051) and transmitted to Congress on October 22, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–44, effective February 26, 1998.

4. Oct. 22, 1997—Act 12–160 (Law 12–45), "Juvenile Curfew and Retired Police Officer Redeployment Temporary Amendment Act of 1997." Act 12–160 was published in the October 24, 1997, edition of the D.C. Register (Vol. 44 page 6055) and transmitted to Congress on October 22, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–45 effective February 26, 1998.

5. Oct. 22, 1997—Act 12–161 (Law 12–46), "Comprehensive Merit Personnel Act Annuity Offset Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to eliminate the requirement that the pay of a judge receiving an annuity from the

Judges; Retirement Fund be reduced by the amount of annuity allocable to the period of employment as a re-employed annuity. Act 12–161 was published in the October 24, 1997, edition of the D.C. Register (Vol. 44 page 6057) and transmitted to Congress on October 22, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–46, effective February 26, 1998.

6. Oct. 23, 1997—Act 12–163 (Law 12–49), "Fleet Traffic Adjudication Temporary Amendment Act of 1997." To amend, on a temporary basis the District of Columbia Traffic Adjudication Act of 1978 to provide a separate process for the administrative adjudication and enforcement of parking infractions incurred by fleet owners during the regular course of business. Act 12–163 was published in the October 31, 1997, edition of the D.C. Register (Vol. 44 page 6219) and transmitted to Congress on October 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–49, effective February 27, 1998.

7. Oct. 23, 1997—Act 12–164 (Law 12–50), "Small Purchase Authority Amendment Act of 1997." To amend the Procurement Practices Act of 1985 to reestablish small purchase authority. Act 12–164 was published in the October 31, 1997, edition of the D.C. Register (Vol. 44 page 6222) and transmitted to Congress on October 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–50, effective February 27, 1998.

8. Oct. 22, 1997—Act 12–166 (Law 12–47), "Comprehensive Merit Personnel Act Pilot Program Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978, to authorize the Department of Employment Services, the Department of Recreation and Parks, and the Office of personnel to implement pilot personnel programs to the areas of classification and compensation and incentive awards related to performance during a control period. Act 12–166 was published in the October 24, 1997, edition of the D.C. Register (Vol. 44 page 6061) and transmitted to Congress on October 22, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–47, effective February 26, 1998.

9. Oct. 22, 1997—Act 12–167 (Law 12–48), "Alcoholic Beverage Control DC Arena Temporary Amendment Act of 1997." To amend, on an temporary basis, the District of Columbia Alcoholic Beverage Control Act and the Alcoholic Beverages and Food Regulations to establish and provide for the initial issuance of one or more licenses Class Arena C/X for the D.C. Arena and to provide for the initial issuance of other class C retailer's licenses at the D.C. Arena. Act 12–167 was published in the October 24, 1997, edition of the D.C. Register (Vol. 44 page 6064) and transmitted to Congress on October 22, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–48, effective February 26, 1998.

10. Oct. 23, 1997—Act 12–168 (Law 12–51), "Child Abuse and Neglect Prevention Children's Trust Fund Temporary Amendment Act of 1997." To amend, on a temporary basis, the Child Abuse and Neglect Prevention Children's Trust Fund Act of 1993, to require that the foundation for the National Capital region temporarily serve as the fiduciary agent of the trust fund, allow the trust fund

to hold and distribute funds for other organizations, eliminate the requirement of retained assets, eliminate the requirement that the director of the Mayor's Youth Initiative Office serve as a member of the Board, and permit the expansion of the Board membership and length of service. Act 12–168 was published in the October 31, 1997, edition of the D.C. Register (Vol. 44 page 6224) and transmitted to Congress on October 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–51, effective February 27, 1998.

11. Oct. 23, 1997—Act 12–169 (Law 12–52), "Nuisance Repairs Amendment Act of 1997." To amend section 1 of an act to provide for the abatement of nuisances in the District of Columbia, and for other purposes, to require owners of real property that have become a nuisance to pay fair market value for repairs made to the property by the District of Columbia government. Act 12–169 was published in the October 31, 1997, edition of the D.C. Register (Vol. 44 page 6226) and transmitted to Congress on October 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–52, effective February 27, 1998.

12. Oct. 23, 1997—Act 12–170 (Law 12–53), "Supplemental Security Income Payment Amendment Act of 1997." To amend the District of Columbia Public Assistance Act of 1982 to eliminate the District supplement to the Federal Supplemental Security Income payment for District residents who live independently and re-direct the supplemental payment to persons who receive the supplemental Security Income benefits and who live in community residential facilities, and to codify the current special living arrangement rates that have been established by rule. Act 12–170 was published in the October 31, 1997, edition of the D.C. Register (Vol. 44 page 6228) and transmitted to Congress on October 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–53, effective February 27, 1998.

13. Oct. 23, 1997—Act 12–171 (Law 12–54), "Paternity Acknowledgment Amendment Act of 1997." To amend Chapter 9 Title 16 of the District of Columbia Code to require each public and private birthing hospital in the District of Columbia to operate a hospital based program that provides services to facilitate the voluntary acknowledgment of paternity immediately before and after the birth of a child to an unmarried woman, to require each birthing hospital to transmit completed voluntary acknowledgment of paternity forms to the Mayor, and to require the Mayor to provide to the staff of each birthing hospital the forms, materials, and training required to operate the program. Act 12–171 was published in the October 31, 1997, edition of the D.C. Register (Vol. 44 page 6231) and transmitted to Congress on October 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–154, effective February 27, 1998.

14. Oct. 23, 1997—Act 12–172 (Law 12–55), "Public Assistance Fair Hearing Procedures Amendment Act of 1997." To amend the Public Assistance Act of 1982 to change the requirement that a verbatim written transcript be prepared for every fair hearing and to require recorded testimony instead, and to authorize transcript when requested by a claimant, if ordered by the hearing office or for purposes of judicial review, with costs of transcription to be

borne by the Mayor. Act 12–172 was published in the October 24, 1997, edition of the D.C. Register (Vol. 44 page 6068) and transmitted to Congress on October 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–55, effective February 27, 1998.

15. Nov. 12, 1997—Act 12–176 (Law 12–113), "Felony Murder Amendment Act of 1997." To amend an act to establish code of law for the District of Columbia to include the offenses of first degree child sexual abuse and first degree cruelty to children as crimes supporting a first degree murder conviction regardless of a defendants intent to kill, if a child's death occurs during or in furtherance of an act of first degree child sexual abuse or first degree cruelty to children. Act 12–176 was published in the November 14, 1997, edition of the D.C. Register (Vol. 44 page 6931) and transmitted to Congress on November 12, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 12–113 effective May 16, 1998.

16. Nov. 12 1997—Act 12–177 (Law 12–56), "Financial Institutions Deposit and Investment Amendment Act of 1997." To amend Chapter 3 of Title 47 of the District of Columbia code to establish methods for depositing and investing District funds and obtaining financial services, including a system that will award banking business based upon a competitive bidding process involving the ranking of financial institutions, and diversification of the Districts investment portfolio. Act 12–177 was published in the November 14, 1997, edition of the D.C. Register (Vol. 44 page 6933) and transmitted to Congress on November 12, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–56, effective March 18, 1998.

17. Nov. 12, 1997—Act 12–180 (Law 12–57), "Defined Contribution Transition Vesting Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to allow District government employees whose participation in the District Defined Contribution Plan ceases as a result of the implementation of provisions of the National Capital Revitalization and Self-Government Improvement Act of 1997 to credit their service with certain employers that provide the services previously performed by the District government toward the vesting requirement of the Defined Contribution Plan. Act 12–180 was published in the November 14, 1997, edition of the D.C. Register (Vol. 44 page 6951) and transmitted to Congress on November 12, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–57, effective March 28, 1998.

18. Nov. 20, 1997—Act 12–189 (Law 12–58), "Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Temporary Act of 1997." To establish, on a temporary basis, an actuarially sound retirement replacement plan for pension benefits accrued after June 30, 1997, for police officers, fire fighters, and teachers. Act 12–189 was published in the November 14, 1997, edition of the D.C. Register (Vol. 44 page 6970) and transmitted to Congress on November 20, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–58, effective March 20, 1998.

19. Dec. 11, 1997—Act 12–190 (Law 12–59), "Fiscal Year 1998 Revised Budget Support Temporary Act of 1997." Act 12–180 was published in the November 14, 1997, edition of the D.C. Register (Vol. 44 page 6951) and transmitted to Congress on November 12, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–59, effective March 28, 1998.

20. Dec. 11 1997—Act 12–191 (Law 12–60), "Fiscal Year 1998 Revised Budget Support Act of 1997." To amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to eliminate the cap on compensation of members of the Board of Real Property Assessments and Appeals, to amend the District of Columbia Procurement Practices Act of 1985 to provide the chief procurement officer the authority to establish a certification program for individuals in district procurement; to amend the Community Residence Facilities Licenser Act of 1977 to abolish certain health-related duties and to transfer others to the Department of Health; to amend the District of Columbia Public School Nurse Assignment Act of 1987 to transfer certain functions from the Commissioner of Public Health to the director, Department of Health, to establish within the Districts General Fund a special account consisting of a portion of the program fees and earnings derived from the sale of industrial revenue bonds, to be used for the industrial revenue bond program and for other purposes, to amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to mandate the direct deposit or mailing of payroll checks to employees, to amend the District of Columbia Public Assistance Act of 1982 to abolish General Public Assistance for adults; to amend the Health and Hospitals Public Benefit Corporation Act of 1996 to transfer to the Corporation's management and control of the functions, assets, property, records, and obligations of the Bureau of School Nursing; to amend the BNA Washington, Inc. Real Property Tax Deferral Amendment Act of 1996 to change the date the Mayor is required to submit proposed legislation to establish comprehensive standards for the provision of incentives by the District government to maintain existing employers in the District and to attract new employers, to amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to eliminate shift differential and premium pay as negotiation issues subject to collective bargaining for all employees except uniformed members of the Fire and emergency Medical Services Department and 24-hour health care workers employed at the Department of Human Services, to repeal the District of Columbia Government Employer-Assisted Housing Act of 1992; to amend the District of Columbia Unemployment Compensation Act to exclude persons who serve as Mayor, members of the Council of the District of Columbia or members of the School Board from eligibility for unemployment benefits; to require the District of Columbia Public Schools to develop and submit for Council approval by November 1, 1997, written procedures outlining an ongoing process for evaluating facilities needs; to establish the 21st Century Public School Information Technology Program to provide a computer literacy and training project for teachers employed by the District of Columbia Public Schools; to amend an act to authorize the Commissioners of the District of Columbia to prescribe penalties for the handling and collection of dis-

honored checks to authorize the Mayor to add the costs of collection to the amount due on any dishonored checks written to the District government in payment of any obligation owed to the District; to amend Title 47 of the District of Columbia Code to change the period of limitation upon assessment and collection of income and on franchise taxes from 10 years to 3 years to amend the Uniform Disposition of Unclaimed Property Act of 1980 to expedite compliance with the act; and to establish an Office of Banking and Financial Institutions Enterprise Fund to require the crediting to this fund of all fees received under laws administered by the Office of Banking and Financial Institutions, and to reserve this fund for the exclusive use of the Office of Banking and Financial Institution, subject to appropriations by Congress. Act 12–191 was published in the December 12, 1997, edition of the D.C. Register (Vol. 44 page 7482) and transmitted to Congress on January 9, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–60, effective March 28, 1998.

21. Dec. 18, 1997—Act 12–198 (Law 12–62), "Housing Authority Amendment Act of 1997." To amend the District of Columbia Housing Authority Act of 1994 to create a public housing police force. Act 12–198 was published in the December 12, 1997, edition of the D.C. Register (Vol. 44 page 7486) and transmitted to Congress on January 9, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–62, effective March 28, 1998.

22. Dec. 18, 1997—Act 12–199 (Law 12–63), "Check Identification Fraud Prevention Temporary Amendment Act of 1997." To amend, on a temporary basis, the Use of Consumer Identification Information Act of 1991 to allow a person to request the display of a second form of identification, such as a credit card or other form of identification. Act 12–199 was published in the December 12, 1997, edition of the D.C. Register (Vol. 44 page 7486) and transmitted to Congress on January 9, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–63, effective March 20, 1998.

23. Dec. 18, 1997—Act 12–200 (Law 12–64), "Collateral Reform Temporary Amendment Act of 1997." To amend, on a temporary basis, Title 18 of the District of Columbia Municipal Regulations to establish the amount of collateral to be paid by a person charged with failure to obey under 18 DCMR 2000.2 based upon the number of times the person has committed the offense. Act 12–200 was published in the December 12, 1997, edition of the D.C. Register (Vol. 44 page 7493) and transmitted to Congress on December 18, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–64, effective March 20, 1998.

24. Dec. 18, 1997—Act 12–204 (Law 12–65), "Comprehensive Merit Personnel Employee Viaticum Settlement Amendment Act of 1997." To amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to provide authority for the offering of Viaticum settlements to terminally ill employees and former employees enrolled in the District of Columbia Group Life Insurance Program. Act 12–204 was published in the December 19, 1997, edition of the D.C. Register (Vol. 44 page 7608) and transmitted to Congress on December 18, 1997 for a 30-day review. Con-

gress not having disapproved, this act became D.C. Law 12–65, effective March 20, 1998.

25. Dec. 18, 1997—Act 12–205 (Law 12–66), "Comprehensive Merit Personnel Act Health and Life Insurance Clarification Amendment Act of 1997." To amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to clarify eligibility for continuation of health and life benefits for certain employees of the District government first employed after September 30, 1987. Act 12–205 was published in the December 12, 1997, edition of the D.C. Register (Vol. 44 page 7486) and transmitted to Congress on December 18, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–66, effective March 20, 1998.

26. Sept. 3, 1997—Act 12–208 (Law 12–41), "General Obligation Bond for Fiscal Year 1998 Act of 1997." Act 12–208 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4859) and transmitted to Congress on September 3, 1997 for a 30-day review. This legislation became effective on the date that the President of the United States signed Public Law 105–100. This act became D.C. Law 12–41, effective November 19, 1997.

27. Dec. 18, 1997—Act 12–209 (Law 12–67), "Chief Procurement Officer Qualification Temporary Amendment Act of 1997." Act 12–209 was published in the December 12, 1997, edition of the D.C. Register (Vol. 44 page 7486) and transmitted to Congress on December 18, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–67, effective March 20, 1998.

28. Dec. 18, 1997—Act 12–210 (Law 12–68), "Department of Corrections Criminal Background Investigation Authorization Temporary Amendment Act of 1997." Act 12–210 was published in the December 19, 1997, edition of the D.C. Register (Vol. 4 page 374) and transmitted to Congress on December 18, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–68, effective March 20, 1998.

29. Dec. 18, 1997—Act 12–211 (Law 12–69), "District of Columbia Unemployment Compensation Federal Conformity Temporary Amendment Act of 1997." Act 12–257 was published in the December 19, 1997, edition of the D.C. Register (Vol. 44 page 7610) and transmitted to Congress on December 18, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–69, effective March 20, 1998.

30. Jan. 9, 1998—Act 12–219 (Law 12–70), "TANF and TANF-Related Medicaid Managed Care Program Temporary Amendment Act of 1997." To amend, on a temporary basis, an act to enable the District of Columbia to receive Federal financial assistance under title XIX of the Social Security Act for a medical assistance program, and for other purposes, to require the Mayor to establish a plan to mandate enrollment of TANF and TANF-related Medicaid recipients in an HMO. Act 12–219 was published in the January 9, 1998, edition of the D.C. Register (Vol. 45 page 101) and transmitted to Congress on January 9, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–70, effective March 20, 1998.

31. Jan. 9, 1998—Act 12–223 (Law 12–71), "Child Development Facilities Regulation Temporary Act of 1997." To create, on a temporary basis, a statutory framework for the regulation of child development facilities. Act 12–223 was published in the January 9, 1998, edition of the D.C. Register (Vol. 45 page 101) and transmitted to Congress on January 9, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–71, effective March 20, 1998.

32. Jan. 9, 1998—Act 12–224 (Law 12–72), "Day Care Policy Temporary Amendment Act of 1997." To amend, on a temporary basis, the Day Care Policy Act of 1979 to comply with the provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104–193 by eliminating the requirement that the Department of Human services pay the full cost of day care, revising the eligibility criteria for the Mayor to supplement the payment for day care services, eliminating the requirement that the District pay a child development center that has maintained a 90 percent attendance rate for District subsidized children and eliminating the 2 year of age or older limitation for children who will be cared for by child development centers under contract with the District government. Act 12–224 was published in the January 9, 1998, edition of the D.C. Register (Vol. 45 page 148) and transmitted to Congress on January 9, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–72, effective March 20, 1998.

33. Feb. 2, 1998—Act 12–226 (Law 12–84), "James M. McGee, Jr., Street, SE. Designation Act of 1997." To designate the 2700 block of Irving Street, SE., as James M. McGee, Jr., Street, SE. (ward 8). Act 12–226 was published in the January 23, 1998, edition of the D.C. Register (Vol. 45 page 378) and transmitted to Congress on February 2, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–84, effective March 25, 1998.

34. Feb. 2, 1998—Act 12–227 (Law 12–85), "Ronald H. Brown Building Designation Act of 1997." To rename Daniel C. Roper Middle School, at 4800 Meade Street, NE., as the Ronald H. Brown Middle School in honor of the late Secretary of Commerce of the United States. Act 12–227 was published in the January 23, 1998, edition of the D.C. Register (Vol. 45 page 378) and transmitted to Congress on February 2, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–84, effective March 25, 1998.

35. Jan. 29, 1998—Act 12–228 (Law 12–73), "Brian T.A. Gibson Memorial Building Designation Act of 1997." To designate the Fourth District Police Headquarters, located at 6001 Georgia Avenue, NW., as the Brian T.A. Gibson Memorial Building in honor of the late Metropolitan Police Officer. Act 12–228 was published in the January 23, 1998, edition of the D.C. Register (Vol. 45 page 380) and transmitted to Congress on January 29, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–73, effective March 24, 1998.

36. Jan. 9, 1998—Act 12–229 (Law 12–74), "Closing of Public Alley in Square 5157, S.O. 95–107, Act of 1997." To order the closing of a public alley in Square 5157, bounded by Sheriff Road, NE.,

45th Place, NE., Lee Street, NE., and Square 5125, in ward 7. Act 12–229 was published in the January 23, 1998, edition of the D.C. Register (Vol. 45 page 382) and transmitted to Congress on January 29, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–74, effective March 24, 1998.

37. Jan. 29, 1998—Act 12–230 (Law 12–75), "Taxicab Commission Hearing Examiner Amendment Act of 1997." To amend the District of Columbia Taxicab Commission Establishment Act of 1985 to authorize hearing examiners to hear and decide complaints against taxicab owners, operators, companies, associations, fleets, and radio dispatch operations. Act 12–230 was published in the January 23, 1998, edition of the D.C. Register (Vol. 45 page 384) and transmitted to Congress on January 29, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–75, effective March 24, 1998.

38. Jan. 29, 1998—Act 12–231 (Law 12–76), "Fleet Traffic Adjudication Amendment Act of 1997." To amend the District of Columbia Traffic Adjudication Act of 1978 to provide a separate process for the administrative adjudication and enforcement of parking infractions incurred by fleet owners during the regular course of business. Act 12–231 was published in the January 30, 1998, edition of the D.C. Register (Vol. 45 page 481) and transmitted to Congress on January 29, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–76, effective March 24, 1998.

39. Jan. 29, 1998—Act 12–232 (Law 12–77), "Closing of a Public Alley in Square 5405, S.O. 96–135, Act of 1997." To order the closing of a public alley in Square 5405, bounded by Texas Avenue, SE., and East Capitol Street, SE., in ward 7. Act 12–232 was published in the January 30, 1998, edition of the D.C. Register (Vol. 45 page 484) and transmitted to Congress on January 29, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–77, effective March 24, 1998.

40. Jan. 29, 1998—Act 12–233 (Law 12–114), "Criminal Code Technical Amendments Act of 1997." To amend the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia to make stylistic and punctuation corrections, to amend Title 23 of the District of Columbia Code to make stylistic and spelling corrections, and to amend the Prison Industries Act of 1996 to make a stylistic correction. A 60-day review period is required by section 602(2) of the District Home Rule. Act 12–233 was published in the January 30, 1998, edition of the D.C. Register (Vol. 45 page 486) and transmitted to Congress on January 29, 1998 for a 60-day review. Congress not having disapproved, this act became D.C. Law 12–114, effective May 22, 1998.

41. Jan. 29, 1998—Act 12–234 (Law 12–78), "Establishment of Council Contract Review Criteria Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Procurement Practices Act of 1985 to establish criteria for Council review and approval of contracts of expenditures in excess of $1 million during a 12-month period, and to expedite the review and approval of Federal-aid highway contracts. Act 12–230 was published in the January 30, 1998, edition of the D.C. Register (Vol.

45 page 488) and transmitted to Congress on January 29, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–78, effective March 24, 1998.

42. Jan. 29, 1998—Act 12–235 (Law 12–79), "Tax Revision Commission Establishment Temporary Amendment Act of 1997." To amend, on a temporary basis, the Tax Revision Commission Establishment Act of 1996 to increase the number of members of the Commission. Act 12–235 was published in the January 30, 1998, edition of the D.C. Register (Vol. 45 page 492) and transmitted to Congress on January 29, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–79, effective March 24, 1998.

43. Jan. 29, 1998—Act 12–236 (Law 12–80), "Reorganization Plan No. 5 for the Department of Human Services and Department of Corrections Temporary Act of 1997." Act 12–236 was published in the January 30, 1998, edition of the D.C. Register (Vol. 45 page 494) and transmitted to Congress on January 29, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–80, effective March 24, 1998.

44. Jan. 29, 1998—Act 12–246 (Law 12–81), "Technical Amendments Act of 1997." Act 12–246 was published in the February 13, 1998, edition of the D.C. Register (Vol. 45 page 745) and transmitted to Congress on January 29, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–81, effective March 24, 1998.

45. Jan. 29, 1998—Act 12–249 (Law 12–82), "Chief Procurement Officer Qualification Amendment Act of 1997." To amend the District of Columbia Procurement Practices Act of 1985 to clarify the procurement experience required of the Chief Procurement Officer, to require that the Chief Procurement Officer be provided with a list of personnel whose procurement functions fall under the authority of the Chief Procurement Officer, to require the transfer to the Office of Contracting and Procurement of all employees under its authority along the provisions of the act do not apply to the operations of the Health and Hospitals Public Benefit Corporation. A 60-day review period is required by section 602(2) of the District Home Rule. Act 12–249 was published in the February 13, 1998, edition of the D.C. Register (Vol. 45 page 772) and transmitted to Congress on January 29, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–82, effective March 24, 1998.

46. Feb. 27, 1998—Act 12–254 (Law 12–85), "Dave Clarke School of Law Designation Act of 1998." To rename the University of the District of Columbia School of Law, at 4250 Connecticut Avenue, NW., the Dave Clark School of Law in honor of the late chairman of the Council of the District of Columbia. Act 12–254 was published in the March 6, 1998, edition of the D.C. Register (Vol. 45 page 1167) and transmitted to Congress on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–85, effective April 29, 1998.

47. Feb. 27, 1998—Act 12–256 (Law 12–86), "Omnibus Regulatory Reform Amendment Act of 1998." To amend Chapter 28 of Title 47 of the District of Columbia Code to establish a simplified and unified overall business regulatory structure for the District of Columbia by: 1) requiring that all businesses of whatever nature operating in the District of Columbia be licensed, 2) providing for two business license classifications, 3) establishing a business license center within the Department of Consumer and Regulatory Affairs, 4) establishing reasonable fees for master licenses, endorsements, and all other licenses, 5) establishing procedures for issuance, expiration, reinstatement, and denial of licenses, 6) establishing a fund to be credited with all fees that are collected for the issuance of master license and endorsements, and 7) to repeal sections 47–2801 through 47–2805; to amend the Life Insurance Act and section 47–2608 of the District of Columbia Code to decrease the tax paid by insurance companies and associations from 2.25 percent to 1.7 percent to establish a Health Regulation Reform Task Force to review the boards created by the District of Columbia Health Occupations Revision Act of 1985 and make recommendations to the Mayor and Council on the restructuring of the boards, simplifying the licensure process, and making administrative changes to improve the transition of health professional licensure to the Department of Health, to amend the following acts to abolish the respective boards, commissions, authorities, or task forces established by or pursuant to the acts; the Business Incubator Facilitation Act of 1985, the Commission on Youth Affairs Act of 1988, the District of Columbia Bicentennial Commission Act of 1987, the Task Force on Hunger Act of 1990, an act to provide recognition for meritorious service by members of the police and fire departments of the District of Columbia, the District of Columbia Housing Authority Act of 1994, the Nuclear Weapons Freeze Act of 1982, the Prison Industries Act of 1996, the District of Columbia Post-Secondary Education Reorganization Act, and the Education in Partnership with Technology Corporation Establishment Act of 1986, to abolish the following commissions, committees, advisory boards, or task forces established pursuant to Mayor's orders; the Cooperative Economic Development Commission, the Mayor's Advisory Council on District of Columbia General Hospital, the District of Columbia Community Advisory Board on the De-institutionalization of Forest Haven, the Drug Free Workplace Program Task Force, the Finance and Taxes Advisory Committee, the Food, Nutrition and Health Committee, the Historical Records Advisory Board, the Housing and Community Development Advisory Board, the Housing Production Trust Fund Advisory Board Advisory Board, the Commission on the Medical Examiner's Office, the Parole Advisory Board, the Mayor's Task Force on Parole, the Parole Advisory Committee, the Committee on Police Media Passes, the Mayor's Citizens Panel on Public Safety and Justice, the Mayor's Citizen Advisory Panel on Recreation and Parks, the Mayor's Advisory Committee on Resources and Budget. Act 12–256 was published in the March 6, 1997, edition of the D.C. Register (Vol. 45 page 1172) and transmitted to Congress on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–86, effective April 29, 1998.

48. Feb. 27, 1998—Act 12–257 (Law 12–87), "Collateral Reform Amendment Act of 1998." To amend Title 18 of the District of Columbia Municipal regulations to establish the amount of collateral to be paid by a person charged with failure to obey under 18 DCM 2000.2 based upon the number of times the person has committed the offense. Act 12–257 was published in the March 6, 1997, edition of the D.C. Register (Vol. 45 page 1226) and transmitted to Congress on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–87, effective April 29, 1998.

49. Feb. 27, 1998—Act 12–259 (Law 12–88), "Check Identification Fraud Prevention Amendment Act of 1998." To amend Chapter 31 of Title 47 of the District of Columbia Code to allow a person to request the display of second form of identification such as a credit card or other form of identification. Act 12–259 was published in the March 6, 1998, edition of the D.C. Register (Vol. 45 page 1230) and transmitted to Congress on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–88, effective April 29, 1998.

50. Feb. 27, 1998—Act 12–260 (Law 12–126), "Department of Correction Criminal Background Investigation Authorization Act of 1998." To authorize the Director of the Department of Corrections to conduct criminal background investigations on all employees, including non-probationary employees, of the Department of Corrections. A 60-day review period is required by section 602(2) of the District Home Rule. Act 12–260 was published in the March 6, 1998, edition of the D.C. Register (Vol. 45 page 1232) and transmitted to Congress on February 27, 1998 for a 60-day review. Congress not having disapproved, this act became D.C. Law 12–126, effective June 19, 1998.

51. Feb. 27, 1998—Act 12–261 (Law 12–127), "Drug House Abatement Amendment Act of 1998." To amend an act to enjoin and abate of lewdness, assignation, and prostitution, to declare the same to be nuisances, to enjoin the person or persons who conduct or maintain the same and the owner or agent of any building used for such purpose, and to assess a tax against the person maintaining said nuisance and against the building and owner thereof, by adding buildings in which illegal drug activity takes place to the category of nuisance specified, and by adding the Corporation Counsel of the District of Columbia to the list of persons with standing to bring an action in equity for abatement of nuisances. A 60-day review period is required by section 602(c)(1) of the District Home Rule. Act 12–261 was published in the March 13, 1998, edition of the D.C. Register (Vol. 45 page 1304) and transmitted to Congress on February 27, 1998 for a 60-day review. Congress not having disapproved, this act became D.C. Law 12–127, effective June 19, 1998.

52. Feb. 27, 1998—Act 12–262 (Law 12–89), "Life Insurance Special Contingency Reserve Amendment Act of 1998." To amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to authorize the transfer of a special contingency reserve from one life insurance policy to a successor life insurance policy. Act 12–262 was published in the March 13, 1998, edition of the D.C. Register (Vol. 45 page 1306) and transmitted to Congress

on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–89, effective April 29, 1998.

53. Feb. 27, 1998—Act 12–263 (Law 12–90), "Illegal Dumping Enforcement Amendment Act of 1998." To amend the Illegal Dumping Enforcement Act of 1994 to define terms, to make the unlawful disposal of solid waste for a commercial purpose a felony, to make the unlawful disposal of medical waste a felony, and to increase the criminal penalty for the unlawful disposal of hazardous waste. Act 12–263 was published in the March 13, 1997, edition of the D.C. Register (Vol. 45 page 1308) and transmitted to Congress on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–90, effective April 29, 1998.

54. Feb. 27, 1998—Act 12–264 (Law 12–91), "Advisory Neighborhood Commissions Quorum Definition Amendment Act of 1998." Act 12–264 was published in the March 13, 1998, edition of the D.C. Register (Vol. 45 page 1314) and transmitted to Congress on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–91, effective April 29, 1998.

55. Feb. 27, 1998—Act 12–265 (Law 12–92), "Defined Contribution Transition Vesting Clarification Amendment Act of 1998." To amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to allow District government employees, whose participation in the District Defined Contribution Plan ceases as a result of the implementation of provisions of the National Capital Revitalization and Self-government Improvement Act of 1997, to credit their continuous service with the District of Columbia courts after September 30, 1997 and service with certain employers that provide the services previously performed by the District government toward the vesting requirement of the defined Contribution Plan; and the Defined Contribution Transition Vesting Temporary Amendment Act of 1997 to clarify that District government employees also include non-judicial employees of the District of Columbia courts. Act 12–265 was published in the March 13, 1997, edition of the D.C. Register (Vol. 45 page 1314) and transmitted to Congress on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–92, effective April 29, 1998.

56. Feb. 27, 1998—Act 12–266 (Law 12–93), "New Washington Convention Center Neighborhood Stability Act of 1998." To protect community stability and neighborhood character in the vicinity of the new Washington Convention Center, by providing interim protection of potentially historic properties from demolition, until such time as the Historic Preservation Review Board has an opportunity to evaluate and consider designation of potential historic districts in the vicinity of the new convention center, for a period of time not to exceed 18 months or the date of a designation determination. Act 12–266 was published in the March 13, 1998, edition of the D.C. Register (Vol. 45 page 1316) and transmitted to Congress on February 27, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–93, effective April 29, 1998.

57. Feb. 27, 1998—Act 12–267 (Law 12–94), "Uniform Interstate Family Support Temporary Amendment Act of 1998." To amend, on a temporary basis, the Uniform Interstate Family Support Act of 1995. Act 12–267 was published in the March 13, 1998, edition of

the D.C. Register (Vol. 45 page 1322) and transmitted to Congress on February 27, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–94, effective April 29, 1998.

58. Mar. 2, 1998—Act 12–268 (Law 12–95), "Unemployment Compensation Tax Stabilization Second Temporary Amendment Act of 1998." To amend, on a temporary basis, the District of Columbia Unemployment Compensation Act to reduce the taxable wage base, lower the maximum weekly benefit amount, and eliminate the dependent's allowance. Act 12–268 was published in the March 13, 1998, edition of the D.C. Register (Vol. 45 page 1329) and transmitted to Congress on March 2, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–95, effective April 30, 1998.

59. Mar. 2, 1998—Act 12–270 (Law 12–96), "Testing of District Government Drivers of Commercial Motor Vehicles for Alcohol and Controlled Substances Temporary Amendment Act of 1998." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to authorize and require that District employees and candidates for employment with the District government who need to have a commercial driver's license, as a condition of employment, be tested for the use of alcohol and controlled substances. Act 12–270 was published in the March 13, 1998 edition of the D.C. Register (Vol. 45 page 1335) and transmitted to Congress on March 2, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–96, effective April 30, 1998.

60. Mar. 2, 1998—Act 12–271 (Law 12–97), "Suspension of Liquor Licenses Amendment Act of 1998." To amend the District of Columbia alcoholic Beverage Control Act to authorize the suspension of a liquor license at an establishment where there have been repeated acts of violence, complaints from residents, or the need for improvement by the Metropolitan Police Department. Act 12–271 was published in the March 20, 1998, edition of the D.C. Register (Vol. 45 page 1571) and transmitted to Congress on March 2, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–97, effective April 30, 1998.

61. Mar. 2, 1998—Act 12–272 (Law 12–98), "Make a Difference Selection Committee Establishment Act of 1998." To establish the Make a Difference Selection Committee to identify and recognize the humanitarian contributions and achievements of private U.S. citizens by installing commemorative markers on public space under District of Columbia Control and to grant the Make a Difference Foundation exclusive authority to install the commemorative markers. Act 12–272 was published in the March 20, 1998, edition of the D.C. Register (Vol. 45 page 1519) and transmitted to Congress on March 2, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–98, effective April 30, 1998.

62. Mar. 2, 1998—Act 12–273 (Law 12–99), "Natural and Artificial Gas Gross Receipts Tax Amendment Act of 1998." To amend section 47–2005 of the District of Columbia Code to exempt from

the gross receipts tax any sale of natural or artificial gas delivered by non-public utilities for residential use in the District, and section 47–2501 of the District of Columbia Code to impose a gross receipts tax on receipts attributed to the retail sale of natural or artificial gas delivered by other than a public utility, by any method, to an end-user in the District. Act 12–273 was published in the March 20, 1998, edition of the D.C. Register (Vol. 45 page 1524) and transmitted to Congress on March 2, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–99, effective April 30, 1998.

63. Apr. 21, 1998—Act 12–275 (Law 12–125), "Real Property Tax Reassessment Temporary Amendment Act of 1998." To amend, on a temporary basis, Chapter 8 of Title 47 of the District of Columbia Code to extend the time deadlines for the assessment of Class 1 and Class 2 real property for the tax year 1997, to extend the time for the appeal of a real property tax assessment for the tax year 1997, to provide that the latest assessment shall be considered the final assessment for purposes of appeal; the District of Columbia Comprehensive Merit Personnel Act of 1978 to increase the limit on the compensation of the members of the Board of Real Property Assessments and Appeals for the District of Columbia; and the Rental Housing Act of 1985 to permit the eviction of tenants when the temperature falls below 32 degrees Fahrenheit if the tenant has abandoned the premises. This act shall expire on the 225th day of its having taken effect. Act 12–275 was published in the March 20, 1998, edition of the D.C. Register (Vol. 45 page 1529) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–125, effective June 10, 1998.

64. Mar. 2, 1998—Act 12–276 (Law 12–100), "Commercial Mobile Telecommunication Service Tax Clarification Amendment Act of 1998." To amend section 47–1508 of the District of Columbia Code to exempt personal property, excluding Office equipment and office furniture, located in the District and owned by wireless telecommunication companies and toll telecommunication companies, from the Personal Property tax, sections 47–2001 and 2201 of the District of Columbia Code to remove the phrases cellular mobile telecommunication services, specialized mobile radio services, paging services, and dispatch services from the definition of a retail sale and sale of retail under the Gross Sales tax provision, section 47–2005 of the District of Columbia Code to exempt sales of personal property, excluding office equipment and office furniture, purchased by wireless telecommunication companies and toll telecommunication companies from the Gross Sales tax, sections 47–3901 through 3907 of the District of Columbia Code to impose a tax on commercial mobile service companies for the privilege of providing commercial mobile telecommunication service in the District, and section 47–3918 of the District of Columbia Code to clarify the definition reference. Act 12–276 was published in the March 20, 1998, edition of the D.C. Register (Vol. 45 page 1533) and transmitted to Congress on March 2, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–100, effective April 30, 1998.

65. Mar. 2, 1998—Act 12–277 (Law 12–101), "Mortgage Lender and Broker Act of 1996 Temporary Amendment Act of 1998." To amend, on a temporary basis, the Mortgage Lender and Broker Act of 1996 to clarify certain requirements of the act and to conform certain definitions to Federal law; the District of Columbia Real Estate Licenser Act of 1982 to exempt mortgage brokers and lenders from the requirements of that act, and an act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia to add certain exemptions. Act 12–277 was published in the March 20, 1998, edition of the D.C. Register (Vol. 45 page 1540) and transmitted to Congress on March 2, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–101, effective April 30, 1998.

66. Mar. 2, 1998—Act 12–278 (Law 12–102), "Equal Opportunity for Local, Small, and Disadvantaged Business Enterprises Temporary Act of 1998." To reenact and amend, on a temporary basis, the provisions of the Equal Opportunity for Local, Small, and Disadvantaged Business Enterprises Act of 1992 to establish new size standards for small business enterprise categories, require an assessment every 3 years of the continued need for the local, small, and disadvantaged programs, establish a 2 tier set-aside program for small business enterprises, establish affiliated interest standards for small and disadvantaged business enterprises, and to amend the Minority Contracting Act of 1976 to authorize board members participation of Minority Business Opportunity Commission meetings by conference telephone. Act 12–278 was published in the March 20, 1998, edition of the D.C. Register (Vol. 45 page 1542) and transmitted to Congress on March 2, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–102, effective April 30, 1998.

67. Mar. 10, 1998—Act 12–279 (Law 12–103), "Child Support and Welfare Reform Compliance Temporary Amendment Act of 1998." To amend, on a temporary basis, the Medicaid Benefits Protection Act of 1994 to include requirements regarding employee health insurance coverage for a child subject to a support order; to amend the Vital Record Act of 1981 to change the procedures for establishing paternity and require Social Security numbers to be included on certain records, and to limit the circumstances under which the name of the father of a non-marital child may be recorded on a birth certificate; to amend Title 16 of the District of Columbia Code to restrict the bases for challenging a paternity adjudication, to require specific notice before the signing of a voluntary paternity acknowledgment, to permit rescission of a voluntary paternity acknowledgment, to establish voluntary paternity acknowledgment programs at birthing hospitals and the birth records agency, to require medical support in all child support orders, to modify the process for adjusting support orders every 3 years, to require the Mayor to establish privacy protections and safeguards for victims of domestic violence, to permit paternity adjudication's that were

barred by prior statutes of limitations, to require genetic testing in certain situations, to establish responsibility for payment of genetic tests, to clarify that ex parte hearings are unnecessary before entry of a default paternity adjudication, to require inclusion of Social Security numbers in paternity and support records, and to require temporary child support in certain paternity cases; to amend an act to require premarital examinations for a marriage license; to amend the Child Support Enforcement Amendment Act of 1985 to alter the basis for modifying certain support orders, to require inclusion of medical support in support orders, to mandate notice concerning medical insurance coverage, to require notice that all child support orders will be reported to a consumer credit agency, to require that such reports be made to credit agencies, to clarify that hearings are not required before imposition of income withholding, to permit the IV–D agency to execute a withholding order without notice, to reduce the amount of time before a holder must withhold income, to permit application of another State; income withholding rules in interstate cases, to permit liens to arise by operation of law in support cases, to provide full faith and credit to other States liens, to modify license denial and revocation requirements, to require parties to file and update information with the Superior Court and the IV–D agency, to grant the IV–D agency certain new powers to expedite paternity and support processes, to establish a District of Columbia Directory of New Hires, and to require reporting to the Directory; to amend the Cable Television Communications Act of 1981 to permit disclosure of certain customer information; to amend an act making appropriations to provide for the expenses of the District of Columbia for the fiscal year ending June 30, 1914, to permit disclosure of customer information; to amend the District of Columbia Unemployment Compensation Act to permit disclosure of unemployment information; to amend Title 47 of the D.C. Code to permit disclosure of tax information, and to require inclusion of Social Security numbers on certain license applications; and to require financial institutions to conduct data matches with the IV–D agency. Act 12–279 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1660) and transmitted to Congress on March 10, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–103, effective May 8, 1998.

68. Mar. 10, 1998—Act 12–280 (Law 12–280), "Procurement Reform Amendment Act of 1998." To amend the District of Columbia Procurement Practices Act of 1985 to increase the penalties of the civil false claims and qui tam provisions and to change the title of the head of the Office of Contracting and Procurement; and the District of Columbia Revenue Act of 1970 to allow the District to renegotiate existing leases to lower rental rates and increase tenant allowances. Act 12–280 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1687) and transmitted to Congress on March 10, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–104, effective May 8, 1998.

69. Mar. 10, 1998—Act 12–283 (Law 12–105), "Dwight Anderson Mostly Athletic Field Designation Act of 1998." To designate the

outdoor recreational facilities of Tart Junior High School, at 18th and Perry Streets, NE., the Dwight Anderson Mostly Athletic Field (ward 5). Act 12–283 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1722) and transmitted to Congress on March 10, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–105, effective May 8, 1998.

70. Mar. 10, 1998—Act 12–284 (Law 12–106), "Wastewater System Regulation Amendment Act of 1998." To amend the Wastewater System Regulation Amendment Act of 1985 to update the uniform requirements for discharges into the District of Columbia's wastewater system and to conform the requirements to Federal statutes and regulations. Act 12–284 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1724) and transmitted to Congress on March 10, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–106, effective May 8, 1998.

71. Mar. 10, 1998—Act 12–285 (Law 12–107), "Free Gospel Church Equitable Real Property Tax Relief Act of 1998." To provide equitable real property tax relief to Free Gospel Church, a tax-exempt religious organization. Act 12–285 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1734) and transmitted to Congress on March 10, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–107, effective May 8, 1998.

72. Mar. 10, 1998—Act 12–286 (Law 12–108), "Drug Abuse, Alcohol Abuse, and Mental Illness Insurance Coverage Temporary Amendment Act of 1998." To amend, on a temporary basis, the Drug Abuse, Alcohol Abuse, and Mental Illness Insurance Coverage Act of 1986 to comply with the mental parity mandates of the Mental Health Parity Act of 1986. Act 12–286 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1736) and transmitted to Congress on March 10, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–108, effective May 8, 1998.

73. Mar. 10, 1998—Act 12–287 (Law 12–109), "Brightwood Methodist Episcopal Church Equitable Real Property Tax Relief Act of 1998." To provide equitable real property tax relief to Brightwood Methodist Episcopal Church, a tax-exempt religious organization. Act 12–287 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1739) and transmitted to Congress on March 10, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–109, effective May 8, 1998.

74. Mar. 10, 1998—Act 12–288 (Law 12–110), "Celestial Church of Christ NW Parish Equitable Real Property." To provide equitable real property tax relief to the Celestial of Christ NW Parish, a tax-exempt religious organization. Act 12–288 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1741) and transmitted to Congress on March 10, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–110, effective May 8, 1998.

75. Mar. 12, 1998—Act 12–300 (Law 12–111), "Check Cashers Act of 1998." To provide for the licensing and regulation of check

cashers by the Superintendent of the Office of Banking and Financial Institutions; to authorize fees for license applications and renewals; to require check cashers to file a bond; to limit charges for check cashing; to provide for revocation and suspension of licenses; and to authorize the Superintendent to require maintenance of records, to investigate possible violations, and to issue cease and desist orders. Act 12–300 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1782) and transmitted to Congress on March 12, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–111, effective May 12, 1998.

76. Mar. 12, 1998—Act 12–301 (Law 12–112), "Reciprocal Insurance Company Conversion Act of 1998." To allow a reciprocal insurance company to restructure itself by forming a mutual insurance holding company that directly or indirectly owns the insurance company, with the reorganized insurance company continuing its existence as a stock insurance company. Act 12–301 was published in the March 27, 1998, edition of the D.C. Register (Vol. 45 page 1792) and transmitted to Congress on March 12, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–112, effective May 12, 1998.

77. Mar. 31, 1998—Act 12–312 (Law 12–115), "Omnibus Sports Consolidation Amendment Act of 1998." Act 12–312 was published in the March 31, 1998, edition of the D.C. Register (Vol. 45 page 1957) and transmitted to Congress on March 31, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–115, effective June 6, 1998.

78. Apr. 21, 1998—Act 12–316 (Law 12–117), "Omnibus Regulatory Reform Amendment Act of 1998 Temporary Repealer Act of 1998." To repeal, on a temporary basis, section 1301(b)(4) of the Omnibus Regulatory Reform Amendment Act of 1998 to eliminate the provision that authorizes the Department of Consumer and Regulatory Affairs to appoint private attorneys to take action on consumer complaints. This act shall expire on the 225th day of its having taken effect. Act 12–316 was published in the April 17, 1998, edition of the D.C. Register (Vol. 45 page 2283) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–117, effective June 11, 1998.

79. Apr. 21, 1998—Act 12–317 (Law 12–118), "Sex Offender Registration Immunity From Liability Temporary Amendment Act of 1998." To amend, on a temporary basis, the Sex Offender Registration Act of 1996 to provide absolute immunity from civil liability and immunity from other liability for good faith conduct under the act to members of the Sex Offender Registration Advisory Council, and to District government employees who assist them, and to provide immunity for good faith conduct under the act to law enforcement agencies, the District, and their employees. This act shall expire on the 225th day of its having taken effect. Act 12–317 was published in the April 17, 1998, edition of the D.C. Register (Vol. 45 page 2285) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–118, effective June 11, 1998.

80. Apr. 21, 1998—Act 12–318 (Law 12–115), "Mutual Holding Company Mergers and Acquisition Temporary Amendment Act of 1998." To amend, on a temporary basis, the Mutual Holding Company Act of 1996 to provide procedures for endorsing and amending the articles of incorporation for a mutual insurance company, to exempt a director of a mutual insurance holding company from having to be a stock holder thereof, to allow for reasonable expenses to be recovered in an action brought challenging the validity of acts taken under the act, and to enable District mutual insurance holding companies to pursue opportunities for mergers, acquisitions, and strategic alliances. This act shall expire on the 225th day of its having taken effect. Act 12–318 was published in the April 17, 1998, edition of the D.C. Register (Vol. 45 page 2287) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–119, effective June 11, 1998.

81. Apr. 21, 1998—Act 12–319 (Law 12–120), "Solid Waste Facility Permit Temporary Amendment Act of 1998." To amend, on a temporary basis, the District of Columbia Solid Waste Facility Permit Act of 1995 to protect residential communities from the harmful effects of existing solid waste facilities by establishing a moratorium on the issuance of new permits, by establishing immediately applicable standards of operation for existing solid waste facilities, and by requiring existing solid waste facilities to take immediate remedial action to redress the present adverse impacts. This act shall expire on the 225th day of its having taken effect. Act 12–319 was published in the April 17, 1998, edition of the D.C. Register (Vol. 45 page 2292) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–119, effective June 11, 1998.

82. Apr. 21, 1998—Act 12–322 (Law 12–121), "Southeastern University Equitable Real Property Tax Relief Act of 1998." To provide equitable real property tax relief to Southeastern University, a tax-exempt entity. Act 12–322 was published in the April 17, 1998, edition of the D.C. Register (Vol. 45 page 2298) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–121, effective June 11, 1998.

83. Apr. 21, 1998—Act 12–323 (Law 12–123), "Real Property Tax Rates and Assessment Initiative Amendment Act of 1998." To amend Title 47 of the District of Columbia Code to establish the real property tax rates and real property special tax rates for tax year 1998 and to adopt certain reports submitted by the Mayor regarding real property taxes and other major issues and the Real Property Assessment and Tax Initiative of 1996 to extend the applicability date. Act 12–323 was published in the April 17, 1998, edition of the D.C. Register (Vol. 45 page 2300) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–122, effective June 10, 1998.

84. Apr. 21, 1998—Act 12–324 (Law 12–125), "Real Property Tax Rates and Assessment Initiative Temporary Amendment Act of 1998." To amend, on a temporary basis, Title 47 of the District of Columbia Code to establish the real property tax rates and real

property special tax rates for tax year 1998 and to adopt certain reports submitted by the Mayor regarding real property taxes and other major taxes and the Real Property Assessment and Tax Initiative of 1996 to extend the applicability date. This act shall expire on the 225th day of its having taken effect. Act 12–324 was published in the April 21, 1998, edition of the D.C. Register (Vol. 45 page 1529) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–125, effective June 10, 1998.

85. Apr. 21, 1998—Act 12–326 (Law 12–124), "Omnibus Personnel Reform Amendment Act of 1998." To amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to modify the definition of a grievance to exclude certain adverse actions, to exclude the Department of Public and Assisted Housing, the Commission on Public Health, Commission for Women, Office of Policy, Office of Program Evaluation, Office of Housing Reorganization, Commission on Asian and Pacific Islander Affairs, Office of Communications, the Office of Documents, and the Office of International Business from the list of subordinate agencies and add the Commission on the Arts and Humanities, Department of Health, Office of Contracting and Procurement, the Commission on Health Care Finance, and the Department of Insurance and Securities Regulation as subordinate agencies, to change the name of the Department of Human Services to the Department of Human Development in the list of subordinate agencies, to add the budget director to the Council to the list of statutory officeholders, to subject all remaking, including those pertaining to health, life insurance, and retirement benefits to a 30-day review period rather than the current 60-day period, to limit employee appeals to the Office of Employee Appeals to disciplinary actions, and RIF's, or certain disciplinary actions that result in removals, reductions in grades, and suspensions of 10 days or more within 30 days of an disciplinary action and to require employees covered by a negotiated grievance procedure to elect remedies between that procedure and OEA, to limit agency hearing procedures to removals and to provide for enforced leave without pay in instances involving fraud or criminal charges, to allow the Office of employee appeals to develop a mediation program, to allow time-limited appointments to positions below DS–13 in the Career Service to be noncompetitive, include District residency as a criterion for consideration in reduction-in-force proceedings in the Career and Educational Services, to allow qualified retreat rights from the Excepted Service to the Career, Management Supervisory, and Educational Services, and prohibit appointment in those services for certain employees leaving the excepted service in the 6-month period preceding a Mayoral election, to establish an alternative pay system, allow performance incentives, provide for separation pay, and allow reimbursement for certain employment costs to Excepted Service employees, to allow the Director of Personnel to waive the residency requirement for hard-to-fill Excepted Service position, to establish the Management Supervisory Service to be composed of employees whose functions include responsibility for project management and supervision of staff and the achievement of the project's overall goals and objectives, to re-establish the Executive Service with pay enhancements,

travel allowances, and income performance incentives, to provide the Mayor with the authority to establish pilot personnel programs in the areas of classification and compensation in the Department of Employment Services, the Department of Recreation and Parks, and the Office of Personnel, to require the Mayor to include compressed worked schedules in the work hours regulations, to make certain enhancements to the annual leave bank program, to require the Mayor to develop a universal leave system for certain full-time and part-time employees hired after September 30, 1987, to eliminate the performance evaluation system and establish a comprehensive performance management system including a requirement linking performance to step increase, to re-establish the adverse action and grievance provision of the act with the intent of installing more positive approaches toward employee discipline, to permit tangible incentive awards a monetary value of no more than $50 and time off without loss of pay or charge to leave and permit cash awards to $5,000 or 10 percent of the employee's schedule rate of basic pay, whichever is greater, to grant the Mayor authority to initiate pilot incentive award programs including gain sharing, to require the Mayor and each personnel authority to establish a program to comply with Federal regulations concerning employees who are drivers of commercial motor vehicles, to authorize the Mayor to establish a disability income program for non-job-related injuries and illnesses, to re-establish the reduction-in-force provision to include attorneys appointed to the Excepted Service, provide for 1 round of lateral competition limited to positions within the employee's competitive level, provide employees who are residents of the District with 3 years additional creditable service for RIF purposes, reduce the 30-day notice requirement before a RIF can be instituted to 15 days notice, and establish 26 weeks pay as the maximum amount of severance pay, eliminate the provision allowing RIF policies and procedures to be appropriate matters for collective bargaining, to remove the Office of Employee Appeals from the process of adjudicating requests for waivers of government claims for erroneous payment to an employee and to eliminate an employee's right to appeal a decision by the Mayor or an agency head concerning privacy of personnel records and employee's access to his or her personnel records, and to repeal the annual reporting requirement on the personnel system; and to amend the District of Columbia Police and Firemen's Salary Act of 1958 to allow the Council, by resolution, to suspend all provisions of the act, related District employees, except provision concerning the Council's authority to promulgate regulations, retroactive pay, and the Mayor's and certain Federal agency head's authority to delegate their authority. Act 12–326 was published in the April 17, 1998, edition of the D.C. Register (Vol. 45 page 2464) and transmitted to Congress on April 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–124, effective June 10, 1998.

86. May 19, 1998—Act 12–328 (Law 12–129), "Children's Defense Fund Equitable Real Property Tax Relief Temporary Act of 1998." To provide, on a temporary basis, equitable real property tax relief to the Children's Defense Fund, a tax-exempt organization. Act 12–328 was published in the May 22, 1998, edition of the D.C. Register

(Vol. 45 page 3082) and transmitted to Congress on May 19, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–129, effective July 24, 1998.

87. May 19, 1998—Act 12–329 (Law 12–130), "Public Assistance Temporary Amendment Act 1998." To amend, on a temporary basis, the District of Columbia Public Assistance Act of 1982 to comply with provisions of the a Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104–193, by repealing the Aid to Families with Dependent Children Program, establishing the Temporary Assistance to Needy Families as a nonentitlement program of assistance, and making the following conforming amendments: (1) imposing a time limit for receipt of benefits under TANF, (2) revising certain eligibility requirements related to children absent from the home, (3) revising the duty to assign child support, (5) defining the good cause exception to the cooperation requirement, (6) establishing job search and work participation and development of individual responsibility plans, including sanctions for noncompliance, (7) establishing alien eligibility for TANF and Medicaid, (8) extending the current payment level and amount of assistance, (9) revising the living at home requirements for pregnant and parenting teens, (10) broadening the application of the school attendance provisions of the Demonstration Project for pregnant and parenting teens, (11) denying assistance to recipients engaging in certain kinds of fraud, fugitive felons, and parole violaters, (12) making technical amendments to reflect the termination of the pass-through of the first $50 of child support, and (13) establishing confidentiality provisions; and to amend an act to enable the District of Columbia to receive Federal financial assistance under Title XIX of the Social Security Act for a medical assistance program, to make conforming changes to the Medicaid law and for other purposes. Act 12–329 was published in the May 22, 1998, edition of the D.C. Register (Vol. 45 page 3084) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–130, effective July 24, 1998.

88. May 19, 1998—Act 12–330 (Law 12–131), "Uniform Interstate Family Support Amendment Act of 1998." To amend the Uniform Interstate Family Support Act of 1995 to modify the definition of 3 terms in the act, to modify which support order is the controlling order if there are multiple orders from one or more States, to authorize a District of Columbia tribunal to issue a certificate and make findings required by a responding State's law if a responding State has not enacted this act or legislation substantially similar to this act, to eliminate the requirement that notification be given by first class mail, to authorize the Mayor to order a support enforcement agency neglecting or refusing to provide services to an individual to perform its duties pursuant to this act, to set forth the duties of an obligor's employer to comply with an income withholding order issued by another State, and to authorize a District of Columbia tribunal to modify a support order of another State in certain circumstances. Act 12–330 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2924) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not

having disapproved, this act became D.C. Law 12–131, effective July 24, 1998.

89. May 1, 1998—Act 12–331 (Law 12–128), "Juvenile Curfew Amendment Act of 1998." To amend the Juvenile Curfew Act of 1995 to repeal the sunset provision. Act 12–301 was published in the May 8, 1998, edition of the D.C. Register (Vol. 45 page 2796) and transmitted to Congress on May 1, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–128, effective June 20, 1998.

90. May 19, 1998—Act 12–332 (Law 12–132), "District of Columbia Unemployment Compensation Federal Conformity Amendment Act of 1998." Act 12–332 was published in the May 15, 1998 edition of the D.C. Register (Vol. 45 page 2931) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–132, effective July 24, 1998.

91. May 19, 1998—Act 12–333 (Law 12–133), "Eastern Market Open Air Retailing Temporary Act of 1998." To permit, on a temporary basis, the interim continuation of non-food open air retailing in the exterior space at Eastern Market that is not otherwise leased. Act 12–333 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2933) and transmitted to Congress on May 19, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–133, effective July 24, 1998.

92. May 19, 1998—Act 12–334 (Law 12–134), "Motor Vehicle Excessive Idling Fine Increase Temporary Amendment Act of 1998." To amend, on a temporary basis, 16 DCMR 3224 and 18 DCMR 2601.2 to increase the civil infractions fine for violating the engine idling provisions of the District of Columbia Air Pollution Control Act of 1984 and the Traffic Adjudication Act of 1978 and to amend the idling restriction of 18 DCMR 2418.3 to make it comply with the District of Columbia Air Pollution Control Act of 1984. Act 12–334 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2935) and transmitted to Congress on May 19, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–134, effective July 24, 1998.

93. May 19, 1998—Act 12–335 (Law 12–164), "Correctional Treatment Facility Temporary Amendment Act of 1998." To amend, on a temporary basis, the Correctional Treatment Facility Act of 1996 to authorize the use of force and use of weapons by correctional officers employed by the operator of any private prison facility housing inmates in the District of Columbia for the District of Columbia Department of Corrections or the Federal Bureau of Prisons, in addition to the Correctional Treatment Facility. A 60-day review period is required by section 602(2) of the District Home Rule. Act 12–335 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2937) and transmitted to Congress on May 19, 1998 for a 60-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–164, effective October 10, 1998.

94. May 19, 1998—Act 12–336 (Law 12–135), "Parking Meter Fee Moratorium Amendment Act of 1998." To amend Title 18 of the District of Columbia Municipal Regulations to impose a parking meter fee moratorium for meter parking on Saturdays and other days between 5:30 p.m. and 7:00 a.m. Act 12–336 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2940) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–135, effective July 24, 1998.

95. May 19, 1998—Act 12–337 (Law 12–136), "Uniform Controlled Substances Amendment Act of 1998." To amend the District of Columbia Uniform Controlled Substances Act of 1981 to give the Mayor rulemaking authority regarding the scheduling of controlled substances, to clarify the authority of registrants of controlled substances, and to expand enforcement authority. Act 12–337 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2942) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–136, effective July 24, 1998.

96. May 19, 1998—Act 12–338 (Law 12–137), "Georgetown Business Improvement District Temporary Amendment Act of 1998." To amend, on a temporary basis, the Business Improvement Districts Act of 1996 to authorize the establishment and administration of a business improvement district in Georgetown. Act 12–338 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2944) and transmitted to Congress on May 19, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–137, effective July 24, 1998.

97. May 19, 1998—Act 12–340 (Law 12–138), "Residency Requirement Reinstatement Amendment Act of 1998." Act 12–340 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2972) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–138, effective July 24, 1998.

98. May 19, 1998—Act 12–341 (Law 12–139), "Definition of Optometry Amendment Act of 1998." To amend the District of Columbia Health Occupations Revision Act to authorize a District of Columbia tribunal to issue a certificate and make findings required by a responding States law if a responding State has not enacted this act or legislation substantially similar to this act, to eliminate the requirement that notification be given by first class mail, to authorize the Mayor to order a support enforcement agency neglecting or refusing to provide services to an individual to perform its duties pursuant to this act, to set forth the duties of an obligors employer to comply with an income withholding order issued by another State, and to authorize a District of Columbia tribunal to modify a support order of another State in certain circumstances. Act 12–341 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2975) and transmitted to Congress on May 19, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–139, effective July 24, 1998.

99. May 19, 1998—Act 12–342 (Law 12–140), "Advisory Neighborhood Commissions Act of 1975 Financial Reporting Amendment Act of 1998." To amend the Advisory Neighborhood Commissions Act of 1975 to require Advisory Neighborhood Commissions to file quarterly financial reports approved by the auditor within 30 days of the end of each quarter, to require the auditor to approve of the report within 7 days of its filing, and to require funds reserved or a Commission to return to the General Fund on the last day of the fiscal year if the Commission failed to file a quarterly report approved by the auditor. Act 12–342 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2975) and transmitted to Congress on May 19, 1998 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–140, effective July 24, 1998.

100. May 19, 1998—Act 12–343 (Law 12–165), "Truth in Sentencing Amendment Act of 1998." To amend an act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes, to require judges to impose determinate sentences for certain felonies committed on or after August 5, 2000, to mandate that persons convicted of such felonies serve at least 85 percent of imposed sentences, to abolish parole for these felonies, to require that felons receive an adequate period of supervised release following incarceration and to apply the Federal good time credits provisions to felonies in compliance with the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105–33; to amend section 23–1329 of the District of Columbia Code and an act for the establishment of probation system for the District of Colombia to allow the temporary placement in custody of conditionally released persons and persons on probation who violate certain conditions of release or probation, and to amend the Medical and Geriatric Parole Act of 1992 to provide the Director of the Bureau of Prisons the authority to request medical and geriatric release for persons convicted of certain felonies. Act 12–343 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2980) and transmitted to Congress on May 19, 1998 for a 60-day review. Congress not having disapproved, this act became D.C. Law 12–165, effective October 10, 1998.

101. May 19, 1998—Act 12–344 (Law 12–141), "TANF and TANF-Related Medicaid Managed Care Program Temporary Amendment Act of 1998." To amend, on a temporary basis, the Health Maintenance Organization Act of 1996 to require an HMO providing Medicaid managed care services under contract with the District to provide or arrange for mental health and substance abuse services for TANF and TANF-related Medicaid recipients on a fee-for service basis unless the District government makes arrangements to provide such services. Act 12–344 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2972) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–141, effective July 24, 1998.

102. July 21, 1998—Act 12–383 (Law 12–156), "School Transit Subsidy Act of 1978 Amendment Act of 1998." To amend the School

Transit Subsidy Act of 1978 to permit disabled students over 19 years of age and under 22 years of age to participate in the school transit subsidy program. Act 12–383 was published in the July 17, 1998, edition of the D.C. Register (Vol. 45 page 4617) and transmitted to Congress on July 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–156, effective October 7, 1998.

103. July 21, 1998—Act 12–384 (Law 12–157), "Bishop Aimilianos Laloussis Park Designation Act of 1998." To designate the small park located at 36th Street, Massachusetts Avenue and Garfield Street, NW., Reservation 330 N, as the Bishop Aimilianos Laloussis Park (ward 3). Act 12–384 was published in the July 17, 1998, edition of the D.C. Register (Vol. 45 page 4619) and transmitted to Congress on July 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–157, effective October 7, 1998.

104. July 21, 1998—Act 12–385 (Law 12–158), "Abatement of Controlled Dangerous Substances Nuisances Temporary Amendment Act of 1998." To amend, on a temporary basis, the Residential Drug-related Evictions Amendment Act of 1990 to expand the definition of a controlled dangerous substance to include the controlled substances defined in Title II of the District of Columbia Uniform Controlled Substances Act of 1981. Act 12–385 was published in the July 17, 1998, edition of the D.C. Register (Vol. 45 page 4621) and transmitted to Congress on July 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–158, effective October 7, 1998.

105. July 21, 1998—Act 12–386 (Law 12–1), "Sex Offender Registration Temporary Amendment Act of 1998." To amend, on a temporary basis, the Sex Offender Registration Act of 1996 to require the Metropolitan Police Department to update its registry promptly, and to require new residents to the District of Columbia who fall within the registration requirements to register with the Metropolitan Police Department within 10 days of establishing residence in the District of Columbia. Act 12–340 was published in the May 15, 1998, edition of the D.C. Register (Vol. 45 page 2972) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–138, effective July 24, 1998.

106. July 21, 1998—Act 12–393 (Law 12–159), "Quick Payment Temporary Amendment Act of 1998." To amend, on a temporary basis, the District of Columbia Government Quick Payment Act to limit the time during which a claim for interest can be filed by vendors doing business with the District of Columbia, and to clarify the procedures for filing a claim under the Quick Payment Act. Act 12–393 was published in the July 17, 1998, edition of the D.C. Register (Vol. 45 page 4642) and transmitted to Congress on July 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–159, effective October 7, 1998.

107. July 21, 1998—Act 12–398 (Law 12–160), "Whistleblower Reinforcement Act of 1998." To amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to increase protection for District government employees who report waste, fraud, abuse of authority, violations of law, or threat to pub-

lic health or safety, and to impose an enforceable obligation on District government supervisors to report violations of law when circumstances require, and to afford the same whistleblower protections to employees of District instrumentality and employees of contractors who perform work on District contracts. Act 12–398 was published in the July 17, 1998, edition of the D.C. Register (Vol. 45 page 5147) and transmitted to Congress on July 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–160, effective October 7, 1998.

108. July 21, 1998—Act 12–402, "Washington Convention Center Authority Financing Amendment Act of 1998." To amend the Washington Convention Center Authority Act of 1994 to eliminate the surtaxes imposed by D.C. Code section 47–1807.2(a)(4) and section 47–1808.3(a)(4) and to the hotel occupancy tax imposed by D.C. Code section 47–3206 from the definition of dedicated taxes; to authorize the Authority to enter into various interest rate agreements; to reconstitute the Board of Directors of the Authority to consist of seven public members, the chief financial officer of the District of Columbia and one other ex-officio voting member; to require the Authority to submit revised financial requirements if an adjustment in the guaranteed maximum price is needed; to provide that dedicated taxes collected by the Mayor as agent for the Authority to apply dedicated taxes to the payments of costs; to establish the Washington Convention Center Marketing Fund; to require the Authority to enter into marketing services contracts for the purpose of promoting conventions and tourism in the District of Columbia; to clarify that the Council has the authority to delegate its bond issuing powers to the Authority; to increase the permitted maturity of revenue bonds issued by the Authority from 30 to 34 years; to allow the Authority to use revenues for redemption or purchase of outstanding indebtedness of the Authority prior to delivering excess revenues for redemption or purchase of outstanding indebtedness of the Authority prior to delivering excess revenues to the District; to permit the Authority to create additional reserves if it determines that such additional reserves are required; to repeal the transition provisions; and to amend the provisions specifying the procedures employed by the District of Columbia auditor in certifying as to the sufficiency of certain taxes to meet expenses and reserves of the Authority; to amend Title 47 of the District of Columbia Code to eliminate the transfer of certain business surtaxes to the Washington Convention Center Authority Fund; to decrease the sales and compensating use tax rate on public accommodations from 10.5 percent to 10.05 percent; to increase the percentage of the tax to be collected on behalf of the Authority from 2.5 percent to 4.45 percent; and repeal the Hotel and Occupancy Tax. Act 12–402 was published in the July 24, 1998, edition of the D.C. Register (Vol. 45 page 4826) and transmitted to Congress on July 21, 1998 for a 30-day review. This legislation became effective on the date that the President of the United States signed Public Law 105–227. This act became D.C. Law 12–142 effective August 12, 1998.

109. July 29, 1998—Act 12–403, "Old Rock Creek Church Road Designation Act of 1998." To designate the unnumbered block of

Road, NW., between North Capitol and Webster Streets, NW., as Old Rock Creek Church Road (ward 4).

110. July 21, 1998—Act 12–404 (Law 12–161), "Closing of Public Alley in Square 185, S.O. 97–106, Act of 1998." To order the legal closing of a public alley in square 185, bounded by I Street, NW., 16th Street, NW., in ward 2. Act 12–404 was published in the August 7, 1998, edition of the D.C. Register (Vol. 45 page 5171) and transmitted to Congress on July 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–161, effective October 7, 1998.

111. July 21, 1998—Act 12–405 (Law 12–162), "Windshield Wipers and Headlamp Regulation Amendment Act of 1998." To amend Title 18 of the District of Columbia Municipal Regulations to require the use of motor vehicle headlamps when the windshield wipers are being operated under certain conditions. Act 12–405 was published in the August 7, 1998, edition of the D.C. Register (Vol. 45 page 5173) and transmitted to Congress on July 21, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–162, effective October 7, 1998.

112. July 21, 1998—Act 12–407 (Law 12–163), "Closing of 8th, L, and M Streets, NW., and the Closing of Public Alleys in Squares 400, 401, 402, 426, 425, and 424, S.O. 96–90, Act of 1998." To order the closing of 8th Street, NW., between 7th and 9th Streets, NW., and the closing of certain public alleys in Squares 400, 401, 402, 426, 425, and 424, to facilitate the development of a new convention center at Mount Vernon Square, in ward 2. Act 12–407 was published in the August 7, 1998, edition of the D.C. Register (Vol. 45 page 5175) and transmitted to Congress on May 19, 1998 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–163, effective October 7, 1998.

113. July 29, 1998—Act 12–410, "Advisory Commission on Sentencing Establishment Act of 1998." To establish the Advisory Commission on Sentencing to make recommendations to the Council regarding criminal sentencing reforms required by the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105–33.

114. July 29, 1998—Act 12–411, "Kenneth H. Nash Post #8 American Legion Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 1998." To amend Title 47 of the District of Columbia Code to exempt from taxation certain property of the American Legion in the District of Columbia to confer a tax exemption, and to provide equitable property tax relief to the Kenneth H. Nash Post #8 American Legion, from the expiration of the "Kenneth H. Nash Post #8 American Legion Property Tax Exemption and Tax Relief Emergency Act of 1996, until the effective date of this act.

115. July 29, 1998—Act 12–412, "Bethea-Welch Post 7284, Veterans of Foreign Wars Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 1998, and Tax Increment Financing Authorization and National Capital Revitalization Corporation Technical Amendments Act of 1998." To amend Title 47 of the District of Columbia Code to exempt from taxation certain property of the Bethea-Welch Post 7284, Veterans of Foreign Wars in the District of Columbia to Confer a tax-exemption, and to provide equi-

table property tax relief to the Bethea-Welch Post 7284, Veterans of Foreign Wars; and to make technical amendments to the Tax Increment Financing Authorization Act of 1998 and the National Capital Revitalization Corporation Act of 1998.

116. July 29, 1998—Act 12–413, "Society of the Cincinnati Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 1998." To amend Chapter 10 of Title 47 of the District of Columbia Code to designate additional property owned by the Society of the Cincinnati as Tax exempt and to provide tax relief to the Society for such property from the time the Society obtained the property until the effective date of this act.

117. July 29, 1998—Act 12–414, "American Legion, James Reese Europe Post No. 5 Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 1998." To amend Chapter 10 of Title 47 of the District of Columbia Code to designate real property owned by the American Legion, James Reese Europe Post No. 5, as tax exempt, and to provide equitable real property tax relief for such property from October 1, 1997 until March 31, 1998.

118. July 29, 1998—Act 12–415, "Prince Hall Freemason and Eastern Star Charitable Foundation Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 1998." To amend Chapter 10 of Title 47 of the District of Columbia Code to designate real property owned by the Prince Hall Freemason and Eastern Star Charitable Foundation as tax exempt and to provide equitable real property tax relief to the Prince Hall Freemason and Eastern Star Charitable Foundation for such property from December 5, 1997, through March 31, 1998.

119. July 29, 1998—Act 12–417, "Temple Micah Equitable Real Property Tax Relief Act of 1998." To provide equitable real property tax relief to the Temple Micah, a tax exempt religious organization.

SUBCOMMITTEE ON HUMAN RESOURCES

1. Unfunded Mandates Reform Act of 1995, Public Law 104–4, 104th Congress, March 22, 1995, 109 Stat. 67

This law imposes parliamentary barriers to discourage the imposition of Federal mandates on State, local, and tribal governments without adequate funding if the mandates would displace other essential governmental priorities. It also requires the legislative and executive branches to identify and quantify costs incurred by those governments in complying with Federal statutory and regulatory mandates. In addition, it required a study of existing mandates.

The Human Resources Subcommittee is continuing to monitor Federal department compliance with the legislation, with special attention to two portions—the title II requirement that Federal agencies review proposed and final regulations for mandate impacts and consider less burdensome alternatives, and the title III requirement that a review of existing mandates be conducted.

2. Health Insurance Portability and Accountability Act, Public Law 104–191, 104th Congress, signed into law August 21, 1996

The Health Insurance Portability and Accountability Act of 1996 [HIPAA] provided for changes in the health insurance market and imposed certain requirements on health insurance plans offered by

public and private employers. It guaranteed the availability and renewability of health insurance coverage for certain employees and individuals, limiting the use of pre-existing condition restrictions. It created Federal standards for insurers, health maintenance organizations [HMOs] and employer plans, including those who are self-insured. It ensures greater availability of health coverage plans for small employers. Medical Savings Accounts—personal savings accounts for unreimbursed medical expenses—were created by the act.

The law also created a new program to combat health care fraud and abuse, established the Medicare Integrity Program, set up a new Medicare anti-fraud and abuse control account within the Medicare hospital trust fund, extended criminal sanctions under the Social Security Act for Medicare, Medicaid and other Federal health care programs and established new rules and penalties for fraud and abuse in Medicare and Medicaid.

The Human Resources Subcommittee has been monitoring the implementation of the legislation, particularly the fraud and abuse provisions, tracking the amount of recouped resources as a result of successful collaborative anti-fraud initiatives on the part of the Department of Health and Human Services [HHS], the Office of the Inspector General [OIG], the Department of Justice [DOJ], and State agencies' efforts. The subcommittee has been monitoring the implementation of the new Adverse Action Data Base, the Medicare Integrity Program, and following the OIG expansion of its Operation Restore Trust initiative.

3. Government Performance and Results Act of 1993, Public Law 103–62, 103d Congress, August 3, 1993, 107 Stat. 285.

Under the Government Performance and Results Act (commonly referred to as the Results Act), every Federal agency must improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. To achieve this each Federal agency must develop a mission statement, set goals, measure performance, and report on their accomplishments. The Human Resources Subcommittee has been monitoring the Department's of Labor, Education, and Health and Human Services compliance with the requirements of the act.

The Government Performance and Results Act requires that Federal agencies improve program effectiveness and ensure accountability by focusing on results based on program mandate, program quality and customer satisfaction. To achieve this, agencies are required to develop a mission statement, establish program goals, develop a performance measurement and report on accomplishments. The subcommittee has monitored the Department of Health and Human Services compliance with this act through their required submissions to GAO.

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS

1. Paperwork Reduction Act of 1995, Public Law 104–13, May 22, 1995

The Paperwork Reduction Act of 1995 furthers the goals of the Paperwork Reduction Act of 1980, including to have the Federal agencies become more responsible and publicly accountable for reducing the burden of Federal paperwork on the public. Under this law and Executive Order 12866 (and its predecessor orders), the Office of Management and Budget's Office of Information and Regulatory Affairs is responsible for paperwork and regulatory reviews of agency paperwork and regulatory plans and proposals.

2. Congressional Review Act, Public Law 104–121, March 29, 1996

The Congressional Review Act [CRA] requires the agencies to file certain reports with Congress for each new rule before that rule can legally take effect. If a rule is not reported, it is an illegal rule. The CRA restored accountability to regulation by giving Congress the opportunity to review and, if necessary, disapprove any new rule or regulation.

SUBCOMMITTEE ON THE POSTAL SERVICE

1. The Postal Reorganization Act of 1970, Public Law 91–375, August 12, 1970, 84 Stat. 719

The Subcommittee on the Postal Service has legislative jurisdiction and oversight over the U.S. Postal Service, U.S. Postal Rate Commission and the U.S. Postal Inspection Service. These entities operate under the authority granted pursuant to the Postal Reorganization Act of 1970 [PRA] which traces congressional authority for postal services to Article I, Section 8 of the U.S. Constitution, which direct Congress "(t)o establish Post Offices and Post Roads."

The U.S. Postal Service is governed by an 11 member Board of Governors; 9 of whom are appointed by the President and confirmed by the Senate who in turn employ a Postmaster General and Deputy Postmaster General who also become members of the Board. The U.S. Postal Service handles 40 percent of the world's mail volume; it had total revenues in 1995 of $54.3 billion; it employs 1 out of every 170 Americans; and processed 181 billion pieces of mail or about 580 million pieces per day and delivered to 128 million addresses in 1995.

The U.S. Postal Rate Commission, independent of the U.S. Postal Service, is governed by five, full-time, Presidentially-appointed and Senate-confirmed Commissioners. It is responsible by hearing a request of the U.S. Postal Service for an increase in postage rates, reclassification of its postage schedule and for making a recommended decision upon such a request. The Commission also hears complaints from outside parties regarding postal rates or services.

The Postal Inspection Service is the law enforcement branch of the U.S. Postal Service and is responsible for enforcing the Mail Fraud Act, Mail Order Consumer Protection Amendments of 1983, Drug and Household Substance Mailing Act of 1990, and for enforc-

ing the Private Express Statutes which give the Postal Service its letter-mail monopoly. It is also entrusted with insuring the security and safety of postal facilities and employees and for serving in the dual role of Inspector General for the agency.

The subcommittee continued its in-depth oversight of the operations of these entities. During the first session of the 104th Congress, the subcommittee conducted a series of in-depth oversight hearings which highlighted the need for reform of postal operations. These hearings laid the foundation for the reforms contained in H.R. 3717, the Postal Reform Act of 1996, the first comprehensive postal reform legislation in a quarter century. H.R. 3717 focused constructive debate in the postal community on the future of the Postal Service in meeting its statutory mandate of provision of universal mail service. The subcommittee believes that shifting mail volumes and stagnant postal revenue growth requires an examination of the statutory structure under which our current postal system now operates if the Service is to maintain this important public service mission.

The oversight hearings identified several weaknesses in the current statutory structure of the Postal Service. One weakness highlighted is the Postal Service's inability to compete under the procedures required by the current, 28 year old ratemaking structure. According to the General Accounting Office, the U.S. Postal Service controlled virtually all of the Express Mail market in the early 1970's; by 1995 its share had dropped to approximately 13 percent. Similarly, the Postal Service is moving considerably fewer parcels today than 25 years ago. In 1971 the Postal Service handled 536 million parcel pieces and enjoyed a 65 percent share of the ground surface delivery market. This is in comparison to 1990 when the Postal Service parcel volume had dropped to 122 million pieces with a resulting market share of about 6 percent.

Even first-class financial transactions and personal correspondence mail—monopoly protected areas under the Private Express Statutes—are showing the effect of electronic communications competition. Financial institutions are promoting computer software to consumers as a method of conducting their bill-paying and general banking, while Internet service providers and online subscription services are offering consumers the ability to send electronic messages to anyone in the world or around the corner. Similarly, many postal users have become accustomed to the immediacy of the facsimile machine. These new communication technologies all carry correspondence that formerly flowed through the Postal Service. These former sources of revenues supported a postal infrastructure dedicated to the mission of universal service.

This shift in postal revenues will have a negative long-term effect on the financial well being of the Postal Service. The subcommittee believes that should the Service continue to labor under the restrictions established by the 1970 act, its inability to compete, develop new products and respond to changing market conditions jeopardizes its ability to continue to provide universal service to the diverse geographic areas of our Nation. Congress must review reforms to the current postal statutory structure which will provide the Postal Service more competitive flexibility while assuring all postal customers of a continued universal mail service at reason-

able and affordable rates. H.R. 3717 meets this goal by replacing the zero-sum game of the current ratemaking structure with a system that insures reasonable postal rates while allowing the Postal Service the flexibility it needs to compete in today's changing communication markets.

As evidenced in our review of data quality, the act has fostered an entrenched distrust between the Postal Service and the Postal Rate Commission and allowed the two agencies to develop an interagency antagonism which fosters a sense of favoritism between postal customers. This problem is exacerbated by the existing cost-based ratemaking process.

Fortune Magazine ranks the Postal Service the 10th largest entity in the United States, if it were a private company. Its income ranks the Postal Service 82nd on Fortune magazine's Global 500 and 18th on its U.S. top 20 list. However, the Postal Service is ranked in last place in terms of equity position. The Postal Service employs over 800,000 career employees who make it possible to deliver mail daily to more than 130 million addresses. The Postmaster General reported in October that the USPS expects to end 1998 with a surplus of $500–$600 million, however, there are about $4 billion accumulated losses since 1971 still to be recovered. Postal rates will increase by a penny in January 1999, after the holiday season.

The U.S. Postal Rate Commission is independent of the U.S. Postal Service. It is governed by five, full-time, Presidentially-appointed and Senate-confirmed Commissioners. It is responsible for hearing a request of the Postal Service for an increase on postage rate, reclassification of its postage schedule and for making a recommended decision upon such a request. The Commission also hears complaints from outside parties regarding postal rates or services.

The Inspector General of the Postal Service is independent of postal management and is appointed by and reports directly to the nine Presidentially appointed Governors of the Postal Service. The primary mission of the Inspector General is to prevent, detect and report fraud waste and program abuse and to promote efficiency in the operations of the Postal Service. The Office of the Inspector General [OIG] investigates and audits programs and operations of the Postal Service to ensure the efficiency and integrity of the postal system and plays an integral part in maintaining effective programs and operation in the Postal Service. The OIG has the authority to conduct audits and investigations, take sworn statements and issue subpoenas.

The subcommittee continues its oversight of the operations of these five entities and continues to refine legislation to reorganize the Postal Service which is facing extraordinary times in the competitive arena and its mission to offer universal service. The Postal Service will not be able to compete in coming years if it must operate under the governing laws, enacted in 1970. These laws do not permit the Postal Service to react swiftly and predictably to market conditions. Congress must review reforms to the current postal statutory structure which will provide the Postal Service more competitive flexibility while assuring all postal customers of a continued universal mail service at reasonable and affordable rates. New

technologies have put additional burdens on the manner in which communications and business are being conducted and the diversion of mail from the Postal Service to faster and often more reliable forms of correspondence.

The subcommittee will continue to study, monitor and report on the effectiveness of the Postal Reorganization Act and will continue to seek needed reforms to improve the overall performance of the Postal Service and provide better service to all postal customers.

IV. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

GOVERNMENT REFORM AND OVERSIGHT COMMITTEE

1. "Financial Audit: Independent Counsel Expenditures for the Six Months Ended September 30, 1996," March 1997, GAO/AIMD–97–64

a. Summary.—The Department of Justice and the independent counsels are required under 28 U.S.C. §§ 594(d)(2), (h) and 596(c)(1) to report on expenditures from a permanent, indefinite appropriation established within Justice to fund independent counsel activities. In order to satisfy the requirements of 28 U.S.C. § 596(c)(2) and Public Law 100–202, which established a permanent, indefinite appropriation within Justice to fund independent counsels, the GAO is required to audit the independent counsels' expenditures from the appropriation for each 6-month period in which they have operations and report those findings to the appropriate congressional committees.

The GAO found that the statements of expenditures for the offices of independent counsel Arlin M. Adams/Larry D. Thompson, David M. Barrett, Joseph E. diGenova/Michael F. Zeldin, Daniel S. Pearson, Donald C. Smaltz, and Kenneth W. Starr were reliable in all material respects.

2. "Financial Audit: Independent Counsel Expenditures for the Six Months Ended March 31, 1997," September 1997, GAO/AIMD–97–164

a. Summary.—The Department of Justice and the independent counsels are required under 28 U.S.C. §§ 594(d)(2), (h) and 596(c)(1) to report on expenditures from a permanent, indefinite appropriation established within Justice to fund independent counsel activities. In order to satisfy the requirements of 28 U.S.C. § 596(c)(2) and Public Law 100–202, which established a permanent, indefinite appropriation within Justice to fund independent counsels, the GAO is required to audit the independent counsels' expenditures from the appropriation for each 6-month period in which they have operations and report those findings to the appropriate congressional committees.

The GAO found that the statements of expenditures for the offices of independent counsel Arlin M. Adams/Larry D. Thompson, David M. Barrett, Joseph E. diGenova/Michael F. Zeldin, Daniel S. Pearson, Donald C. Smaltz, Kenneth W. Starr, and a sealed independent counsel were reliable in all material respects.

3. "GPRA: Managerial Accountability and Flexibility Pilot Did Not Work As Intended," April 1997, GAO/GGD–97–36

a. Summary.—This report was addressed to the chairman and ranking member of the House Government Reform and Oversight Committee and the chairman and ranking member of the Senate Governmental Affairs Committee. The report was developed in partial response to the Government Performance and Results Act's requirement that GAO report on the act's implementation during the initial pilot phase—fiscal years 1994 to 1996—and on the prospects for its government-wide implementation.

The Results Act provides for a series of pilot projects so that Federal agencies can gain experience in using the act's provisions and provide lessons to other agencies before government-wide implementation. One set of these pilot projects focused on managerial accountability and flexibility.

GAO found that the managerial accountability and flexibility pilot did not work as intended. OMB did not designate any of the 7 departments and 1 independent agency that submitted a total of 61 waiver proposals as pilots. For about three-quarters of the waiver proposals, OMB or other central management agencies determined that the waivers were not allowable for statutory or other reasons or that the requirement for which the waivers were proposed no longer existed. For the remaining proposals, OMB or other central management agencies approved waivers or developed compromises by using authorities that were already available independent of GPRA.

GAO found that three major factors contributed to the failure of the managerial accountability and flexibility pilot phase. First, changes in Federal management practices and laws that occurred after the Results Act was enacted affected agencies' need for the Results Act process. Second, the Results Act was not the only means by which agencies could receive waivers from administrative requirements, and thereby obtain needed managerial flexibility. And third, OMB did not work activity with agencies that were seeking to take part in the managerial accountability and flexibility pilot.

As of November 1996, almost 11 months after OMB had received the endorsements by the central management agencies, OMB had not formally notified two of the eight agencies that nine of their requested waivers had been approved outside of the Results Act pilot process or that a compromise had been developed. Overall, officials in five of the eight agencies that submitted a waiver proposal to OMB said that they never received feedback from OMB on the status of their waiver proposals, or notification of specific concerns that OMB may have had about the quality and scope of the proposals, or explicit instructions from OMB on how their proposals could be improved to better meet OMB's expectations.

b. Benefits.—This report was helpful to Congress in overseeing agency and OMB compliance with the Results Act, and in determining which pilot phases of the act would be instructional for government-wide implementation of the act.

4. "The Government Performance and Results Act: 1997 Government-wide Implementation Will Be Uneven," June 1997, GAO/GGD–97–109

a. Summary.—This report was addressed to the chairman and ranking members of the following: the House Government Reform and Oversight Committee, the Senate Governmental Affairs Committee, the House Committee on Budget, the Senate Committee on Budget, the House Committee on Appropriations, and the Senate Committee on Appropriations. This report is in response to the Results Act requirement that GAO report to Congress on the prospects for government-wide implementation of the act.

GAO's report indicated that the Results Act's implementation up to that point had achieved mixed results, which would lead to highly uneven government-wide implementation in the 1997. While agencies would likely meet statutory deadlines for producing initial strategic plans and annual performance plans, GAO found that those documents will not be of a consistently high quality or as useful for congressional and agency decisionmaking as they could be.

GAO observed the following challenges for government-wide implementation: (1) Overlapping and fragmented crosscutting program efforts can undermine efforts to establish clear missions and goals; (2) The often limited or indirect influence that the Federal Government has in determining whether desired results is achieved complicates the effort to identify and measure the discrete contribution of the Federal initiative to a specific program result; (3) The lack of quality and the dearth of results-oriented performance information in many agencies hampers efforts to identify appropriate goals and confidently assess performance; and, (4) Instilling within agencies an organizational culture that focuses on results remain a work in progress across the Federal Government.

b. Benefits.—This report helps Congress anticipate and oversee the administration's implementation of the Results Act. It gives a realistic view of the compliance to expect from agencies, the challenges agencies face. Congress can then better know where, when, and how to apply pressure on the administration to try and get the best compliance possible.

5. "Managing for Results: Regulatory Agencies Identified Significant Barriers to Focusing on Results," June 1997, GAO/GGD–97–83

a. Summary.—While addressed to the chairman and ranking member of the House Government Reform and Oversight Committee and the chairman and ranking member of the Senate Governmental Affairs Committee, this report was initiated by GAO to support the broader responsibility of the GAO to report to Congress on the prospects for the Results Acts's implementation government-wide, as required by the act.

GAO found that officials at many regulatory agencies cited numerous barriers to their efforts to establish results-oriented goals and measures. These barriers included significant problems in identifying and collecting the data they needed to demonstrate their agencies' results. Agencies also cited as a barrier the fact that diverse and complex factors affect agencies' results (e.g., business cycles, technological innovations, or the need to deliver Federal pro-

gram initiatives and thus achieve results through third parties), and their lack of control or influence over those factors. Finally, agency officials observed that the long time period needed to see results in some areas of Federal regulation was a barrier to identifying and managing toward those results in the framework of annual performance plans and budgets. The impact of some agencies' regulatory actions, such as limiting exposure to a hazardous chemical, may not be evident for years. GAO thinks these barriers suggest that the implementation of the Results Act in a regulatory environment may prove more difficult in some cases than in others.

b. Benefits.—This GAO report is important in aiding Congress to oversee and anticipate agency compliance with the Results Act. It is also important in helping executive branch agencies themselves prepare for government-wide implementation of the act.

6. "Managing For Results: Using the Results Act to Address Mission Fragmentation and Program Overlap," August 1997, GAO/AIMD–97–146

a. Summary.—As requested by Majority Leader Armey, Government Reform and Oversight Committee Chairman Dan Burton, Budget Committee Chairman John Kasich, and Appropriations Committee Chairman Bob Livingston, GAO compiled its documentation of mission fragmentation and program overlap and reported on the specific ways in which the Results Act can focus attention on these management challenges and help to develop strategies to harmonize Federal responses.

GAO found that the Results Act should offer a new and structured framework to address crosscutting issues. Each of its key stages—defining missions and desired outcomes, measuring performance, and using performance information—offers a new opportunity to address fragmentation and overlap. The Results Act is intended to foster a dialog on strategic goals involving the Congress as well as agency and external stakeholders. This dialog should help to identify agencies and programs addressing similar missions and associated performance implications. The act's emphasis on results-based performance measures should lead to more explicit discussions of contributions and accomplishments within crosscutting programs and encourage related programs to develop common performance measures. Finally, if the Results Act is successfully implemented, performance information should become available to clarify the consequences of fragmentation and the implication of alternative policy and service delivery options, which, in tern, can affect future decisions concerning department and agency missions and the allocation of resources among those missions.

b. Benefits.—This report helped confirm the requestors expectation that the Results Act would be a useful tool for addressing program overlap and fragmentation. As each stage of the Results Act is implemented by executive branch agencies, it is critical for Congress to know if its expectations are realistic so that oversight can be as effective as possible.

7. "Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans," September 1997, GAO/GGD–97–180

a. Summary.—In response to a request from Majority Leader Dick Armey, Government Reform and Oversight Committee Chairman Dan Burton, Budget Committee Chairman John Kasich, and Appropriations Committee Chairman Bob Livingston, GAO reviewed and evaluated the latest available version of the draft strategic plans that were submitted to Congress for consultation by cabinet departments and selected independent agencies. Those reviews of the draft plans: (1) assessed the draft plans' compliance with the act's required elements and their overall quality; (2) determined if the plans reflected the key statutory requirements for each agency; (3) identified whether the plans reflected discussions about crosscutting activities and coordination with other agencies having similar activities; (4) determined if the draft plans addressed major management challenges; and, (5) provided a preliminary assessment of the capacity of the departments and agencies to provide reliable information about performance.

GAO found in their review that several critical strategic planning issues are in need of sustained attention if agencies are to develop the dynamic strategic planning processes envisioned by the Results Act. First, most of the draft plans did not adequately link required elements in the plans. Second, long-term strategic goals often tended to have weaknesses. Third, many agencies did not fully develop strategies explaining how their long-term strategic goals would be achieved. Fourth, most agencies did not reflect in their draft plans the identification and planned coordination of activities and programs that cut across multiple agencies. Fifth, the questionable capacity of many agencies to gather performance information has hampered efforts to identify appropriate goals and confidently assess performance. And sixth, the draft strategic plans did not adequately address program evaluations.

b. Benefits.—While Congress had set up congressional staff teams to review the individual draft strategic plans submitted by agencies, it was critical for congressional planning and oversight of the Results Act to have a review of all the plans taken as a whole. GAO's assessment again gave Congress a better sense of what expectations of agencies could be and where the weaknesses in the plans were.

8. A series of reports were issued during 1997 regarding, "The Results Act: Observations on the Draft Strategic Plans of the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services', Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, Veterans Affairs, EPA's, Federal Emergency Management Agency, General Services Administration, NASA, National Science Foundation, Nuclear Regulatory Commission, Office of Management and Budget, Office of Personnel Management, Small Business Administration, Social Security Administration, the Postal Service, USAID, and USTR's"

a. Summary.—As requested by Majority Leader Dick Armey, Government Reform and Oversight Committee Chairman Dan Burton, Budget Committee Chairman John Kasich, and Appropriations

Committee Chairman Bob Livingston, GAO performed reviews on an individual basis of the draft strategic plans of all of the Chief Financial Officers Act agencies and a handful of other important Federal entities. These entities included: Labor, Treasury, Postal Service, HHS, Commerce, OPM, Interior, Transportation, DOD, OMB, HUD, NASA, Energy, Justice, EPA, Nuclear Regulatory Commission, SBA, FEMA, NSF, GSA, Agriculture, USTR, State, USAID, SSA, Education, and the Veterans Administration.

b. Benefits.—GAO's individual reviews aided the congressional teams that were set up to examine specific agency strategic plans and consult with those agencies regarding the direction and implications of those plans. GAO's individual reviews were necessary especially in cases where the team was pressed for time in reviewing the draft plan itself or did not know the agencies programs in as great detail as the GAO. GAO also brought a great deal of expertise to their examination, which helped in many cases ask and answer important Results Act questions for the congressional teams.

9. "Managing for Results: The Statutory Framework for Performance-Based Management and Accountability," Letter Report, 01/28/98, GAO/GGD/AIMD–98–52

a. Summary.—GAO provided an overview of certain major statutes that Congress has enacted to instill a more performance-based approach to management and accountability of the Federal Government.

GAO noted that, implemented together, these laws provide a powerful framework for developing and fully integrating information about agencies' missions and strategic priorities, the results-oriented performance goals that flow from those priorities, performance data to show the level of achievement of those goals, and the relationship of information technology investments to the achievement of performance goals—along with reliable and audited financial information about the costs of achieving mission results. This framework should promote a more results-oriented management and decisionmaking process within both Congress and the executive branch.

b. Benefits.—This GAO report identifies the power and usefulness of the framework of management laws currently in place. It can be useful to Members by providing information that is pertinent to a broad range of management-related decisions confronting them in their capabilities as members of budget, authorization, oversight, and appropriations committees. However, GAO's work has shown that critical implementation issues remain to be addressed, and for example, although the statutory framework for more performance-based government is in place, key parts of the framework are in their first years of implementation, and how best to integrate the implementation is a continuing work in progress.

10. "Managing For Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges," Letter Report, 01/30/98, GAO/GGD–98–44

a. Summary.—GAO reviewed Federal agencies' strategic plans submitted in response to the Government Performance and Results Act of 1993 and summarized its observations on agencies' Septem-

ber plans. GAO also provided additional information on how the next phase of the Results Act's implementation—performance planning measurement—can be used to address the critical planning issue GAO observed in reviewing the September strategic plans.

GAO noted that agencies' strategic planning efforts are still very much a work in progress. GAO's reviews of September plans indicate that continued progress is needed in how agencies address three difficult planning challenges—setting a strategic direction, coordinating crosscutting programs, and ensuring the capacity to gather and use performance and cost data. GAO found that agencies can build upon their initial efforts to set a strategic direction for their programs and activities and that the next stage in the Results Act's implementation—performance planning and measurement—can assist agencies in addressing the challenge of setting a strategic direction.

b. Benefits.—This report is helpful in instructing the Congress and agencies about the major challenges that need to be overcome in order for the annual performance plans to be the most useful. GAO found that although agencies have begun to recognize the importance of coordinating crosscutting programs, they must undertake the substantive coordination that is needed for the effective management of those programs. Another critical planning challenge is the need for agencies to have the capacity to gather and use sound program performance and cost data to successfully measure progress toward their intended results. Under the Results Act, agencies are also to discuss in their annual performance plans how they will verify and validate the performance information that they plan to use to show whether goals are being met. Verified and validated performance information, in conjunction with augmented program evaluation efforts, will help ensure that agencies are able to report progress in meeting goals and identify specific strategies for improving performance.

11. "Inspectors General: Efforts to Develop Strategic Plans," Letter Report, 06/12/98, GAO/AIMD–98–112

a. Summary.—Using survey methodology, GAO provided information on inspectors general [IG] strategic planning efforts, focusing on: (1) which IGs presently prepare strategic plans; (2) the extent to which strategic plans were consistent with the Government Performance and Results Act requirements; (3) additional information IGs included in their strategic plans; (4) the extent to which IGs used their respective agencies' strategic plans to develop their own plans; (5) the extent to which IGs have been involved in developing their agencies' strategic plans; (6) the extent to which a strategic plan prepared consistent with the requirements of the Results Act would be useful to Congress, the Office of Management and Budget (OMB), and the IG; and (7) the IGs' views on statutorily requiring them to prepare strategic plans.

GAO noted that: (1) the 48 IGs that it surveyed indicated that they were all engaged in strategic planning efforts; (2) 39 IGs reported that they had completed strategic plans, with the remaining 9 stating that they planned to complete their plans during 1998; (3) most IGs were of the opinion that the requirements contained in the Results Act provided an appropriate framework for prepar-

ing IG strategic plans; (4) further, the IGs responded that their plans address many of the elements that the Results Act requires for agency plans; (5) however, fewer IG plans addressed such elements as the relationship between general goals and annual performance goals and identification of external factors that could affect achievement of goals; (6) in addition, the plans addressed key management issues to varying degrees; (7) the IGs GAO surveyed generally indicated that these management issues, if not included in their strategic plans, were covered in other planning documents such as annual audit plans; (8) most IGs also indicated that they considered the agency's Results Act strategic plan at least to some extent in preparing their own plan; (9) in addition, more than half of all the IGs reported that they had at least some involvement in preparing the agency's strategic plan; (10) a majority believed that a strategic plan that satisfies the requirements of the Results Act would be useful to Congress, OMB, and the IG in assessing IG performance and operations; (11) the IGs were about evenly divided on the need for a statutory requirement on strategic planning; (12) overall, about 29 percent agreed, 33 percent disagreed, 27 percent agreed as much as disagreed, and the remaining 10 percent had no opinion; and (13) of the IGs that cited a reason for their disagreement, the most frequent comment made was that such a mandate was unnecessary because IGs recognize the importance of strategic planning as a basic part of good management and are already engaged in planning efforts.

b. Benefits.—With passage of the Government Performance and Results Act, Congress indicated its support for the benefits of strategic and performance planning within an organization. GAO's survey provides congress with information regarding current attitudes of Inspectors General with regard to strategic planning in their own offices. This issue is not to be confused with the role for IGs Congress has yet to define with regard to assessment or involvement in agency strategic planning and performance measurement.

12. "Bank Supervision: Closure of the Rushville National Bank," June 15, 1998, GAO/GGD–98–80

a. Summary.—On August 1, 1997, Chairman Dan Burton sent a letter to the General Accounting Office [GAO], requesting a GAO investigation of the December 18, 1992, closure of the Rushville National Bank, in Rushville, IN, by the Office of the Comptroller of the Currency. The manner of the bank's closing and several other related issues raised by the former management of the bank have raised serious questions about whether the OCC's actions were consistent with its normal processes for bank examinations and closure of insolvent institutions.

On July 31, 1997, Chairman Burton issued a subpoena to the OCC for documents related to the closure of the Rushville National Bank. On two previous occasions, the OCC had refused to voluntarily provide these documents to Chairman Burton when he requested them.

On June 15, 1998, the GAO issued its final report regarding the closure of the Rushville National Bank. The GAO concluded that the OCC's closure of the Rushville National Bank was consistent with the OCC's normal processes and procedures for closing insol-

vent banks. However, the GAO's review of the bank's loan classifications was made more difficult by the lack of certain documentation.

On July 16, 1998, Chairman Burton issued a second subpoena to the OCC for documents related to the closure of the Rushville National Bank. These documents were received by the committee on July 21, 1998, and are currently under review by committee staff.

13. "Managing for Results: An Agenda To Improve the Usefulness of Agencies' Annual Performance Plans," Letter Report, 09/08/98, GAO/GGD/AIMD–98–228

a. Summary.—GAO summarized its reviews of individual Federal agency performance plans, focusing on opportunities to improve the usefulness of future performance plans for decisionmakers. Most of the plans that GAO reviewed contained major weaknesses that undermined their usefulness in that they: (a) did not consistently provide clear pictures of agencies' intended performance; (b) generally did not relate strategies and resources to performance; and (c) provided limited confidence that agencies' performance data will be sufficiently credible.

GAO believes that Congress, the Office of Management and Budget [OMB], and the agencies need to build on the experiences of the first round of annual performance planning by working together and targeting key performance issues that will help to make future plans more useful. Most of the performance plans had at least some objective, quantifiable, and measurable goals, but few plans consistently included a comprehensive set of goals that focused on the results that programs were intended to achieve. The plans generally did not go further to describe how agencies expected to coordinate their efforts with those of other agencies. Most agencies' performance plans did not provide clear strategies that described how performance goals would be achieved. The performance plans generally provided listings of the agencies current array of programs and initiatives but provided limited perspective on how these programs and initiatives were necessary or helpful for achieving results. Most of the plans did not adequately describe the resources needed to achieve their agencies' performance goals. Most annual performance plans provided only superficial descriptions of procedures that agencies intended to use to verify and validate performance data. The absence of program evaluation capacity is a major concern, because a Federal environment that focuses on results depends on program evaluation to provide vital information about the contribution of the Federal effort.

b. Benefits.—GAO noted that the agencies' first annual performance plans showed the potential for doing performance planning and measurement as envisioned by the Government Performance and Results Act to provide decisionmakers with valuable perspective and useful information for improving program performance. However, overall, substantial further development is needed for these plans to be useful in a significant way to congressional and other decisionmakers, and the GAO report details these areas which need further development.

14. "The Results Act: Assessment of the Governmentwide Performance Plan for Fiscal Year 1999," Letter Report, 09/08/98, GAO/AIMD/GGD–98–159

a. Summary.—GAO reviewed the Federal Government performance plan, focusing on whether the plan complies with the act's statutory requirements and congressional intent; and assessing the plan in the context of GAO's guidance developed for agency performance plans and congressional expectations set forth in a December 17, 1997, letter to the Director of the Office of Management and Budget [OMB].

GAO noted that the issuance of the Governmentwide Performance Plan in February 1998 marked the culmination of the first annual performance planning cycle under the Government Performance and Results Act. OMB developed and implemented an approach and framework for this plan that generally addressed the basic requirements of the Results. While the plan's framework should ultimately allow for a cohesive presentation of governmentwide performance, the specific contents of this initial plan did not always deliver an integrated, consistent, and results-oriented picture of fiscal year 1999 Federal Government performance goals. GAO indicated that future plans will need to go beyond the formal requirements of the act if they are to more fully address its basic purposes and meet the evolving needs of congressional and other users.

To add value to the government's overall performance planning and management efforts, GAO noted that attention is needed in two critical areas: (a) addressing observed weaknesses of individual agency performance plans that necessarily affect the quality of governmentwide performance planning; and (b) emphasizing an integrated, governmentwide perspective throughout the plan. As GAO noted in its recent individual agency and overall assessments, much work remains to improve agency performance plans, the building blocks of the governmentwide plan, and OMB will need to work with Federal agencies to strengthen these plans.

b. Benefits.—A solid critique of the governmentwide performance plan provides OMB with the information it needs to improve this plan. By more explicitly emphasizing governmentwide perspectives and better integrating the performance implications of all Federal strategies within more consistent and complete mission-based presentations, the governmentwide plan can, in turn, complement and extend agency performance planning processes and provide valuable new contexts and information for Federal decisionmakers.

SUBCOMMITTEE ON THE CENSUS

1. "Decennial Census: Overview of Historical Census Issues," May 1998, GAO/GGD–98–103

a. Summary.—This GAO report is a general history and overview of the decennial census from its inception in the Constitution of the United States of 1787 up to the present day. It also discusses the general procedures used in taking the census, existing safeguards to ensure confidentiality and methods to reduce the costs of taking a census.

Why take the census? The Constitution has, from its inception, required a regular census at 10-year intervals. The constitutional mandate of the taking of a census, combined with regular reapportionment, was a remarkably innovative approach to government. Article I, Section 2 of the Constitution allowed the representative political strength of States to change relative to one another in the House of Representatives and to account for the movement and migratory patterns of individuals into the United States and from one State to another. The census was carried out in 1790 and, every 10 years thereafter was followed (with one exception) by the reallocation of House seats between States based on the relative population shares of each State.

In addition to the constitutional purpose of reapportionment, census data is also used for other purposes. Since the Supreme Court rulings mandating a one-person-one-vote approach to redistricting of the early 1960's, census data has been invaluable for securing and maintaining equality in district size. Census data has also been used extensively to ensure full compliance with various Federal statutes, including the Voting Rights Act. Federal aid is distributed to cities, municipalities, and local governments based on local population proportions; census data is also used on the local level for city planning. Finally, census data is used extensively by private enterprise and business when planning new expansion.

Taking the census. The first census was carried out by U.S. Marshals. Over the course of the next 100 years, the growth and mobility of the populace, as well as concerns about census privacy, altered the nature of the census operation considerably. After 1850, a semi-permanent agency was set up to take the census. By 1902, a Census Office was established permanently under the aegis of the Commerce Department, where it has remained ever since.

In 1954, Congress delegated all responsibility for performing the census to the Secretary of Commerce, while maintaining ongoing oversight authority over census preparations and performance. The House of Representatives' Subcommittee on the Census, under the Government Reform and Oversight Committee, and the Senate Governmental Affairs Committee, presently has that oversight responsibility.

The 14th amendment, section 2, abandoned the slavery-era reapportionment formula given in the body of the Constitution and mandates that "[r]epresentatives shall be apportioned among the several states according to their respective numbers, counting the whole number of persons in each state, excluding Indians not taxed." The word "persons" here has a significant meaning with regard to the conduct of the census: all individuals, regardless of citizenship or legality of their residence within the United States, are to be enumerated. This has presented special challenges in recent censuses since this mandates that the homeless, temporary and seasonal workers, and even illegal aliens must be counted in the census process. (The "Indians not taxed" clause has been inapplicable since 1940.)

The census has always been concerned with the question of racial and ethnic self-identification. In recent years, this issue has become very complex. Congress has directed that the 2000 census will use five racial categories: "American Indian or Alaska Native," "Asian,"

"Black or African American," "Native Hawaiian or Other Pacific Islander," or "White." Two ethnicities will be counted: "Hispanic or Latino" and "Not Hispanic or Latino." Most significantly, individuals will now be allowed to account for any multiracial heritage by being allowed to "check all [categories] that apply."

Counting methods have advanced. Originally, enumerators were sent to every single household and residence in the United States. Since 1970, a mailout-mailback system was instituted that replaced the universal interview system of previous censuses. This required an elaborate system to associate addresses with households to prevent unintended double counting. This system was complicated by the fact that each census rebuilt its address system from scratch. For the 2000 census, the Census Bureau intended to build a "Master Address File" by incorporating information from the 1990 census with information from the U.S. Postal Service [USPS]. Attempts to coordinate address lists, initiated in 1994 after Congress passed a law mandating cooperation between the Bureau and the USPS, have not been entirely successful. A 100 percent canvas of addresses within all census blocks, initiated in 1997, was intended to fill the gaps in the list.

Another challenge facing the Bureau is the location of individuals living in nontraditional housing: those in shelters, nursing homes, college dormitories, work camps, military installations and remote areas. Special operations, such as a "Street and Shelter Night" for the homeless and an early enumeration program for remote Alaskan villages, will be aggressively pursued to find those living in non-traditional housing.

The "Be Counted" program will make extra census forms available in easily-accessible public areas, such as post offices, to allow individuals who may have mislaid their form to respond by mail. Finally, an extensive program of public outreach is planned to encourage participation.

The use of sampling techniques to create a more "accurate" census remains the central controversy surrounding the 2000 census. The existence of the "differential undercount", a term that describes the fact that a higher proportion of minorities are missed in the census than are whites, remains a serious challenge to the Census Bureau. They decided that sampling techniques, commonly used in polls and surveys, must be incorporated into the census process itself in an attempt to reduce the differential undercount.

If statistical sampling is used it will be incorporated into the 2000 census in two ways. First, the process of attempting to count every single American will be abandoned. Instead, 90 percent of people living in each area will be enumerated and a sample will be taken of the remainder of the non-respondents. Second, a separate survey, called "Integrated Coverage Measurement" [ICM], will be used to adjust the results of the census so as to account for the individuals not enumerated in the census.

This use of sampling has proven highly controversial. There is a serious constitutional question as to whether the "actual Enumeration" mandated by Article I, Section 2 of the Constitution will permit any possible adjustment or sampling. Second, 13 U.S.C. 195 explicitly prohibits the use of sampling for purposes of apportioning the House of Representatives. These issues are at the heart of the

dispute between the administration and Congress on the 2000 census.

The Census Bureau attempted to work around this problem in 1990 through the use of a "Post Enumeration Survey" which was intended to adjust the census figures. However, in June 1991, the Secretary of the Commerce decided the data was unreliable and thus not to adjust the figures. The resulting dispute over the proper method of performing the census continues to this day.

Protecting Privacy and Controlling Costs Are Persistent Census Concerns. The Census Bureau is mandated by statute to protect the data it gathers and the privacy of American citizens. This is necessary since many people refuse to respond to census gathering efforts based on privacy concerns. The recognition of the need to respect respondents' privacy grew over time. By the turn of the last century, privacy concerns about businesses analyzing census data led to the institution of the strict regime in place today.

With the modern expansion of the reach of public knowledge of private individuals, many people have become concerned about the security of private data provided to the Census Bureau. This concern, translated into steadily dropping response rates, combined with the near-doubling in the number of housing units since 1960, has lead to a fourfold increase in the cost of the census in recent decades. However, the Census Bureau has responded by increasing the use of technology in the gathering and tallying of census information. The census has always been on the forefront of the use of electronic data processing equipment. Measures have been taken to increase staffing to "ensure that all residents of the United States are counted and included in the 2000 Census."

b. Benefits.—This report furnishes context, background, and a historical perspective for Members of Congress, staff, and others interested in questions related to the decennial census. It also explains some of the concerns surrounding the Census Bureau's proposed plan for the 2000 census.

2. "2000 Census: Preparations for Dress Rehearsal Leave Many Unanswered Questions," March 1998 GAO/GGD–98–74

a. Summary.—At the request of Senator Fred Thompson, the chairman of the Senate Committee on Governmental Affairs, and Senator John Glenn, ranking minority member, the GAO reviewed activities surrounding the 1998 dress rehearsals for the 2000 census.

The 1998 dress rehearsals were the final opportunity to test many of the procedures and processes that will guide the 2000 census. The dress rehearsals and the 2000 decennial census are both designed to operate within strict time schedules; they both rely on a series of common activities spanning an extended period of time. Numerous census activities cannot commence until preceding steps are completed. The dress rehearsal was designed to adequately reflect the difficulties facing the Census Bureau when the 2000 census takes place.

The GAO report has identified four major points of concern. Critical areas include: the creation and completion of an accurate address list, increasing the mail response rate using outreach and promotion, the ability to hire an adequate workforce, and the abil-

ity to reduce costs and improve efficiency through sampling and enumeration.

First, GAO found that "[t]he accuracy of the Bureau's address lists and maps is uncertain, and local reviews may be too sporadic to greatly improve them." Two major building blocks of any successful census are complete and accurate address lists and maps. To create them, the Bureau initially planned on using addresses provided by the U.S. Postal Service [USPS], and these addresses were to be merged with the address file created during the 1990 census. Ultimately, these lists are merged to create a database of addresses known as the Master Address File [MAF]. Tests of these lists forced the Bureau to conclude that reliance on the USPS and the 1990 census address files would not suffice.

Accordingly, the Bureau has decided to canvass neighborhoods across the Nation to physically verify the accuracy of the address file. This reengineered approach will cost an additional $108.7 million and will not be tested before the 2000 census. Problems associated with the dress rehearsal suggest that local participation may be too inconsistent and face far too many obstacles to verify and increase the accuracy of the address file and maps. Local address review has not progressed smoothly at the dress rehearsal sites. Many local governments did not participate in the local review, while others that did participate cited time and resource constraints as well as limited assistance from the Bureau as impediments to their reviews.

Second, in reference to local outreach and promotion, the GAO found that "[t]he Bureau's outreach and promotion efforts face obstacles that could impede its ability to achieve its mail response rate objective." The Census Bureau plans to partner with local governments and other community organizations to raise public awareness and illustrate the importance of the census. If this is successful, the mail response rate will increase; this will then reduce the costly non-response follow-up workload. (The Census Bureau has set a goal of 66.9 percent for their mail response rate, in comparison to 65 percent for 1990 and 75 percent for 1980.) Also, local community leaders were asked by the Bureau to mobilize grassroots promotion and contribute to the Bureau's Complete Count Committees. These committees are supposed to be responsible for heightening public awareness of the census through community outreach activities. The GAO reports that not all of the dress rehearsal sites where the Bureau had hoped to establish these committees had done so; many local officials cited vague guidance and expectations from the Bureau in terms of outreach and promotion.

Third, with regard to staffing, the GAO warned that "the Bureau could encounter difficulties staffing the 2000 Census." The Census Bureau estimates that it will need to recruit more than 2.6 million applicants to fill almost 300,000 jobs for the 2000 decennial. The sheer volume of workers needed is a challenge in itself. Accordingly, given the likely full labor market in 2000, the Bureau will target people seeking "part-time" employment. To provide motivation, the Bureau plans to base wages on local rates and offer productivity incentives.

Fourth, GAO found that "[t]he Bureau's sampling and statistical estimation design faces methodological, technological, and quality control challenges." The Bureau intends to use sampling in two different ways. Rather than conducting 100 percent nonresponse follow-up [NRFU] by actually contacting the remaining households, the Bureau plans to follow-up on only a partial sample of NRFU households. The Bureau also plans to use Integrated Coverage Measurement [ICM], which is designed to measure and adjust for any inaccuracies in the population count.

For the Bureau to achieve its objectives, the GAO notes that NRFU sampling and the ICM would need to be appropriately and effectively implemented within strict time constraints. The GAO states that it is uncertain whether the Bureau will be able to complete ICM and NRFU operations in the time allotted. The Bureau has given itself less time to perform these functions in 2000 than was used in 1990, even though the amount of work has almost certainly increased.

Software development also continues to present serious challenges. Software that compares census data to the later ICM has "limitations" and "could preclude a match between individuals counted" in the census. This may seriously impact the accuracy of the adjusted population counts. GAO is also concerned about ICM selection criteria. In the dress rehearsals, many inappropriate (nonhousing) addresses were selected for participation in the ICM. Repeating this in 2000 could impact the ability of the Bureau to complete this phase of the census in a timely manner.

b. Benefits.—Plans for the dress rehearsals were completed before the publication of the report. Accordingly, the GAO made no recommendations to improve the dress rehearsals themselves. Nevertheless, the report drew attention to several areas of census preparation which will require continued review. Furthermore, the report pointed out several risks facing the Bureau in their plans to implement sampling and statistical adjustment of the final outcome of the census. The report proved a useful source of information for the Census Bureau and the Congress in assessing the readiness of the Bureau's plans for the 2000 census.

SUBCOMMITTEE ON THE CIVIL SERVICE

1. "Tax Administration: Lessons Learned From IRS' Initial Experience in Redeploying Employees," January 9, 1997 (GAO/GGD–97–24)

a. Summary.—Thousands of Federal employees faced the possibility of losing their positions with the Internal Revenue Service [IRS] as a result of the agency's efforts to modernize its operations. The IRS developed a "Redeployment Understanding" in November 1993 after extensive negotiations with the National Treasury Employees Union [NTEU]. This agreement described procedures for filling vacancies through voluntary reassignments and seniority. Although this redeployment strategy was intended to facilitate the movement of employees whose positions were considered at risk, GAO found that, in the early stages, the redeployment strategy was used to move thousands of employees whose jobs were not in immediate jeopardy into positions that were expected to be needed

in the new environment. GAO concluded that the "Redeployment Understanding" exacerbated the normal inefficiencies associated with such transitions by making many employees eligible for redeployment years before their jobs were expected to be eliminated and by not allowing IRS to fill jobs with people with related experience before bringing in volunteers from unrelated areas. Many employees cited concerns about the assistance provided to help employees find jobs.

b. Benefits.—This report demonstrates the inefficiencies associated with premature redeployment strategies and documents ineffective operations with regard to IRS' personnel management practices. The costs associated with this premature and inefficient redeployment effort were exacerbated in November 1997, when the IRS—after hearings in both chambers addressed major human resource management problems at the agency—canceled the reduction in force that the redeployment strategy was designed to address. The report and subsequent events reinforce previous Federal and private experience that emphasize the importance of accomplishing significant organizational changes as quickly as possible in order to prevent expensive and inefficient coping strategies.

2. "U.S. Customs Service: Varied Reaction to the Labor-Management Partnership Concept," March 11, 1997 (GAO/T–GGD–97–54)

a. Summary.—Both the Customs Service and the National Treasury Employees Union [NTEU] claimed that labor-management relations have improved at the agency since the institution of Executive Order 12871, creating "partnership councils" in Federal agencies. This testimony before the Committee on Ways and Means Subcommittee on Trade indicates that Customs had only begun to evaluate the results of the new relationship, and expected that 5 years would be necessary to make the partnership concept the agency's normal operating environment. The agency is still in the process of developing performance measures and an evaluation schedule for this major change in approach to human resource management during the agency's restructuring.

b. Benefits.—This testimony reflects the length of time and intensity of planning commonly recognized as required to effect extensive organizational change. It confirms the challenges involved in implementing major initiatives, and is consistent with studies assessing the impact of corporate culture changes in the private sector.

3. "Privatization: Lessons Learned By State and Local Governments," March 14, 1997 (GAO/GGD–97–48)

a. Summary.—This report to the House Republican Task Force discussed privatization efforts in Georgia, Massachusetts, Michigan, New York, and Virginia and the city of Indianapolis, IN. Governments in each of those jurisdictions had made extensive, recent use of privatization, primarily by increasing reliance on competition and contracting, rather than government employees. Each of the governments had tailored their approaches to privatization to local requirements, but GAO identified six lessons from their experiences. First, successful privatization requires effective political

leadership. To be successful, privatization requires an effective organization that is committed to solid analysis of the conversion. Frequently, the changes will require legislative support. Those changes also need reliable cost data to support informed privatization. In approaching the transition, government organizations need to develop workforce transition strategies. GAO also contended that an agency needs to perform more sophisticated monitoring and oversight when its role in service delivery is reduced through privatization.

b. Benefits.—This report provides a framework that can assist the subcommittee in examining any privatization plans and transition strategies that might be advanced by Federal agencies. It observed the important role that competition has played in successful State and local efforts to provide government employees continued opportunities to pursue their careers and highlighted the importance of effective transition planning for both the agencies and their affected employees.

4. "GPRA: Managerial accountability and Flexibility Pilot Did Not Work As Intended," April 10, 1997 (GAO/GGD–97–36)

a. Summary.—Through the Government Performance and Results Act (Result Act), Congress intended to shift agencies' perspectives from procedures and regulations to performance and results as they assess their operations. This report assessed pilot projects to evaluate whether managerial accountability and flexibility worked as intended in the pilot programs, and to identify lessons learned from these experiences with an eye toward government-wide application. These flexibilities did not work as intended in the seven departments and one independent agency that submitted 61 waiver proposals to the Office of Management and Budget [OMB]. OMB found that the waivers requested were not allowable for statutory or other reasons. For example, the Federal Workforce Restructuring Act, enacted after the Results Act, enacted new personnel ceilings for agencies that limited requests to waive those ceilings. Other waivers, however, were approved through the National Performance Review or other executive channels, resulting in a multitude of avenues to implement changes in organizations and limiting the extent to which changes could be attributed to the Results Act. Easier procedures, for example, facilitated the creation of 185 "reinvention labs" outside of the Results Act procedures. OMB was found to be slow in responding to waiver requests filed through Results Act procedures, thus favoring those organizations that used other channels. Agencies found that most benefits derived from preparing waiver requests under the Results Act resulted from recognizing that many of the burdensome requirements were imposed internally, rather than by oversight agencies or by statute. This assessment proved useful in developing flexibilities internally rather than through Results Act procedures.

b. Benefits.—This report highlighted several of the internal factors that tend to limit organizational flexibility. It demonstrated that agencies can work toward improvements in their procedures through a variety of channels, and indicated that OMB was pursuing most changes through administrative mechanisms rather than the statutory waivers available under the Results Act.

5. "Federal Retirement: Federal And Private Sector Retirement Programs Vary," April 7, 1997 (GAO/GGD–97–40)

a. Summary.—This report describes the comparative features of the retirement benefit programs available to Federal employees and their private sector counterparts. Bureau of Labor Statistics' Data report thousands of retirement plans covering over 75 percent of full time employees in private firms with more than 100 employees. Although all private sector programs build on a Social Security base, employers offer varieties of defined benefit and defined contribution programs. Both GAO and the Congressional Budget Office [CBO] contracted with Watson Wyatt Worldwide, which has surveyed retirement programs at Fortune magazine's list of the 1,000 largest employers. Those data indicate that 70 percent of these employers combined defined benefit and defined contribution features in their retirement programs, comparable to the structure of the Federal Employees Retirement System [FERS]. However, few private sector plans are structured to provide for an unreduced benefit at the completion of a 30-year career as early as age 55, a hallmark of most public sector retirement systems. When Federal employees retire at age 62, with 30 years' service, their benefits are comparable with private sector retirees' total packages. Civil Service Retirement System [CSRS] employees who retire at 62 with 20 years of service receive annuities equal to approximately 36 percent of final salaries. This assumes no Thrift Savings Plan participation for these [CSRS] employees and no earned Social Security benefit from prior employment. This CSRS benefit is smaller than available to 63 percent of private programs with defined benefit and defined contribution components to their pension systems. It is also less than benefits available under the FERS package. FERS employees who retire after 20 years of service at age 62 receive about 66 percent of final salary, made up of a Social Security component, FERS defined benefit component, and withdrawals from a Thrift Savings Plan account. FERS employees retiring at 62 with 30 years of service receive annuities totaling approximately 81 percent of pre-retirement income. These projections, of course, differ with variable rates of participation in the Thrift Savings Plan and with salary levels.

b. Benefits.—This report demonstrates that Federal retirement programs remain very attractive in comparison with those available to private sector employees. This report, however, did not provide a full and accurate portrayal of the level of benefits available to Federal employees. Its primary bases of comparison centered on people who retire at age 62, rather than those who retire at age 55, and the methodology section reflects that the private sector data base used for comparison did not include average age of retirement for private sector employees. Where Federal employees are eligible for full pensions at age 55 with 30 years service, those benefits did not get calculated in developing the comparison. Private sector retirees who leave their employers before age 62 are not eligible for either Social Security benefits or other offsetting compensation comparable to that provided to FERS retirees until they reach age 62. The report, as a result, tends to understate the relative strength of the benefits of Federal employees in comparison with private sector counterparts.

6. "Farm Service Agency: Additional Actions Needed to Address Employee Conflict-of-Interest Issues," April 25, 1997 (GAO/RCED–97–104)

a. Summary.—The creation of the Farm Service Agency [FSA] in 1994 consolidated programs of the Farmers Home Administration, many functions of the former Agricultural Stabilization and Conservation Service, and other agencies created the potential for conflicts of interest because it incorporated as Federal employees many people who had been participants in the Department of Agriculture's loan programs. FSA has been working to review cases where its employees have gained eligibility for loan programs and to identify cases requiring attention to avoid conflict of interest problems. As of September 30, 1996, about 414 of 16,300 FSA Federal and non-Federal employees and about 1,209 of 8,150 county employees had 4,089 FSA loans, with an outstanding principal that amounted to $265 million of the FSA's $16.9 billion portfolio. GAO recognized that FSA had made progress in identifying these situations, but concluded that it had not provided State offices with clear and consistent guidance to identify and resolve conflict of interest situations.

b. Benefits.—This report is useful in describing potential vulnerabilities associated with the consolidation of agencies, especially in situations where responsibilities might result in conflicts of interest.

7. "Federal Retirement: Comparison of High–3, 4, and 5 Salary Factors," April 25, 1997 (GAO/GGD–97–84R)

a. Summary.—Until 1969, Federal employees' annuities were calculated on the basis of earnings in the 5 highest years of service ("high-5"). That year, the pension calculation formula was shifted to a "high-3" basis, and some analysts have speculated about the effects of reverting to the earlier standard. In an effort to assess the impact of modifying the high-3 salary factor currently used to calculate Federal pensions, the subcommittee chairman asked GAO to compare the pension calculations of current law with options involving a "high-4" and a "high-5" factor. GAO created a variety of scenarios reflecting different age and service requirements applicable to CSRS and FERS employees at different grade and step levels. CSRS employees with 30 years service would have to work an additional 4 to 5 months to earn a comparable pension if a "high-4" calculation were adopted, and 7 to 9 additional months with a "high-5" formula in effect. For most employees, the "high-4" formula would result in a need to work an additional 3 to 4 months to earn an equivalent pension. These same employees would have to work an additional 5 to 8 months to gain an equivalent pension under a "high-5" standard.

b. Benefits.—This report demonstrated that should the "high-3" salary factor used in computing retirement benefits be changed, Federal employees could acquire identical retirement benefits with comparatively little additional service. Although no such change was included in the fiscal year 1998 Budget Reconciliation, this report provides a foundation for evaluating such proposals for consideration in the future.

8. "The Excepted Service: A Research Profile," May 1997 (GAO/GGD–97–72)

a. Summary.—Efforts to reinvent government and to respond to the Government Performance and Results Act, the Federal Workforce Restructuring Act, and other reform initiatives have frequently raised criticisms that cumbersome civil service procedures are leading obstacles in the path toward more effective and efficient government. This report documents that only 52 percent of Federal employees remain in the competitive civil service. The remaining 48 percent of Federal employees are in some variety of "excepted service." GAO, however, could not provide a coherent framework for the "exceptions" that define this component of the Federal service. More than 100 agencies employ some segments of excepted employees, but no accurate catalog of the exceptions has been compiled. Some agencies, such as the Federal Aviation Administration, have had all employees excepted from major portions of title 5, while other agencies have only a few employees in such positions. GAO also was unable to develop a coherent rationale for the variety of exceptions that it found, and described most of them as responses to particular conditions defined by agencies. The staff study identified additional research that would be needed to clarify concerns about the variety of exceptions in Federal service.

b. Benefits.—This staff study begins to define some of the criteria of the excepted service and to identify the extent of flexibilities already inherent in Federal management of personnel. The report falls short in not defining the range of exceptions nor the rationale for the exceptions that exist.

9. "Federal Civilian Personnel: Cost of Lump-Sum Annual Payments to Employees Separating From Government," May 29, 1997 (GAO/GGD–97–100)

a. Summary.—The Committee on the Budget requested GAO to review recent trends in Federal expenditures associated with paying lump-sum amounts reflecting the current value of accrued annual leave to Federal employees who separate from Government. Between 1985 and 1996, these payments averaged $595 million per year (in constant dollars), with a high of $700 million in 1992 and a low of $355 million in 1991. GAO reported that OPM has not provided consistent guidance to agencies for paying these sums. Although Congress in 1992 granted OPM authority to issue regulations to promote consistency in these payments, those regulations remain in draft form. GAO reported a CBO estimate that agencies could realize $18 million in savings over 5 years by paying this leave at its value when the employee separates, rather than extending the payment period so that the employee benefits, for example, from a raise in pay at the start of the calendar year.

b. Benefits.—This report highlighted another area of inefficient operations at OPM. It provides a basis for considering legislation to address reforms that might enhance savings and promote consistent administration where OPM has been unable to issue regulations over a period of 5 years after legislative authority was granted.

10. "Federal Pensions: Judicial Survivors' Annuities System Costs and Benefit Levels," June 27, 1997 (GAO/GGD–97–87)

a. Summary.—The Judicial Survivors' Annuities System provides annuities to surviving spouses and dependent children of deceased Federal judges and other participants in the system. In 1992, Congress enacted legislation increasing the benefits available through the system and reducing the contributions required of Federal judges to participate in it. That legislation required GAO to compare benefits available to judicial survivors to other Federal survivors' benefits and to determine the level of contributions that would be necessary to ensure that contributions provide one-half of the program's costs. Under current program requirements, participating judges contribute about 36 percent of the full normal cost of these benefits. Achieving the 50 percent level would require an increase of 0.9 percent to the 2.5 percent of pay currently contributed by active judges and the 3.5 percent of pay contributed by judges in senior status. GAO cautioned, however, that such increases could reduce participation rates, thus countering the legislative objective of increasing participation. This participation had declined from 90 percent in 1976 to 40 percent overall (and only 25 percent of new judges) in 1991. By 1995, participation rates had increased to 67 percent of all judges and 73 percent of new appointees. GAO confirmed that these benefits are greater than those available to the majority of Federal employees.

b. Benefits.—This report demonstrates the difficulties of designing benefit systems for people who enter Federal employment at advanced stages of their careers. The report confirms the obvious, that by making the benefit more attractive, the courts succeeded in increasing judges' participation rates. The attractiveness of the benefit, however, made it more difficult to maintain the system's financial reliance on the payroll tax base.

11. "Federal Downsizing: Effective Buyout Practices and Their Use in Fiscal Year–1997," June 30, 1997 (GAO/GGD–97–124)

a. Summary.—The Civil Service Subcommittee conducted hearings in 1995 and 1996, that demonstrated that the buyout program authorized by the Federal Workforce Restructuring Act of 1994, had been administered in a poorly-planned and inconsistent manner. In a June 6, 1996, hearing the subcommittee learned that OMB had allowed agencies to extend "reoffers of unused buyouts" in a manner that violated the March 31, 1995 date terminating the program. As part of the reauthorization of buyouts written into the Omnibus Continuing Resolution of 1996, the Congress required a series of management controls intended to curb such abuses of the program in the future. In response to a request for oversight of these practices, GAO developed an inventory of 13 sound management practices, 10 of which were incorporated in the legislation extending buyouts for most non-Defense agencies to December 30, 1997. GAO concluded that these management practices had resulted in better planning and implementation of the buyouts used by six agencies during fiscal year 1997 than had been the case in the previous 2 years.

b. Benefits.—This report demonstrates the effectiveness of the subcommittee's oversight of this program in identifying weaknesses

in the management of the first round of buyout programs, and in developing management criteria by which to evaluate subsequent activities in this area.

12. "Federal Law Enforcement: Investigative Authority and Personnel at 32 Organizations," July 22, 1993 (GAO/GGD–97–93)

a. Summary.—This report completes a series that the Judiciary Committee requested to ascertain the extent of law enforcement personnel at various agencies that perform an increasing variety of investigative and police functions. This report summarizes the personnel of 32 agencies employing between 25 and 699 law enforcement investigative personnel. The report identifies the range of authorities exercised by these individuals, including many in Inspectors General offices in these agencies. At the end of fiscal year 1996, these agencies employed 4,262 investigative personnel, a 70 percent increase since 1987.

b. Benefits.—This report assists the subcommittee's efforts to monitor the growth of law enforcement personnel in Federal agencies and to assess the consequences for related Federal workforce planning.

13. "Federal Downsizing: Buyouts at the Farm Service Agency," July 23, 1997 (GAO/GGD–97–133)

a. Summary.—The Farm Service Agency was slated to reduce its workforce by 1,339 to accommodate staffing changes resulting from farm reform legislation. The agency conducted a cost-benefit analysis to demonstrate its perception that buyouts are a cheaper method of workforce reductions than RIFs, over a 5-year period, then used 926 buyouts for these separations. GAO observed, however, that buyouts were not necessary to separate retirement-eligible employees who were in offices that were scheduled to be closed. GAO also reported that 697 buyouts were paid to non-Federal county employees, less than anticipated because some overstaffed county offices did not receive enough applications. GAO could not confirm that the funds used for these buyouts had been diverted improperly from funds dedicated to conservation programs by law. The agency admitted that, with future buyout amounts reducing each year, the lower incentives were likely to make buyouts less attractive in the future.

b. Benefits.—This report contributes to the subcommittee's efforts to monitor the workforce reduction strategies used by different agencies.

14. "Federal Workforce: Agencies' Policies and Views on Flexiplace in the Federal Government," July 3, 1997 (GAO/GGD–97–116)

a. Summary.—This report reviewed Federal efforts to promote flexiplace, including agencies' policies on flexiplace, to determine the extent to which Federal employees took advantage of this flexibility, ascertain whether agencies and unions identified barriers to the implementation of flexiplace, and determine whether agencies have witnessed difficulties implementing flexiplace. GAO reviewed 21 agency policies adopted consistent with the National Telecommuting Initiative Action Plan of 1996. Those plans covered nearly half of the employees that GAO visited, but found that

about one-fourth of the personnel at these agencies were excluded from the flexiplace initiative for a variety of reasons. It reported that use of flexiplace has increased since 1993, with employee organizations identifying management resistance as the one barrier to expansion of the program. Agencies reported no difficulties implementing the program, but one manager noted a drop in productivity where it was used.

b. Benefits.—This report provides a general oversight review of the operation of flexiplace so that the subcommittee can consider these effects as it addresses reauthorizing legislation in 1998.

15. "Personnel Practices: Improper Personnel Actions on Selected CPSC Appointments," June 27, 1997 (GAO/GGD–97–131)

a. Summary.—At the request of Subcommittee Chairman Mica, GAO investigated allegations of "burrowing in" at the Consumer Products Safety Commission [CPSC] received by the subcommittee. GAO found there was no "burrowing in" in the six instances covered by the allegations because the individuals involved did not convert from noncareer political appointments to career appointments. However, GAO did find irregular or improper personnel practices in each of the six instances. These improprieties included violations of veterans' preference, questionable awards of higher starting pay than usually allowed by law, and the questionable use of term appointments. GAO also investigated 20 other instances involving advanced rates of pay. Of those, it could only examine the Official Personnel Folders in 18. Its examination of those 18 revealed that advanced pay rates in 8 cases were based upon previous salary levels, 9 were based upon alleged superior qualifications, and the basis could not be determined in one instance. GAO could not find supporting documentation in four of the cases based upon superior qualifications.

b. Benefits.—As a result of this investigation, OPM ordered the CPSC to take corrective actions. However, the inadequacy of the remedy directed for violations of veterans' preference rules—priority consideration for the next available similar position—highlights the need for the more effective redress mechanism for veterans contained in H.R. 240. Since CPSC received delegated hiring authority in 1996, this study also highlights the importance of increased oversight activity by OPM. As hiring and other personnel matters are decentralized, OPM must increase oversight governmentwide in order to ensure compliance with merit principles.

16. "Pharmacy Benefit Managers: FEHBP Plans Satisfied With Savings and Services, but Retail Pharmacies Have Concerns," February 21, 1997 (GAO/HEHS–97–47)

a. Summary.—GAO examined the use by FEHBP plans of pharmacy benefit managers [PBM], which manage pharmacy benefits on behalf of plan sponsors. OPM estimates that about 9 million Federal employees, retirees, and their dependents are covered by the FEHBP, and approximately 58 percent of these enrollees were covered by a PBM. To conduct its investigation, GAO examined 3 FEHBP plans covering about 50 percent of all FEHBP employees and retirees that contract with one of the 6 largest PBMs. According to GAO, these plans estimate that PBMs saved them over $600

million in 1995, reducing the pharmacy benefit costs they otherwise would have incurred by 20–27 percent. The PBMs met most of their 1995 contract performance standards, and between 93 percent and 98 percent of those who responded to plans' customer satisfaction surveys were satisfied with their pharmacy benefits. Retail pharmacists, however, are concerned about the loss of business. GAO reports that Blue Cross/Blue Shield's 1996 benefit change, which encouraged the use of a mail order pharmacy, reduced affected enrollees' payments to retail pharmacies by 36 percent, or about $95 million. Total payments to retail pharmacies for all enrollees declined by 7 percent, or about $34 million. Officials of PBMs and participating plans, as well as other industry experts, did agree that future efforts to impose additional controls on pharmacy costs could require more restrictive cost-containment procedures, limit enrollees' access to drugs and pharmacy services, and lessen enrollees' satisfaction with their pharmacy benefits.

b. Benefits.—This report, as well as previous GAO studies, provide a useful framework for analyzing the role and impact of mail order pharmacies in the FEHBP.

17. "Federal Pensions: Relationship Between Retiree Pensions and Final Salaries," GAO/GGD–97–156 (August 11, 1997)

a. Summary.—In fiscal year 1996, civilian employee pension benefits were one of the largest mandatory spending programs, excluding interest on the public debt. Nearly $40 billion in payments were made to 2.3 million retirees and survivors. Based upon its examination of data on a sample of Federal retirees, GAO estimated that about 27 percent of the 1.7 million retirees on the rolls as of October 1, 1995 receive pensions that exceed their final salaries. However, when the retirees' final salaries were adjusted for inflation, no retiree was receiving a pension greater than his final salary. GAO maintained that the use of constant dollars yields more meaningful results because it corrects for the effects of inflation or deflation. According to GAO, three factors played an important role in explaining why retirees' pensions grew to exceed their final salaries: the number and size of cost of living adjustments [COLAs] that retirees received, the number of years they had been retired, and their years of Federal service. The longer annuitants have been retired, explains GAO, the more COLAs they would have received and the more likely their annuity would exceed their final salary. Likewise, the longer an annuitant worked for the Federal Government the more likely his pension will exceed his final salary. This is because the initial pension of a retiree with many years of service would have equaled a higher percentage of his final salary than one with few years of service. Thus, it would take fewer years to close the gap. GAO also concluded that COLA policies have had an important impact on the size of Federal pensions, but that the effects cannot be summarized easily because of numerous changes in COLA policies over the past 35 years. GAO did conclude, however, that, other things being equal, a majority of those who retired before 1970, when COLA policies overcompensated for inflation, would have smaller pensions if current COLA policy had been in effect over the entire period of time. But about 90 percent of those who retired after 1970 would have received larger pen-

sions. GAO also points out that COLAs, which compound over time, permanently affect the size of an individual's annuity.

b. Benefits.—This report will be useful in comparing the generosity of the Federal retirement systems with private sector pension plans, particularly considering automatic COLA provisions. Private pension plans do not typically provide annual, automatic COLAs.

18. "Federal Pensions: Relationship Between Pensions and Final Salaries for Retired Members of Congress," (GAO/GGD–97–156)

a. Summary.—The research for this report was performed in connection with the previous study described in section 17 above, and much of the analysis parallels that study's. However, the results were reported separately. GAO found that 76, or roughly 19 percent, of the former Members of Congress on the rolls as of October 1, 1995, received pensions greater than their final salaries. When final salaries were adjusted for inflation, however, only one former Member's pension exceeded his final salary. That Member had an unusual salary history. GAO identified the same factors described in the previous study to explain why these pensions were higher than final salaries. In addition, GAO identified an additional factor: whether the former Member elected survivor annuity benefits, which reduces the amount of the principle annuity. The percentage of former Members whose pensions exceed their final salaries would have increased by two points if current COLA policy had been in effect during the entire period.

b. Benefits.—This report, in connection with the previous report, will be useful in comparing the generosity of the Federal retirement systems with private sector pension plans.

19. "Alternative Dispute Resolution: Employer's Experiences With ADR in the Workplace," GAO/GGD–97–157 (August 12, 1997)

a. Summary.—GAO examined the use of Alternative Dispute Resolution [ADR] procedures by private companies and Federal agencies. GAO determined that many private companies and Federal agencies have used ADR to avoid more formal processes, such as lawsuits and the administrative procedures available to Federal employees. Several factors contributed to the use of ADR. Traditional processes have become increasingly costly, in both time and money, especially since the number of discrimination complaints rose sharply in the early 1990s. New laws and regulatory changes also have encouraged use of ADR. In addition, ADR often focuses on disputant's underlying interests rather than on the legal validity of their positions in a specific matter.

GAO identified 5 main ADR techniques available in both private and Federal sectors: ombudsmen; mediation; peer panels; management review and dispute resolution boards; and arbitration. In 1994, about 52 percent of private companies reported having some form of ADR for discrimination complaints in place. But, according to EEOC surveys, only 31 percent of 75 Federal agencies covered made ADR available, a figure that had grown to 49 percent of 87 agencies covered in a 1996 survey. However, GAO determined that ADR use was not pervasive, or even widespread, in agencies that reported having some ADR capability.

Private companies generally reported employing a wider variety of ADR methods than did Federal agencies. About 80 percent of private firms using ADR used mediation, 39 percent used peer review panels, and about 19 percent used arbitration. Most Federal agencies used only mediation.

No comprehensive data were available on ADR results in the private and Federal sectors. However, experts and officials at organizations using ADR generally considered it to be successful in resolving workplace disputes without resorting to more formal procedures. They also believed that avoiding litigation or more formal redress processes produced savings.

With one exception, the five companies and five agencies GAO studied as case illustrations reported varied but generally positive experiences with ADR. The Department of Agriculture was the only one finding serious flaws with its ADR program. Officials with 9 of these 10 organizations said they had made efforts to involve employees in developing their ADR programs, to train key participants, and to publicize their ADR programs throughout their organizations. Private companies had more flexibility than Federal agencies in adopting ADR practices, especially arbitration, not available to the Federal workforce.

Most of the organizations studied did not comprehensively evaluate the results of their ADR programs or the time and cost savings they may have generated. However, the data available appeared to show that all forms of ADR contributed to resolving workplace disputes. Mediation appeared to be particularly successful, resolving a high percentage of disputes in all but one organization. No companies and only two agencies reported data on time savings. Both agencies indicated that ADR lowered the time necessary to resolve disputes by one-third to one-half. Only one company and one agency had evaluated cost savings. The company reported that the overall cost of dealing with employment disputes, including the cost of ADR, was less than half what the company had spent on legal fees for employment-related lawsuits. The agency concluded it was not clear whether ADR was less costly than the traditional EEO process when settlements were factored in.

GAO reported the following lessons from its study: the importance of top management commitment in establishing and maintaining the program, the importance of involving employees in developing the program, the advantages of intervening in the early stages of disputes, the necessity to balance the desire to settle and close cases with the need for fairness to all concerned, and that ADR can help managers improve their understanding of the roots of conflict in their organizations.

b. Benefits.—This study will greatly assist the subcommittee as it continues to examine ways to encourage the use of ADR to simplify and streamline the appellate procedures available to Federal employees.

20. "Personnel Practices: Career Appointments of Former Political and Congressional Employees," GAO/GGD–97–165 (September 2, 1997)

a. Summary.—GAO examined appointments of former political appointees and legislative branch employees to career positions in

the executive branch at or above GS–13 between January 1996 and March 1997. GAO was asked to determine whether agencies used appropriate authorities and followed proper procedures in making such appointments and whether, the circumstances surrounding such appointments created the appearance of favoritism or preferential treatment. According to this report, 18 agencies appointed a total of 36 former political appointees and legislative branch employees during this period. In all cases, GAO found the agencies used appropriate authorities and complied with proper procedures. However, GAO also determined that six appointments could create the appearance of favoritism or preferential treatment. In two of these cases, the agencies appeared to tailor the qualifications required of applicants to fit the political appointees selected. In two other cases, political appointees obtained career positions to which they had been reassigned shortly after receiving their political appointments, raising questions as to whether their initial political appointments were mere subterfuges. In the fifth case, the then-Chief of Staff to the OPM Director obtained a career SES appointment to the position of Director, Partnership Center. The Chief of Staff had been instrumental in establishing the position, and he was selected for the position by the OPM Director. His appointment surprised high ranking agency officials because of its potential for creating negative public perceptions. The sixth case involved a Schedule C political appointee, who had served as a GS–15 Special Assistant to the Secretary of Veterans' Affairs, who secured an appointment to a career SES appointment as Deputy Assistant Secretary for Congressional Affairs. This position was advertised three times. The political appointee did not apply under the first two announcements. Rather, he served on the panels that rated the applications received under those announcements. The political appointee applied under the third announcement and was selected.

b. Benefits.—The high-level conversions revealed by this report illustrate the need for legislative restrictions on the ability of political appointees to secure career appointments. Currently, political appointees are not barred from "burrowing in" to career positions during the administration in which they were appointed. When political appointees convert to career status under these circumstances, both the public and the Federal workforce often reasonably conclude that favoritism, not merit, is behind the selection, thus undercutting the merit system. In addition, the appointment of political appointees who owe their jobs to political allegiance to a particular administration into career positions is incompatible with the very idea of a permanent, apolitical career workforce. The subcommittee intends to consider legislation to curb the practice of converting political appointees to career status.

21. "Federal Labor Relations: Survey of Official Time Used for Union Activities," GAO/GGD–97–182R (September 30, 1997)

a. Summary.—This study was undertaken in order to determine the extent to which Federal employee unions use Federal resources to conduct union business. During the 104th Congress, the Subcommittee on the Civil Service held hearings on taxpayer subsidies for Federal unions, examining selected agencies. That hearing re-

vealed that Federal agencies typically provide taxpayer-provided resources (e.g., as paid time for union work, office space, office equipment, and supplies) to unions and that the amount of this subsidy has increased dramatically under the current administration. In an effort to develop a more complete picture, GAO surveyed 34 agencies that employed approximately 87 percent of Federal employees represented by a union. Agencies were asked to provide the following information for fiscal years 1989 through 1996: the amount of official time used by employees for union activities, the number of employees using official time, the number of employees who spent all of their time on union activities, the dollar value of time used for union activities, the dollar value of travel used for union activities, the dollar value of office space and related items, and the benefits and disadvantages, according to the agencies, of using official time for union activities. Most of the agencies responding to the survey did not provide comprehensive data on resources used for union activities. None provided data for all 8 of the fiscal years covered by the survey. In some cases, agencies provided data for only portions of fiscal years or on a calendar-year basis. Fifteen agencies provided information on official time during at least 1 of the fiscal years covered. Twelve reported a total of 1,028,544 hours of official time for fiscal year 1996. Overall, GAO concluded, the data received were insufficient to portray the total amount of resources these agencies used for union activities. Some of the Federal agencies said that use of official time (1) improved labor-management relations, (2) decreased the number of grievances, and (3) helped with the implementation of organizational changes. However, the disadvantage cited by some agencies was that use of official time caused employees to set aside their regular work.

b. Benefits.—GAO's work demonstrated the need for greater control and accountability in the use of official time and other Federal resources for union activities. It also provides useful information for evaluating H.R. 986, the Workplace Integrity Act, and other legislative proposals for controlling expenditures for official time. This study, and previous investigations by this subcommittee and the Social Security Subcommittee of the Committee on Ways and Means, indicate that tens of millions of taxpayer dollars are being used to subsidize Federal unions. (Assuming that individuals on official time in 1996 earned the average pay rate for that year, the dollar value of the official time reported by only 12 agencies was $20,795,119.) However, because agencies are not required to accurately record or report the use of official time and other resources provided to unions, it is difficult to quantify the full extent of this subsidy. Since these costs are unknown it becomes impossible to determine whether the purported benefits of official time and other union subsidies outweigh the costs. At the request of this subcommittee, GAO is developing more detailed estimates of the total costs of Federal resources used by unions. At the same time, the House report on the Treasury and General Government Appropriations Act, 1998 directed OPM to collect detailed information on the use of Federal resources to subsidize unions during the first 6 months of 1998.

22. "Private Pensions: Plan Features Provided By Employers That Sponsor Only Defined Contribution Plans," GAO/GGD–98–23, (December 1, 1997)

a. Summary.—This report describes patterns in private sector defined contribution plans' (1) eligibility requirements for employee participation, (2) arrangements for employer and participant contributions, (3) eligibility requirements for employee rights to accrued benefits, (4) employee investment options, (5) loan and other provisions for participant access to plan assets while still employed, and (6) options for withdrawal of benefits upon separation or retirement. It also compares features of these private plans with the Thrift Savings Plan [TSP] available to Federal employees. GAO concluded that the designs of the 3,297 employers with 100 or more employees that sponsored only single-employer plans varied so greatly that no single design could be identified as a "typical" defined contribution plan.

Eligibility requirements: Employers generally established requirements employees must meet before participating in their plans. In 1993, 51 percent of employers required their employees to meet a combination of age and service requirements—usually age 21 and 1 year of service. Of the 100 larger employers with 10,000 or more employees, 55 percent reported that employees must meet length of service requirements, generally 1 year of service, with no age requirement. Under the TSP, newly hired employees covered by FERS must have from 6 to 12 months of Federal service to be eligible.

Contribution arrangements: Almost all of the employers provided for employer contributions to the plan rather than require participants to fully fund their own pensions. Most commonly, employers made automatic, or nonmatching, contributions to the plan with no participant contributions required or permitted. Larger employers were more likely to allow participants to contribute to their plans on a pretax basis, generally in an arrangement similar to the TSP, in which the employer makes both nonmatching and matching contributions, and employees are able to make pretax contributions. Slightly more than half of employers that permit employees' pretax contributions (and 60 percent of larger employers) allowed employees to contribute more than 10 percent of their salaries. Federal employee contributions to the TSP are limited to 10 percent of their basic pay. GAO was unable to determine the maximum employer contribution for the vast majority of private plans. However, where GAO could make that determination, the maximum contribution ranged from 5 percent to 6 percent of participants' pay. The government's maximum contribution under the TSP is 5 percent, which matches the participant's first 5 percent of contributions.

Vesting requirements: By law, participants own their own contributions (and earnings on those contributions). But employers generally establish minimum service requirements employees must satisfy to obtain title to employer contributions. Employees usually must work longer to vest in nonmatching contributions than in matching contributions. However, about one-third of the employers provided for immediate vesting of matching contributions, and one-eighth provide immediate vesting of nonmatching contributions. Larger employers were more likely to use immediate vesting for

matching and nonmatching contributions. Under the TSP, Federal employees vest immediately in matching contributions and after 3 years of service in the 1 percent nonmatching contribution.

Investment options: A majority of employers who described the investment options available provided at least 4 investment options. These frequently included: employer stock, stock mutual funds, and bond mutual funds. Federal employees in the TSP may currently choose from 3 options—a nonmarketable government securities fund, a common stock index fund, and a diversified bond fund. Within 2 to 3 years, two additional options will be added, an international fund and a small company stock fund.

Loans and withdrawals: Nearly two-thirds of the employers permitted employees to access a portion of their accounts before separation from employment. Half allowed participants to borrow from their accounts up to certain legal limits, and some allowed participants to withdraw some or all of their own contributions, usually in the event of a personal financial hardship. Larger employers were somewhat more likely to allow participants to borrow from their accounts or make financial hardship withdrawals. But they were less likely to allow withdrawals in the absence of financial hardship. The TSP includes a loan program and allows participants to make hardship withdrawals and a one-time withdrawal at age 59½ or later without separating from Federal service.

Withdrawal options upon separation or retirement: Nearly all employers permitted employees to take their account balances as a lump-sum distribution when they retire. Two thirds permit withdrawals in even installments over a specified period, and about half provide the option of a lifetime annuity. Larger employers were less likely to permit installment or annuity options. The same options were generally available to employees who separated for reasons other than retirement, but most of these employees could also elect to defer withdrawals. The TSP allows employees to choose lump-sum distributions, installment payments, or an annuity. Federal employees may also defer withdrawal until the year after they turn 70½ years old.

About 12 percent of the approximately 490,000 employers with 2 or more employees that sponsored only single-employer defined contribution plans also sponsored more than one such plan for the same groups of employees. Employers with less than 100 employees were more likely to sponsor multiple plans. Experts GAO consulted suggested that smaller employers might be better able to sponsor multiple plans than larger employers. But larger employers might be more likely to sponsor additional plans in order to compete with other employers.

GAO concluded that private employers design their pension programs to control costs, maximize Federal tax incentives, and comply with ERISA, while structuring their compensation and benefits to support their overall business and financial goals.

b. Benefits.—The information in this study will be useful as the subcommittee reviews potential changes to the structure of Federal employee retirement plans.

23. "Federal Downsizing: Controls Needed to Ensure Compliance With Buyout Repayment Provisions," January 26, 1998 (GAO/GGD–98–12)

a. Summary.—The Department of Defense was not restricted from rehiring employees who accepted separation incentives (buyouts) in the initial round (1993–1994), but the Federal Workforce Restructuring Act of 1994 required that any Federal employees who returned to the Federal workforce—either as employees or under the terms of personal services contracts—would have to repay the amount of their buyouts. These repayment provisions affect only employees who return to the Federal workforce within 5 years of accepting the buyout. After more than 100,000 Department of Defense employees had accepted buyouts, GAO's review of the records found 23 cases that appeared to be in conflict with repayment requirements. Further investigation demonstrated that 12 of these cases involved recordkeeping errors that included no violations of the law's repayment requirements. Two of the cases indicated that repayment requirements were met, and agency inspectors general confirmed that nine of the incidents involved failures to repay as required. Repayment programs were initiated for six of the cases, where employees were still working for Federal agencies. One agency billed a former employee for the repayment, and responsible agencies took no action against the other two employees.

The report noted the difficulties that agencies encounter because applicants to rejoin the Federal workforce do not always report that they previously accepted a buyout, and the Central Personnel Data File records do not always accurately report information about previous buyouts. GAO placed primary responsibility for compliance with the repayment requirements on the agencies, and most agencies accepted the requirement to develop systems of controls to ensure repayment.

b. Benefits.—This extensive review of records to confirm that nine people might have been reemployed by Federal agencies without repaying buyouts probably cost a great deal more than the amounts of the repayments that have been recouped. From OPM's reports, it would appear that the agency rarely approves waivers of the repayment requirements, and employees, therefore, usually seek private sector employment to supplement the pensions that 92 percent are collecting after taking the buyouts. GAO's report confirms that abuses are rare, and that agencies usually have effective means of securing repayment when violations are detected.

24. "Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges," January 30, 1998 (GAO/GGD–98–44)

a. Summary.—Under the Government Performance and Results Act of 1993 (Results Act), agencies were required to submit 5-year strategic plans to the Congress no later than September 30, 1997, and to provide initial performance plans to implement those strategic plans in conjunction with the President's fiscal year 1999 budget. As part of the congressional oversight of the Results Act, congressional leadership requested GAO to review the strategic plans and to provide a basis for assessing the performance plans that would follow. GAO concluded that the agencies' plans "appear to

provide a workable foundation for Congress to use in helping to fulfill its appropriations, budget authorization, and oversight responsibilities and for agencies to use in setting a general direction for their efforts." Nonetheless, GAO added, these plans are very much works in progress, and agencies faced significant challenges setting strategic directions, coordinating cross-cutting programs, and developing capacities to gather and use cost data. GAO emphasized, "many of the strategic goals . . . did not focus on results to the extent feasible and were not always expressed in a manner conducive to assessing progress in terms of actual performance." The Office of Personnel Management had not included two statutory requirements in advancing its draft strategic plan for congressional consultation, and had amended the submitted strategic plan to incorporate discussion of methods of achieving strategic goals and relating performance goals to its strategic objectives. The plan also failed to resolve relationships between cross-cutting programs. Although OPM faces management challenges in ensuring that the government is adequately competitive in recruiting future employees, determining the appropriateness of Federal pay and benefits, and ensuring the adequacy of developing information systems to discharge their responsibilities. Although OPM revised its strategic plan to include some results-oriented performance objectives, its objectives remain process-oriented. In general, OPM's specific strategies did not include descriptions of the processes and assessments of the human, capital, and information resources that would be necessary to achieve their objectives. Many of these performance objectives continue to be expressed in terms that is not susceptible to measurement, making it difficult to assess progress. GAO also believes that OPM's discussion of external factors could be improved by addressing more directly the effects of some of the changes that it forecast on its strategic objectives.

b. Benefits.—This report assisted in the assessment and oversight of OPM's process of developing and refining its strategic and performance plans. The recommendations assisted the agency in improving its strategic plans between the initial draft and final submission and helped to provide a better framework for the performance goals submitted in the performance plan.

25. "Retirement Eligibility of Customs and INS Employees on the Southwest Border," Letter Report to Senator Charles E. Grassley, March 13, 1998 (GAO/GGD–98–70R)

a. Summary.—GAO reviewed statistics of the workforces of the Customs Service and the Immigration and Naturalization Service operating on the Southwest Border to ascertain whether these agencies might be losing substantial numbers of employees as a result of pending retirement opportunities. Within the Customs Service, the review concentrated on inspectors, criminal investigators, and canine enforcement officers. Among the INS, the study reviewed Border Patrol agents, criminal investigators, and immigration inspectors. As of January 1, 2000, the study indicated that as much as 20 to 23 percent of the criminal investigators at both agencies could be eligible for retirement. However, among inspectors at both agencies, Border Patrol agents, and canine enforcement officers, expected retirements by that date would be no more

than 8 percent of these workforces. GAO attributed the relatively low eligibility for retirement to the high portion of recent hires as these agencies have expanded and the relatively recent increases in funding to support additional personnel. As a result, these workforces have small portions of their employees who are eligible to separate in the coming few years.

b. Benefits.—This report provides a good indication of the workforce demographics of these growing sectors of the agencies. As a result, agencies have relatively extended periods during which they should be able to rely on the skills and experience of these personnel, and have limited needs for extensive planning for immediate workforce turnover. In both instances, GAO noted that stable hiring plans provide for the replacement of any employees who would become eligible for retirement.

26. "Vacancies Act: Executive Branch Noncompliance," March 18, 1998 (GAO/T–OGC–98–39)

a. Summary.—GAO initiated this review in response to Senate concerns about the President filling positions requiring confirmation through the use of acting appointments or other interim actions that do not provide for Senate confirmation. Although the President and the Department of Justice have asserted that authorizing statutes of some agencies provide sufficient authority for persons to act in these positions for more than 120 days, the Comptroller General has testified that GAO disagrees with the administration's position.

b. Benefits.—This testimony establishes the legal position that the Congress could adopt in finding the administration in violation of the Vacancies Act. Such violations would undercut the Senate's ability to "advise and consent" on appointments to high Federal office, potentially reshaping the balance of powers developed in the Constitution.

27. "Federal Downsizing: Agency Officials' Views on Maintaining Performance During Downsizing at Selected Agencies," March 24, 1998 (GAO/GGD–98–46)

a. Summary.—GAO reviewed the strategies used by six different agencies to ascertain the effects of workforce reductions on the ability of agencies to perform their missions. At the subcommittee's request, GAO focussed this study on programs within agencies where workforce reductions had gone beyond the government-wide average of 12 percent, seeking to examine closely places where larger workforce reductions might have resulted from elimination of particular activities or where those reductions might be anticipated to have disabling effects on the missions in question. The study also sought to discover if there were any lessons to be learned about effective workforce reductions that might be applied to other agencies. The study assessed the Office of Housing in the Department of Housing and Urban Development, the Department of the Interior's Bureau of Reclamation, the General Services Administration's Public Buildings Service, the Kennedy Space Center of the National Aeronautics and Space Administration, and the Office of Personnel Management's Investigations Service.

The OPM Investigations Service was privatized in July 1996, when OPM reduced the organization by 96 percent from its 1993 levels and awarded a sole-source contract to U.S. Investigations Services, Inc., an employee-owned company that made pre-arranged employment offers to the OPM staff that was being reduced. The other organizations studied each reduced their workforces by 16 to 21 percent, and officials claimed that they were able to maintain performance and fulfill mission requirements. Agency managers, however, told GAO that they believed that they could not absorb additional reductions and maintain their authorized functions. GAO also reviewed customer satisfaction data provided by HUD's Office of Housing and GSA's Public Buildings Service, and these data confirmed that the customers' satisfaction was mixed after the workforce reductions. HUD has initiated a Department-wide reorganization that is projected to reduce its workforce by another 25 percent. The Bureau of Reclamation encountered customer dissatisfaction, but it was not directly linked to downsizing. Kennedy Space Center officials acknowledged some concern about operational safety, but believe that appropriate safeguards have not been impaired by workforce reductions. Some modification of business processes has taken place at each of the agencies, and the report indicates some savings resulting from the efforts. GAO conceded, however, that most of the agencies lack solid baseline measures to provide an objective assessment about whether the customers should have remained satisfied because services were sustained at steady levels during the reductions.

b. Benefits.—This report provides more detailed examination than other sources of particular workforce reductions within Federal agencies. Although it acknowledges that information technologies sustained some of the service levels, the report confirms that reinvention has been much less extensive than expected. The research found that employees and managers at each of the agencies encouraged "open communications" as one factor that might have reduced anxiety and uncertainties during the workforce reductions, but the report provides no example of an agency where such communications were actually sustained. Rather than in the planning stages, these experiences demonstrate that communications about workforce reduction measures tend to take place after the reductions have been made, and with an eye toward orienting employees to their altered responsibilities after downsizing.

28. "The Public Service: Veterans' Preference in Hiring and Reductions-in-Force," March 24, 1998 (GAO/T–GGD–98–88)

a. Summary.—This testimony before the Senate Committee on Governmental Affairs summarized GAO's recent studies regarding the extent to which agencies work around veterans' preference in their hiring practices and the extent to which veterans have been affected by reductions-in-force [RIFs] at Federal agencies. GAO reported that veterans constituted a larger portion of the Federal workforce than of the civilian labor force, and 21 percent of all new career appointments to the Federal service since 1993 have been veterans. However, GAO admitted that agencies more frequently returned unused the hiring certificates that were headed by preference-eligible veterans. GAO also noted that, when agencies con-

duct RIFs, employees lacking veterans' preference were 2 to 7 times more likely to be affected. Even in the U.S. Geological Survey's 1995 RIF, where nearly all employees were placed in single-person competitive levels, employees with veterans' preference consistently gained higher retention ratings than non-preference eligible employees. Although nonveterans were 2 to 4 times more likely to lose their jobs in a RIF, veterans also tended to be affected, but more often in being moved to another position or reassigned rather than terminated.

b. Benefits.—This testimony confirmed that veterans are a declining portion of the Federal workforce and that agencies will at times leave positions open rather than hire preference-eligible veterans. The testimony provided data confirming the need for several provisions of the Veterans Employment Opportunities Act (H.R. 240 as passed by the House).

29. "Equal Employment Opportunity: Administrative Judges' Recommended Decisions and Agencies' Actions," June 10, 1998, (GAO/GGD–98–122R)

a. Summary.—At the request of the ranking member of the Civil Service Subcommittee and Representative Albert Wynn (D–MD), GAO reviewed the recommendations of the EEOC's administrative judges to analyze trends in the findings. Although the number of filings alleging discrimination had increased between 1991 and 1997, the portion of cases where discrimination is found had declined from 14.8 percent to 10.8 percent of the cases. GAO found no clear trend in the rate at which agencies rejected these discrimination findings, but reported that those rates varied between 38.7 percent and 62.7 percent during the 6 years. In most years, the number of discrimination claims validated by administrative judges amounted to fewer than 300 cases, with nearly half of those findings rejected by the agencies. However, in cases where no discrimination is found, agencies either modified or rejected the findings in an average of more than 3 percent of cases. Outright rejection of the findings of no discrimination was rare, but agencies modified more than 50 such decisions in most years. GAO did not have data adequate to assess any patterns in the acceptance or rejection of administrative judges' findings in these cases.

b. Benefits.—This report served to highlight several deficiencies in the manner in which official data regarding discrimination claims are recorded and maintained. As a result of GAO's inquiries, the EEOC reviewed some of its published data and provided more accurate reports to the oversight agency. Nonetheless, additional data would have been required to identify the basis of discrimination alleged in each of the cases, and the official records maintained by the EEOC provide no information that would differentiate between discrimination based on race, gender, or religion, and therefore allow for no method of identifying any trends in the types of cases where findings of discrimination are accepted or rejected. For example, although the number of discrimination claims filed by white men has increased substantially during the past 5 years, there is no method of linking this increase to the increase in the rate at which administrative judges reject discrimination claims.

30. "Budget Issues: An Overview of Federal Debt," Statement of Paul Posner, Director, Budget Issues, Before the Committee on Ways and Means, June 24, 1998 (GAO/T–AIMD–98–221)

a. Summary.—This overview of public debt includes a consideration of the operations of accounts—such as Social Security and Federal pension accounts—that are invested in Treasury special securities. When these accounts are in surplus, the income that they receive from payroll deductions and employer matching contributions generate funds to support government operations while reducing government's demand for borrowing funds on other markets. When these accounts are in deficit, however, the government must draw down on Treasury balances to meet the obligations, including interest on these accounts. Government must obtain these funds from other borrowing, spending reductions in other programs, or revenue increases. GAO noted that the level of public debt—47 percent of Gross Domestic Product at the start of the current fiscal year—is historically high, and the Federal income, revenue, and spending structure is such that Federal debt would increase automatically in the event of recession. GAO notes that, under current fiscal circumstances, balancing the budget would not reduce the Federal debt because the government pays only the interest on its obligations, unlike a home mortgage where the payments are apportioned between principle and interest. In light of the demographic effects of the pending retirement of the Baby Boom generation, GAO noted that economic growth is essential to the economy's capacity to fund the future obligations that have already been incurred.

b. Benefits.—This overview of the Federal debt structure is important to the committee because it assists efforts to monitor the role that civil service retirement accounts play in the Federal debt structure. As of May 31, 1998, GAO graphs indicate that the Civil Service Retirement Systems account for 23.3 percent of the public debt held by government accounts.

31. "Defense Infrastructure: Central Training Funding Projected to Remain Stable During 1997–2003," June 30, 1998 (GAO/NSIAD–98–168)

a. Summary.—The House Committee on the Budget asked GAO to review the Department of Defense's $20.1 billion request for training funds. This expenditure constitutes the third largest of the Department's eight infrastructure accounts, and amounts to 14.4 percent of the Department's infrastructure budget. The size of the infrastructure obligation is important to the Department because, since the "Bottom-Up Review" of 1993, the Department has planned to fund future weapons system development by reducing its annual infrastructure obligations. To date, however, those changes have not been made. Instead, funding increases for future weapons systems have been deferred further into the future. Central training, as defined in this report, differs from the "mission unit training" for combat readiness or support functions. It is limited to the training of individual military members in formal courses. This account includes the service academies, basic training and advanced training, officer training, and course development costs for all such programs. Although DOD central training funds

declined by $4.5 billion between fiscal year 1992 and fiscal year 1997—largely as a result of reduced accessions to meet lower personnel ceilings, base closures and other workforce reduction tactics, the services projected no further declines in their central training budgets. Nearly two-thirds of these reductions took place in the first year of the current administration. Funds are projected to remain at $21.5 billion annually from fiscal year 1998 through 2003. While the services projected continued declines in accession training, professional and skill training, installation support, and the training of new personnel, they projected increases in command managed training and aviation and flight training. The services proposed to transfer funds from different training accounts to achieve the new workload mix. The Department is also developing a series of computerized instruction programs that would facilitate standardized training that could be delivered nearly anywhere, but these developments require up-front capitalization that would limit the ability to reduce costs in the short term. The Department estimated that investments in "distance learning" could total $2 billion in the current fiscal year, and the Army estimates that its savings from these investments will amount to $900 million by 2007.

b. Benefits.—Effective training is a critical component of future workforce management, but the Congress has, in recent years, had difficulty gaining information from the Office of Personnel Management that would indicate the amount of money being spent by Federal agencies on training their employees. Instead, the central personnel management agency has resisted bipartisan efforts to legislate a requirement to report accurate information about agencies' training activities. This report demonstrates that these expenditures are substantial at the Department of Defense, and that the services view the work as an important component of workforce development. This report would provide a basis for comparing the workforce training expenditures of other Federal agencies.

32. "Equal Employment Opportunity: Rising Trends in EEO Complaint Caseloads in the Federal Sector," July 24, 1998 (GAO/GGD–98–157BR)

a. Summary.—Representative Cummings and Representative Wynn requested GAO to review the backlogs of unresolved complaints filed with the Equal Employment Opportunity Commission to assess the implications of the increasing numbers of cases filed since 1991. GAO also reviewed the unique characteristics of complaints filed by employees of the Postal Service. In addition to the EEOC remedies available to all Federal employees, Postal Service employees are allowed to have complaints reviewed through the Postal Service's mediation procedures. GAO confirmed that, in many cases, these employees file the same complaints using both channels, even if the complaints filed with the EEOC are not necessarily discrimination complaints. GAO found that the inventory of unresolved complaints at agencies had increased by 102 percent since 1991, reaching a total of 34,267 unresolved complaints by the end of 1997. During the same period, the number of hearing requests filed by complainants had increased 218 percent—to 10,016 cases—and the number of appeals increased by 581 percent, resulting in an inventory of 9,980 cases. The inventories of backlogged

cases had predictable impact on increasing the average processing time for cases. In 1991, cases were completed in an average of 341 days. By 1997, that processing time increased to 379 days. By 1996, a case that went unresolved through the appeals process required 613 days to reach a decision. When this report was written more than half of the cases at every stage of the appeals process had been in the inventory for longer than the prescribed period. Agencies do not make final decisions until the appellate process is completed by the EEOC. Even if the Congress were to appropriate the full amount of additional resources that the President requested for the EEOC, GAO predicts that the projected case inventory growth resulting from current filing rates would result in an appeals inventory growing to nearly 19,000 cases by 2002, with appeals requiring an average of 900 days—30 months—to process. Federal employees have filed complaints in increasing numbers, from 17,696 in 1991 to 27,587 in 1997. Although Postal employees constituted 23.5 percent of the Federal workforce, they filed 38 percent of complaints in 1993. By 1997, the Postal Service comprised 31.2 percent of the Federal workforce, but filed 50 percent of complaints, 43 percent of hearing requests, and 44 percent of appeals.

b. Benefits.—This thorough study describes the extent of the growing backlog in the appeals processes available to Federal employees who seek redress of discrimination claims. The size of the workload demonstrates clearly that merely increasing resources to sustain current procedures is an inadequate response to the challenges. As reflected in the data related to the Postal Service, a growing portion of the claims in the EEOC's Federal sector workload are already capable of being handled in labor-management channels, and there is considerable duplication in the caseload in both channels. Other work done by GAO documents that nearly 90 percent of discrimination claims are rejected by the EEOC. With the backlogs so heavily weighted toward duplicative and unsustainable claims, this report strengthens the case for basic reform of these appeals procedures.

33. "Results Act: Observations on the Office of Personnel Management's Annual Performance Plan," July 28, 1998 (GAO/GGD–98–130)

a. Summary.—As part of its effort to assist the Congress with the oversight and implementation of the Government Performance and Results Act (Results Act), GAO reviewed the performance plan submitted to the Congress with the administration's fiscal year 1999 budget request for OPM. This performance plan reflected objectives outlined in OPM's strategic plan and followed the procedures generally consistent with Results Act requirements. GAO observed that the performance plan contained all of the elements required by the Results Act, and GAO believes that OPM provided an achievable set of performance goals for fiscal years 1998 and 1999. However, GAO noted that OPM has not articulated a set of objectives that would serve as tangible results. As a result, OPM could achieve each of its performance measures without discernible effects on the character and performance of the Federal workforce. GAO noted inconsistencies between the objectives described in the strategic plan and performance indicators outlined in the perform-

ance plans, and indicated insufficient linkage between the functions to be performed and the results intended. In other areas, such as improvements in the adjudications of appeals, GAO noted that OPM has limited authority to take actions that would move toward the expressed objectives. GAO noted that, at many points, OPM has either insufficient or inadequate measures of the intended results. Some of these deficiencies result from the ambiguous character of the objectives, but other elements reflect needs for improvement in the Central Personnel Data File (which OPM acknowledges) or the inadequacy of survey instruments to evaluate actual results. GAO also noted that OPM had encountered numerous difficulties linking its strategies and resources to the results that it intended to achieve.

b. Benefits.—This review provided an extensive assessment of the OPM Results Act planning process that confirmed issues raised during the congressional review of these plans. It provided elaboration on several key managerial and measurement concerns, and corroborated areas of improvement for OPM's future attention. This report summarizes many management difficulties in OPM's operations, and highlights difficulties conceded by OPM as it faces current workforce challenges.

34. "Federal Employees' Compensation Act: Percentages of Take-Home Pay Replaced by Compensation Benefits," August 17, 1998 (GAO/GGD–98–174)

a. Summary.—The Subcommittee requested that the General Accounting Office review claims approved under the Federal Employees' Compensation Act [FECA] to provide information about the percentages of take-home pay that long-term FECA benefits replaced, to compare the career patterns of employees in employment classifications with high rates of FECA claims, and to compare a variety of demographic characteristics of the population of injured Federal employees. On average, FECA beneficiaries receive 95 percent of their preinjury take home pay in compensation, with more than 29 percent of the 23,250 beneficiaries whose cases were reviewed receiving more than 100 percent of pre-injury take home pay as compensation. In 1972, the National Commission on State Workmen's Compensation Laws had established a standard that compensatory benefits should provide at least 80 percent of an employee's spendable earnings. Federal beneficiaries ranged between 76 percent and 136 percent of their preinjury take home pay, with employees who were injured before 1975 benefiting most from long-term cost-of-living increases. More than 70 percent of the beneficiaries were over 40 years old when injured, and their average adjusted pay at the time of their injuries was consistent with other active employees. As of June 1997, about 65 percent of FECA beneficiaries were more than 55 years old. The occupations surveyed for this study indicated that many FECA beneficiaries had been blue collar employees. GAO also obtained career pattern information on some occupations most frequently included among FECA beneficiaries. They analyzed these career patterns by comparing current employees with the injured cohort to determine if injury patterns had changed in these occupations—for example as a result of new equipment or procedures. These career patterns included air traffic

controllers, postal employees, nurses in Department of Veterans Affairs hospitals, and GAO was unable to determine any clear career pattern differentiating injured employees from their counterparts.

b. Benefits.—This report provides extensive data demonstrating that FECA beneficiaries are well-compensated in comparison with both pre-established standards for workers' compensation and in terms of the expected earnings of others in the same occupations. It documents the benefits that accrue from the long-term accumulation of cost-of-living adjustments, and reaffirms the importance of effective case management in developing rehabilitation and retraining opportunities so that injured employees can return to productive positions as quickly as possible.

35. "Performance Management: Aligning Employee Performance With Agency Goals at Six Results Act Pilots," September 4, 1998 (GAO/GGD–98–162)

a. Summary.—Because effective implementation of the Results Act is expected to require a linkage between individual performance measures and agencies' performance objectives, the subcommittee asked the GAO to assess performance measures at a selected sample of pilot programs initiated under the National Performance Review. The subcommittee particularly sought information about the primary approaches taken in these projects to align employee performance management with organizational missions and goals and to identify any issues or challenges that these pilot projects confronted while developing and implementing these approaches. Although these pilot projects were selected because they included conditions where performance management initiatives were part of the pilot program design, none of the pilots had conducted a formal evaluation of the performance management dimension of its activities. The pilot projects took a variety of approaches toward their performance management initiatives, with four of the six programs limiting their Results Act related performance assessment to managerial levels, while the other two projects attempted to extend the performance management initiative throughout the organization. Five of the six pilot programs reported requesting waivers of human resource management rules, but those requests generally did not gain approval from higher levels in their organizations. Even without the waivers, managers in these agencies found sufficient flexibility under current rules to accomplish their initiatives. In four of the six programs, managers attempted to "cascade" their own performance standards to lower levels in the organization. The other two projects designed performance standards tailored to individual functions that attempted to measure contributions to team goals. In implementing the pilot project, each organization found a need to change organizational culture to develop a new understanding among employees of the organization's mission and/or method of operations. Most organizations conceded that these cultural changes had not been fully implemented. Each organization had encountered employees' efforts to "game the system," by manipulating measures to make performance look better than it actually was, but managers claimed generally to have been aggressive in countering such approaches. Each of the programs reported beneficial aspects of their performance management innova-

tions, some claiming improvements in teamwork and communications and others noting better customer satisfaction and service delivery. Each of the programs saw positive results in their performance management initiatives, and continued them beyond the pilot phases of their programs. The initiative at the Department of Veterans Affairs' New York Benefits Administration Office had been expanded into a full-scale Chapter 47 demonstration project slated for implementation in 1999. Several of these performance management initiatives required more direct customer information about employees' performance. One included a "360 degree" evaluation by supervisors, peers, and subordinates, and the DVA's New York Regional Office established a "balanced scorecard" to assess speed, accuracy, costs, customer satisfaction, and employee development. At the Office of Air Research in the National Oceanic and Atmospheric Administration, the program had to identify milestones because of the long-term character of many program goals. At the Department of Energy's Federal Energy Technology Center, managers had to intervene when one team attempted to skew its internal ratings in a "360 degree" system, in part by modifying performance standards to include additional measurable objectives. Although managers at all six facilities believed that they experienced improvements under these initiatives, all concluded that their performance management reforms were still works in progress.

b. Benefits.—This set of case studies provided a broad perspective on the challenges facing agencies in developing meaningful individual performance assessments in light of the efforts to "reinvent" government and consistent with the standards being developed to implement the Results Act. In all of these cases, more complex and creative approaches to performance measures and organizational change were necessary to provide better assessments of the employees. This report provides better context for understanding the difficulties that result from simplified, or two-tier, endeavors at performance management and highlight the necessity of frequent monitoring and system modification if performance measures are to spur continuous improvement in agencies.

36. "OPM'S Central Personnel Data File: Data Appear Sufficiently Reliable to Meet Most Customer Needs," September 30, 1998 (GAO/GGD–98–199)

a. Summary.—After receiving several reports and testimonies from GAO indicating that the data contained in the OPM Central Personnel Data File [CPDF] were inadequate to address emergent policy questions, the subcommittee requested GAO to review the adequacy of this system for monitoring Federal workforce characteristics. In reviewing CPDF data, GAO attempted to assess the accuracy of major CPDF data elements (e.g., salary, grade, education levels), with an emphasis on information needed for OPM's Office of Actuaries to estimate the future liabilities of the Civil Service Retirement and Disability Fund, whether selected users of the data believed that CPDF information met their needs, and whether OPM has documented system changes and verified the system's acceptance of them. OPM does not have an official standard for the accuracy of individual data elements in the CPDF, but periodically compares information found in samples of individuals' official per-

sonnel folders to the information in the CPDF. In reviewing these data, GAO found that more than two-thirds of the data elements were 99 percent accurate, including most data elements used in the Office of Actuaries' estimates. However, adjusted basic pay was found to be only 94 percent accurate. GAO had previously confirmed that CPDF accuracy varies by the agency entering the information. GAO's survey confirmed that most CPDF users consider the information current, accurate, and complete enough for their needs. OPM maintains a list of 28 caution factors that users should understand in using the data, but GAO found that not all of these limitations are routinely provided to users. Information about Federal employees' education, for example, is routinely collected at the time of appointment, but not regularly upgraded to reflect changes during a career. Some users reported that they would have used the information differently if they had been aware of all caution factors. GAO also found that OPM did not document changes that it made during a major redesign of the system in 1986, and testing of those changes was not done by an independent reviewer. OPM asserted that, for the most part, the system processes information as intended, a claim that appeared to be consistent with GAO's testing.

b. Benefits.—This report confirmed that the data included in the OPM CPDF is generally reliable for most analytical needs. However, the subcommittee has received several reports indicating a substantial time lag in obtaining data, and previous GAO reports had not been able to provide timely information about agencies' use of buyouts, that the multiple methods of counting employees in the system made it difficult to assess the administration's claims about workforce reductions, and that delays in data entry routinely result in publication of outdated information in volumes such as the quadrennial report on Policy and Supporting Positions (The Plum Book). OPM incorporated its plans to make major improvements in the CPDF among the upgrades to be implemented as part of the performance plan submitted under the Government Performance and Results Act.

37. "Year 2000 Computing Crisis: Status of Efforts to Deal with Personnel Issues," October 22, 1998, (GAOAIMD/GGD–99–14)

a. Summary.—At the request of the chairman of the Committee on Banking and Financial Services, GAO endeavored to determine the nature and extent of personnel issues being reported by Federal agencies related to the year 2000 computer problems and to identify government's responses to personnel shortages attributed to the year 2000 problem. More than half of the 24 large agencies and 10 of the 41 small agencies reported to OMB that personnel needed to resolve the year 2000 problem would not be available. Their concerns included finding and retaining qualified government personnel and difficulties in obtaining qualified contractors. OPM has provided agencies some flexibility with regard to year 2000 personnel needs, including the ability to rehire annuitants with important computer programming skills. For the most part, however, agencies had conducted no systematic assessment of year 2000 personnel requirements, so preliminary actions to address these concerns lack a substantial information base. Agencies reported that

they had lost skilled people through increased retirements (the impact of buyouts on these decisions was not reported) and to increased recruitment by private firms also addressing these concerns. Some agencies claimed to be particularly hard hit by relevant personnel separations. For example, the Farm Services Agency had lost 28 of its 403 information technology staff in the first 6 months of fiscal year 1998. Although such attrition exceeds standard government experience, most private corporations seek normal turnover levels only slightly below this 7 percent level. In light of private sector competition (for example, the Department of Veterans Affairs reported that its computer programs were being lured by executive recruiters offering attractive finders' fees), agencies might need additional incentives to attract key personnel to resolve year 2000 computer needs. However, the Department of State reported that, even with lucrative incentives, it was requiring longer to replace contractors' personnel in key positions. The administration has established several "Councils" operating under the coordination of an Assistant to the President, and that these Councils have begun to report on the personnel dimension of year 2000 issues. GAO recommended that the Director of OMB should determine if recent personnel flexibilities provided by OPM are sufficient to meet these needs and that OPM work closely with the Chief Information Officers' Council to assess the personnel needs of Federal agencies as they address these operational concerns. GAO called for issuance of year 2000-related recommendations as soon as possible.

b. Benefits.—This report complements other work being conducted by GAO to assess Federal agencies' efforts to resolve concerns about computer systems' capabilities related to the change of century date. This report could have been strengthened by including an assessment of recent personnel actions of Federal agencies (notably voluntary separation incentive payments, or buyouts) in hastening the departure of computer programmers with relevant skills. To date, OPM has not included waivers of the repayment requirements associated with buyouts among the personnel flexibility provided to managers. The report also fails to provide an indication of the balance between government employees and contractor personnel being used to address these concerns.

DISTRICT OF COLUMBIA SUBCOMMITTEE

1. "District of Columbia Public Schools: Student Enrollment Count Remains Vulnerable to Errors," August 1997, GAO/HEHS–97–161

a. Summary of subcommittee action.—Information was received with plans to use for purpose of an oversight hearing.

b. Benefits.—N/A.

2. "District of Columbia: Status of the Proposed New Convention Center Project," September 1997, GAO/AIMD–97–148

a. Summary of subcommittee action.—Information was received with plans to use for purpose of an oversight hearing.

b. Benefits.—N/A.

3. "District of Columbia Public Schools: Enrollment Count Still Appears Vulnerable to Errors," March 1998, GAO/T–EHHS–98–91

GAO discussed its recent report on the enrollment count process that District of Columbia Public Schools [DCPS] used in school year 1996–1997. Findings: GAO noted that: (1) in spite of some changes in DCPS' enrollment count process in response to criticisms, the 1996–1997 count process remained flawed in several respects; (2) for example, the Student Information System [SIS] continued to have errors, such as multiple enrollment records for a single student and weaknesses in the system's ability to track students; (3) in addition, verification of student residency remained problematic; (4) although DCPS made some changes in its enrollment count process for the 1997–1998 school year in response to GAO's recommendations and plans to make more, the larger systemic issues appear to remain mostly uncorrected; (5) consequently, fundamental weaknesses still remain in the enrollment count process, making it vulnerable to inaccuracy and weakening its credibility; (6) for example, DCPS staff report that although an important internal control—duplicate record checks—has been implemented for SIS, additional internal controls are still lacking; (7) several DCPS enrollment and pupil accounting procedures continue to increase the possibility of multiple enrollment records for a single student; (8) GAO is concerned that duplicate record checks alone may not be sufficient to protect the integrity of SIS, given the many possibilities for error; (9) furthermore, the enrollment count may still include nonresident students; (10) more than half of DCPS' students have either failed to provide the residency verification forms or have provided no proofs of residency to accompany their forms; (11) GAO questions the appropriateness of including students who have failed to prove residency in the official count, particularly students who have not even provided the basic form; (12) in addition, because DCPS has not yet monitored and audited residency verification at the school level, additional problems may exist that are not yet apparent; (13) proposed new rules governing residency will help DCPS deal with residency issues; (14) until these issues are fully addressed and resolved, however, the accuracy and credibility of the enrollment count will remain questionable; (15) in GAO's more recent discussions with DCPS officials, they acknowledge that more needs to be done to improve the enrollment count process, particularly in the areas of further strengthening DCPS' automated internal controls and addressing the nonresident issue; and (16) they have expressed concern, however, that GAO has failed to recognize fully the improvements DCPS made in the enrollment count process for school year 1997–1998.

a. Summary of subcommittee action.—Information was reviewed by the subcommittee.

b. Benefits.—N/A.

4. "District of Columbia Public Schools, Availability of funds and the Cost of FY 1997 Roof Projects," April 1998, GAO/AIMD–98–82

a. Summary of subcommittee action.—Information was received with plans to use for purpose of an oversight hearing.

b. Benefits.—N/A.

5. "District of Columbia Taxes and Other Strategies to Reduce Alcohol Abuse," May 1998, GAO/AIMD–98–140, B–279037

a. Summary of subcommittee action.—N/A.
b. Benefits.—N/A.

6. "District of Columbia: Final Status on the Sports Arena," July 1998, GAO/AIMD–98–223

Background: GAO reviewed the progress of the sports arena project in the District of Columbia, focusing on the project's pre-development costs, revenue collections, and bond redemption status. Findings: GAO noted that: (1) the District has spent $60 million, about 98 percent of the estimated total cost of pre-development activities, for the sports arena; (2) as of April 30, 1998, the District estimated total pre-development costs to be about $61.5 million, a net increase of about $2.9 million over its October 7, 1997, estimate, as reported in GAO's November 1997 report; (3) the increase is largely due to the final agreed upon price the District paid for a parcel of land included in the arena site; (4) the only known expense not under contract or agreement is the District cost for soil remediation and the removal of concrete structures below the surface for a parcel of land transferred to the Washington Metropolitan Area Transit Authority; (5) the District's project manager for the sports arena has budgeted $700,000 for this activity, which is included in the total estimated cost; (6) the District's $5 million in remaining available funds for predevelopment costs for the sports arena appears to be sufficient to meet all estimated remaining expenditures; (7) as of April 30, 1998, the District had spent about $60 million and an additional $1.5 million was budgeted for the remaining predevelopment activities that will soon be completed, leaving approximately $3.5 million to pay unanticipated expenses or to redeem term bonds prior to their redemption dates; (8) collections from the dedicated arena tax have been more than sufficient to pay principal and interest of about $5.9 million annually on the bonds issued to finance the predevelopment expenses; (9) for each of the past 3 years, collections have exceeded the $9 million originally forecasted by the District, totaling about $1.6 million more than the District's forecast for the 3-year period; (10) as of April 30, 1998, the District had redeemed $6 million of the serial bonds and $2.5 million of the term bonds issued to finance the predevelopment expenses prior to their maturity date; (11) GAO's analysis shows that if the present level of collections are sustained, and revenues from the ground lease of the sports arena and the existing debt service reserve funds are used, all of the arena bonds would be paid by 2002, about 8 years before the 2010 maturity date; and (12) this redemption schedule would save the District about $16.4 million in interest costs, and allow about $7.7 million to be transferred to the District's General Fund.

a. Summary of subcommittee action.—Information was reviewed by the subcommittee.
b. Benefits.—N/A.

7. "District of Columbia Status of the New Convention Center Project," July 1998, GAO/AIMD/OCE–98–238

Background: GAO reviewed the Washington Convention Center Authority's [WCCA] efforts to arrange for financing and constructing a new convention center in the District of Columbia, focusing on the: (1) estimated cost of this project, including the guaranteed maximum price [GMP] for constructing the new convention center, and the risk exposure for both the contractor and the District; and (2) financing plan, including proposed changes to the revenue base, history of dedicated tax collections, projections for future revenues, and sufficiency to cover the GMP and other project costs. Findings: GAO noted that: (1) WCCA is proceeding with efforts to build a new convention center at Mount Vernon Square at a cost WCCA officials estimate to be $650 million; (2) this estimate has not changed since GAO reported on this project in September 1997; (3) however, GAO's latest review of the project identified an additional $58 million in project costs which—because WCCA expects them to be funded through Federal grants or moved into future operating costs—are not included in WCCA's total project costs; (4) these costs raise the project's cost estimate to $708 million, excluding reserve requirements and financing costs of $138 million; (5) the majority of the estimated project costs are covered in a $500.6-million GMP for construction; (6) the GMP lays out 22 different cost components and sets limits on financial risks to the construction manager, Clark/Smoot; (7) areas of risk are not included in the $500.6-million price; (8) an estimated $207 million in other project-related activities will be or have been contracted for separately; (9) WCCA's current financing plan to cover predevelopment, construction, reserves and operation of the convention center calls for about $846 million; (10) 73 percent of the funds needed to finance the project are expected to be derived from revenue bonds supported by dedicated taxes; (11) changes from the previous financing plan include increasing the term of the bonds as well as the dedicated taxes to allow WCCA to borrow more money for the project; (12) WCCA received $44 million in dedicated taxes in 1997, and WCCA has projected collections to increase at 1 percent per year over the next several years; (13) these and other factors will be looked at by WCCA's consultants, rating agencies, and bond insurers who will evaluate the financing package and determine its ability to cover the GMP and other project costs; (14) risks associated with the financing package could affect the rating of the bonds and accordingly, the interest rate; (15) although WCCA plans to address an $18-million reduction in its construction budget by negotiating arrangements with vendors to provide equipment and services, to date there are no executed contracts to cover these arrangements; and (16) the site selection process for the convention center has a long history and numerous studies have consistently identified Mount Vernon Square a preferred site.

a. Summary of subcommittee action.—Information was received with plans to use for purpose of an oversight hearing.

b. Benefits.—N/A.

8. "District of Columbia: Status of the New Convention Center Project," July 1998, GAO/T–AIMD/OCE–98–239

Background: Pursuant to a congressional request, GAO discussed the results of its review of the Washington Convention Center Authority's [WCCA] efforts to arrange for financing and constructing of a new convention center in the District of Columbia, focusing on: (1) the estimated cost of this project, including the guaranteed maximum price [GMP] for constructing the new convention center, and the risk exposure for both the contractor and the District; (2) the financing plan, including proposed changes to the revenue base, history of dedicated tax collections, projections for future revenues, and sufficiency to cover the GMP and other project costs; and (3) information on the site selection process, including WCCA's analysis of alternative sites, particularly the Northeast No. 1 site. Findings: GAO noted that: (1) WCCA is proceeding with efforts to build a new convention center at Mount Vernon Square at a cost WCCA officials estimate to be $650 million; (2) GAO's latest review of the project identified an additional $58 million in project costs which—because WCCA expects these costs to be funded through Federal grants or moved into operating costs—are not included in WCCA's total project costs; (3) these costs raise the project's cost estimate to $708 million, excluding reserve requirements and financing costs of $138 million; (4) while WCCA has maintained a $650-million budget, a number of changes have been made among the budget components, with some components increasing and some decreasing; (5) the majority of the estimated project costs are covered in a $500.6-million GMP for construction; (6) the GMP lays out 22 different cost components and sets limits on financial risks to the construction manager; (7) areas of risk are not included in the $500.6-million price; (8) the total contingency for the project is down from $75.9 million to $40 million; (9) WCCA's financing plan to cover predevelopment, construction, reserves, and operation of the convention center calls for about $846 million; (10) 73 percent of the funds needed to finance the project are expected to be derived from revenue bonds supported by dedicated taxes; (11) WCCA received $44 million in dedicated taxes in 1997, and WCCA has projected collections to increase at 1 percent a year over the next several years; (12) the financing plan assumes a lower interest rate, an increase in the annual dedicated tax revenues to support the bond financing, and an increase in the terms of the bonds from 30 to 34 years; (13) these changes would allow WCCA to borrow more money to finance the project; (14) risks associated with the financing package could affect the rating of the bonds and accordingly, the interest rate; (15) the site selection process for the convention center has a long history and numerous studies over the years have consistently identified Mount Vernon Square as a preferred site; and (16) WCCA's most recent analysis of the Northeast No. 1 site indicates that costs would be higher and would likely result in opening the convention center at a much later date than estimated for the Mount Vernon Square site.

a. Summary of subcommittee action.—Information was received with plans to use for purpose of an oversight hearing.

b. Benefits.—N/A.

9. "District of Columbia Highway Trust Fund's Fiscal Year 1997 Financial Statements," September 1998, GAO/AIMD–98–254

a. Summary of subcommittee action.—Information provided was reviewed by the subcommittee.

b. Benefits.—N/A.

10. "District of Columbia Extent to Which Schools Receive Available Federal Education Grants," October 1998, GAO/HEHS–99–1

Background: GAO discussed the District of Columbia's and the District of Columbia Public Schools' [DCPS] efforts to apply for and receive grant awards through the Federal education grant programs available to them, focusing on: (1) what Federal education grant programs are available to the District of Columbia; (2) status of its efforts to receive Federal education grant programs; and (3) the District of Columbia offices responsible for the application process. Findings: GAO noted that: (1) DCPS is eligible for 72 of the 103 fiscal year 1998 Federal education grant programs available for preschool, elementary, and secondary education; (2) in fiscal year 1998, the District of Columbia applied for 46 of the 72 Federal programs; (3) according to DCPS officials, DCPS did not apply for the remaining 26 programs because it lacked the resources to pursue these grants; (4) for example, budgetary constraints precluded its applying for grants requiring matching funds, such as Even Start-Migrant Education, and DCPS said it had insufficient staff to apply for some grants or to implement the grant if received, such as Bilingual Education-Professional Development; and (5) the grant application process can vary by grant and involves several offices in DCPS and the District of Columbia government.

a. Summary of subcommittee action.—Information was reviewed by the subcommittee.

b. Benefits.—N/A.

11. "Year 2000 Computing Crisis: The District of Columbia Faces Tremendous Challenges in Ensuring Vital Services Are Not Disrupted," October 1998, GAO/T–AIMD–99–4

Background: GAO discussed the year 2000 risks facing the District of Columbia, focusing on: (1) its progress to date in fixing its systems; and (2) the District's remediation strategy. Findings: GAO noted that: (1) until June 1998, the District had made very little progress in addressing the year 2000 problem; (2) to compensate for its late start, the District has hired a new chief technology officer, appointed a full-time year 2000 program manager, established a year 2000 program office, and continued to use its chief technology officer council to help coordinate and prioritize efforts; (3) the District also contracted with an information technology firm to assist in completing the remediation effort; (4) to accomplish this in the short time remaining, the District and the contractor plan to concurrently: (a) remediate and test system applications; (b) assess and fix the information technology [IT] infrastructure, including the data centers, hardware, operating systems, and telecommunications equipment; (c) assess and correct non-information technology assets; and (d) develop contingency plans; (5) the District has done the following: (a) developed an inventory of information technology applications; (b) initiated pilot remediation and test

efforts with the pension and payroll system; (c) adopted a contingency planning methodology which it is now piloting on the 911 system, the water and sewer system, and the lottery board system; and (d) developed a strategy for remediating non-IT assets which is now being tested on the water and sewer system; (6) the District's recent actions reflect a commitment on the part of the city to address the year 2000 problem and to make up for the lack of progress; (7) however, the District is still significantly behind in addressing the problem; (8) the District has not: (a) identified all of its essential business functions that must continue to operate; (b) finished assessing its IT infrastructure and its non-information technology assets; (c) provided guidance to its agencies on testing; and (d) identified resources that will be needed to complete remediation and testing; (9) until the District completes the assessment phase, it will not have reliable estimates on how long it will take to renovate and test mission-critical systems and processes and to develop business continuity and contingency plans; (10) District officials acknowledge that the city is not able to provide assurance that all critical systems will be remediated on time; and (11) therefore, to minimize disruptions to vital city services, it will be essential for the District to effectively manage risks over the next 15 months.

a. Summary of subcommittee action.—Information was received with plans to use for purpose of an oversight hearing.

b. Benefits.—N/A.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

1. "Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation." March 27, 1997, GAO/AIMD–97–46

a. Summary.—The subcommittee held a hearing to investigate the likely effectiveness of the Government Performance and Results Act [GPRA] based on input from previous public and private sector experiences. Using the lessons learned from these experiences, the subcommittee was able to direct the Office of Management and Budget and the Federal agencies in more profitable directions.

b. Benefits.—Since 1950, the Federal Government has attempted several government-wide initiatives designed to better align spending decisions with expected performance, commonly known as "performance budgeting." Congress enacted the Government Performance and Results Act in 1993 to improve the effectiveness, efficiency, and accountability of Federal programs by having agencies focus on program results. In this way, GPRA can be viewed as the most recent effort to closely link resources to performance expectations.

Pursuant to a legislative requirement, GAO reviewed the implementation of GPRA. Its report compares and contrasts the key design elements and approaches of GPRA with those of past initiatives to identify past lessons that have been incorporated into GPRA and issues that continue to pose significant challenges to successful implementation.

GAO noted that: (1) in its overall structure, focus, and approach, GPRA incorporates critical lessons learned from previous efforts,

but many of the same issues encountered in previous initiatives remain and will likely pose significant challenges if GPRA is to achieve its aim of better linking resource decisions to performance levels; (2) where past efforts failed to link executive branch performance planning and measurement with congressional resource allocation processes, GPRA requires explicit consultation between the executive and legislative branches on agency strategic plans; (3) past initiatives' experiences suggest that efforts to link resources with results must begin in the planning phase with some fundamental understanding about program goals; (4) where past initiatives devised unique performance information formats often unconnected to the structures used in congressional budget presentations, GPRA requires agencies to plan and measure performance using the "program activities" listed in their budget submissions; (5) where past initiatives were generally unprepared for the difficulties associated with measuring the outcomes of Federal programs and often retreated to simple output or workload measures, GPRA states a preference for outcome measurement while recognizing the need to develop a range of measures; (6) GAO's discussions with selected legislative staff and agency officials revealed fundamental differences in perspectives and expectations that are often a necessary consequence of the system of separated powers; (7) past initiatives often foundered because no mechanism existed to reconcile or even to address these legitimate, but at times competing, views; (8) GPRA, through required consultations and formal, public documents, is intended to encourage an explicit and periodic exchange of views between the branches; (9) GPRA differs from prior initiatives in that past performance budgeting initiatives were typically implemented governmentwide within a single annual budget cycle, while GPRA defines a multi year and iterative governmentwide implementation process that incorporates pilot tests and formal evaluations of key concepts; and (10) GPRA also differs from prior initiatives in that it will face an operating environment unknown to its predecessors: persistent efforts to constrain spending.

2. "GPRA: Managerial Accountability and Flexibility Pilot Did Not Work As Intended," April 10, 1997, GAO/GGD–97–36

a. Summary.—The subcommittee held a hearing to investigate the success of the Government Performance and Results Act authorized pilot tests. GAO was asked to investigate these pilots in order for the subcommittee to make recommendations regarding the extension of GPRA flexibility provisions to other agencies. Based upon the results to date the subcommittee does not recommend extension of GPRA flexibility pilots or provisions to other agencies.

b. Benefits.—Congress intended for the Government Performance and Results Act to fundamentally shift the focus of Federal managers from processes to outcomes and results. In crafting GPRA, Congress recognized that if Federal managers were to be held accountable for achieving results, they would need the authority and flexibility to achieve those results. GPRA provides for a series of pilot projects so that Federal agencies can gain experience in using the act's provisions and provide lessons to other agencies before

GPRA's implementation governmentwide. One set of these GPRA projects focused on managerial accountability and flexibility. This report (1) determines whether the managerial accountability and flexibility pilot worked as intended and the reasons why it did or did not, and (2) identifies the lessons learned from this pilot and their possible implications for the governmentwide implementation of GPRA.

GAO noted that: (1) the GPRA managerial accountability and flexibility pilot did not work as intended; (2) the Office of Management and Budget [OMB] did not designate any of the 7 departments and 1 independent agency that submitted a total of 61 waiver proposals as GPRA managerial accountability and flexibility pilots; (3) three major factors contributed to the failure of GPRA's managerial accountability and flexibility pilot phase to work as intended: first, changes in Federal management practices and laws that occurred after GPRA was enacted affected agencies' need for the GPRA process; second, GPRA was not the only means by which agencies could receive waivers from administrative requirements, and thereby obtain needed managerial flexibility; third, OMB did not work actively with agencies that were seeking to take part in the managerial accountability and flexibility pilot, in contrast to its more proactive posture toward other GPRA requirements, such as the pilots for the performance planning and reporting requirements; (4) overall, officials in five of the eight agencies that submitted a waiver proposal to OMB said that they never received feedback from OMB on the status of their waiver proposals, notification of specific concerns that OMB may have had about the quality and scope of the proposals, or, most important, explicit instructions from OMB on how their proposals could be improved to better meet OMB's expectations; (5) even though the pilot process did not result in any GPRA-authorized waivers and thus did not work as intended, the process provided lessons for agencies and may have important implications for governmentwide GPRA implementation; (6) while preparing their waiver requests, several participating agencies learned that the burdens and constraints that confronted their managers often were imposed by the agency itself or its parent department and were not the result of requirements imposed by central management agencies; (7) the administration's effort to develop Federal management "templates" that, in part, document the range of flexibility agencies have under existing central management agency requirements is a promising means for disseminating knowledge about available flexibility among Federal agencies; and (8) in addition, the pilot experience should provide useful information for Congress to consider as GPRA is implemented governmentwide.

3. "Managing for Results: Analytic Challenges in Measuring Performance," May 30, 1997, GAO/HEHS/GGD–97–138

a. Summary.—The subcommittee held a hearing focusing on the second phase, performance plans, of the Government Performance and Results Act [GPRA]. After agency strategic plans are delivered in September 1997, the agencies will deliver performance plans in February 1998. The performance plans will require the agencies to collect and report on data that they had not previously tracked.

The subcommittee identified problems that agencies will encounter and made relevant recommendations. The subcommittee encouraged the agencies to take these GPRA requirements quite seriously and to develop meaningful performance plans for both agency management and congressional oversight.

b. Benefits.—The Government Performance and Results Act requires agencies to identify program goals and report on their progress in achieving them. GPRA includes a phase during which about 70 programs, ranging from the U.S. Geological Survey's National Water Quality Assessment Program to the entire Social Security Administration, were designated as GPRA pilot projects. These and other Government programs have been gaining experience with the act's requirements. GPRA requires GAO to review implementation of the pilot phase and to comment on the prospects for compliance by Federal agencies when governmentwide implementation begins. This report answers the following questions: What analytic and technical challenges are agencies experiencing as they try to measure program performance? What approaches have they taken to address these challenges? How have agencies made use of program evaluations or evaluation expertise in implementing performance measurement?

GAO noted that: (1) the programs included in GAO's review encountered a wide range of serious challenges; (2) 93 percent of the officials GAO surveyed reported at least one challenge as a great or very great challenge, and some were not very far along in implementing the steps required by the Results Act; (3) 8 of the 10 tasks rated most challenging emerged in the two relatively early stages of the performance measurement process, identifying goals and developing performance measures; (4) in developing both goals and performance measures, respondents found it difficult to move beyond a summary of their program's activities, such as the number of clients served, to distinguish the desired outcome or result of those activities; (5) sometimes selecting an outcome measure was impeded, instead, by conflicting stakeholder views of the program's intended results or by anticipated data collection problems; (6) issues in the data collection stage were rated as less serious and revolved around the programs' lack of control over data that third parties collected, but programs may have avoided some data issues through selection of measures for which data already existed; (7) the greatest challenge in the analysis and reporting stage was separating a program's impact on its objectives from the impact of external factors, primarily because many Federal programs' objectives are the result of complex systems or phenomena outside the program's control; (8) in such cases, it is particularly challenging for agencies to confidently attribute changes in outcomes to their program, the central task of program impact evaluation; (9) the programs GAO reviewed had applied a range of analytic and other strategies to address these challenges; (10) because they had either volunteered to be GPRA pilots or had already begun implementing performance measurement, the programs included in GAO's review were likely to be better suited or prepared for conducting performance measurement than most Federal programs; and (11) the challenges experienced by the projects that are pilot testing the act's requirements suggest that: (a) more typical Federal programs may

find performance measurement to be an even greater challenge, particularly if they do not have access to program evaluation or other technical resources; and (b) full-scale implementation will require several iterations to develop valid, reliable, and useful performance reporting data systems.

4. "The Government Performance and Results Act: 1997 Government-wide Implementation Will be Uneven," June 2, 1997, GAO/GGD–97–109

a. Summary.—The subcommittee held a hearing on the Government Performance and Results Act [GPRA] to pressure the agencies to improve the quality of their strategic plans. Draft versions of agency strategic plans are required by GPRA to be drafted in consultation with Congress. The subcommittee made sure that the agencies fully understood their obligations to Congress; that the agencies understood the six legally required topics; that agency plans would be considered in appropriations and authorizing decisions; and that Congress would look unfavorably upon strategic plans that were not both substantive and realistic.

b. Benefits.—GAO found that implementation of the Government Performance and Results Act has so far yielded mixed results, which will lead to highly uneven government-wide implementation in the fall of 1997. Some agencies, such as the Social Security Administration and the Veterans Health Administration, have already seen significant performance improvements after they adopted a disciplined approach to setting goals, measuring performance, and using performance information to improve effectiveness. In general, however, substantial performance improvements at Federal agencies have been relatively few, and many agencies seemed ill prepared to answer the fundamental question posed by the act: What are we accomplishing? Agencies face various challenges to implementing the act, some of which will not be resolved quickly. One set of challenges arises from the complications of Government structure and from program proliferation. Others involve methodological difficulties in identifying performance measures or the lack of data needed to establish goals and assess performance.

GAO noted that: (1) GPRA's implementation has achieved mixed results; (2) while agencies are likely to meet the upcoming statutory deadlines for producing initial strategic plans and annual performance plans, those documents will not be of a consistently high quality or as useful for congressional and agency decisionmaking as they could be; (3) the Office of Management and Budget selected over 70 performance planning and reporting pilots that far exceeded the number required by GPRA and that should provide a rich body of experience for agencies to draw on in the future; (4) the experiences of some of GPRA's pilot agencies and related efforts by nonpilot agencies showed that significant performance improvements were possible, even in the short term, when an agency adopted a disciplined approach to setting results-oriented goals, measuring its performance, and using performance information to improve effectiveness; (5) however, the reported examples of substantial performance improvements were relatively few; (6) one set of challenges to effectively implementing GPRA arises from the complications of government structure and from program prolifera-

tion; (7) others involve methodological difficulties in identifying performance measures or the lack of data needed to establish goals and assess performance; (8) the following are among the challenges that GAO observed: (a) overlapping and fragmented crosscutting program efforts present the logical need to coordinate efforts to ensure that goals are consistent and, as appropriate, that programs efforts are mutually reinforcing; (b) the often limited or indirect influence that the Federal Government has in determining whether a desired result is achieved complicates the effort to identify and measure the discrete contribution of the Federal initiative to a specific program result; (c) the lack of results-oriented performance information in many agencies hampers efforts to identify appropriate goals and confidently assess performance; (d) instilling within agencies an organizational culture that focuses on results remains a work in progress across the Federal Government; and (e) linking agencies' performance plans directly to the budget process may present significant difficulties.

Finally, GAO believes that GPRA's success or failure should not be judged on the strategic plans for the first year. Rather, it will take several years for Federal agency strategic plans to fulfill congressional intent.

5. "Managing for Results: Regulatory Agencies Identified Significant Barriers to Focusing on Results," June 24, 1997, GAO/GGD–97–83

a. Summary.—The subcommittee held a hearing focusing on implementation difficulties of the Government Performance and Results Act. GAO was asked to study five regulatory agencies in depth and analyze any difficulties they were encountering. The subcommittee was able to make these difficulties known so they could be addressed early and presumably rectified before agency plans were delivered to OMB and Congress. Further, the subcommittee made recommendations for OMB and agency management actions to overcome these implementation difficulties as soon as possible.

b. Benefits.—The Government Performance and Results Act seeks to boost the performance of Federal agencies by focusing on program performance and measuring results. Because establishing results-oriented goals and performance measures will not be easy, GPRA provides for a phased implementation period. Beginning in fiscal year 1994 and extending over several years, agencies are to develop strategic goals, identify performance measures, and by fiscal year 1999 implement annual results-oriented performance reports linked to budget requests. The President has directed regulatory agencies to change the way they measure their performance and to focus on results. This report focuses on the efforts of five agencies to focus on results: the Occupational Safety and Health Administration, the Federal Aviation Administration, the Food and Drug Administration, the Internal Revenue Service, and the Environmental Protection Agency. GAO describes the (1) five agencies' strategic goals and related program performance measures as well as employee performance standards as of January 1997; (2) extent to which agency officials and GAO believe that these goals, program performance measures, and employee performance standards

focus on results; and (3) aids and barriers that agency officials said that they faced in trying to focus on results.

GAO noted that: (1) as would be expected in the early stages of implementing a new and difficult initiative, GAO observed that some of the five regulatory agencies were further along in the development of strategic goals, program performance measures, and employee performance standards than others; (2) the agencies also varied in the degree to which their goals, associated sets of program performance measures, and employee performance standards that were in use as of January 1, 1997, focused on results as judged by both agency officials and GAO; (3) in this regard, it is important to note that although GPRA was intended to encourage agencies to focus their goals and measures on results, the act does not require that all of an agency's goals or performance measures be explicitly results-oriented; (4) similarly, the President's directive to orient frontline regulators' performance standards toward results does not appear to require that every standard be results-oriented; (5) there were differences in the extent to which agency officials characterized their goals, program performance measures, and employee performance standards as "results-oriented" and the extent to which GAO did; (6) in general, agencies frequently concluded that their goals, measures, and standards were more results-oriented than GAO did; (7) at the broader and more conceptual level of strategic goals, there were relatively few differences between agency officials' assessments of the extent of results-orientation and GAO's; (8) in enacting GPRA, Congress realized that the transition to results-oriented management would not be easy; (9) for that reason, the act provided for a phased approach to implementation, during which time agencies have been able to identify the obstacles that need to be overcome and some factors they found helpful; (10) the factor that agency officials most commonly said aided the establishment of a results-orientation in the agencies was the enactment of GPRA; (11) although agency officials identified some aids to focusing their agencies on results, they cited numerous barriers to their efforts to establish results oriented goals and measures; (12) these barriers included significant problems in identifying and collecting the data they needed to demonstrate their agencies' results; and, (13) agencies also cited as a barrier the fact that the diverse and complex factors affect agencies' results, and their lack of control or influence over external events and factors.

6. "Managing For Results: Using the Results Act to Address Mission Fragmentation and Program Overlap," August 29, 1997, GAO/AIMD–97–146

a. Summary.—Congress is particularly interested in comparing "bang for the buck" for duplicate programs. GAO was asked to study how the Government Performance and Results Act could be used to address this need. GPRA, if implemented as intended by Congress, can deliver the required performance and related cost information that Congress needs to compare the relative desirability of duplicate and overlapping programs. The subcommittee made recommendations to OMB and the Federal Departments and agencies that facilitate the correct implementation of GPRA. Further, the subcommittee made recommendations to congressional author-

ization and appropriation committees to seriously consider the agency strategic plans and performance reports when making both budgetary and policy decisions.

b. Benefits.—As the Government searches for ways to do more with less, mission fragmentation and program overlap at Federal agencies have become increasingly important issues. Congress, the administration, and GAO have all cited the fragmented nature of many Federal activities, along with the need to reduce the deficit, as compelling reasons to undertake a fundamental reexamination of Federal programs and structures. The Government Performance and Results Act presents an opportunity to begin such a reexamination. This report summarizes earlier GAO work on mission fragmentation and program overlap and describes specific ways in which the Results Act can focus attention on these management challenges and can help develop strategies to harmonize Federal responses.

GAO noted that: (1) GAO's work has documented the widespread existence of fragmentation and overlap from both the broad perspective of Federal missions and from the more specific viewpoint of individual Federal programs; (2) GAO's work has shown that as the Federal Government has responded over time to new needs and problems, many Federal agencies have been given responsibilities for addressing the same or similar national issues; but GAO's work also suggests that some issues will necessarily involve more than one Federal agency or more than one approach; (3) taken as a whole, this body of work indicates that fragmentation and overlap will present a particular and persistent challenge to the successful implementation of the Results Act; (4) but at the same time, the Results Act should offer a new and structured framework to address crosscutting issues; (5) each of its key stages—defining missions and desired outcomes, measuring performance, and using performance information—offers a new opportunity to address fragmentation and overlap; (6) for example, the Results Act is intended to foster a dialog on strategic goals involving the Congress as well as agency and external stakeholders; (7) this dialog should help to identify agencies and programs addressing similar missions and associated performance implications; (8) the act's emphasis on results-based performance measures should lead to more explicit discussions of contributions and accomplishments within crosscutting programs and encourage related programs to develop common performance measures; (9) if the Results Act is successfully implemented, performance information should become available to clarify the consequences of fragmentation and the implications of alternative policy and service delivery options, which, in turn, can affect future decisions concerning department and agency missions and the allocation of resources among those missions; (10) emphasizing missions, goals, and objectives, as envisioned by the Results Act, should facilitate a broader recognition of the nature and extent of fragmentation and overlap; and (11) however, past efforts to deal with crosscutting Federal activities and recent developments in both the executive branch and Congress underscore the need for specific institutions and processes to sustain and nurture a focus on these issues.

7. "Managing For Results: Critical Issues for Improving Federal Agencies' Strategic Plans," September 16, 1997, GAO/GGD–97–180; "Inspectors General: Efforts to Develop Strategic Plans," June 12, 1998, AIMD–98–112

a. Summary.—The subcommittee held a hearing to review the quality of OMB's strategic plan as prepared under the Government Performance and Results Act. In preparation the subcommittee reviewed OMB's draft GPRA strategic plan and found it insufficient. The subcommittee met with key OMB officials to provide consultative advice and as a result the final OMB strategic plan submitted at fiscal year end was noticeably improved. The subcommittee also participated with congressional leadership in the review and evaluation of all agency draft strategic plans prepared in accordance with GPRA. As a consequence the average score of the agency strategic plans almost doubled between the drafts provided in August and the final GPRA strategic plans delivered at the end of September 1997.

b. Benefits.—In part of its effort to introduce performance-based management into the Federal Government, the Government Performance and Results Act requires agencies to develop strategic plans. GAO evaluated the latest available versions of the draft strategic plans that agencies submitted to Congress and found that many of them were missing key elements required by the legislation. For example, the plans often did not (1) link required elements, (2) fully develop strategies to achieve their results, (3) identify cross-cutting issues and programs, (4) gather and use performance information, or (5) address program evaluations. This report summarizes GAO's reviews of agency draft strategic plans and discusses strategic planning issues in need of sustained attention.

GAO noted that: (1) a significant amount of work remained to be done by executive branch agencies if their strategic plans are to fulfill the requirements of the Results Act, serve as a basis for guiding agencies, and help congressional and other policymakers make decisions about activities and programs; (2) although all 27 of the draft plans included a mission statement, 21 plans lacked 1 or more of 5 other required elements; (3) overall, one-third of the plans were missing two required elements; and just over one-fourth were missing three or more of the required elements; (4) GAO's reviews of agencies' draft strategic plans also revealed several critical strategic planning issues that are in need of sustained attention if agencies are to develop the dynamic strategic planning processes envisioned by the Results Act; (5) most of the draft plans did not adequately link required elements in the plans; (6) these linkages are important if strategic plans are to drive the agencies' daily activities and if agencies are to be held accountable for achieving intended results; (7) furthermore, 19 of the 27 draft plans did not attempt to describe the linkages between long-term strategic goals and annual performance goals; (8) long-term strategic goals often tended to have weaknesses; (9) although the Results Act does not require that all of an agency's strategic goals be results oriented, the intent of the act is to have agencies focus their strategic goals on results to the extent feasible; (10) many agencies did not fully develop strategies explaining how their long-term strategic goals would be achieved; (11) most agencies did not reflect in their draft

plans the identification and planned coordination of activities and programs that cut across multiple agencies; (12) the questionable capacity of many agencies to gather performance information has hampered, and may continue to hamper, efforts to identify appropriate goals and confidently assess performance; (13) the draft strategic plans did not adequately address program evaluations; and (14) evaluations are important because they potentially can be critical sources of information for ensuring that goals are reasonable, strategies for achieving goals are effective, and that corrective actions are taken in program implementation.

In "Inspectors General: Efforts to Develop Strategic Plans," GAO provided information on Inspectors General [IG] strategic planning efforts, focusing on: (1) which IGs presently prepare strategic plans; (2) the extent to which strategic plans were consistent with the Government Performance and Results Act requirements; (3) additional information IGs included in their strategic plans; (4) the extent to which IGs used their respective agencies' strategic plans to develop their own plans; (5) the extent to which IGs have been involved in developing their agencies' strategic plans; (6) the extent to which a strategic plan prepared consistent with the requirements of the Results Act would be useful to Congress, the Office of Management and Budget [OMB], and the IG; and (7) IGs' views on statutorily requiring them to prepare strategic plans.

GAO noted that: (1) the 48 IGs that it surveyed indicated that they were all engaged in strategic planning efforts; (2) 39 IGs reported that they had completed strategic plans, with the remaining 9 stating that they planned to complete their plans during 1998; (3) most IGs were of the opinion that the requirements contained in the Results Act provided an appropriate framework for preparing IG strategic plans; (4) further, the IGs responded that their plans address many of the elements that the Results Act requires for agency plans; (5) however, fewer IG plans addressed such elements as the relationship between general goals and annual performance goals and identification of external factors that could affect achievement of goals; (6) in addition, the plans addressed key management issues to varying degrees; (7) the IGs GAO surveyed generally indicated that these management issues, if not included in their strategic plans, were covered in other planning documents such as annual audit plans; (8) most IGs also indicated that they considered the agency's Results Act strategic plan at least to some extent in preparing their own plan; (9) in addition, more than half of all the IGs reported that they had at least some involvement in preparing the agency's strategic plan; (10) a majority believed that a strategic plan that satisfies the requirements of the Results Act would be useful to Congress, OMB, and the IG in assessing IG performance and operations; (11) the IGs were about evenly divided on the need for a statutory requirement on strategic planning; (12) overall, about 29 percent agreed, 33 percent disagreed, 27 percent agreed as much as disagreed, and the remaining 10 percent had no opinion; and (13) of the IGs that cited a reason for their disagreement, the most frequent comment made was that such a mandate was unnecessary because IGs recognize the importance of strategic planning as a basic part of good management and are already engaged in planning efforts.

8. "Defense Computers: LSSC Needs to Confront Significant Year 2000 Issues," September 26, 1997, GAO/AIMD–97–149

a. Summary.—The subcommittee has taken the lead in the Federal Government in raising the year 2000 issue. The subcommittee has applied pressure on the administration—OMB, agencies in general, and laggard agencies in particular. The subcommittee continued to pressure the various Federal agencies to achieve year 2000 compliance before the deadline of January 1, 2000 by holding a press conference and issuing grades for each of the 24 largest agencies based upon their progress to date. Over half of the agencies failed to demonstrate sufficient progress on this issue. The "Report Card of Year 2000 Progress" received considerable publicity and achieved its objective of forcing many agency heads to pay attention to this serious problem.

b. Benefits.—This report focuses on the Logistics Systems Support Center's [LSSC] program for solving its year 2000 computer system problem, which stems from the inability of computer programs to interpret the correct century from recorded or calculated data having only two digits to indicate the year. LSSC's Commodity Command Standard System supports the Army's wholesale logistics supply management business effort, which buys more than $23 billion worth of supplies and equipment each year for troops around the world. Unless LSSC overcomes its year 2000 problem, the Commodity Command Standard System could malfunction or generate incorrect information, potentially jeopardizing military missions. GAO discusses the status of LSSC's effort to correct year 2000 problems and the appropriateness of LSSC's strategy for addressing year 2000 problems affecting the Commodity Command Standard System.

GAO noted that: (1) the year 2000 problem is one of the most comprehensive and complex information management projects ever faced by LSSC; (2) if not successfully completed, the procurement of weapon systems and their spare parts, accounting for the sales of Army equipment and services to allies, and the financial management of $9 billion of inventory could be disrupted; (3) as a result, it could be extremely difficult to efficiently and effectively equip and sustain the Army's forces around the world; (4) LSSC has completed several actions to address the CCSS year 2000 problem; (5) a year 2000 project manager and management staff have been designated, a project manager charter and schedule were developed, and supplementary contractor support was acquired to assist with assessment tasks; (6) regularly scheduled quarterly meetings are held by the Army Materiel Command [AMC] headquarters to report LSSC year 2000 status; (7) these steps are compatible with the Department of Defense's [DOD] suggested approach and consistent with those found in GAO's five-phased approach for planning, managing, and evaluating year 2000 projects; (8) although LSSC commenced its year 2000 project over a year ago, there are several issues facing LSSC that, if not completely addressed, may result in the failure of CCSS to successfully operate at the year 2000; (9) LSSC has yet to completely address: (a) competing workload priorities and staffing issues; (b) the appropriate mix and scheduling of needed testing data and expertise as well as the development of test plans; (c) the scope and substance of writ-

ten interface agreements with system interface partners to ensure that CCSS subsystems will be capable of exchanging data at the year 2000; and (d) contingency plan development to help assure that Army missions will be accomplished if CCSS is not fully available to users by the year 2000; (10) LSSC's risk of failure is increased because the agency has not attained the level of software development and maintenance maturity that would provide the foundation needed for successful management of large-scale projects such as the year 2000 initiative; and (11) because CCSS is used to support military readiness, these critical elements must be resolved and aggressively pursued to enable LSSC to achieve a year 2000 compliant environment prior to the year 2000.

9. "Defense Computers: DFAS Faces Challenges in Solving the Year 2000 Problem," August 11, 1997, GAO/AIMD–97–117

a. Summary.—The subcommittee continues to pressure all Federal Departments and agencies to reach year 2000 computer compliance before the deadline of January 1, 2000. Overall, the Department of Defense [DOD] has not achieved a rate of progress that will lead to success. The subcommittee continues to pressure DOD in general and also to commission GAO studies to focus on particular portions of DOD that are both critical and behind schedule. This brings the pressure of governmentwide year 2000 report cards to bear on particular mission-critical systems and conversely provides the specificity to assure the subcommittee that its overall perspective is well grounded in reality.

b. Benefits.—The year 2000 problem refers to the inability of computer programs to interpret the correct century from a recorded or calculated date having only two digits to indicate the year. Unless this shortcoming is corrected, the Defense Financing and Accounting Service's [DFAS] computer systems could malfunction or produce incorrect information. The impact of these failures would be widespread, costly, and potentially debilitating to the DFAS accounting and financial reporting mission. This report discusses (1) the status of DFAS' efforts to identify and correct its year 2000 systems problems and (2) the appropriateness of DFAS' strategy and actions for ensuring that problems will be successfully addressed.

GAO noted that: (1) DFAS managers have recognized the importance of solving the year 2000 problem; (2) to help ensure that services are not disrupted, DFAS has developed a year 2000 strategy based on the generally accepted five-phased Government methodology for addressing the year 2000 problem; (3) this approach is also consistent with GAO's guidelines for planning, managing, and evaluating year 2000 programs; (4) in carrying out its year 2000 strategy, DFAS has assigned accountability for ensuring that year 2000 efforts are completed, established a year 2000 systems inventory, implemented a quarterly tracking process to report the status of individual systems, estimated the cost of renovating systems, begun assessing its systems to determine the extent of the problems, and started to renovate and test some applications; (5) DFAS also established a year 2000 certification program that defines the conditions that must be met for automated systems to be considered year 2000 compliant; (6) while initial progress has been made, there are several critical issues facing DFAS, that if left un-

addressed, may well result in the failure of its systems to successfully operate in 2000: (a) DFAS has not identified in its year 2000 plan all critical tasks for achieving its objectives or established milestones for completing all tasks; (b) DFAS has not performed formal risk assessments of all systems to be renovated or ensured that contingency plans are in place; (c) DFAS has not identified all system interfaces and has completed written interface agreements with only 230 of 904 interface partners; and (d) DFAS has not adequately ensured that testing resources will be available when needed to determine if all operational systems are compliant before the year 2000; (7) risk of failure in these areas is increased due to reliance on other DOD components; and, (8) DFAS is also dependent on military services and DOD components to ensure that its systems are year 2000 compliant.

10. "Defense Computers: Issues Confronting DLA in Addressing Year 2000 Problems," August 12, 1997, GAO/AIMD–97–106

a. Summary.—The subcommittee continues to push for attention to the year 2000 computer problem throughout the Federal Government. One critical issue that is being ignored by many Federal agencies is the "ripple effect." As GAO discovered in this commissioned study, the Defense Logistics Agency [DLA] systems are connected to each other, to systems in other Federal agencies, and to systems outside the Government. If one of these systems fails, it can pass contaminated data to connected systems and thereby cause them to also fail. This failure can be passed from system to system, like ripples in a pond. Conversely, even though DLA may have fixed its own systems, its computers can still fail because of contaminated data received from outside the agency. The subcommittee has raised this aspect of the year 2000 issue for the entire Government and for DLA in particular.

b. Benefits.—If the military does not resolve its year 2000 computer problem in time, computer systems at the Defense Logistics Agency, which supplies the military with supply, technical, logistics, and contract services, could malfunction or produce incorrect information. The impact of these failures could be widespread, costly, and debilitating to important logistics functions. This report discusses (1) the status of DLA's efforts to correct its year 2000 problems, and (2) the appropriateness of DLA's strategies and actions for ensuring that the problem will be successfully addressed.

GAO noted that: (1) DLA has recognized that the year 2000 problem has the potential to be the largest information technology dilemma it has encountered to date and that if not successfully resolved, the supply, technical, logistics, and contract services that DLA provides to the military services could be severely disrupted; (2) to its credit, DLA has already assessed the year 2000 impact on its operations, inventoried its systems, conducted pilot projects to determine year 2000 effects on some of its major systems, and developed and issued policies, guidelines, standards, and recommendations on year 2000 correction for the agency; (3) these steps are consistent with GAO's guidelines and the Department of Defense's five-phase approach for planning, managing, and evaluating year 2000 programs; (4) however, DLA has not yet completed several critical steps associated with the assessment phase of year

2000 correction that are designed to ensure the agency is well-positioned to deal with delays or other problems encountered in the remaining phases; (5) DLA has not been working enough with its customers and others who have established system connections or interfaces to ensure consistency in handling date information passed between systems; (6) the agency has not included thousands of field-developed, unique programs as part of its year 2000 systems inventory or made these programs part of its year 2000 program office's responsibility; (7) these unique programs can introduce errors into DLA's automated information systems just as easily as those systems that have external interfaces with DLA systems; (8) in addressing these two issues, DLA can help ensure the success of its efforts to correct the systems within its control; (9) DLA has not: (a) prioritized the 86 automated information systems that it plans on being operational in the year 2000 to ensure that the most mission critical systems are corrected first; or (b) developed contingency plans to establish the course of action that should be followed in the event that any of DLA's mission critical systems are not corrected on time; and (10) since DLA activities are critical to supporting military operations and readiness, GAO believes that the agency should begin prioritizing its systems and developing contingency plans so that logistics operations can continue even if unforeseen problems or delays in year 2000 corrective actions arise.

11. "Veterans Benefits Computer Systems: Risks of VBA's Year-2000 Efforts," May 30, 1997, GAO/AIMD–97–79

a. Summary.—The subcommittee has pushed the Federal Departments and agencies to make informed decisions about their alternatives in rectifying the year 2000 computer problem. Some systems are already compliant. Some systems can be retired as no longer necessary. However, most systems will need to be fixed. There are several alternatives available: the programming code within a system can be changed; the entire system can be replaced with a new system; or a "smart-tool" can provide a work-around for lower cost. The best alternative for each system will depend on many factors. Each agency must assess every system in order to know the total amount of work to be done. The Veterans Benefits Agency [VBA] is a good example of this situation. The subcommittee has recommended to OMB and the Federal agencies that they perform a complete assessment on each system; determine the best alternative for each system; and then plan their workload and schedule for being year 2000 compliant before the deadline.

b. Benefits.—Unless timely, corrective action is taken, the Veterans Benefits Administration, like other Federal agencies, could face widespread computer failures at the turn of the century because of the year 2000 problem. In many computer systems, the year 2000 is undistinguishable from 1900. This could make veterans who are due to receive benefits appear ineligible, disrupting the issuance of benefits checks. VBA has tried to address this problem, but it can do more. First, the year 2000 management office's structure and technical capabilities are inadequate. Second, key year 2000 readiness assessment processes—determining the potential severity of the year 2000 impact on VBA operations, inventorying its information systems, and developing contingency plans—have not been

completed. Third, VBA lacks enough information on the costs or potential problems associated with its approach to making systems year 2000 compliant. As a result, it cannot make informed choices about which systems must be funded to avoid disruptions in service and which can be deferred. Addressing these problems requires top management attention. Contributing to the challenges are the loss of key computer personnel, difficulties in obtaining information on whether interfaces and third-party products are year 2000 compliant, and delays in upgrading systems at VBA data centers.

GAO noted that: (1) correcting the year 2000 problem is critical to VBA's mission of providing benefits and services to veterans and their dependents; (2) if not corrected, calculations based on incorrect dates could result in inaccurate and late payment of benefits to veterans, prompting financial stress to millions across the country; (3) VBA has acted to address the problem, but can do more; (4) the year 2000 management office structure and technical capabilities are insufficient; (5) key year 2000 readiness assessment processes have not been completed; (6) both VBA's initial and revised strategies are risky in that without sufficient information on the costs or potential problems associated with its approach to making systems year 2000 compliant, it cannot make informed choices as to which systems must be funded to avoid disruptions in service, versus which can be deferred; (7) deficiencies in these three areas add risk to an already difficult challenge; (8) addressing these problems will require close and continual top management attention and leadership; (9) contributing to the challenge facing VBA are the loss of key computer personnel, difficulties in obtaining necessary information from external sources on whether interfaces and third-party products are year 2000 compliant, and delays in upgrading systems at VBA data centers; (10) the issue of whether third-party products are year 2000 compliant is being faced by other Federal agencies as well; (11) the Department of Veterans Affairs' chief information officer told GAO that VBA will: (a) revise its year 2000 strategy to focus on converting the existing noncompliant benefits payment systems rather than replacing them; and (b) acquire contractual support to assist in managing the year 2000 effort and in making necessary changes; (12) these are positive developments, and GAO looks forward to seeing VBA's plans to implement these steps; and (13) the implementation of these recommendations will put VBA in a better position to avoid these types of problems in the future.

12. "Air Traffic Control: Improved Cost Information Needed to Make Billion Dollar Modernization Investment Decisions," January 22, 1997, GAO/AIMD–97–20

a. Summary.—In 1981, the Federal Aviation Administration [FAA] began an air traffic control modernization program that the agency now expects will cost more than $34 billion by 2003. The vast majority of these air traffic control capital investment projects, both in terms of money and number, involve software-intensive information acquisition, processing, and display systems. GAO found that the program's cost-estimating and accounting practices are badly flawed, resulting in an absence of reliable cost and financial information needed to make informed investment decisions. This

report examines the cost-estimating and accounting practices that FAA has used for its air traffic control project. GAO discusses whether (1) air traffic control cost estimates are based on good estimating processes and (2) actual air traffic control project costs are being properly captured and reported.

b. Benefits.—The Federal Aviation Administration has had perennially troubled procurement. Procurement issues in general and information technology procurement in particular are of direct, ongoing concern to the taxpayers. The soundness of procurement choices is critical to both the size and quality of Government services. This report assisted the subcommittee in its review of procurement reforms.

13. "Acquisition Reform: DOD Faces Challenges in Reducing Oversight Costs," January 29, 1997, GAO/NSIAD–97–48

a. Summary.—The Pentagon considers acquisition reform (lowering the cost of acquiring weapon systems) to be one of its highest priorities. In an era of shrinking military budgets, the Department of Defense plans to use the savings from acquisition reform to pay for forces modernization. The DOD established a reinvention laboratory in September 1994 to help reduce nonvalue-added oversight requirements, thereby lowering contractors' compliance costs and the Government's oversight costs. Overall, the reinvention laboratory has made only limited progress in reducing the cost of contractors' compliance with Government regulations and oversight requirements. In particular, laboratory participants reported little success in addressing 9 of the top 10 cost drivers. DOD officials said that the reinvention laboratory tended to receive little top-level support from elsewhere in DOD. Other factors that limited various projects included statutory and non-DOD regulatory requirements, disagreements between DOD and contractors over the value of some oversight requirements, and difficulties coordinating and obtaining approval for proposed changes that involved multiple customers. These results, however, should not deter DOD from continuing its efforts to reduce nonvalue added oversight requirements. Sustained support from DOD leadership is essential. From a budgetary perspective, the laboratory results underscore the need for caution in estimating cost savings from oversight reform.

b. Benefits.—The Department of Defense faces serious challenges in acquisition reform to reduce costs and redirect savings to other higher priority areas. This report outlines those challenges and describes the major issues for the committee's review. Cooperation between Congress and the Department of Defense is crucial if these challenges are going to be met successfully.

14. "Privatization: Lessons Learned by State and Local Governments," March 14, 1997, GAO/GGD–97–48

a. Summary.—A number of State and local governments have successfully shifted functions or responsibilities to the private sector, usually through contracting or managed competition. Lessons learned from these experiences may be helpful to the Federal Government as it pursues its own privatization efforts. This report discusses privatization efforts in the States of Georgia, Massachusetts,

Michigan, New York, and Virginia as well as the city of Indianapolis, IN.

b. Benefits.—The report assisted the subcommittee in its review of Government organization and management. Privatization within the Federal Government has occurred only in isolated instances, so it is important to look to the State and local government where the primary activity is occurring for guidance and lessons.

15. "Cooperative Purchasing: Effects Are Likely to Vary Among Governments and Businesses," February 10, 1997, GAO/GGD–97–33

a. Summary.—The National Performance Review reported in 1993 that consolidating Government purchasing would benefit the taxpayer through greater volume discounts and simplified administration. The following year, Congress established a cooperative purchasing program to allow State and local governments, as well as Indian tribes and Puerto Rico, to purchase from Federal supply schedules. However, Congress suspended the program in 1996 until its impact could be assessed. This report assesses the effects of the cooperative purchasing program on these non-Federal Governments and Federal agencies and on industry, including small businesses and dealers. GAO also assesses the preliminary implementation plan prepared by GSA. GAO concludes that although there is little risk to Federal interests, the benefits for non-Federal Governments and the consequences for industry will likely vary.

b. Benefits.—The report assisted the committee in its review of cooperative purchasing, which was repealed by the Congress in 1997.

16. "Telecommunications Management: More Effort Needed by Interior and the Forest Service to Achieve Savings," May 8, 1997, GAO/AIMD–97–67

a. Summary.—Pursuant to a congressional request, GAO reviewed efforts by the Department of the Interior and the Forest Service to reduce costs by consolidating their telecommunications services, focusing on whether: (1) the Interior Department has consolidated and optimized telecommunications services to eliminate unnecessary services and maximize savings; and (2) the Interior Department and the Forest Service are sharing telecommunications services where they can.

GAO noted that: (1) to its credit, Interior has undertaken a number of telecommunications cost-savings initiatives that have produced significant financial savings and helped reduce the Department's more than $62 million annual telecommunications investment; (2) however, Interior is not systematically identifying and acting on other opportunities to consolidate and optimize telecommunications resources within and among its bureaus or its 2,000-plus field locations; (3) the cost-savings initiatives that have been undertaken have generally been done on an isolated and ad hoc basis, and have not been replicated throughout the Department; (4) GAO did not review consolidation and sharing opportunities at all of Interior's field locations; (5) however, at the four sites GAO visited, GAO found that telecommunications resources were often not consolidated or shared, and bureaus and offices were pay-

ing thousands of dollars annually for unnecessary services; (6) Interior does not know to what extent similar telecommunications savings may exist at its other offices because it lacks the basic information necessary to make such determinations; (7) Interior and the Department of Agriculture [USDA] may also be missing opportunities to save millions of dollars by not sharing telecommunications resources; (8) even though the Departments have a 2-year old agreement to identify and act on sharing opportunities, little has been done to implement this agreement and, accordingly, only limited savings have been realized; and (9) moreover, while Interior and the Forest Service currently plan to collectively spend up to several hundred million dollars to acquire separate radio systems over the next 8 years, the Departments have not jointly determined the extent to which they can reduce these costs by sharing radio equipment and services.

b. Benefits.—The report has assisted the committee in its review of Federal telecommunication programs and procurement of those services.

17. "Courthouse Construction: Better Courtroom Use Data Could Enhance Facility Planning and Decisionmaking," May 19, 1997, GAO/GGD–97–39

a. Summary.—Trial courtrooms, because of their size and configuration, are expensive to build. The judiciary's current policy is, whenever possible, to assign a trial courtroom to each district judge. GAO's work in seven cities—Dallas, Miami, Albuquerque, Sante Fe, Las Cruces, San Diego, and Washington, DC—found that courtrooms were idle, on average, about 46 percent of the days available for courtroom activities. In other words, these courtrooms were vacant 115 days out of 250 Federal workdays in 1995. Courtrooms were used for trials less than one-third of the days, and the use of courtrooms for trials varied by location. At the six locations with more than one trial courtroom, all courtrooms at any one location were seldom used for trials the same day. Senior judges—district judges who were eligible to retire but chose to continue to perform judicial duties, often at reduced caseloads—used the courtrooms assigned to them for trials considerably less frequently than did active district judges. The judiciary recognizes that it has not developed the data or done the research to support its practice of providing a separate trial courtroom for every district judge. Although it has taken some steps to help it better understand courtroom usage, the judiciary has yet to develop a plan to gather data on actual use of courtrooms for trials or to systematically quantify the latent and other usage factors.

b. Benefits.—The problems of overspending in courthouse construction is serious and longstanding. This report helps focus agency attention on the issue.

18. "Debt Collection: Improved Reporting Needed on Billions of Dollars in Delinquent Debt and Agency Collection Performance," June 2, 1997, GAO/AIMD–97–48

a. Summary.—Pursuant to a congressional request, GAO reviewed debt collection issues for nontax debts, focusing on: (1) reported government-wide data on credit receivables and delin-

quencies for loans managed by the Federal Government; (2) the status of efforts at four major credit agencies to resolve delinquencies; (3) the dollars collected using various legislatively-established collection tools; and (4) ways debt collection reporting can be enhanced to evaluate progress in collecting debt, and thereby assess agency efforts to meet the mandates of the Debt Collection Improvement Act of 1996. GAO did not verify the accuracy of the information provided to it by the Office of Management and Budget [OMB], the Financial Management Service [FMS], or by the four agencies included in the review.

b. Benefits.—The committee originated the Debt Collection Improvement Act, which is the most recent effort to provide additional tools to collect debts of the Federal Government. This report aided the committee's deliberations at the November 12, 1997 hearing on this issue.

In the report, GAO noted that: (1) government-wide reporting to Congress indicates that the amount of debt Federal agencies are directly managing has remained about $200 billion for the 5 years ended September 30, 1996; (2) during that time, reported delinquencies for these Federal credit receivables varied between $31 billion to $38 billion; (3) at September 30, 1995, the most recent data available on program-level collection performance at the time of GAO's field work, the housing agencies were dealing with more than half of their delinquent debt through various involuntary collection tools and, for almost a third of their delinquent debt, were attempting to contact borrowers to get them to resume payments on the original or revised terms; (4) the Department of Education and its agents were attempting to locate and confirm or revise repayment agreements associated with about 70 percent of Education's delinquent debt; (5) contacting borrowers with delinquent student loans is an especially difficult task since they tend to be younger and thus more transient; (6) collection on such unsecured loans tends to be more difficult because there is no collateral to be seized if borrowers do not pay; (7) delinquent student loans accounted for 40 cents of every dollar of delinquent nontax debt directly managed by the Government and over half of the delinquent Federal credit receivable debt; (8) GAO identified several enhancements that would facilitate valid assessments of agency collection efforts; (9) better data and key analyses are crucial aspects of Federal efforts to measure success in accomplishing the charter for a more business-like credit management environment as set out by the Debt Collection Improvement Act of 1996; (10) progress in this area will be especially critical to the success of FMS as it assumes new debt collection management and reporting responsibilities under the act; (11) such data is central to effective day-to-day management in terms of selecting collection strategies and deploying available staff and contract resources; and (12) among the enhancements are: (a) developing a reporting framework to identify and assess the status of agency efforts to collect delinquent balances; (b) providing more information on how actively, successfully, and cost-effectively agencies are using individual collection tools; reporting actual delinquent amounts that agencies are trying to collect.

19. "Contract Management: Fixing DOD's Payment Problems Is Imperative," April 10, 1997, GAO/NSIAD–97–37

a. Summary.—The Defense Department has made hundreds of millions of dollars in overpayments to contractors, many undetected for years, because it uses inadequate computer systems requiring manual entry of often erroneous or incomplete data and a burdensome document-matching process. Improving DOD's payment system will take sustained attention and support from the highest levels of management for years to come. Although DOD is taking some steps to overcome its payment problems, it remains to be seen how effective these steps will be. Emulating the best practices used by the private sector could help DOD re-engineer its payment system.

b. Benefits.—The problem of inaccurate disbursements at the Department of Defense is an ongoing and serious problem. Without improvements in this area, the Federal Government will be unable to have audited financial statements pursuant to the CFO Act.

20. "Relocation Travel: Numbers and Costs Reported by Federal Organizations for Fiscal Years 1991 Through 1995," June 30, 1997, GAO/GGD–97–119

a. Summary.—Pursuant to a congressional request, GAO provided information on the number of civilian employees relocated during fiscal years (fiscal year) 1991 through 1995 and the associated costs of these relocations, focusing on: (1) the total number of civilian employees who were relocated at the Federal Government's expense; (2) the total cost of these relocations to the Government; (3) the agencies that had rotational policies requiring their civilian employees to relocate; and (4) trends for the number and cost of civilian employee relocations during this period.

b. Benefits.—This survey request was conducted pursuant to a requirement of a law passed by the committee. The Travel Reform and Savings Act of 1996 was designed to save $320 million when fully implemented. In order to ensure that such savings occur, a baseline of such costs was needed. That is the purpose of this report.

GAO noted that, for fiscal year 1991 through 1995: (1) 97 Federal organizations reported authorizing about 132,800 relocations, and 23 other organizations reported making about 40,200 relocations; (2) a small number of organizations accounted for the bulk of the relocations authorized or made; (3) while the total numbers of relocations authorized and made fluctuated yearly across the organizations that provided data for all 5 fiscal years, there was moderate change in these totals between fiscal year 1991 and 1995; (4) across the organizations that provided data for all 5 fiscal years, the total number of relocations authorized decreased by less than 1 percent (89 organizations) and the total number of relocations made increased by about 12.5 percent (19 organizations) from fiscal year 1991 to 1995; (5) 97 Federal organizations reported obligating about $3.4 billion for relocations, and 23 other organizations reported expending about $363 million for relocations; (6) a small number of organizations accounted for the bulk of the relocation obligations or expenditures; (7) across the organizations that provided data for all 5 fiscal years, total relocation obligations varied and

total relocation expenditures increased yearly; (8) there was noticeable change in these totals between fiscal year 1991 and 1995; (9) in constant 1995 dollars, total relocation obligations increased about 16 percent (83 organizations) and total relocation expenditures increased about 88 percent (22 organizations) from fiscal year 1991 to 1995; (10) for the 22 organizations, this increase was due to the Department of the Navy's expenditures; (11) excluding the Navy's expenditures, the 21 remaining organizations' total expenditures decreased by less than 1 percent during the period; (12) 15 Federal organizations reported that they had mandatory rotational policies requiring some of their employees to rotate on a prescribed schedule; (13) most of these organizations attributed their policies to Federal regulations that limit overseas tours of duty; and (14) based on data provided by these 15 organizations, GAO estimated that these rotational policies accounted for about 19 percent of the total relocations reported as authorized and about 7 percent of the total relocations reported as made during this period.

21. "Federal Advisory Committee Act: General Services Administration's Oversight of Advisory Committees," June 15, 1998, GGD–98–124; "Federal Advisory Committee Act: Views of Committee Members and Agencies on Federal Advisory Committee Issues," July 9, 1998, GGD–98–147

a. Summary of Subcommittee Action.—The subcommittee examined the effectiveness of the Federal Advisory Committee Act [FACA], including administration of the act by the General Services Administration [GSA]. As part of the subcommittee effort in this area, GAO was asked to review administration of FACA by GSA and to inquire into compliance with FACA by Federal agencies more generally.

b. Benefits.—In "Federal Advisory Committee Act: General Services Administration's Oversight of Advisory Committees" GAO reviewed whether the General Services Administration, through its Committee Management Secretariat, was carrying out its oversight responsibilities under the Federal Advisory Committee Act [FACA], focusing on whether GSA had: (1) ensured that Federal advisory committees were established with complete charters and justification letters; (2) comprehensively reviewed each advisory committee annually; (3) submitted annual reports on advisory committees to the President in a timely manner; and (4) ensured that agencies prepared follow-up reports to Congress on recommendations by Presidential advisory committees.

GAO noted that: (1) compared to when GAO last reported in 1988, little had changed during the period it studied on how the Secretariat carried out its FACA responsibilities; (2) with 963 Federal advisory committees, 57 sponsoring agencies, and submissions for each committee during fiscal year 1997, GSA's Committee Management Secretariat reviewed a large amount of paperwork for the purpose of ensuring that sponsoring agencies were: (a) following the requirements placed upon them by FACA; and (b) implementing GSA regulations; (3) the Secretariat conducted these reviews while performing other duties, such as providing formal training to Federal employees who were directly involved with the operations of advisory committees and collaborating with an interagency com-

mittee on advisory committee management; (4) nevertheless, the Secretariat was responsible under FACA and GSA regulations for ensuring that those requirements were all fulfilled; (5) GSA, in consultation with the agencies, did not ensure that advisory committees were established with complete charters and justification letters as required by FACA or GSA regulations; (6) 36 percent of the charters and 38 percent of the letters GAO reviewed did not contain one or more items required by FACA or GSA regulations; (7) GSA did not independently assess, as it conducted the annual comprehensive reviews required by FACA, whether committees should be continued, merged, or terminated; (8) although GSA collected the fiscal year 1996 annual reports, GSA officials said they accepted the data in them without further review; (9) GAO found this acceptance to be the norm even when information in a fiscal year 1996 annual report should reasonably lead to further inquiries; (10) GSA did not submit most of its FACA annual reports to the President in time for him to meet the statutory reporting date to Congress nor did it ensure that FACA-required follow-up reports on Presidential advisory committee recommendations were prepared for Congress; (11) Secretariat officials told GAO that agencies must take greater responsibility for preparing complete charters and justification letters and committee annual reports for sending follow-up reports to Congress; and (12) FACA has given the Secretariat responsibilities for ensuring that agencies satisfy the requirements for forming and operating advisory committees, and the Secretariat is not carrying out these responsibilities.

In "Federal Advisory Committee Act: Views of Committee Members and Agencies on Federal Advisory Committee Issues" GAO provided information on the views of Federal advisory committees and Federal agencies on Federal Advisory Committee Act requirements.

GAO noted that: (1) overall, the views presented by both the committee members and agencies GAO surveyed provided useful insights into the general operation of FACA as Congress explores possible improvements to FACA; (2) the responses of committee members to a series of questions, when taken together, conveyed a generally shared perception that advisory committees were providing balanced and independent advice and recommendations; (3) although the percentage differed by question, 85 percent to 93 percent of the respondents said their committees were balanced in membership, had access to the information necessary to make informed decisions, and were never asked by agency officials to give advice or make recommendations based on inadequate data or analysis or contrary to the general consensus among committee members; (4) FACA requirements were considered to be more useful than burdensome by 10 of the 19 agencies; (5) for the other nine agencies, the requirements were considered either as burdensome as they were useful or somewhat more burdensome than useful; (6) the ceilings on discretionary advisory committees imposed by Executive Order 12838 did not deter a majority—12 of 19—of the agencies from seeking to establish such committees, according to their responses; (7) agencies identified a total of 26 advisory committees mandated by Congress that they believed should be terminated; (8) this number represented about 6 percent of congressionally man-

dated advisory committees in existence during fiscal year 1997; (9) the overall responses GAO received from committee members on the issue of public participation were mixed; (10) about 27 percent of the respondents said that all of their committee meetings were open to the public, and 37 percent said that all of their committee meetings were closed to the public; (11) advisory committee meetings can be closed to the public to protect such things as trade secrets or information of a personal nature; (12) most of the agencies—16 of the 19—did not believe that FACA had prohibited them from soliciting or receiving input from the public on issues or concerns of the agency independent of the FACA process; (13) still, some agencies were reluctant to get input from parties that were not chartered as FACA advisory committees because of concern that this could lead to possible litigation over compliance with FACA requirements; and (14) more explicitly, six agencies reported that they decided not to obtain outside input at least eight times during fiscal year 1995 through fiscal year 1997 because of the possibility of future litigation over compliance with FACA.

22. "Year 2000 Computing Crisis: Potential for Widespread Disruption Calls for Strong Leadership and Partnerships," April 30, 1998, AIMD–98–85; "Defense Computers: Year 2000 Computer Problems Threaten DOD Operations," April 30, 1998, AIMD–98–72

a. Summary of Subcommittee Action.—The subcommittee examined the most critical aspects of the Federal year 2000 problem. In addition to a series of hearings (see "Investigations Resulting in Formal Reports"), the subcommittee requested assistance from the General Accounting Office in assessing the most significant Federal problems.

b. Benefits.—In "Year 2000 Computing Crisis: Potential for Widespread Disruption Calls for Strong Leadership and Partnerships," GAO reviewed the year 2000 computing crisis facing the Nation, focusing on: (1) the year 2000 risks facing the government and Nation; (2) the evolution of the Federal Government's year 2000 strategy; and (3) additional actions that can be taken by the executive branch to prepare the Nation for the year 2000.

GAO noted that: (1) while progress has been made in addressing the Federal Government's year 2000 readiness, serious vulnerabilities remain; (2) many agencies are behind schedule; (3) at the current pace, it is clear that not all mission-critical systems will be fixed in time; (4) much more action is needed to ensure that Federal agencies satisfactorily mitigate year 2000 risks to avoid debilitating consequences; (5) vital economic sectors of the Nation likewise remain vulnerable to problems that the change of century will bring; (6) moreover, a high degree of information and systems interdependence exists among various levels of government and the private sector in each of these sectors; (7) these interdependencies increase the risk that a cascading wave of failures or interruptions of essential services could occur; (8) as the change of century grows closer and the breadth of year 2000 work that remains has become known, the Federal Government's response to the crisis has increased; (9) originally, the Office of Management and Budget [OMB] expressed a high degree of confidence about the Federal

Government's ability to meet the year 2000 deadline; (10) more recently, as many agencies have reported their limited progress in solving the year 2000 problem, OMB has become increasingly concerned; (11) accordingly, at the urging of key congressional leaders, OMB has improved its response to the crisis by issuing much needed policies and increasing its monitoring of agencies; (12) most encouraging is the President's recent announcement of the establishment of a President's Council on Year 2000 Conversion to oversee Federal efforts and promote public/private relationships; and (13) the establishment of the President's Council on Year 2000 Conversion provides an opportunity for the executive branch to take further key implementation steps to avert disruptions to critical services.

In "Defense Computers: Year 2000 Computer Problems Threaten DOD Operations," GAO reviewed the Department of Defense's [DOD] program for solving the year 2000 computer systems problem, focusing on the: (1) overall status of DOD's effort to identify and correct its date-sensitive systems; and (2) appropriateness of DOD's strategy and actions to correct its year 2000 problems.

GAO noted that: (1) DOD relies on computer systems for some aspect of all of its operations, including strategic and tactical operations, sophisticated weaponry, intelligence, surveillance and security efforts, and routine business functions, such as financial management, personnel, logistics, and contract management; (2) failure to successfully address the year 2000 problem in time could severely degrade or disrupt any of DOD's mission-critical operations; (3) DOD has taken many positive actions to increase awareness, promote sharing of information, and encourage components to make year 2000 remediation efforts a high priority; (4) however, its progress in fixing systems has been slow; (5) in addition, DOD lacks key management and oversight controls to enforce good management practices, direct resources, and establish a complete picture of its progress in fixing systems; (6) as a result, DOD lacks complete and reliable information on systems, interfaces, other equipment needing repair, and the cost of its correction efforts; (7) it is spending limited resources fixing nonmission-critical systems even though most mission-critical systems have not been corrected; (8) it has also increased the risk that: (a) year 2000 errors will be propagated from one organization's systems to another's; (b) all systems and interfaces will not be thoroughly and carefully tested; and (c) components will not be prepared should their systems miss the year 2000 deadline or fail unexpectedly in operation; (9) each one of these problems seriously endangers DOD chances of successfully meeting the year 2000 deadline for mission-critical systems; and (10) together, they make failure of at least some mission-critical systems and the operations they support almost certain unless corrective actions are taken.

23. "FAA Computer Systems: Limited Progress on Year 2000 Issue Increases Risk Dramatically," January 30, 1998, AIMD–98–45; "Air Traffic Control: FAA Plans to Replace Its Host Computer System Because Future Availability Cannot Be Assured," May 1, 1998, AIMD–98–138R

a. Summary of Subcommittee Action.—The subcommittee closely monitored year 2000 efforts at the Federal Aviation Administration throughout the 105th Congress and held two hearings on the matter (see "Investigations Resulting in Formal Reports"). The General Accounting Office was instrumental in the subcommittee's action.

b. Benefits.—In "FAA Computer Systems: Limited Progress on Year 2000 Issue Increases Risk Dramatically," GAO noted that: (1) FAA's progress in making its systems ready for the year 2000 has been too slow; (2) at its current pace, it will not make it in time; (3) the agency has been severely behind schedule in completing basic awareness activities, a critical first phase in an effective year 2000 program; (4) for example, FAA appointed its initial program manager with responsibility for the year 2000 only 6 months ago, and its overall year 2000 strategy is not yet final; (5) FAA also does not know the extent of its year 2000 problem because it has not completed most key assessment phase activities, the second critical phase in an effective year 2000 program; (6) it has yet to analyze the impact of systems' not being year 2000 date compliant, inventory and assess all of its systems for date dependencies, develop plans for addressing identified date dependencies, or develop plans for continuing operations in case systems are not corrected in time; (7) FAA currently estimates it will complete its assessment activities by the end of January 1998; (8) until these activities are completed, FAA cannot know the extent to which it can trust its systems to operate safely after 1999; (9) the potential serious consequences include degraded safety, grounded or delayed flights, increased airline costs, and customer inconvenience; (10) delays in completing awareness and assessment activities also leave FAA little time for critical renovation, validation, and implementation activities—the final three phases in an effective year 2000 program; (11) with 2 years left, FAA is quickly running out of time, making contingency planning for continuity of operations even more critical; (12) FAA's inventory and assessment actions will define the scope and magnitude of its year 2000 problem; since they are incomplete, FAA lacks the information it needs to develop reliable year 2000 cost estimates; and (13) FAA's year 2000 project manager currently estimates that the entire program will cost $246 million based on early estimates from managers throughout the agency.

In "Air Traffic Control: FAA Plans to Replace Its Host Computer System Because Future Availability Cannot Be Assured," May 1, 1998, AIMD–98–138R, GAO provided an assessment of the Federal Aviation Administration's [FAA] Host Computer System [HCS], focusing on: (1) whether HCS has been meeting availability requirements; and (2) issues that may affect FAA's ability to ensure HCS' availability in the future.

GAO noted that: (1) air traffic controllers in FAA's 20 en route centers control aircraft over the continental United States in transit and during approaches to some airports; (2) HCS is the key in-

formation processing system in FAA's en route environment; (3) for the last 3 years, HCS has not met its availability requirements; (4) FAA has specified a HCS system availability requirement of 99.998 percent; (5) HCS did not meet this requirement in 1995, 1996, and 1997, with average availabilities of 99.972 percent, 99.984 percent, and 99.982 percent respectively; (6) it also did not meet it in the first 2 months of 1998, with an average availability of 99.992 percent; (7) one key issue affecting HCS' future availability is the shortage of critical spare parts; (8) given that HCS hardware is approaching the end of its expected life cycle, IBM calculated end-of-service dates for each HCS subsystem based on failure rates, available spares, engineering support, plant maintenance, and project demand; (9) IBM identified eight key hardware units, including the main processor, that will reach their end-of-service dates on or before December 31, 1999; (10) to prolong the life of the current inventory of spare parts, in December 1997, FAA implemented a more conservative replacement policy for Thermal Conduction Module [TCM] parts; (11) under this new policy, TCM parts are not automatically replaced after experiencing two minor problems, as they were under the prior policy; (12) a second key issue that could affect HCS' availability is the year 2000 computer problem; (13) while FAA officials expressed confidence that they had resolved date dependencies in HCS' operating system and application software, IBM reported that it has no confidence in the ability of the HCS processor's microcode to survive the millennium date change because it no longer has the skills or tools to properly assess this code; (14) IBM has therefore recommended that FAA purchase new HCS hardware; and (15) because of concerns about the availability of spare parts and the year 2000 issue, FAA initiated the Host and Oceanic Computer System Replacement program to replace all HCS processors in its 20 en route centers and training and technical support centers by October 1999.

24. "Competitive Contracting: Information Related to the Redrafts of the Freedom From Government Competition Act," April 27, 1998, GGD/NSIAD–98–167R

a. Summary of Subcommittee Action.—The subcommittee worked throughout the Congress on legislation that would subject Federal agencies to competition when they are engaged in nongovernmental activities. In this report, GAO addressed congressional concerns on various issues concerning the redrafts of H.R. 716 and S. 314, the Freedom From Government Competition Act.

b. Benefits.—GAO noted that: (1) it found that savings achieved through the Office of Management and Budget [OMB] Circular A–76 competitive process were largely personnel savings, the result of closely examining the work to be done and reengineering the activities in order to perform them with fewer personnel, whether in-house or with contractors; (2) despite the difficulties and continuing challenges in implementing the Chief Financial Officers Act, the efforts have already resulted in marked improvements in Federal financial management and, once fully implemented, agencies will be able to produce reliable financial information; (3) officials from most State and local governments said that monitoring contractors' performance was the weakest link in their privatization process; (4)

the government's lack of complete cost data has increased the difficulty of carrying out the competitive process, because the government is not able to accurately determine the cost of the function or activity it plans to compete; (5) there are few constitutional and statutory restrictions on those activities that may or may not be contracted out by the Federal Government, and the courts have provided little additional insight; (6) a best value offer is the private-sector offer that is considered to be the most advantageous to the government, considering past performance and other noncost factors as well as cost—it is not necessarily the lowest-priced, acceptable offer; (7) GAO has not undertaken any work related to the capacity of the Offices of the Inspectors General to oversee the implementation of H.R. 716; (8) the government's downsizing efforts have been driven more by lower appropriations levels than by specific full-time equivalent ceilings; (9) governmentwide data are not available that would identify the differences between compensation and benefits of contractors and Federal employees who used to perform their work; (10) OMB is not able to provide data on the percentage of commercial activities contracting funds: (a) competed under A–76; (b) competed under an informal competitive framework; and (c) not competed at all; (11) OMB officials said that they were aware of some cases where work has been contracted-in as a result of poor contractor performance, but they do not collect data to quantify the number of cases where this has occurred; (12) as the Federal Government does more contracting, proper contract oversight becomes more important; (13) current drafts of the bill has reduced the role of OMB in determining which functions are inherently governmental; and (14) instead, they require agencies to make these determinations, subject to judicial review.

25. "Customs Service: Inspectional Personnel and Workloads," August 14, 1998, GGD–98–170

a. Summary of Subcommittee Action.—The subcommittee investigated staffing at the U.S. Customs Service. This investigation included two hearings on this issue: "Oversight of the Management Practices of the U.S. Customs Service," held in Long Beach, CA on October 16, 1997; and "Oversight Hearing on the U.S. Customs Service," held August 14, 1998 in New York, NY. It also included requesting a report by the General Accounting Office.

b. Benefits.—The GAO reviewed certain aspects of the Customs Service's inspectional personnel and its commercial cargo and passenger workloads, focusing on: (1) the implications of any differences between the cargo and passenger inspectional personnel levels at selected airports and seaports around the United States and those determined by Customs to be appropriate for these ports (assessed levels); and (2) any differences among the cargo and passenger processing workload-to-inspector ratios at the selected ports and the rationales for any significant differences in these ratios.

GAO noted that: (1) it was not able to perform the requested analyses to identify the implications of differences between assessed and actual inspectional personnel levels because, as GAO reported in April 1998, Customs had not assessed the appropriate inspectional personnel levels for its ports; (2) in that report, GAO determined that Customs does not have a systematic agencywide

process for assessing the need for inspectional personnel and allocating such personnel to commercial cargo ports; (3) Customs also does not have such a process for assessing the need for inspectional personnel to process land and sea passengers at ports; (4) while Customs uses a quantitative model to determine the need for additional inspectional personnel to process air passengers, the model is not intended to establish the level at which airports should be staffed, according to Customs officials; (5) Customs is in the early stages of responding to a recommendation in GAO's April 1998 report that it establish an inspectional personnel needs assessment and allocation process; (6) Customs officials GAO interviewed at air and sea ports told GAO that the current personnel levels, coupled with the use of overtime, enabled the ports to process commercial cargo and passengers within prescribed performance parameters; (7) the inspectional personnel data that GAO obtained for the selected ports showed that at the end of fiscal year 1997, the personnel levels at these ports were at or near the levels for which funds were provided to the ports; (8) GAO was also not able to perform the analyses to identify workload-to-inspector ratios and rationales for any differences in these ratios because it did not have a sufficient level of confidence in the quality of the workload data; (9) GAO identified significant discrepancies in the workload data it obtained from Customs headquarters, a Customs Management Center [CMC] and two ports; (10) data from the New York CMC indicated that these airports processed about 1.5 million formal entries alone, almost 100,000 entries more than the number headquarters had for all entries at these ports; (11) workload was only one of several factors considered by Customs in the few assessments—which focused on its drug smuggling initiatives—completed since 1995 to determine its needs for additional inspectional personnel and allocate such personnel to ports; and (12) Customs also considered factors such as the threat of drug smuggling, budgetary constraints, and legislative limitations.

26. "Military Base Closures: Questions Concerning the Proposed Sale of Housing at Mather Air Force Base," October 8, 1998, NSIAD–99–13

a. Summary of Subcommittee Action.—The subcommittee monitored disposal of Federal property throughout the 105th Congress.

b. Benefits.—GAO reviewed the proposed negotiated sale of 1,271 surplus family housing units at Mather Air Force Base, California, to the Sacramento Housing and Redevelopment Agency [SHRA], focusing on whether: (1) the Air Force's attempts to obtain competition satisfy requirements of section 203(e)(3)(H) of the Federal Property Act to obtain such competition as is feasible under the circumstances; (2) the disposal at Mather meets the test of a public benefit given that SHRA plans to transfer ownership immediately to a private developer; (3) the Air Force, contrary to General Services Administration [GSA] policy and applicable laws, disclosed the appraised value of the family housing property to prospective purchasers; (4) the Air Force allowed a developer's representatives to participate in negotiations between the Air Force and SHRA; and (5) there is evidence that the property has a higher fair market value than the proposed sale price.

GAO noted that: (1) the Air Force's decision to pursue a negotiated sale with SHRA rather than compete the sale publicly was made early on and was documented in the Air Force's 1993 official record of decision regarding the disposal of the Mather property; (2) the SHRA, as the authorized representative of Sacramento County, was the only governmental entity authorized to deal with the Air Force and to express an interest in acquiring the Mather housing; (3) under these circumstances, competition was not possible and, therefore, the Air Force satisfied the requirement of the Federal Property Act to obtain such competition as is feasible under the circumstances; (4) applicable law and regulation do not define public benefit; (5) in the Mather case, the proposed public benefit was the sale of at least 30 percent of the housing units to low- or moderate-income families and the creation of a stable home ownership community; (6) available documents indicate that neither the Air Force nor GSA, which was assisting in the sale, questioned this proposed public benefit as a reasonable basis for conducting a negotiated sale; (7) moreover, SHRA has entered into an agreement with a private developer (who was selected competitively and will obtain ownership of the property) that establishes conditions designed to protect and promote this public benefit; (8) SHRA further agreed to accept and require the developer to adhere to both an excess profits clause and a windfall profits clause; (9) GSA policy, but not law, prohibits the disclosure of the government's appraisal because disclosure makes it more difficult for the government to negotiate a higher price; (10) records and discussions with the parties involved indicate that the Air Force disclosed the value of the property in the first GSA-approved appraisal; (11) SHRA's appraisal was much lower; (12) this difference caused prolonged negotiations and disagreements over the value of the property; (13) a representative of the developer did participate as a partner of SHRA in negotiations with the Air Force; (14) though not inconsistent with law or regulation, this action is contrary to the policy in GSA's Excess and Surplus Real Property Handbook; (15) there is no concrete evidence that the property has a higher fair market value than the proposed selling price; (16) the proposed selling price matches the appraised value of the most recent GSA-approved appraisal; and (17) according to SHRA and its developer, the sale price is reasonable because there is substantial financial risk in developing the property.

SUBCOMMITTEE ON HUMAN RESOURCES

1. "Medicare Transaction System: Success Depends Upon Correcting Critical Managerial and Technical Weaknesses, May 16, 1997, GAO/AIMD–97–78

a. Summary.—Operating nine separate automated information systems to process Medicare claims, an increasing volume of claims, and an outdated operating system, the Health Care Financing Administration [HCFA] announced in 1991 they were going to spend approximately $200 million to replace their existing systems with a single, unified system, the new Medicare Transaction System [MTS]. MTS was to be implemented in 1998, providing improved service, reducing operating costs, facilitating better contrac-

tor oversight, and ensuring greater protection against waste, fraud and abuse, at the same time handling the growing volume of managed care and alternative payment methodologies. Due to ongoing changes in the planning, development and implementation strategy for MTS since its inception, at the request of the Subcommittee on Human Resources, GAO initiated a review of the initiative to determine to what extent HCFA was managing its interim claims processing, whether the agency was using required practices to assess the proposed MTS initiative on a cost-benefit basis, whether the project was being managed as an investment and whether HCFA was applying sound systems development practices so as to minimize risk. GAO concluded the original projected cost of the MTS project had expanded to close to $1 billion and that the hoped for benefits of modernizing its management information tool and claims processing function would not be achieved unless HCFA was able to overcome serious management and technical weaknesses in three areas. (1) improvement of the interim Medicare processing environment, correcting the year 2000 computer related problem, consolidation of existing processing sites and conversion from the current nine systems to two; (2) management of the MTS project as an investment and adherence to practices known to be essential in making good technology investment decisions, including preparing a valid cost-benefit analysis, looking at viable alternatives, and identification of how the proposed project would contribute to improvements in agency mission performance; and (3) the implementation of sound systems-development practices necessary to reduce risk and assure success in the development of system requirements and software; agency oversight of the contractor's software development strategy, management of the project's schedule, and implementation of a program to address risk.

b. Benefits.—Earlier GAO reports on the MTS project highlighted subcommittee concerns and called attention to the deficiencies in the planning, development and management of the project, resulting in HCFA modifying portions of the original MTS plan to address the concerns. This report reinforced the view of the subcommittee that the project was not well conceived, suffered from shifting requirements, was threatened by slippage in due dates and had far exceeded initial cost estimates. As a result, HCFA made the decision to sever its relationship with the contractor at the completion of one phase of the project and determined it needed to reassess the project before proceeding further. The report reinforces the view that HCFA should implement GAOs recommendations to improve the management of its modernization effort and increase the assurance that the future approach taken will be cost-effective, of limited risk, and supportive of the agency's mission.

2. "Gulf War Illnesses: Improved Monitoring of Clinical Progress and Re-examination of Research Emphasis Are Needed," Report to the Chairmen and Ranking Minority Members of the Senate Committee on Armed Services and the House Committee on National Security, June 1997, GAO/NSIAD–97–163. (Note: This report responds to the mandate of the fiscal year 1997 defense authorization act. The report was also presented in testimony before the House Subcommittee on Human Resources hearing on June 24, 1997, entitled "Gulf War Illnesses: Enhanced Monitoring of Clinical Progress and of Research Priorities Needed," GAO/T–NSIAD–97–190)

a. Summary.—The 1997 defense authorization act mandated the General Accounting Office [GAO] to analyze the effectiveness of the Government's clinical care and medical research programs relating to Gulf War veterans' illnesses. The GAO evaluated: (1) DOD and VA efforts to assess the quality of treatment and diagnostic services provided to Gulf War veterans and their provisions for follow-up of initial examinations; (2) the Government's research strategy to study the veterans' illnesses and the methodological problems posed in its studies; and, (3) the consistency of key official conclusions with available data on the causes of veterans' illnesses.

The report, prepared by GAO's Special Studies and Evaluations Group, found that (1) although efforts have been made to diagnose veterans' problems and care has been provided to many eligible veterans, neither DOD nor VA has systematically attempted to determine whether ill Gulf War veterans are any better or worse today than when they were first examined; (2) while the ongoing epidemiological research will provide descriptive data on veterans' illnesses, formidable methodological problems are likely to prevent researchers from providing precise, accurate, and conclusive answers regarding the causes of veterans' illnesses; and (3) support for some official [VA and DOD] conclusions regarding stress, leishmaniasis, and exposure to chemical agents was weak or subject to alternative interpretations.

b. Benefits.—The GAO report provides important information about the VA and DOD response to the Gulf War veterans' illnesses. The report points out that the hundreds of millions of dollars in research being spent by the Federal Government to identify the causes of the illnesses may result in little return, that exposure to toxic agents is the likely cause of the illnesses not stress, and that medical treatment outcomes on sick veterans is unknown. This information, if acted upon, could prevent the waste of millions of dollars and improve the chances of helping sick veterans return to better health sooner.

3. "Gulf War Illnesses: Public and Private Efforts Relating to Exposures of U.S. Personnel to Chemical Agents," Report to the Ranking Minority Member of the House Veterans Affairs Committee, October 1997, GAO/NSIAD–98–27

a. Summary.—The GAO report reviewed: (1) the potential exposure of U.S. military personnel to chemical warfare agents before, during and after the Gulf War, and (2) the circumstances surrounding the missing Nuclear, Biological and Chemical [NBC] logs maintained by the U.S. Central Command (CENTCOM) during the war.

The report, prepared by the GAO's Military Operations and Capabilities Issues Group, concluded that 14 Federal and private organizations (8 Federal and 6 private) have efforts underway examining potential exposure of U.S. troops to chemical agents, and 1 Federal organization was examining missing NBC logs.

b. Benefits.—This GAO report provided some new information on organizations examining potential chemical agent exposures to Gulf War troops and the missing NBC logs. The subcommittee has investigated the illnesses since February 1997, including 11 hearings, and its report on findings and recommendations has been approved by the Committee on Government Reform and Oversight. The committee's investigative record and report deal extensively with potential exposure of U.S. troops to chemical agents and the missing NBC logs, and this GAO report provides a brief summary and overview of those same topics.

4. "Social Service Privatization: Expansion Poses Challenges in Ensuring Accountability for Program Results," October 27, 1997, GAO/HEHS–98–6

a. Summary.—Since 1990, more than half the States surveyed have begun to redesign the roles that Government plays in providing social services through efforts to assign, or contract, some or all aspects of service delivery to private entities. The GAO concludes this trend will continue as political leaders and program managers seek ways to meet the demand for high-quality services at reduced cost. Most States reported being satisfied with the number of qualified bidders for outsourcing projects. However, the GAO reports State and local governments often have little experience in developing contracts that adequately specify desired program results and performance measures. This deficit raises the question how HHS will meet GPRA mandates to measure outcomes and hold grantees accountable for program results.

b. Benefits.—The GAO reports that, under the proper conditions, privatization of social services may result in improved services and increased cost-effectiveness. The report provided the subcommittee, the Congress and the public with current information on the extent, problems and prospects for privatization of social service delivery systems. This information will be useful as welfare reform and other initiatives are evaluated through continuing oversight.

5. "Proprietary Schools: Poorer Student Outcomes at Schools That Rely More on Federal Student Aid," June 13, 1997, GAO/HEHS–97–103

a. Summary.—Proprietary schools are private non-profit institutions primarily offering vocational training. The General Accounting Office [GAO] found proprietary schools that rely more heavily on Federal student aid tend to have poorer student outcomes. On average, the greater a school's reliance on Federal funds, the lower its students' completion and placement rates and the higher its students' default rates. Requiring proprietary schools to obtain a higher percentage of their revenues from other sources could save millions in default claims. Achieving this result, however, would require a substantial increase to the current 15 percent threshold, which requires that proprietary institutions obtain at least 15 per-

cent of their revenues from sources other than Federal student financial aid programs. Yet raising the threshold significantly might cause schools to make changes, such as admitting fewer poorer students, that might compromise students access to post secondary education.

b. Benefits.—By identifying the relationship between Federal student financial aid and poor student outcomes, GAO provides important information to help Congress and the executive branch evaluate and develop program performance standards, and target student aid programs more effectively to achieve their congressionally-mandated purposes.

6. "Proprietary Schools: Millions Spent to Train Students for Oversupplied Occupations," June 10, 1997, GAO/HEHS–97–104

a. Summary.—Proprietary schools are private, non-profit institutions primarily offering vocational training. Under the Higher Education Act's title IV programs, the Federal Government spends billions of dollars each year on job training at proprietary schools, which prepare students for such occupations as automobile mechanic, electronic technician, and cosmetologist. The General Accounting Office [GAO] found that the Federal Government is spending millions of dollars to train students for occupations that already have an oversupply of workers. In the 12 States GAO reviewed, more than 112,000 proprietary school students received more than $273 million in Federal funds to be trained in fields with projected labor surpluses. Several major Federal job training programs, such as the Job Training Partnership Act, restrict training to fields with favorable job prospects. In passing the Student Right-to-Know Act, Congress recognized the need to improve the quality of information that students receive. The act stops short, however, of requiring schools to report employment outcomes of recent graduates, such as training-related job placements. In addition, no mechanism currently exists to ensure that students get important information on local labor market conditions.

b. Benefits.—The report provides Congress with information pointing to the need to expand the Student Right-to-Know Act to require proprietary schools to report recent graduates' training-related job placements and local job market conditions. The report also should help Federal and local program officials to target student aid programs toward areas of greater job opportunities.

7. "Job Corps: Need for Better Enrollment Guidance and Improved Placement Measures," October 21, 1997, GAO/HEHS–98–1

a. Summary.—The Job Corps is one of the few remaining Federal training programs, serving 68,000 disadvantaged youths annually at a cost of about $1 billion. However, the program still loses a quarter of its participants shortly after enrollment. One reason may be ambiguous eligibility requirements, which lead recruitment contractors to enroll youths who are ill-suited for what the program has to offer. The General Accounting Office [GAO] concludes that the Job Corps needs to identify participants who have the commitment, the attitude, and the motivation to complete the training and benefit from Job Corps' comprehensive and intensive services. Furthermore, although the Labor Department uses performance meas-

ures to make decisions about renewing placement contractors, GAO found two of the four measures that Labor uses do not provide information needed to assess the performance of placement contractors. In addition, related measures on overall program performance are flawed. Although the Job Corps reported that about 65 percent of its participants are placed in jobs and that about 46 percent of these placements are linked to Job Corps training, GAO questions the accuracy and the relevancy of both of these figures.

b. Benefits.—As the Department of Labor continues efforts to comply with the Government Performance and Results Act, this report documents the need for better management of contractors and for adherence to statutory eligibility and placement criteria for Job Corps participants to ensure continued program success.

8. "Medicare: Need to Hold Home Health Agencies More Accountable for Inappropriate Billings," June 1997, (GAO/HEHS–97–108)

a. Summary.—In spite of repeated reports on the weaknesses in the rapidly growing home health program, HCFA's review of home health claims decreased substantially in the last 8 years. HCFA must enhance program scrutiny of home health payments, but it also must develop a preventative approach, making providers accountable for the accuracy of their claims.

b. Benefits.—This report was useful to the subcommittee as a resource in conducting an oversight review of the home health program, in development of the July 22, 1998 hearing on home health and anti-fraud measures, and was used as a reference in writing the subcommittee's October 1998 report "Medicare Home Health Services: No Surety In the Fight Against Fraud and Waste."

9. "Social Security Disability Insurance: Multiple Factors Affect Beneficiaries' Ability to Return to Work," January 1998, (GAO/HEHS–98–39)

a. Summary.—With increased emphasis on improving return-to-work outcomes for people with disabilities, and consideration of various reforms, GAO looked at the range of factors which best facilitate return to work and long-term association in the work force.

b. Benefits.—The report is useful in the subcommittee's ongoing look at the disability insurance program, the rising costs, and inability of the current program to successfully move people from the rolls into long-term employment based on ability, training, flexibility and specific needs. Report findings were useful in decision to support H.R. 3433, "The Ticket to Work and Self-Sufficiency Act of 1998," which proposed program refinements.

10. "VA Health Care: Persian Gulf Dependents' Medical Exam Program Ineffectively Carried Out," Report to the Chairman and Ranking Minority Member, Senate Committee on Veterans' Affairs, March 1998, (GAO/HEHS–98–108)

a. Summary.—The Persian Gulf Spouse and Children Examination Program was implemented under Section 107 of the Persian Gulf War Veterans' Benefits Act of 1994. The program was established to provide diagnostic testing and medical exams to spouses and children of Gulf veterans to determine whether an association

exists between the illnesses of veterans and illnesses or disorders of their family members. The program was delayed for 17 months because the VA and members of the Senate differed over the best approach to implementation. The program began in April 1996 and was set to expire in December 1998. In response to Senate requesters, the GAO undertook a study to determine program results.

b. Benefits.—The GAO reports that the program has faced numerous implementation problems that have limited its effectiveness in providing medical examinations, primarily as a result of ineffective outreach programs and communications, inadequate planning, scheduling problems, and travel distances and costs to reach examination centers. Of the 2,802 requests for examinations, VA has been able to complete only 872 (31 percent) as of January 1998. The GAO recommended that the examination process be simplified, offer exams in more places and reimburse participants for travel, and enhance the capacity of VA headquarters to monitor program implementation by field personnel. Congress recently extended the program until December 1999, and included some of GAO's recommendations, including improved outreach and approving a fee basis for exams by local private doctors to reduce travel distances by spouses and children. The intent of this program is important and if executed properly will provide much-needed benefits for families of sick Gulf veterans.

11. "Gulf War Veterans: Incidence of Tumors Cannot be Reliably Determined From Available Data, Report to the Chairman," Subcommittee on Human Resources, Committee on Government Reform and Oversight, March 1998, (GAO/NSIAD–98–89)

a. Summary.—The GAO study concerns the capability of Federal Government data systems to reliably report the incidence of tumors and other illnesses affecting Gulf veterans. The 9-month study, requested by the subcommittee, rejects government data that suggests veterans deployed to the Gulf war are no sicker than non-deployed veterans. The report states: "Existing government data systems are generally limited by poor coverage of the Gulf War veteran population and problems of reporting accuracy and completeness." In a 1996 subcommittee hearing, the VA testified that 1,691 Gulf veterans in VA data bases had neoplasms and 226 were malignant. The GAO identified 14,676 neoplasms in VA data bases and 3,126 were malignant, and pointed out that their findings did not include reported tumors in DOD data bases, or reported tumors among Gulf veterans who sought treatment from private medical experts and facilities. GAO stated that among the age group that served in the 1990–91 Gulf war, only about 700 cancers would be expected. Furthermore, because of the long latency period associated with cancer originating from environmental causes, it is too early to evaluate the eventual cancer risk among Gulf veterans, according to the report. In some cases—for example when the immune system is compromised—certain cancers may appear within a year, GAO stated.

b. Benefits.—The GAO report provides important information about the VA and DOD response to Gulf war veterans' illnesses. Accurate diagnosis, treatment, and compensation for service-connected disabilities depends in great part on accurate medical data

and tracking of treatment outcomes. Such government data is inaccurate, according to GAO, and there is currently no system to determine medical treatment outcomes on sick Gulf veterans. Such information, if acted upon by VA and DOD, could prevent the waste of millions of dollars, improve the chances of helping sick veterans return to better health sooner and allow them to lead more productive lives.

12. "Medicaid: Demographics of Nonenrolled Children Suggest State Outreach Strategies," March 1998 (GAO/HEHS–98–93)

a. Summary.—CHIPS was implemented in 1997 to fund State expansion of children's health insurance. The program has $20 billion to allocate over 5 years and is to target uninsured Medicaid eligible children, and any uninsured children newly eligible through a State's expanded program.

b. Benefits.—The subcommittee is monitoring the implementation of the 1997 "Children's Health Insurance Program," submission of State plans and the allocation of Federal resources. The report is a useful resource in the subcommittee's oversight of the program's implementation and States' efforts to develop outreach programs.

13. "Medicare: Many HMOs Experience High Rates of Beneficiary Disenrollment," April 1998, (GAO/HEHS–98–142)

a. Summary.—Because comparative information on the rate of disenrollment from the various HMOs is required for beneficiaries, understanding the reasons for the high versus low rates of disenrollment is useful in exploring member satisfaction of managed care versus fee-for-service. In addition, disenrollment rates may provide insight to other important factors, including the plan's marketing practices (a concern of the HHS–OIG), less than generous benefits, higher beneficiary costs or poor quality service, or a beneficiary's decision to seek a new plan to take advantage of a newer drug benefit package. Because data is not uniformly collected, it is hard to make meaningful comparisons among plans.

b. Benefits.—The subcommittee continues to monitor evolving health care delivery mechanisms as viable alternatives to fee-for-service in light of the long-term future of the Medicare Trust Fund. There is increasing concern that managed care can't be trusted to provide all of the needed medical care given the specific incentives it embodies. The questions the subcommittee continues to look at is whether managed care is achieving the goals it purports while assuring quality care, whether the advertising is an appropriate representation of what they offer, and what the disenrollment numbers mean. The report is useful in demonstrating disenrollment rates vary, but GAO findings indicate high rates may not necessarily mean inferior service.

14. "Medicare Billing: Commercial System Could Save Hundreds of Millions Annually," April 1998 (GAO/AIMD–98–91)

a. Summary.—HHS–OIG findings in 1991 indicated that HCFA could have saved money if it implemented commercially available claims auditing systems. GAO concurred in their own report 4 years later. HCFA began to test a commercial system in Iowa and concluded they would develop their own claims auditing edits rath-

er than acquire commercial edits, a process that could have taken several years. In early 1998 HCFA made the decision to acquire commercial claims auditing edits.

b. Benefits.—This report is a valuable follow-on to the subcommittee's February 1, 1996 hearing which, among other things, concluded that off-the-shelf claims auditing software was not only available, but could save the Medicare and Medicaid programs millions. In addition, the subcommittee's April 9, 1998 hearing on billing problems and inappropriate payments due to the complexity of Medicare's voluminous and complex billing codes, found that HCFA could be doing more to address these issues. The report confirms the subcommittees's earlier findings that commercial audit systems can help HCFA address the serious problem of inappropriate billings.

15. "HMO Complaints and Appeals: Most Key Procedures in Place, But Others Valued by Consumers Largely Absent," May 1998 (GAO–HEHS–98–119)

a. Summary.—Managed care complaint and appeal procedures are not regulated by any coordinated Federal or State laws, although States do have laws regulating or affecting HMOs. Many States require HMOs to describe their grievance policies when applying for State license. This fact generated pressure on Congress to mandate health plan complaint and appeal procedures, resulting in several legislative proposals in the 105th Congress. However, in spite of State attention to the requirement for an appeals process in managed care plans, GAO concluded that a number of other elements important to the appeals process, such as timeliness, the decisionmaking process and communication are not consistently available to consumers.

b. Benefits.—The report is useful in the subcommittee's oversight of the Medicare and Medicaid managed care programs by providing an overview of State-required appeals processes available to plan members Nationwide. These issues have been the focal point of hearings and a variety of legislative proposals in the 105th Congress as a result of consumer, regulatory and provider discussions about the quality of managed care as a health care delivery option. The debate has also focused on whether managed care potentially threatens health care quality by allegedly basing treatment decisions on cost factors versus medical necessity. The report is a useful resource to policymakers as they consider whether the Federal Government must mandate additional appeal and legal recourse requirements.

16. "Medicare: Need to Overhaul Costly Payment System for Medical Equipment And Supplies," May 1998 (GAO/HEHS–98–102)

a. Summary.—GAO concluded again that HCFA is paying more than it should for certain DME items. However, the current system does not indicate what products Medicare is paying for, and often the current fee schedule allowances are out of line with current market prices, two factors that limit the agency's ability to effectively use their new BBA authority to adjust the Medicare fee schedule.

b. Benefits.—The subcommittee has monitored DME pricing issues for 4 years, encouraging HCFA to use their administrative authority to implement necessary changes to bring Medicare fees for DME more in line with current marketplace prices, including wider use of inherent reasonableness and competitive bidding. The report reinforces the subcommittee's recommendations to HCFA in previous hearings and subsequent meetings with staff, that the agency must address the DME payment system to ensure Medicare is not paying higher than market rates for some items.

17. "Blood Safety: Recalls And Withdrawals Of Plasma Products," May 7, 1998, (GAO/T–HEHS–98–166)

a. Summary.—This report was requested by the subcommittee chairman to determine (1) the amount of plasma products, especially Intravenous Immune Globulin [IVIG], that was lost to removal from the market (a.k.a. "recall") and (2) examine the impact on the current shortage of IVIG of reducing the number of donors for each plasma product.

b. Benefits.—The study showed that only a small proportion of distributed IVIG (about 1.1 percent) has been removed from the market as a result of recalls or withdrawals. Changes to reduce the number of donors in each product appear unrelated to current product shortages.

18. "Community Development: Information on the Use of Empowerment Zone and Enterprise Community Tax Incentives," June 1998, (GAO/RCED–98–203)

a. Summary.—The subcommittee asked GAO to examine the extent to which the Empowerment Zone and Enterprise Community [EZ/EC] program's tax incentives were working, in preparation for a hearing. The subcommittee also asked GAO to visit some of the sites to report on their overall progress.

b. Benefits.—GAO only found information on the use of tax-exempt facility bonds. Eight enterprise zone facility bonds totaling $17.7 million have been issued for a variety of projects. No reliable data were available on use of the EZ employment and training credit or the additional $20,000 expense allowance for depreciable business property. GAO also visited six sites and will review their overall progress in a separate report.

19. "California Nursing Homes: Care Problems Persist Despite Federal and State Oversight," July 1998, (GAO/HEHS–98–202)

a. Summary.—Even with Federal and State oversight regulations and monitoring activities in place, certain California nursing homes have not been and are not sufficiently scrutinized to ensure the safety and well-being of their residents. GAO indicated that their findings are likely indicative of systemic survey and enforcement weaknesses in nursing facilities Nationwide, requiring a national response through strengthened Federal and State oversight.

b. Benefits.—The subcommittee held two hearings in 1997 on fraud in nursing homes including billing irregularities for dual eligible beneficiaries, inappropriate services and quality of care issues. A California nursing home consumer advocacy group testified that in spite of Federal and State regulations, serious problems

existed, a finding that propelled the group to develop and implement a quality of care rating system for the State's nursing homes. The system is made available to consumers and beneficiaries in an effort to help them measure quality and make informed consumer choices. The GAO reports adds to the findings presented at the subcommittee hearing.

20. "Medicare: Application of the False Claims Act to Hospital Billing Practices," July 1998, (GAO/HEHS–98–195)

a. Summary.—Improper billings to the Medicare program are a serious threat to the long-term viability and fiscal integrity of the program. The HHS–OIG and DOJ has increased their efforts to recover inappropriate payments from providers. The False Claims Act [FCA] was originally enacted to combat fraud in government contracts in the Civil War. It was amended in 1986 to enhance the government's ability to recover payments to other Federal programs such as defense and Medicare. The number of civil health care fraud cases before DOJ has increased; the False Claims Act allows for significant penalties for each false claim, plus damages of up to 3 times the amount of the erroneous payment. The increased application of the FCA has been a concern to health care providers, particularly hospitals, who have argued DOJ is applying it too zealously when many of the billing problems are the result of complex regulations and conflicting instructions from HCFA. They further argue that these billing problems should be treated as overpayments and not potential FCA cases.

b. Benefits.—The report details some of the subcommittee's findings from testimony received during the subcommittee's April 9, 1998 hearing on the complexity of the Medicare program, where provider groups argued that due to complexity of the Medicare program, inadvertent errors occur and that use of the FCA was an overreach for unintentional billing errors. As a result of industry pressure, legislation was introduced in the 105th Congress which proposed to restrict the use of the FCA, requiring distinction between fraud and errors, as well as a deminimus threshold requiring that the amount of damages in dispute be a material amount for action under the FCA, to protect against the use of the FCA for "small, erroneous billings which likely result from human error." As a result of the subcommittee's hearing, other committee hearings and industry pressure, the DOJ agreed to implement new civil health care fraud investigation guidelines and to endeavor for uniformity in the various judicial districts in lieu of legislative changes to FCA.

21. "Medicare: Concerns With Physicians at Teaching Hospitals [PATH] Audits," July 1998, (GAO/HEHS–98–174)

a. Summary.—Concerned that billing and coding problems at teaching hospitals were widespread, HHS–OIG initiated a Nationwide investigation of teaching physicians' compliance with Medicare coding and billing rules in 1996. The PATH (physicians at teaching hospitals) initiative has been controversial, generating industry concern and congressional scrutiny. GAO's report concludes that the OIG had the legal basis to initiate such an investigation, and that even though the fact that a teaching physician's physical

presence requirement had not always been consistently communicated or enforced by HCFA, the practitioners knew of the need to document their personal involvement in services billed to Medicare. GAO recommends that OIG focus on teaching facilities known to be problem prone in light of limited resources to conduct full scale audits at all 1,200 teaching facilities.

b. Benefits.—The report is a useful resource to the subcommittee which has tracked the HHS–OIG's PATH initiative for the last 2 years through briefings with the OIG and meetings with the affected health care provider community. The PATH audit was raised at the subcommittee's April 9, 1998 hearing on Medicare complexity (resulting coding and billing errors) by the industry who felt it was the inappropriate threat of possible use of the False Claims Act which pressured facilities into settlements. The industry views the initiative as controversial and an example of an overzealous OIG initiating audits on billing and documentation standards that were not clearly or universally communicated by HCFA.

22. "VA Health Care: Better Integration of Services Could Improve Gulf War Veterans' Care, Report to Congressional Requesters," August 1998, (GAO/HEHS–98–197)

a. Summary.—Almost 700,000 United States troops served in Southwest Asia during the Gulf war. Some of these veterans subsequently reported an array of symptoms that they attributed to their service in the Gulf, including fatigue, skin rashes, headaches, muscle and join pain, memory loss, shortness of breath, sleep disturbances, gastrointestinal conditions, and chest pain. The absence of data on the health status of veterans who served in the Gulf war—including both baseline information and post-deployment status information—has, however, greatly complicated the epidemiological research on the causes of Gulf war illnesses. In response to congressional requesters, the GAO undertook a study to determine how the VA diagnoses, treats, and monitors sick Gulf veterans, and how veterans regard the VA's response to their health problems.

b. Benefits.—The GAO report states that the VA has not fully implemented an integrated diagnostic and treatment program to meet the health care needs of Gulf war veterans. As a result, some veterans may not receive a clearly defined diagnosis for their symptoms, and others may be confused by the diagnostic process, thus causing frustration and dissatisfaction. GAO recommends that the VA uniformly implement a health care process that coordinates diagnoses, treatment, treatment effectiveness, and periodic reevaluation of veterans whose illnesses remain undiagnosed. If these recommendations are acted upon by the VA, the results could help contribute to improved health care for Gulf veterans and help restore confidence among Gulf veterans in the VA health care system.

23. "Medicare Home Health Benefit: Impact of Interim Payment System and Agency Closures on Access to Services," September 1998, (GAO/HEHS–98–238)

a. Summary.—While the interim payment system [IPS] was controversial in the home health industry, GAO concluded it nevertheless did not affect the capacity of the home health industry to pro-

vide services or hinder beneficiary access to care. The effect of IPS has been to lower costs. GAO found the impact of IPS varies from agency to agency which may make it harder for high cost patients to access care as easily. GAO stated that given these program changes and agency closures (concentrated in four States), there is still a net gain in the number of home health agencies Nationwide serving Medicare beneficiaries.

b. Benefits.—The report was an important resource to the subcommittee in reviewing relevant information for the subcommittee's report "Medicare Home Health Services: No Surety in the Fight Against Fraud and Waste," as the interim payment system directly affected the ability of some home health agencies to acquire surety bonds as required by the BBA, a factor that was overlooked by the Health Care Financing Administration in the implementation of the surety bond regulation.

24. "Chemical Weapons: DOD Does Not Have a Strategy to Address Low-Level Exposures, Report to Congressional Requesters," September 1998, (GAO/NSIAD–98–228)

a. Summary.—The GAO study concerns the possible exposure of United States troops to low-levels of chemical warfare agents in the Gulf region in the weeks after the Gulf war cease-fire, along with chemical warfare prophylaxis, vaccines, oil well fire emissions, and other battlefield effluents, is suspected to be a contributing factor in the illnesses of many Gulf war veterans. Approximately 100,000 or more troops may have been exposed to low levels of chemical warfare agents when Iraqi munitions bunkers at Khamisiyah were detonated by Army engineers resulting in release of nerve agents into the atmosphere. Members of the Senate Appropriations, Governmental Affairs, and Armed Services committees raised concerns regarding the adequacy of DOD policy, doctrine, and technology to identify, prepare for, and defend troops against the possible adverse effects of exposure to low-level chemical warfare agents, and requested the GAO to conduct a study.

b. Benefits.—The GAO report found that the DOD does not have an integrated strategy to address low-level exposures to chemical warfare agents. Specifically, it has not stated a policy or developed a doctrine on the protection of troops from low-level chemical exposures on the battlefield. DOD's current doctrine is focused on maximizing the effectiveness of troops in a lethal nuclear-biological-chemical environment. Past research indicates that low-level exposures to some chemical agents may result in adverse short-term performance and long-term health effects. These are important findings which, if acted upon by DOD, could help protect veterans of future wars from illnesses such as those now affecting the health and productivity of many veterans of the Gulf war.

25. "Blood Plasma Safety: Plasma Product Risks Are Low If Good Manufacturing Practices Are Followed," September 1998, (GAO/HEHS–98–205)

a. Summary.—The subcommittee chairman asked GAO to undertake a study to compare (1) the risk of incorporating an infectious unit of plasma into further manufacturing from volunteer versus paid plasma donors for Human Immunodeficiency Virus [HIV],

Hepatitis B Virus [HBV] and Hepatitis C Virus [HCV]; (2) the impact on frequent and infrequent plasma product users when pooling large numbers of plasma donations into manufactured plasma products; (3) assess the safety of end products from plasma after they have undergone further manufacturing and inactivation steps to kill or remove viruses; and (4) examine the recent regulatory compliance history of plasma manufacturers.

b. Benefits.—To determine the risks of viral infection posed by paid donors of plasma and to determine the extent of good manufacturing practice compliance problems in the plasma industry.

26. "JOBS CORPS: Links With Labor Market Improve But Vocational Training Performance Overstated," October 1998, (GAO/HEHS–99–15) and the related corresponding report "JOB CORPS: Need for Better Enrollment Guidance and Improved Placement Measures," October 21, 1998, (GAO/HEHS–98–1)

a. Summary.—These reports were requested by the subcommittee chairman, and are used as the basis for the subcommittee's investigation of the Job Corps operational components. The operational components are recruitment, vocational training, and job placement.

b. Benefits.—These reports identified programmatic weaknesses including better recruitment criteria, accurate reporting of vocational training completers, accurate reporting of training related placements, and the need to justify the use of sole source contractors for vocational training.

27. "Elementary and Secondary Education: Flexibility Initiatives Do Not Address Districts' Key Concerns About Federal Requirements," September 1998, (GAO/HEHS–98–232)

a. Summary.—This report was requested by the subcommittee chairman, and is used as the basis for the subcommittee's investigation of Federal requirements on local school districts.

b. Benefits.—To determine what, if any, flexibility provisions are available to local school districts from Federal school requirements.

28. "Medicare Computer Systems: Year 2000 Challenges Put Benefits and Services in Jeopardy," September 1998, (GAO/AIMD–98–284)

a. Summary.—GAO concluded that the Health Care Financing Administration and it's multiple contractors are severely behind schedule in repairing, testing and implementing their mission-critical systems supporting the Medicare program which services 35 million beneficiaries and is expected to process close to 1 billion claims in 2000. HCFA has not developed their overall schedule prioritizing various Y2K tasks. They have not scheduled end-to-end testing across the complex range of multiple systems, nor has any contingency plan been identified.

b. Benefits.—The report facilitates the subcommittee's continuing oversight of the Health Care Financing Administration's attention to and progress with ensuring their internal and external systems computer systems are Y2K compliant. The subcommittee held hearings on the Health Care Financing Administration's information

system needs in 1996 and 1997 and has met with the agency regularly regarding their progress in addressing the problem.

29. "HIV–AIDS Drugs: Funding Implications of New Combination Therapies for Federal and State Programs," October 1998 (GAO/HEHS–99–2)

a. Summary.—While funding for the current combination drug therapy has increased, the demand has also risen. Some AIDS Drug Assistance Programs [ADAP] have nevertheless had to restrict enrollment or limit benefits do to their inability to accommodate demand.

b. Benefits.—The report is a resource to the subcommittee in it's continuing oversight and review of the cost and funding implications of the new drugs therapies, allocation of Federal resources to all populations infected with HIV–AIDS, and equitable access to treatment. The subcommittee found in its February 20, 1998 hearing that emerging high-risk populations of HIV–AIDS infected persons were less successful in accessing successful treatments due to high costs, increased demand and finite resources.

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS

1. "Air Pollution: Limitations of EPA's Motor Vehicle Emissions Model and Plans to Address Them," September 15, 1997, GAO/RCED–97–210

a. Summary.—The Clean Air Act requires that the Environmental Protection Agency [EPA] establish national air quality standards and that the States develop strategies for reaching and maintaining these standards. In order to evaluate these strategies, the EPA uses an intricate computer model series called the MOBILE series which estimates and predicts motor vehicle emissions. Because the data produced by this model are erroneous to some degree, and because these data are used in determining vital EPA policy, Congressman Joe Barton asked the General Accounting Office [GAO] to describe the major limitations of the model and the EPA's plans for improving it.

EPA and a group of stakeholders have identified 14 major limitations in the current MOBILE model in use. These include the fact that some emissions-producing activities by vehicles are not accounted for, and many emissions-producing activities may be overestimated or underestimated because of failure to account for various new factors. The EPA, however, with only a few exceptions, plans to address each of these limitations in the next revision to the MOBILE model.

2. "Department of Energy: DOE Needs to Improve Controls Over Foreign Visitors to Weapons Laboratories," September 25, 1997, GAO/RCED–97–229

a. Summary.—Since the end of the cold war, the Department of Energy [DOE] has entertained an increasing number of foreign visitors interested in its cooperative energy research. As directed by the Committee on National Security in House Report No. 104–563, GAO studied the DOE's controls over foreign visitors to its

three nuclear weapons laboratories. GAO examined DOE's procedures for reviewing the backgrounds of foreign visitors, its security controls for limiting foreign visitors' access within its laboratories, and its counterintelligence programs for mitigating the potential threat posed by foreign visitors.

GAO found that the procedures for obtaining background checks and controlling the dissemination of sensitive information are not entirely effective. Procedures for effective screening are in place, but they are poorly enforced and may overlook the leaking of sensitive information to visitors with potential connections to foreign intelligence. Although DOE and laboratory officials recognize these problems and are taking actions to address them, they have not yet done so fully.

3. "National Weather Service: Modernization Activities Affecting Northwestern Pennsylvania," September 26, 1997, GAO/AIMD–97–156

a. Summary.—As requested by Congressmen F. James Sensenbrenner, Jr. and Phil English, GAO investigated the National Weather Service's [NWS] modernization of the Erie, PA weather service office [WSO]. NWS has "spun down" the Erie WSO, which means that the WSO is "no longer providing operational services to the public."

The spin-down—the termination of the Erie WSO's operational services—began in August 1994. In 1995, the Department of Commerce issued a report on problems in several weather service offices. There had been concerns about the Erie WSO since June 1994, however, and the spin-down was continued after the Department's report because the NWS believed that transferring the weather warning system to other stations would provide the area with the best service. Since the spin-down, services have continued as before at the Erie WSO. Problems since the spin-down have mainly concerned NWS' service to Erie's airport and the timeliness of small-craft advisories for Lake Erie. The spin-down has not had a detrimental effect on service in northwestern Pennsylvania, although GAO found that there has been a problem with WSO's ability to predict lake-effect snow. Yet, GAO found that other lake communities receive better service than the Erie area does, and NWS Office of Meteorology has recommended that the Erie WSO acquire a radar to improve its weather service to the area.

4. "Consumer Product Safety Commission: Better Data Needed to Help Analyze Potential Hazards," September 29, 1997, GAO/HEHS–97–147

a. Summary.—Senator John McCain and Congressman Thomas Bliley asked GAO to examine the Consumer Product Safety Commission's [CPSC] allocation of resources, including the selection process for projects, the validity of the risk assessment and cost-benefit analysis, and the release of manufacturer-specific information prior to its release to the public.

GAO found that the CPSC has established criteria for selecting projects based on product-related injuries, illnesses, and deaths. But the agency's data on both internal agency efforts and external product hazards is insufficient to assess the impact and cost of

each project. Also, CPSC's risk assessment and cost-benefit analysis data is insufficient to support thorough application of these techniques. The CPSC, according to industry and legal cases, is following statutory requirements concerning the release of manufacturer-specific information, though industry representative and consumer groups, among others, have expressed dissatisfaction with these requirements.

5. "U.S. Agricultural Exports: Strong Growth Likely But U.S. Export Assistance Programs' Contribution Uncertain," September 30, 1997, GAO/NSIAD–97–260

a. Summary.—At the request of Congressman John K. Kasich, GAO reviewed the potential impact of the 1996 Federal Agriculture Improvement and Reform [FAIR] Act on U.S. agricultural exports and the continued relevance of U.S. agricultural export assistance programs. FAIR reduces much of the government regulation involved in the production of bulk items, allowing farmers more flexibility in responding to domestic and international market conditions.

GAO found that FAIR will make a small contribution to increased U.S. agricultural exports. Much of the increase in agricultural exports will likely result from East and Southeast Asian countries. Also, the 1994 Uruguay Round trade agreements' liberalization of agricultural markets will allow farmers to export more to a larger number of nations.

U.S. agricultural export assistance programs have not increased aggregate employment or output, or reduced trade and budget deficits. While these programs may contribute income and employment benefits, there is little evidence of them doing so.

GAO evaluated other nations' agricultural export programs and reviewed U.S. trade negotiating objectives. However, the lack of openness in competitor nations' agricultural assistance programs made it difficult to determine how the U.S. programs compare to foreign ones. GAO reported that some private and public officials have said that the U.S. programs could supply leverage in negotiating for the 1999 World Trade Organization agricultural talks, but others have questioned their relevance for future negotiations. GAO suggests that Congress consider not continuing the programs, as well as redefining their focus, the next time these programs are up for review.

6. "401(k) Pension Plans: Loan Provisions Enhance Participation But May Affect Income Security for Some," October 1, 1997, GAO/HEHS–98–5

a. Summary.—At the requests of Senators Charles E. Grassley and Judd Gregg, GAO examined (1) the effects of pension-plan borrowing on participation in and contributions to 401(k) pension plans, (2) the profiles of those who borrow money from their pension accounts, and (3) the potential repercussions of borrowing from pension accounts.

GAO found that employees are more likely to participate in pension plans that allow borrowing. Those who have plans that allow borrowing contribute 35 percent more to their accounts. Those individuals who are more likely to borrow from their pension plans in-

clude Blacks, Hispanics, lower-income people, people who have been turned down for a loan, and employees who participate in other pension plans.

Borrowing provisions in pension plans may lead to lower retirement incomes. However, they may also encourage employees to save more for their retirement. Borrowing for education or training could increase an employee's income and, thus, his/her retirement income. Also, the fact that borrowing from a pension plan is an option may encourage many to participate, and pension accounts—even those having been borrowed from—add more to retirement income than no pension savings at all.

7. "IRS Records: Inconsistencies Between Statutes Affect Records Appraisal," October 2, 1997, GAO/GGD–98–4

a. Summary.—Congressman Bill Archer, chairman of the Committee on Ways and Means, and Congresswoman Nancy L. Johnson, chairman of the Ways and Means Subcommittee on Oversight, asked GAO to evaluate certain aspects of the IRS and how it manages its records. The Internal Revenue Code protects IRS records containing tax return information from disclosure to unauthorized persons. GAO was asked to determine how IRS applies these restrictions on unauthorized disclosure when they review and take inventory of their records. The Federal Records Act [FRA] requires IRS to prepare disposition schedules for its records and to submit the schedules to the National Archives and Records Administration [NARA] for approval. Therefore, NARA is allowed access to IRS records for appraisal purposes. Because of this, GAO was asked to evaluate how IRS carries out its records management program to see if disclosure protections are observed by NARA.

In 1995, NARA reviewed the IRS records management program and found that the IRS met most requirements, but not all. Certain management and policy documents protected by the Internal Revenue Code were not inventoried or scheduled for disposition as required, and some were stored in unsatisfactory conditions. GAO's investigation confirmed these problems, but also noted considerable progress to correct these deficiencies. Some other problems uncovered by NARA's review include NARA's inability to appraise certain IRS records for historical value because of the disclosure restrictions. GAO reported that this issue was still unresolved at the time of their review. Afterwards, NARA and IRS worked out a test method to be used when appraising the historical value of a document. NARA and IRS set up a system of "blind review" whereby IRS officials describe the nature of a record to NARA so they may decide if it has any historical value.

At the time of GAO's review, they found a large backlog of records waiting to be inventoried. At four of the six locations, these uninventoried documents were found to be stored in an unorganized fashion and under poor conditions.

IRS recognizes their deficiencies in properly managing the inventory and storage conditions of their records. They took steps in 1996, along with NARA, to improve their records management program. In May 1997, NARA reported that the IRS has taken action on 47 of NARA's 58 recommendations. IRS said that they are making progress on the other recommendations.

8. "OTC Derivatives: Additional Oversight Could Reduce Costly Sales Practice Disputes," October 2, 1997, GAO/GGD–98–5

a. Summary.—GAO reviewed sales practices for over-the-counter [OTC] derivatives, mortgage-backed securities, and structured notes. Representative Edward J. Markey requested that GAO report on the applicable Federal requirements, end-user satisfaction with dealer sales practices, end-user and dealer views on the nature of their relationship, and actions taken by market participants and regulators to address sales practice issues. Mortgage-backed securities and structured notes were included in the review because of the prevalence of disputes and concerns in these areas.

Included in this report are GAO's recommendations to the President's Working Group on Financial Markets to develop a formal mechanism for collecting data on sales practice issues and to assist dealers and end-users in resolving their disagreements over OTC derivatives transactions. GAO also recommended that the Federal Reserve update its management to better address sales practice issues and that the Securities and Exchange Commission [SEC] and the Commodity Futures Trading Commission [CFTC] examine the extent to which securities firms are following the sales practice provisions of voluntary guidance related to OTC derivatives.

9. "Hazardous Waste: Remediation Waste Requirements Can Increase the Time and Cost of Cleanups," October 6, 1997, GAO/RCED–98–4

a. Summary.—The Environmental Protection Agency [EPA] has estimated that it will cost hundreds of billions of dollars to clean up the tens of thousands of sites that are contaminated with hazardous waste from past and current industrial activities. At the request of Senators Trent Lott, John Chafee, and Robert Smith, GAO examined (1) the effect of the Resource Conservation and Recovery Act's requirements on waste generation during cleanups and (2) the actions the EPA has taken to address any impediments to cleanups.

GAO found that three requirements under the Resource Conservation and Recovery Act can have negative effects when they are applied to waste from cleanup activities: land disposal restrictions, minimum technological requirements, and requirements for permits. When these requirements are applied to remediation waste such as sludge, debris, and contaminated soil or groundwater that is moved during cleanups, the parties involved must perform far more stringent cleanups than the EPA, the States, industry, or national environmental groups deem necessary to address the level of risk. As a result, the time and cost of the cleanups are increased, with little or no environmental benefit.

10. "Consumer Price Index: More Frequent Updating of Market Basket Expenditure Weights Is Needed," October 9, 1997, GAO/GGD/OCE–98–2

a. Summary.—The most important measure of consumer prices and inflation in the United States is the consumer price index [CPI], according to the Bureau of Labor Statistics [BLS] which publishes this index. Since 1940, the BLS has only made revisions once a decade to the "market basket" of goods and services included in

the CPI which represent what consumers buy. Congressman Henry Gonzales requested that GAO examine the possibilities for more frequent revisions. Instead of examining the whole process of making major revisions, GAO explored the feasibility of conducting more frequent expenditure weight adjustments.

The professional opinion of the 10 individuals consulted supported updating the market basket's expenditure weights more often than every 10 years. Of these 10 individuals, 2 were former BLS officials, 8 others had conducted research on the CPI, including 4 who were members of the Advisory Commission to Study the CPI (referred to as the Boskin Commission). The individuals consulted agreed that 10 years between updates was too long to reflect "current" consumer spending. How often these updates needed to occur, however, was not agreed upon. Other major industrial countries update their consumer price indexes more often than the United States, supporting the opinions of the consulted individuals. These other industrialized countries, however, sometimes based their updates on national data not directly collected from consumers, thus making it incomparable with U.S. data.

GAO estimated that updating expenditure weights would be significantly less costly than conducting major revisions. GAO also projected changes in the CPI of between zero and 0.2 percentage point as a result. BLS, however, listed several reasons for not updating the expenditure weights between major CPI revisions, including lack of empirical evidence to support more frequent updates, lack of guidance on how often to conduct the updates, and lack of funds. Recent statements from the BLS Commissioner, however, suggest that the BLS will be willing to conduct more frequent revisions in the near future.

11. "U.S. Department of Agriculture: Information on the Condition of the National Plant Germplasm System," October 16, 1997, GAO/RCED–98–20

a. Summary.—GAO reported on the U.S. Department of Agriculture's [USDA] National Plant Germplasm System's [NPGS] germplasm[16] collection and surveyed the members of the 40 Crop Germplasm Committees [CGC] to determine whether the collection is sufficient to keep the Nation's agricultural productivity high.

GAO found that while over half of those surveyed from the CGCs believed the genetic diversity contained in the NPGS' collections of germplasm is enough to reduce crop vulnerability, the acquisition of more germplasm should be a priority when more funding becomes available. Either information on plant traits that is important for the use of germplasm is not collected frequently enough, or it has not been developed yet. The preservation needs of the NPGS' germplasm collection have not been fully met, and only a small amount of testing has occurred at half of the major germplasm locations.

[16] Germplasm is "the material in seeds or other plant parts that controls heredity." Germplasm with diverse genetic characteristics is needed for high levels of agricultural productivity.

12. "Aviation Safety: FAA Oversight of Repair Stations Needs Improvement," October 24, 1997, GAO/RCED–98–21

a. Summary.—In response to an inquiry made by Senators Wendell H. Ford and Ron Wyden, GAO conducted an examination of the Federal Aviation Administration's [FAA] oversight of the aviation repair station industry. The following questions were addressed in their report: (1) What is the nature and depth of oversight which FAA personnel have on repair stations? (2) Once deficiencies are recognized in repair stations, how well does the FAA follow up on inspections to make sure that these deficiencies are corrected? (3) What steps have been taken to improve their oversight of repair stations? Also contained in GAO's report are their recommendations to the Secretary of Transportation for improving FAA's oversight over repair stations.

The results of GAO's report found that FAA has been meeting its inspection goals and requirements on repair stations. Most inspectors surveyed agreed that their compliance with inspection standards was either good or excellent. However, over half of those inspectors agreed that there are areas where they could improve. FAA relies on individual inspectors at most domestic repair stations, but in more complex facilities they depend on teams to assess compliance. FAA has realized that group inspections have proven to be more thorough, therefore they are moving toward a system that would include this type of inspection at other facilities.

GAO found that it was impossible to assess how well FAA corrects the problems uncovered in routine investigations. The investigators are not instructed to keep documentation, therefore, GAO had nothing to evaluate. Documentation is important because FAA is currently spending $30 million on a reporting system that is designed to use documentation. This system will use documentation to make inspection decisions that will help allot resources to deal with the areas that pose the greatest risk to aviation safety.

FAA currently has three efforts under way to improve its oversight over repair stations. The first effort includes revising regulations governing repair station operations. Another involves revision of regulations governing the qualifications of repair station personnel. However, the revision of regulations pertaining to repair station operations have been repeatedly delayed since 1989. The third effort that has been taken by FAA includes the addition of more FAA inspectors, which also includes dedicating more resources to the inspection repair stations.

GAO made the following recommendations to the Secretary of Transportation: (1) expand the use of teams in repair station inspections; (2) specify what documentation should be kept on file to record complete inspection results and follow-up actions; (3) monitor the implementation of the strategy for improving the quality of the data to be used in FAA's new management information system; and (4) expedite the efforts to update regulations and set deadlines by which the updates must be completed.

13. "Inspectors General: Contracting Actions By Treasury Office of Inspector General," October 31, 1997, GAO/OSI–98–1

a. Summary.—Senator Susan Collins requested that GAO investigate the circumstances surrounding the Department of the Treas-

ury's award of sole-source contracts—one to Sato & Associates, for a management study of the Treasury's Office of Inspector General [OIG], and one to Kathie M. Libby (KLS). Senator Collins also asked that GAO determine the nature and purpose of trips to California made by Treasury Inspector General [IG] Valerie Lau since her appointment to the position.

GAO found that Ms. Lau requested the sole-source contracts on the basis of unusual and compelling urgency because the management study would assist her as a new appointee to quickly make reassignments in her senior executive ranks and to marshal resources under her control. Although there is some support for her position, GAO concluded that there was insufficient urgency to warrant limited competition. There is evidence that suggests that the proposal from Sato & Associates was artificially high. The primary reason advanced by Ms. Lau for the urgency in granting the KLS contract was the need to have the consultant provide a briefing at an OIG management conference to be held a few days after contract award. GAO concluded that the Office of the Inspector General was irresponsible in its awarding of contracts, as well as in its management of the procurement process and in its oversight of performance under the contract. GAO also found that although it was alleged that Ms. Lau's government-funded trips to California were taken for personal reasons, all five trips were scheduled for work-related reasons.

14. "Department of Energy: Information on the Tritium Leak and Contractor Dismissal at the Brookhaven National Laboratory," November 4, 1997, GAO/RCED–98–26

a. Summary.—As requested by Congressmen F. James Sensenbrenner, Jr., and George E. Brown, Jr., GAO investigated the leak of tritium—a radioactive element—from the Brookhaven National Laboratory [BNL], and the termination of BNL's operating corporation, Associated Universities, Inc [AUI], which was owned by the Department of Energy [DOE]. GAO examined the events leading up to the tritium leak, why they occurred, and why the Secretary of Energy terminated DOE's contract with AUI.

GAO found that Brookhaven employees relied on incomplete data analyses of the water supply in the years leading up to the discovery of the leak. DOE agreed to install monitoring wells in the Brookhaven area in 1994, though Brookhaven officials delayed the installation because other activities were deemed more important at the time. Once the wells were completed in 1996, high tritium levels were found in the water. BNL determined that tritium had been leaking for as long as 12 years by that time.

DOE admits that it failed to properly oversee BNL's operations. It is planning to focus more attention on its management structure so that an effective system can be established and situations such as the tritium leak can be avoided.

The leak did not pose a great public health hazard. However, the fact that the leak continued for so long without discovery caused the public to lose faith in AUI. Senior DOE officials were also frustrated with AUI's performance. Both of these problems led the Secretary to terminate AUI's contract.

15. "Tax Administration: IRS' Efforts to Place More Emphasis on Criminal Tax Investigations," November 6, 1997, GAO/GGD–98–16

a. Summary.—GAO reviewed the action the Internal Revenue Service's [IRS] Criminal Investigation Division [CID] has taken to increase time and resources spent on tax investigations. GAO found that, between fiscal years 1990 and 1992, CID's investigations into non-tax issues were conducted to the detriment of its tax investigations.

In October 1993, CID restructured its administrative duties and operations to focus on better resource allocation. It also reorganized its program areas to better track investigations. As of fiscal year 1996, CID had assigned a certain percentage of time to each of its investigations. The percentage of time allocated for tax gap investigations has increased since then. The percent of referrals to U.S. Attorneys for prosecution based on tax gap cases has increased as well, along with the number of court sentences based on tax gap cases. However, none of these increases, all found from 1996 data, matched the levels from 1990.

16. "Automated Export System: Prospects for Improving Data Collection and Enforcement Are Unclear," November 14, 1997, GAO/NSIAD–98–5

a. Summary.—GAO reported on the problems experienced by Federal agencies responsible for collecting U.S. trade statistics and enforcing U.S. export laws in acquiring accurate data on exports from the U.S. Customs Service and the Census Bureau's Automated Export System (AS), which is designed to eliminate these problems. GAO found that it is likely that AS will realize its goal of improving export data, intensifying enforcement efforts, and streamlining export data compilation. GAO also surveyed opinions of the effectiveness of AS.

GAO found that while AS has the potential to improve export reporting and enhance enforcement efforts, only a small number of companies use AS, and less than 1 percent of all data utilized is obtained through AS. Many companies are unlikely to use AS in the next 3 years, and a quarter of U.S. ocean freight shippers had never even heard of AS. Those companies which do use AS reported that automated filing was the chief benefit. Some members of the trading community cited that any benefits AS produces are overshadowed by the costs and burdens of AS' predeparture filing requirement.

GAO found that AS' usefulness is limited because it is not linked with the databases of other law enforcement agencies which monitor exports. Also, GAO is concerned that the Customs Service's plans to allow export data filing after shipment could lead to more illegal goods entering the country without early detection. Already, the Shipper's Export Declaration, which is filed in AS, may be issued only hours before a shipment's departure, allowing insufficient time for inspectors to discover illegal exports. AS has not met its goal of having a single information collection and processing center for electronic filing. The Customs Service and the Census Bureau will have to address these issues and develop a cost-benefit

analysis of AS before they commit to the future implementation of AS.

17. "Financial Management: DOD's Liability for Aircraft Disposal Can Be Estimated," November 20, 1997, GAO/AIMD–98–9

a. Summary.—Recent legislative requirements have made implementation of new accounting standards and audited financial statements a priority for the Federal agencies. This report by the GAO to the Secretary of Defense discusses one such new requirement for information related to the disposal of Federal agencies' property, plant and equipment [PP&E]. This report, focusing on moving aircraft from active service to disposal/salvage, is the second in a series of reports on the Department of Defense's [DOD] implementation of this requirement.

DOD has not yet implemented the Federal accounting standard that requires reporting liabilities such as those associated with the disposal of aircraft, nor has it provided any guidance to the military services. Aircraft disposal is an ongoing process that can be used to formulate cost estimates. Congress has recognized the importance of considering disposal cost information, and since 1995, defense acquisition programs have been required to consider life-cycle environmental costs including demilitarization and disposal costs.

18. "Transportation Infrastructure: Highway Pavement Design Guide Is Outdated," November 21, 1997, GAO/RCED–98–9

a. Summary.—The National Highway System encompasses about 4 percent of the Nation's 4 million miles of public roads. Billions of dollars were invested in these roads when they were built and the Department of Transportation [DOT] anticipates spending billions more to maintain them in the future. An initial pavement design guide was formulated in 1961 after road tests had been conducted to obtain pavement performance data, and it has been periodically updated since then. GAO studied the role of the Federal Highway Administration [FHWA] in developing and updating the pavement design guide, and also examined the use and potential of a computer analysis method known as the nonlinear Three Dimensional-Finite Element Method [3D–FEM] for improving the design and analysis of highway pavement structures.

The FHWA has worked cooperatively with the American Association of State Highway and Transportation Officials in developing and updating the pavement design guide that is slated to be complete by the year 2002. The updated guide will emphasize the rehabilitation of the Nation's highways instead of the construction of new highways. It is expected to incorporate the use of analytical methods to predict pavement performance under various loading and climatic conditions. GAO concluded that the 3D–FEM is a promising analytical method that could potentially improve the design of highway pavements. While GAO determined that this is a promising method, it found no evidence that it was being considered for inclusion in the FHWA's current design guide update.

19. "Defense Inventory: Inadequate Controls Over Air Force Suspended Stocks," December 22, 1997, GAO/NSIAD–98–29

a. Summary.—This report by the GAO on the Department of Defense's [DOD] secondary inventory management, as requested by Congressmen J. Dennis Hastert and Thomas Barrett, assesses selected aspects of the Air Force's logistics system for managing inventory in a suspended status, which is inventory that cannot be issued because its condition is unknown or in dispute. More specifically, this report addresses the reported quantity of this inventory, the weaknesses in managing suspended inventory, and the reasons why suspended inventory is not well managed.

GAO found that management controls are not being implemented effectively or are nonexistent in the Air Force's suspended inventory. As a result of these management weaknesses, the Air Force may incur unnecessary repair and storage costs and avoidable unit readiness problems. The Air Force has the largest amount of suspended inventory of the armed services, at 70 percent of DOD's total. The vast majority of the items reviewed by the Air Force were not reviewed in a timely manner. Air Force Material Command guidance does not comply with DOD policy or safeguard against lengthy suspensions. Material Command and Warner Robbins oversight of inventory management has generally been nonexistent.

20. "Tax Administration: IRS' 1997 Tax Filing Season," December 29, 1997, GAO/GGD–98–33

a. Summary.—GAO conducted an examination of the Internal Revenue Service's [IRS] performance during the 1997 tax filing period. This report was completed at the request of Representative Nancy L. Johnson, chairman of the Subcommittee on Oversight, Committee on Ways and Means. The report highlights five different areas of the IRS's filing system that have been problematic in the past: (1) telephone access for taxpayers with questions; (2) returns filed in non-traditional ways; (3) returns filed with incorrect or missing Social Security Numbers [SSN]; (4) the use of lock boxes to process tax returns; and (5) performance of the imaging system used to process some tax returns.

GAO found that the IRS either met or exceeded most of its 1997 filing season performance goals. They made considerable improvement in the areas of telephone accessibility and the use of alternate filing methods. Telephone accessibility increased from 20 percent during the 1996 filing season to 51 percent during the 1997 filing season. The use of nontraditional tax filing methods increased 25 percent in 1997 due to a revised tax package that made it easier for people to use alternate methods.

The revised tax packages that led to the increase in alternate filing methods also led to a decrease in the performance of the imaging system that the IRS uses to process certain tax returns. In some instances, the new tax package caused individuals to choose to write out their names, addresses, and SSNs. This resulted in decreased productivity of this document imaging and optical character recognition system, because of the elevated necessity of operator intervention that was needed to process those returns through this system.

As a result of the Welfare Reform Act of 1996, missing or incorrect SSNs are treated as math errors instead of issues that have to be resolved through a lengthy notice process. If individuals file their taxes with missing or incorrect SSNs, they are not allowed to claim the dependent exemption, earned income credit, or child care credit associated with the missing or incorrect SSN. In 1997, the IRS protected about $1.46 billion in revenue as a result of these new procedures. This is more than double the amount protected in 1996.

GAO continues to be concerned about the cost effectiveness of IRS's use of lock boxes to process Form 1040 tax payments. They have called into question a key assumption IRS and the Department of the Treasury's Financial Management Service [FMS] have used to calculate the interest cost savings associated with this use of lock boxes. FMS has planned a study to assess interest cost savings, but those plans have been deferred and it is unclear when the study will be completed.

21. "Tax Administration: More Criteria Needed on IRS' Use of Financial Status Audit Techniques," December 30, 1997, GAO/GGD–98–38

a. Summary.—At the request of Congresspersons Bill Archer and Nancy L. Johnson, GAO reviewed Internal Revenue Service [IRS] financial status techniques. Specifically, GAO looked into how often IRS utilized financial status techniques before and after the establishment of a 1994 training program; how IRS' need for additional taxpayer information imposes on the taxpayers; what the audit results were from the financial status techniques; and how IRS applied its audit standards, quality controls, and measurement of audit quality to the use of financial status techniques.

GAO found that the financial status techniques were used equally before and after the 1994 initiative. Twenty-three percent of 1995 and 1996 audits were done using a Cash-T, in which no additional contact with the taxpayer is necessary. IRS has no measure of how much audits imposed on taxpayers for the remaining 77 percent of audits. GAO found that imposition occurs before and during the audit interview, though the intrusive questions taxpayers cited occurred in fewer than 5 percent of all audits and these questions were all asked during the initial interview.

Reported income adjustments were made in 17 percent of all audit cases. Over the 1995 and 1996 period, $300 million in underreported income was identified using the financial status techniques.

For oversight of financial status techniques, IRS provides audit standards to auditors; reviews the extent to which auditors adhere to these standards; and measures this adherence.

22. "Tax Administration: Potential Impact of Alternative Taxes on Taxpayers and Administrators," January 14, 1998, GAO/GGD–98–37

a. Summary.—At the request of Senators William V. Roth, Jr., and Daniel Patrick Moynihan, and Congressmen Bill Archer and Charles B. Rangel, GAO reviewed differences between five alternative tax systems, as well as how these alternatives would affect

taxpayers' compliance with the tax laws and the government's responsibilities in administering the laws themselves.

National retail sales tax [RST], value-added taxes [VAT], a flat tax, and a personal consumption tax were among the alternatives studied by GAO. All of the aforementioned alternatives would tax the same base (consumption). The national RST and VAT would only tax businesses, and GAO mentioned that an income tax could be levied for individuals, businesses, or both. Each of the options could include tax preferences—such as exemptions, special deductions, credits, or multiple rates on goods and services—although the type of preference would differ from alternative to alternative. Under income and consumption tax systems, individuals could be taxed at different rates.

Consumption-based taxes, such as the national RST, VAT, flat tax and personal consumption tax, would alleviate the burden on taxpayers, as well as reduce tax administration activities. Tax systems that taxed only businesses (all but the personal consumption tax) would also reduce the burden of taxation of individuals. The personal consumption tax would increase the burden on taxpayers, because borrowings and savings would have to be reported. Each tax system would have a different effect on taxpayers' compliance burden and tax administrators' responsibilities. In some respects, the tax systems that are easier for taxpayers to comply with are also the ones that are easier to manage and administer. While the Internal Revenue Service's [IRS] administration costs are known, taxpayer compliance costs are hard to measure for the alternative tax systems, and even under the current tax system the costs are only approximate.

The IRS has many responsibilities under the current tax system because the system is complex. With the national RST and VAT, individual tax filing requirements would be eliminated, and IRS would have less to review. A flat tax or a reformed income tax would eliminate tax returns altogether. The personal consumption tax would require taxpayers to include more information in their tax returns, thus placing more responsibilities on IRS.

Tax preferences increase the burden by requiring recordkeeping, more time for determining and reporting of tax liability, and more tax planning by taxpayers. The burden on taxpayers would later transfer into more audits from tax administrators. Even in a return-free tax system, taxpayers would require assistance. However, because the number of taxpayers would be reduced, the burden on IRS and the government would decrease.

23. "Electronic Banking: Experiences Reported by Banks in Implementing On-line Banking," January 15, 1998, GAO/GGD–98–34

a. Summary.—At the request of the Honorable James A. Leach, chairman of the House Committee on Banking and Financial Services, GAO examined the magnitude of on-line banking and problems posed by the vulnerability of on-line banking for the security of Fedwire (the Nation's primary electronic fund transfer system).

GAO's report identified (1) the number of banks (and thrifts) that offer on-line banking and the types of services they offer, and (2) the number of banks offering specific types of on-line banking serv-

ices. GAO surveyed 349 banks. They found that 185 of them offered on-line banking services. Many of the banks found to offer on-line services were affiliated with a single official that was able to provide on-line banking information on more than one bank in the survey. Therefore, 93 bank officials provided GAO with the information necessary to determine (1) the channels used to render these services, (2) the reason for on-line banking implementation, (3) whether on-line banking met or surpassed expectations, and (4) the electronic links between banks and other payment systems. Specifically, GAO collected data from 93 banks on (1) problems experienced, (2) risks identified, and (3) risk reduction efforts.

GAO held interviews with information security experts and Federal agency and banking regulatory officials to recognize potential risks and problems associated with on-line banking and to identify basic security features that could help anticipate such problems. They also reviewed technical literature pertaining to these issues.

The results of GAO's inquiries found that an estimated 7 percent of banks offered on-line banking services. Most of these allow customers to access account information and transfer funds between their accounts. GAO projects rapid growth in on-line banking over the next year and a half. The number of banks implementing on-line systems is expected to increase about fivefold Nationwide. The reasons why bank officials decided to offer these services were to keep existing customers, to remain competitive, and to attract new customers. Ninety two percent of surveyed bank officials that offered on-line services said that their on-line banking systems had met or exceeded their expectations.

Of the 93 banks surveyed by GAO, 70 percent had performed risk assessments, 13 percent had not, and 12 percent did not know if their organizations had completed a risk assessment.

Many of the banks contacted by GAO said that they had implemented controls to prevent unauthorized access to their on-line systems. But 10 percent of those surveyed said that they do not have firewalls to restrict access between computer networks and 11 percent reported that they do not possess basic detection software for computer viruses. Problems reported by the 93 banks included lapses in service (38 percent), security problems (30 percent), or system operation difficulties (36 percent). GAO concluded that it is important for banks to implement the necessary safety precautions considering the projected rapid growth in on-line services.

24. "Rural Utilities Service: Opportunities to Operate Electricity and Telecommunications Loan Programs More Effectively," January 21, 1998, GAO/RCED–98–42

a. Summary.—At the request of Senators Richard G. Lugar and Tom Harkin, GAO conducted a follow-up study on the U.S. Department of Agriculture's [USDA] Rural Utilities Service [RUS] program operations. In April 1997, GAO found that RUS, which uses loan programs to fund electricity and telecommunications development in rural areas with low populations, was not being repaid all of its money by its borrowers. GAO's objectives were to identify ways to make RUS loan programs more effective and less costly to the government, and to minimize RUS' susceptibility to loan losses. In addition, GAO was to collect information on commercial lenders

which lend a significant amount to rural areas for electricity and telecommunications purposes.

To more effectively use RUS loan programs, GAO suggests that loans be directed to borrowers which provide services to sparsely populated areas, thus financing the areas RUS is supposed to target. GAO also suggested that subsidized direct loans be targeted to borrowers who need the money to finance their own utility projects, excluding borrowers who often receive direct loans even though they have the capacity to fund their own projects. In addition, borrowers without financial problems could be given commercial credit rather than direct loans to lower program costs.

Loan and indebtedness limits could be set to reduce the likelihood of loan losses. Repayment guarantees that RUS makes could be lowered so that borrowers can also carry part of the financial risk from the loans. In addition, lending policies should be strengthened so that slack or indebted borrowers do not receive loans.

25. "Air Pollution: Estimated Benefits and Costs of the Navajo Generating Station's Emissions Limit," January 27, 1998, GAO/RCED–98–28

a. Summary.—At the request of Congressman John T. Doolittle, GAO reviewed the Environmental Protection Agency's [EPA] rule on the reduction of visual impairment-causing emissions in the Grand Canyon National Park area. Sulfur Dioxide emissions from the Navajo Generating Station, located 12 miles from the Park's northern boundary, causes reduced visibility in the Park, especially during winter weather conditions. EPA, which initially proposed that 70 percent of the emissions be cleared, has required that 90 percent of the emissions from the Station be eliminated. GAO was to determine: (1) the effects of EPA's rule how the costs of emissions-reduction from the first proposal compare to the one now instated; (2) the visibility improvements the Agency estimated and how these improvements are ascertained; and (3) "how contingent valuation was used to estimate the monetary value of visibility improvements."

GAO has determined that the second proposal will both decrease overall associated costs and result in a greater reduction of emissions. A project engineer for the Salt River Project has also determined that the plant can operate at a rate greater than necessary to reach the 90 percent reduction goal to make up for days when the equipment to control emissions are not operational. Under this proposal, visibility during winter weather conditions will improve approximately 7 percent, from 124 to 133 miles visual range. In addition, EPA, using contingent valuation, estimated the monetary value of this visibility improvement at $90–$200 million. In their own (uncompleted) study, Station owners determined that the Nationwide value was $2.3 million. Neither EPA nor the Station's study results were used by GAO, as project costs were below $100 million, the threshold for requiring such figures.

26. "Unfunded Mandates: Reform Act Has Had Little Effect on Agencies' Rulemaking Actions," February 4, 1998, GAO/GGD–98–30

a. Summary.—GAO, at the request of Senators Fred Thompson and John Glenn, reviewed Federal agencies' implementation of the Unfunded Mandates Reform Act of 1995 [UMRA]. GAO's objective in this report was to determine what effect Title II, which consists of measures to amend the way Federal agencies create and issue regulations, has had on these agencies' rulemaking operations. To accomplish this, GAO reviewed agencies' enaction of the key provisions from Title II to find "economically significant" regulations published in the Federal Register between March 22, 1995 (when the President signed UMRA) and March 22, 1997.

GAO found that UMRA's Title II has not had a substantial impact on Federal agencies' rulemaking actions because most of the costly Federal regulations are not bound to Title II's requirements. Title II also allows agencies to take only the actions UMRA stipulates which they deem feasible or that are not already required, completed, or under way. Thus, agencies only take the actions which they consider possible. In addition, UMRA did not require written statements for 78 of the 110 economically significant rules issued since UMRA's enactment. Also, only four of the Environmental Protection Agency's rules fell under section 204, which requires consultation with State, local and tribal governments before implementing any regulations, while no other agencies' rules have been subject to this section's requirements.

27. "Tax Administration: IRS' Use of Information Gathering Projects," February 5, 1998, GAO/GGD–98–39

a. Summary.—To determine which tax returns to audit, the Internal Revenue Service [IRS] uses Information Gathering Projects [IGP] to collect information on those returns with audit potential. In its report, GAO listed that the IRS had about 1,000 IGPs open across the country in fiscal years 1995 and 1996. Georgia had 76 IGPs open during fiscal years 1994, 1995, and 1996. These 76 concentrated on business taxpayers who had the potential to understate their tax amount, as well as those who did not accurately pay or report taxes, individual taxpayers who had the potential to claim earned income tax credit or other credits for which they did not qualify, and both business and individual taxpayers who would conceivably not file the required tax returns. By June 1997, 41 of these IGPs had closed, and the results obtained from these IGPs varied in terms of money collected and number of returns audited.

IRS requires IGPs to undergo examinations and to be approved by Examination Divisions in each district. In each IGP district office, units regulate and identify how tax returns are selected for audit and whether the results support the continuance of such projects.

28. "Tax Administration: IRS' Use of Random Selection in Choosing Tax Returns for Audit," February 5, 1998, GAO/GGD–98–40

a. Summary.—GAO reported on the Internal Revenue Service's [IRS] random auditing of tax returns. GAO determined that in 1994 there were 1.4 million audits performed, and that this num-

ber rose to 2.1 million by 1996. During this same period, audits in Georgia rose from 45,451 to 55,446. IRS has developed six projects for auditing purposes. Those selected for audit came from six groups, including those who claimed earned income credit [EIC], those who claimed dependent exemptions, those who operate eating and drinking establishments in Ohio, those self-employed individuals who filed questionable Schedule Cs in Illinois, those who claimed false business losses to be eligible for EIC in Georgia, and those who appeared to not be paying self-employment tax in Georgia. Taxpayers from Georgia were included in three of these projects.

The two projects that resulted in over 200 audited returns were those from the EIC subpopulation and the eating and drinking project subpopulation. Forty-six percent of the former group and 80 percent of the latter group found to owe additional taxes. For the former, $1,653 was the recommended amount owed per audit, with $12,711 recommended for the second group. IRS recognizes the burdens of audits on taxpayers, and is looking for ways to measure them. GAO also found that IRS has no alternative projects to random auditing.

29. "Financial Management: Issues to be Considered by DOD in Developing Guidance for Disclosing Deferred Maintenance on Ships," February 6, 1998, GAO/AIMD–98–46

a. Summary.—New Federal financial accounting standards require government agencies to show the financial results of their actions and provide pertinent information on their financial position. GAO issued the third in a series of reports concerning the Department of Defense's [DOD] compliance with this requirement. GAO addressed issues which are needed to advance plans to realize the deferred maintenance standard.[17]

The issues GAO addressed included what maintenance is needed to keep DOD's ships in a permissible operating state and when to acknowledge as deferred needed maintenance on ships. To address its implementing guidance for deferred maintenance, GAO suggests that DOD consider whether the deferred maintenance standard should be applied to all or only select groups of holdings and whether the reported deferred maintenance should distinguish between critical and noncritical maintenance.

30. "Historic Preservation: Cost to Restore Historic Properties at Historically Black Colleges and Universities," February 6, 1998, GAO/RCED–98–51

a. Summary.—At the request of Congresspersons Maxine Waters and James Clyburn, GAO collected data on historically black colleges and universities' [HBCU] historic properties, i.e. how many of them there are and the approximate cost of restoring and preserving them. The Department of the Interior and the National Park Service cosponsored a 1988 survey on this subject, which yielded low results, as only half of the HBCUs responded. GAO identified

[17] Statement of Federal Financial Accounting Standard No. 6 requires disclosure of deferred maintenance, or "maintenance that was nor performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period." The deferred maintenance standard pertains to all property, plant, and equipment.

the methods used to calculate the costs as well as the reliability of those who prepared the cost data for this survey.

The 103 HBCUs, all of which responded to GAO's survey, classified 712 historic school-owned properties. According to the schools, an estimated $755 million is required to restore and preserve these properties. Depreciation was included in this analysis, though schools were asked not to include ordinary maintenance costs. Some of the HBCUs listed a total of about $60 million already set aside for property restoration and preservation. Most schools used an original feasibility report, an updates feasibility report, a contractors' quotation or proposal, a cost-estimating guidebook, a cost-per-square-foot calculation, or a consumer price index. Often they used more than one of the aforementioned methods. The cost-per-square-foot method was the most commonly used method. Those who prepared the cost estimates were primarily in-house or school architects/engineers, outside architect/engineering firms, school building/maintenance supervisors, and contractors (other than architect/engineering firms). In-house or school architects/engineers prepared about a third of the cost estimates.

GAO reported that while the cost estimates the schools gave are useful as starting points, some of the methodologies the schools used in calculating costs are questionable. GAO sent a draft of its report to the Department of the Interior for review, and the Department agreed. Thus, not all cost estimates included will necessarily be eligible to be covered by financial assistance. The Department also added that the costs could increase once work begins on the historic properties, because the need for certain repairs may not be discovered until restorations begin.

31. "Personal Bankruptcy: The Credit Research Center Report on Debtors' Ability to Pay," February 9, 1998, GAO/GGD–98–47

a. Summary.—At the request of Senators Charles E. Grassley and Richard J. Durbin, GAO provided the result of the Credit Research Center's (the Center) report on personal bankruptcies. GAO determined that, overall, the Center's report is a worthwhile primary step in evaluating debtors' ability to pay their debts. GAO warned that the results must be "interpreted with caution," as variations among the 13 regions evaluated in the report make it hard to review the accuracy of them. Also, the Center made many assumptions in writing the report. It assumed that debtors' schedules of current estimated income, current estimated monthly expenditures, and debts, usually filed simultaneously with bankruptcy petitions, were precise. The Center also forecasted debtors' incomes for a 5-year period based on their current estimated income and expenditures. GAO does not believe the Center's analysis is reliable enough to apply the report's findings to either the annual 1996 filings in all 13 locations or the national population of personal bankruptcy filings.

32. "Surface Infrastructure: Costs, Financing and Schedules for Large-Dollar Transportation Projects," February 12, 1998, GAO/RCED–98–64

a. Summary.—Confronted with the decreasing efficiency and deteriorating infrastructure of surface transportation systems in

many of the Nation's urban areas, many Federal, State, and local agencies are improving and upgrading their highways and mass transit systems and are assisting the private sector in improving transportation facilities. In fiscal year 1998, the Federal Government will distribute nearly $26 billion to States and localities for the construction and repair of these transportation systems. In order to address this transportation problem, States and localities are planning several large-dollar projects to replace or expand deteriorating systems. These projects, although they represent a substantial investment of Federal, State, and local funds, have begun to be funded by the private sector.

As part of the Committee on Appropriations' ongoing review of high-cost transportation projects, Representative Frank R. Wolf asked GAO to review eight projects that will play critical roles in the infrastructure networks of six metropolitan areas of the United States. GAO studied costs, financing, and schedules for completing these eight transportation projects: the Bay Area Rapid Transit System's extension to the San Francisco Airport, Los Angeles' Red Line subway, Pittsburgh's airport busway, St. Louis Metrolink's extension, Salt Lake City's South Light Rail Transit Line, Boston's Central Artery/Tunnel, Salt Lake City's I–15 reconstruction, and the Alameda Corridor (Los Angeles). The eight projects in total are anticipated to cost about $23 billion.

33. "Forest Service: Barriers to Generating Revenue or Reducing Costs," February 13, 1998, GAO/RCED–98–58

a. Summary.—The House Committee on the Budget is interested in the Forest Service's efforts to be more cost-effective and businesslike in its operations. In order to help the Committee in deliberation and oversight, Chairman John Kasich asked GAO to identify (1) the lessons that can be learned from efforts by non-Federal land managers to generate revenue and/or become financially self-sufficient from the sale or use of natural resources on their lands, and (2) the legal and other barriers that may inhibit the Forest Service's implementation of similar efforts on its own lands.

Per Chairman Kasich's request, GAO reviewed seven non-Federal land managers located throughout the United States. These land managers were selected because they were either making a profit from one or more of the resources that the Forest Service utilizes, or they were maintaining the long-term health of the land and resources by emphasizing environmental management and protection. These land managers use a variety of innovative approaches and techniques involving the natural resources on their lands to generate revenue or reduce costs.

GAO concluded that the Forest Service is at a disadvantage because it is required to continue providing certain goods and services at less than fair market value. Certain congressional expectations and legislative provisions also serve as disincentives to either increasing revenue or decreasing costs. Although the agency has been invested with the authority to obtain fair market prices by Congress, it has often not done so.

34. "Tax Administration: IRS Faces Challenges in Measuring Customer Service," February 23, 1998, GAO/GGD–98–59

a. Summary.—At the request of Congresswoman Nancy L. Johnson, GAO reported on Internal Revenue Service [IRS] performance measures, especially those dealing with customer service. IRS performance measures have three tiers. The first measures overall performance; the second measures IRS' progress in achieving strategic objectives (improving customer service and increasing compliance and productivity); the third measures program performance.

Challenges IRS faces in creating and executing performance measures include developing a dependable measure of taxpayer burden, creating measures to compare competence of various customer service programs, and cultivating or developing new measures to gauge the quality of services rendered.

35. "Tax Systems Modernization: Blueprint Is a Good Start But Not Yet Sufficiently Complete to Build or Acquire Systems," February 24, 1998, GAO/AIMD/GGD–98–54

a. Summary.—GAO reported on the Internal Revenue Service's [IRS] tax systems modernization blueprint. GAO found that the blueprint is a good and solid primary step and that its systems life cycle [SLC] overview provides a technique that is consistent with best public and private sector practices for life cycle management of information technology investments. However, because the blueprint is still uncompleted and IRS does not know all the details of the new plans, a disciplined life cycle management cannot yet be fully executed. The IRS' business requirements, architecture, and sequencing plan are all going to include four levels of greater detail. Two were completed as of May 15, 1997, certain specifications have not yet been added. The IRS' Chief Information Officer [CIO] recognizes that these specifications need to be included and is taking measures to do so. However, IRS does not have complete control of all budgetary matters concerned with the new blueprint, and as a result, even when the modernization blueprint is completed, IRS may not be able to fully implement and enforce it.

36. "Financial Audit: Examination of the Bureau of the Public Debt's Fiscal Year 1997 Schedule of Federal Debt," February 27, 1998, GAO/AIMD–98–65

a. Summary.—In accordance with the Chief Financial Officers [CFO] Act of 1990, as amended by the Government Management Reform Act of 1994 [GMRA], GAO conducted an audit of the Schedule of Federal Debt Managed by the Bureau of the Public Debt [BPD] for the fiscal year which ended September 30, 1997. The Office of Management and Budget [OMB] designated the BPD to issue audited financial statements for the government administration of the Federal Debt. The Schedule of Federal Debt, issued by BPD, shows beginning balances, increases and decreases, and ending balances for (1) Federal debt held by the public and Federal debt held by Federal entities, (2) the related interest payables, and (3) the related net unamortized premiums and discounts, managed by BPD.

GAO found that the Schedule of Federal Debt was reliable in all material respects. The related internal controls in place on Septem-

ber 30, 1997 were effective in safeguarding assets from material loss, ensuring material compliance with laws governing the use of the budget authority and other laws and regulations relevant to the Federal debt managed by BPD, and ensuring that there were no misstatements in the Schedule of Federal Debt. GAO found no instances of reportable noncompliance with selected provisions of laws and regulations tested and no incidents in which BPD did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996 [FFMIA].

37. "Budget Function Classifications: Origins, Trends, and Implications for Current Uses," February 27, 1998, GAO/AMID–98–67

a. Summary.—At the request of Congressman John R. Kasich, chairman of the House Committee on the Budget, GAO examined the origins and evolution of the current structure of budget function classifications and recent spending trends by function. Also, they described the challenges of applying these classifications to other government-wide applications, such as the Federal Government Performance Plan and the Statement of Net Cost in the Consolidated Financial Statements of the Federal Government.

The modern budget function system used today was first employed in 1948, and since then has only been changed slightly. But, the practice of classifying government spending by purpose goes back almost 200 years. The budget system has changed over the years from a retrospective summary of how Federal dollars are spent, to a system used by the President in his budget submission as a supplemental presentation piece, to the present-day method that Congress uses to display their congressional budget resolutions.

When assessing the recent spending trends by function, the GAO found that spending has become concentrated over the last 20 years in just a few of the budget functions. One third of the functions account for about 90 percent of the growth. Medicare, Net Interest, and Health are the functions with the highest average annual growth. Another trend analysis, based only on subfunction classifications, showed that spending associated with human resources missions and interest payments increased from 55 percent to 70 percent of the total Federal spending since 1977. These two areas are responsible for almost all the growth since 1977. Any decline in spending has been affiliated with funding cuts in State and local governments, certain veteran-related activities, and the central fiscal and personnel management activities of the Federal Government.

As other government-wide applications begin to use this framework for their assessments of the performance and cost of government operations, certain questions will arise about the structure's suitability for these emerging uses. There are two basic concerns from which these questions will arise: (1) how agencies report specific spending, and (2) how this information is consolidated into various function and subfunction categories. GAO concluded that these questions must be addressed if this sort of framework will be useful.

38. "Financial Audit: American Battle Monuments Commission's Financial Statements for Fiscal Year 1997," February 27, 1998, GAO/AIMD–98–81

a. Summary.—GAO audited the American Battle Monuments Commission's [ABMC] financial statements for the fiscal year which ended September 30, 1997. Copies of this report were sent to the Senate and House Committees on Appropriations, the Secretary of the Treasury, the Director of the Office of Management and Budget, the chairman of the ABMC, and other interested parties.

This report indicates that the ABMC's balance sheet as of September 30, 1997, was reliable in all material aspects. Also, internal controls in place as of September 30, 1997 were effective in (1) assuring material compliance with laws governing the use of budget authority and with other relevant laws and regulations and (2) safeguarding assets against loss from unauthorized acquisition, use, or disposition. Internal controls were not effective in ensuring that transactions were effectively recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability of assets.

39. "Forest Service: Status of Progress Toward Financial Accountability," February 27, 1998, GAO/AIMD–98–84

a. Summary.—In its third report on the Forest Service's financial troubles, GAO evaluated the Forest Service's activation of a new financial accounting system, modification of certain accounting deficiencies, settlement of key staffing and financial management organizational matters, and dedication to achieving financial accountability.

GAO found that while the Forest Service is moving forward with its new accounting system, much work still remains. The Forest Service has corrected several accounting deficiencies, but reliable balances for certain assets remain to be established. Financial management organizational matters have not been fully evaluated by the Forest Service, so GAO could not determine whether the structures of these are enough to correct the financial problems. Some key positions in financial management are vacant. Forest Service management is moving toward correction of the financial problems. Its autonomous organizational arrangement may thwart top management from making all improvements by the end of fiscal year 1999.

40. "Community Development: Changes in Nebraska's and Iowa's Counties With Large Meatpacking Plant Workforces," February 27, 1998, GAO/RCED–98–62

a. Summary.—GAO issued a report on workforce changes in Nebraska and Iowa with the installation of meatpacking plants. Upon investigating, GAO determined there were several changes. From 1986 to 1990, 11 of 16 counties with large meatpacking workforces in Nebraska and Iowa experienced population growth. Minority populations grew in all 16 counties. School enrollment increased in 15 of 23 counties with large meatpacking workforces. The number of Medicaid recipients increased. There were statewide increases in economic well-being. From 1986 to 1995, the level of serious crime

increased in 14 of the 19 counties which reported crime statistics. GAO found that housing conditions for meat plant workers were adequate, according to officials from nine Iowa and Nebraska communities. Also, the Immigration and Naturalization Service found that illegal aliens make up about 25 percent of all meatpacking workers in Nebraska and Iowa.

41. "Intercity Passenger Rail: Issues Associated with a Possible Amtrak Liquidation," March 2, 1998, GAO/RCED–98–60

a. Summary.—At the request of Senators John McCain and Ernest F. Hollings of the Senate Committee on Commerce, Science, and Transportation and Representatives Bud Shuster and James L. Oberstar of the House Committee on Transportation and Infrastructure, GAO produced a report regarding the National Railroad Passenger Corp. (Amtrak) and its deteriorating financial status.

Over the last 27 years, the government has supplied Amtrak with more than $20 billion in Federal assistance to cover it's operating losses and make capital improvements. However, Amtrak's financial condition has continued to deteriorate. This continuing financial deterioration might lead to bankruptcy and liquidation. If Amtrak's financial situation leads to bankruptcy, the trustee commissioned with the task of handling the bankruptcy procedures has the option to reorganize the company, rather than immediately liquidate it. GAO's report focuses on the issues associated with a possible liquidation of Amtrak, because it is difficult to predict how Amtrak might be reorganized. Specifically outlined in this report were (1) the uncertainties in estimating the potential costs associated with a liquidation; (2) the potential financial impacts on creditors, including the Federal Government; (3) the possible financial impact of an Amtrak liquidation on participants in the railroad retirement and unemployment systems; and (4) the possible impacts on intercity, commuter, and other rail services.

There are many different variables to consider when examining the potential cost of a liquidation. These include Amtrak's debt and financial obligations at the time of liquidation, the market value of its assets, and the proceeds of the sale of its assets. Amtrak has estimated the net cost of a possible liquidation to creditors and others to be as much as $10 to $14 billion over a 6-year period. The labor protection arrangements for Amtrak workers were eliminated in the Amtrak Reform and Accountability Act of 1997. If there are to be any new protection arrangements, they must be worked out in negotiations between Amtrak and its unions. Also, these negotiations will determine whether or not Amtrak has a financial obligation to those employees that lose their job as a result of a liquidation.

Amtrak's creditors could face losses in the event of a liquidation. As of September 30, 1997, Amtrak estimated that its debt to all institutional creditors could be about $2.2 billion. The market value of Amtrak's assets at the time of liquidation will determine the extent to which the creditors will be reimbursed. In the event of a liquidation, the government's financial interests would probably be subordinate to all other claims, the only exceptions being Amtrak's interest in the Northeast Corridor and certain other real property.

An Amtrak liquidation would require a higher payroll tax on employers and employees of other railroads or a reduction in benefits to compensate for the loss of Amtrak's annual contributions. Without the higher payroll tax or the reduction of benefits, the railroad retirement fund would start to decline by 2000 and would be depleted by 2026. In order for the unemployment fund to remain financially solvent, it would require immediate action in the form of surcharges on participants as well as borrowing from the retirement account for the next 2 or 3 years.

The liquidation of Amtrak would also have negative effects on other intercity and passenger rail services. Access to the tracks and stations owned by Amtrak and others and the ability of States and commuter railroads to consume the cost of continuing service are two factors that could affect the continuation of rail service. In the event of a liquidation, commuter rail services that contract with Amtrak to provide service would be required to find new operators; this can be a timely and expensive proposition. The freight railroads that use the Northeast Corridor may also face a possible loss of millions of dollars of business if they are unable to gain access to the Northeast Corridor because of this liquidation.

42. "National Weather Service: Events Surrounding Fiscal Year 1997 Budget," March 4, 1998, GAO/AIMD–98–69

a. Summary.—GAO reviewed and described the conception and enaction of the National Oceanic and Atmospheric Administration's [NOAA] National Weather Service's [NWS] fiscal year 1997 budget and identified notable events regarding NWS' fiscal year 1997 budget "shortfall" and the endeavors to address it. NWS' budget "shortfall" refers to the decrease in funds the NWS had to operate within fiscal year 1997.

The Department of Commerce asked the Office of Management and Budget [OMB] to include $693 million for NWS in the President's budget. OMB later lowered this amount to $671 million which, upon to submission to Congress, was reduced to $638 million for fiscal year 1997. NWS stayed within this smaller budget by executing several temporary and permanent actions to reduce costs.

One event surrounding the matter includes field vacancy reprogramming, started by NWS before it gave NOAA its answer on the matter. NWS had assumed that NOAA would approve the request and provide funding for the service later on. NOAA later would not grant permission for the reprogramming request, and NWS received no funding to compensate for money already spent on reprogramming.

A second event involved NWS forwarding certification packages to NOAA for approval to merge, automate, and/or shut down weather service offices to make up for the field vacancies. Once NWS learned that NOAA would not grant permission for the field vacancy reprogramming, it asked that 27 of the 83 certification packages be held back because these 27 locations had vacancies in their field offices. NWS determined that merging, automating and shutting down these field offices would cause service quality to decline, which is in direct violation of section 706(b) of Public Law

102–567. The NOAA Under Secretary held back all 83 certification packets after that.

43. "SEC Year 2000 Report: Future Reports Could Provide More Detailed Information," March 6, 1998, GAO/GGD/AIMD–98–51

a. Summary.—At the request of Congressman John D. Dingell, GAO reviewed the Securities and Exchange Commission's [SEC] June 1997 report on the SEC's endeavors to ensure the safety of individual investors and securities markets once the date changeover occurs in the year 2000. Computers, as of now, are programmed to recognize any two digit year—such as "98" for 1998—as occurring in the 1900's. In the year 2000, a "00" date will, without alterations, be read by the computer as "1900." GAO, in order to determine how future reports can be improved, reviewed the state of the year 2000 Report's compliance (to be completed in five phases) on computing issues by SEC, the securities industry, and public companies. It also reviewed how well SEC is overseeing year 2000 changes focused on its internal systems, self-regulatory organizations [SRO], broker-dealers, and other regulated groups, as well as the instruction SEC has provided to public corporations for disclosing year 2000 remediation ventures.

GAO found that SEC's June 1997 report was too general in its overview for Congress to be able to evaluate its progress as the end of the millennium draws near. An SEC official explained that SEC had collected more specific information on SROs, and that its report was done primarily to determine which market participants were both aware of and taking steps to prepare for the year 2000 problem.

The Office of Management and Budget [OMB] reported that the following information should be included in future SEC reports to Congress: (1) which systems are deemed critical for the U.S. securities markets' functioning; (2) how much progress has been made in realizing year 2000 compliance issues; (3) how long it will take for each phase to be completed in reaching full compliance; (4) what needs to be done to address systems that are not on schedule; and (5) contingency strategies for those systems which will not be ready in time for the changeover. GAO also reported that the yearly reports SEC is submitting may be too infrequent, as the year 2000 is fast approaching.

44. "Airport Financing: Funding Sources for Airport Development," March 12, 1998, GAO/RCED–98–71

a. Summary.—Large passenger airports and small general aviation airports receive Federal assistance in order to ensure safe and efficient operations. With this Federal assistance, they plan capital developments including new runways, passenger terminals, navigational aids, and roadway access. Several studies have been conducted in the last year examining the capital development needs. Incomplete financial information about the airports made it difficult to assess the airports' financial capabilities in financing future developments.

The GAO was asked by Congress to respond to the following questions pertaining to this issue: (1) How much are airports of various sizes spending on capital development and where are they

getting the money? (2) If current funding levels continue, will they be sufficient to meet capital development planned for the 5-year period from 1997 through 2001? (3) Taking into account a difference between current funding and planned development, what is the potential effect of various proposals to increase airport funding? In order to better answer these questions, the GAO established an extensive database of airport funding information which is linked to each airport and its level of activity.

GAO found that in 1996, $7 billion was given to the 3,304 airports that make up the national airport system. Ninety percent of this money came from three sources: airport and special facility bonds, the Airport and Airway Trust Fund, and passenger facility charges paid on each airline ticket. The amount and source of funding varied in relation to the size of the airport. The 71 largest airports received 79 percent of all funding. Ten percent of funding came from grants, but represented 50 percent of the funding for the smaller airports. Only 10 percent of the grant money went to the larger 71 airports in the United States.

The airports predict that they will need $10 billion per year for the development planned for 1997 through 2001, an increase over the current capital funding of $7 billion. In 1996, funding for planned development for general aviation airports only covered half of the total costs. In contrast, Federal grants for the airports with the highest priority matched or exceeded the planned development for such projects.

Over the past few years there have been a number of proposals to increase funding for airports. These proposals include enlarging the size of the Federal grant program, elevating the passenger facility charges, and leveraging existing funding sources. Increasing the size of the Federal grant system would benefit smaller airports more, while raising the passenger facility charges for passengers would be more help to larger airports. The current Federal Aviation Administration's pilot program to use grants in more innovative ways and to privatize airports will probably not succeed because of limited participation by airports. Capitalizing State revolving funds would be more successful in expanding airport investments. This is not a currently permitted use for Federal airport grants, but they have proved to be more successful in other infrastructure sectors.

45. "Implementation of the Small Business Advocacy Review Panel Requirements," March 18, 1998, GAO/GGD–98–36

a. Summary.—In response to the request of Senators Christopher Bond and Pete Domenici and Representatives Roscoe G. Bartlett and Sue W. Kelly, GAO examined the enforcement of the Small Business Regulatory Enforcement Fairness Act [SBREFA], (which was passed in March 1996) by the Environmental Protection Agency [EPA] and the Occupational Safety and Health Administration [OSHA].

This bill requires both EPA and OSHA to convene a small business advocacy review panel on each new rule that may have a significant economic impact on a large portion of small businesses, before they publish a notice of proposed rulemaking. The advocacy review panel must seek the advice and recommendations of different

entities that will actually be impacted by the proposed rule. The agencies responsible for the rule must participate as well as the Small Business Administration's [SBA] Chief Counsel for Advocacy and representatives from the Office of Management and Budget's [OMB] Office of Information and Regulatory Affairs [OIRA].

GAO's report had four objectives: (1) to determine whether EPA and OSHA have applied the above requirements to all proposed rules issued between June 28, 1996 and June 28, 1997 that may have a significant economic impact on a substantial number of small entities; (2) to determine whether the advocacy review panels, the regulatory agencies themselves, and SBA's Chief Counsel for Advocacy followed the statute's procedural requirements for panels convened between June 28, 1996 and November 1, 1997; (3) to identify any changes made by the EPA or OSHA as a result of the advocacy panels; and (4) to identify any suggestions made by agency officials and small entity representatives on how to improve the advocacy review panel process.

GAO's inquiry into this matter revealed that OSHA convened one advocacy review panel and published two other rules without a panel. OSHA made some slight changes to the text of the draft rule as a result of the one panel they convened, but it is not clear whether or not these changes will affect the final implementation of the rule because the rulemaking process has not been completed. EPA held four advocacy review panels and published 17 other draft rules without a review panel. Both agencies claimed that there was no need for an advocacy review panel on those rules that they certified would not have a significant economic impact on a substantial number of small entities. However, the SBA Chief Counsel said that the EPA should have held panels for 2 of those 17 that did not receive one. Specifically, the national ambient air quality standards for ozone and particulate matter should have received a panel review according to the Chief Counsel. The small entity representatives agreed that panels should have been held. The EPA claims that they are not responsible for the impact on small entities of these standards because the States make the final implementation decisions.

For the five panels that were convened by EPA and OSHA, the regulatory agencies themselves and the SBA Chief Counsel for Advocacy generally followed most of the guidelines. The only discrepancy lies in the fact that they did not meet all deadlines established by SBREFA. The five panels were not conducted in a uniform manner, but that is because the agencies are still developing the panel procedures.

The representatives of the five advocacy review panels submitted a few suggestions for improving the process: (1) adjust the timeframes in which the panels are conducted; (2) ensure that there are more representatives from the different small entities that will be affected by the rule; (3) enhance the methods that are used by the panelists to receive comments; and (4) improve the background materials that are supplied by the regulatory agencies.

46. "IRS Audits: Workpapers Lack Documentation of Supervisory Review," April 15, 1998, GAO/GGD–98–98

a. Summary.—GAO evaluated the condition of the workpapers—papers IRS auditors use while auditing—of 354 sample IRS audits from a December 30, 1997 report. GAO found that the workpapers did not always meet the workpaper standards, because the tax adjustments in the workpapers were not the same as the adjustments sent to the taxpayers or listed in the auditor's report. In addition, the workpapers did not include all required documents to sustain the tax liabilities reached and reported by auditors. GAO recommends supervisory reviews on workpapers so that their conditions can be improved.

47. "Public-Private Competitions: DOD's Additional Support for Combining Depot Workloads Contains Weaknesses," April 17, 1998, GAO/NSIAD–98–143

a. Summary.—GAO reviewed the reasons the Air Force believes it is both more logical and economical to combine the workloads from the Sacramento, CA and the San Antonio, TX maintenance depots. The Air Force made this decision as a result of a variety of information collected beginning in September 1995. But GAO found that the rationale behind the Department of Defense's [DOD] decision was not well supported.

GAO's assessment reveals weaknesses in the logic, assumptions, and data behind DOD's rationale. The Air Force's claims are questionable, as many of the conclusions it has reached about the workload combination do not consider all factors involved. Because DOD has not analyzed the economic situation involved in maintaining individual workloads in Sacramento and San Antonio, and because the data has not supported its claims that the workloads must be combined, GAO could not agree with DOD's evaluations.

48. "Telecommunications: Telephone Slamming and Its Harmful Effects," April 21, 1998, GAO/OSI–98–10

a. Summary.—At the request of Senator Susan M. Collins, the Office of Special Investigations of GAO helped the Permanent Subcommittee on Investigations ascertain which companies or groups engage in intentional telephone slamming, how these entities defraud customers, and what efforts the Federal Communications Commission [FCC] and others have made to reduce slamming. Telephone slamming is the "unauthorized switching of a customer from one long-distance provider to another."

GAO was also requested to provide a case study on a long-distance telephone company which engaged in frequent, intentional slamming. The case study is on Daniel H. Fletcher, the owner and operator of a long-distance company. Between 1993 and 1996, his company slammed or tried to slam over 500,000 consumers. Fletcher's company billed customers more than $20 million and left $3.8 million in unpaid bills to industry firms.

Not only is telephone slamming harmful to consumers, it is also difficult to track, because there is no specific office to call when one has been the victim of slamming.

Facility-based carriers, switching resellers, and switchless resellers have the motivation to practice slamming. They often engage

in slamming by falsifying documents that switch a consumer from one long-distance provider to another.

The FCC, state regulatory agencies, and the telecommunications industry all attempt to stop intentional slamming. GAO found that the FCC's efforts do very little to stop slamming. Though long-distance providers' FCC tariffs are reviewed, no significance is placed on the ones which must be provided prior to providing telephone service.

49. "Public-Private Competitions: Review of Sacramento Air Force Depot Solicitation," May 4, 1998, GAO/OGC–98–48

a. Summary.—Under the National Defense Authorization Act for Fiscal Year 1998, GAO is required to submit a report on the allocation of depot workloads currently performed at the Sacramento and San Antonio Air Logistics Centers. This act obligates GAO to review solicitations issued for contracts to take over the workloads at Sacramento and San Antonio. Within 45 days, GAO was required to report whether the two centers (1) complied with applicable laws and regulations and (2) provided an equal opportunity for both public and private offerors to compete for the contracts.

This report, which was submitted to Senators Strom Thurmond and Carl Levin and Representatives Floyd Spence and Ike Skelton, examined McClellan Air Force Base's recent solicitation of contracts for numerous depot-level workloads that are being performed at the Sacramento Air Logistics Center in Sacramento, CA.

GAO found that the Air Force has not successfully shown that soliciting contracts for the workloads on a combined basis is necessary to satisfy its needs. Otherwise, the solicitation was found to be in compliance with all relevant laws.

One of the potential offerors raised a complaint about the Sacramento solicitation's requirement that the offeror must be able to perform all of the diverse types of workloads being solicited. They believe that this restricts competition because many offerors would be able to perform some, but not all of the workloads. The solicitation for contracts on multiple workloads issued by the Air Force required DOD to submit to GAO a determination showing that the workloads could not be logically and economically done by separate sources. DOD issued this required determination, but GAO found that it did not provide adequate information to support their claims. In turn, the Air Force supplied GAO with supplemental information supporting their claim and again, GAO found this to be insufficient.

Another potential competitor questioned the Air Force's ability to select a contractor other than the lowest bidder, despite the Air Force's claim that the solicitation award would go to the offeror whose proposal represents "the best value to the Government." GAO found nothing in law requiring the Air Force to offer the contract to the lowest bidder. The only requirement of the DOD is that they show a cost comparison outlining the savings that will result if they choose a private-sector contract.

Another potential competitor was concerned about the fact that the solicitation requires more support for savings that are proposed to be achieved in the later years of the performance period. Their concern is that this methodology may not catch an offeror's pro-

jected overhead savings for the entire performance period. However, after GAO researched this issue, they found the solicitation requirement to be reasonable and necessary considering the longevity of the project.

The GAO was also required by law to determine whether the Sacramento solicitation provided a "substantially equal opportunity for public and private offerors to compete for the contract without regard to where the workload is to be performed." The competitors must be allowed to perform at any location and preferential treatment may not be given based on their choice of location. GAO found nothing in the solicitation indicating any problems in these areas.

50. "Forest Service: Weak Contracting Practices Increase Vulnerability to Fraud, Waste, and Abuse," May 6, 1998, GAO/RCED–98–88

a. Summary.—As requested by Senator Robert F. Smith, GAO evaluated whether the Forest Service's contracting practices are designed to minimize fraud, waste, and abuse, and maximize effectiveness. GAO found that the Forest Service is highly susceptible to fraud, waste, and abuse, because it does not comply with several internal control standards. Its internal system for contracting activities was also found to be ineffective.

GAO's report recommends ways to both strengthen internal control and increase use of the best contracting practices. By developing a written plan for defining control objectives and techniques, documenting contract files of critical contract award and administration action, routinely supervising the contracting staff, consistently monitoring contractors' progress, and eliminating errors and omissions in the management information system, the effectiveness of the Forest Service's contracting would be improved.

51. "Public-Private Competitions: Review of San Antonio Depot Solicitation," May 14, 1998, GAO/OGC–98–49

a. Summary.—In response to one of several reporting requirements contained in the National Defense Authorization Act for Fiscal Year 1998, relating to the allocation of depot workloads currently performed at the closing San Antonio and Sacramento Air Logistics Centers, GAO reviewed solicitations issued for these workloads. Section 359 of the act (10 U.S.C. 2469a) requires that within 45 days of the solicitations' issuance the centers (1) are in compliance with applicable laws and regulations and (2) provide a "substantially equal opportunity for public and private offerors to compete for the contract without regard to the location at which the workload is to be performed."

On March 30, 1998, the Air Force issued a solicitation for the purpose of conducting a public-private competition for various depot-level workloads being executed at Kelly Air Force Base, Texas. Based on the review of this solicitation and concerns raised informally by potential offerors, GAO found that the Air Force had not, as of May 5, provided sufficient evidence to show that soliciting the workloads on a combined basis for both centers would satisfy the Air Force's needs. However, GAO found that the solicita-

tion was in compliance with applicable laws, including 10 U.S.C. 2469a.

52. "District of Columbia: Taxes and Other Strategies to Reduce Alcohol Abuse," May 19, 1998, GAO/GGD/HEHS–98–140

a. Summary.—The District of Columbia's 1986–1990 average annual rate of alcohol-related deaths was nearly twice the national average. One-third of the District's high school students, in a 1995 survey, indicated that they had consumed alcohol recently, and 13 percent indicated frequent heavy drinking.

The General Government Division [GGD] of the GAO studied the taxation and regulation of alcoholic beverages in the District. The objectives were to compare the District's taxes on alcoholic beverages with those of Virginia and Maryland to determine whether the District's alcoholic beverage tax structure can be made more similar to those in surrounding jurisdictions; to measure how much higher the District's excise tax rates would be if adjusted for inflation; to determine whether higher alcohol taxes vary directly with lowered alcohol abuse; to list which States allot their alcohol taxes for specific purposes; and to describe alcohol prevention programs the District should consider.

Combined taxes in Virginia, a neighbor of the District's, are lower for nearly all beers and relatively expensive wines. The opposite holds true for cheaper wines. Compared to all Maryland counties, excluding Montgomery County, the District's combined sales and excise taxes are higher for all alcoholic beverage types.

The District's tax structure cannot be made identical to those in Maryland and Virginia because tax structures in these nearby jurisdiction's all differ.

The District's excise taxes have declined because they have not been adjusted for inflation. However, the ad valorem special sales tax rates on alcoholic drinks make up for the low excise taxes. Higher alcohol taxes raise consumer prices on alcoholic beverages, and higher consumer prices lower the quantity of alcohol demanded by consumers. Alcohol abuse thus drops. Twenty-four States earmark their excise taxes for alcohol treatment, substance abuse, mental health programs and/or other specific purposes.

Most alcohol prevention strategies have not been adequately evaluated or studied for a long enough period of time to determine their effectiveness. GAO suggests both visible law enforcement on illegal alcohol-related activities, as well as education to prevent alcohol misuse. The District has already implemented several programs for this cause, though full implementation of these programs has been thwarted by budget and staffing constraints.

53. "Tax Administration: Ways to Simplify the Estimated Tax Penalty Calculation," May 27, 1998, GAO/GGD–98–96

a. Summary.—GAO prepared a report on estimated tax [ES] penalty rules. The Internal Revenue Service's [IRS] Taxpayer Advocate's Annual Report to Congress reported that ES penalty rules are extremely complicated. GAO reported on which Internal Revenue Code and IRS requirements cause ES penalty calculations (which taxpayers have difficulty completing) to be so complex, and

also on how changes to the requirements might make ES penalties easier to calculate.

Taxpayers who have underpaid their taxes can choose to assess their own penalties with a Form 2210. GAO found that this form requires many superfluous calculations which do very little to change the ES penalty amounts.

Form 2210 also requires taxpayers to calculate each underpayment separately, rather than tracking the combined amount owed. GAO determined that calculating the accumulated amount would allow taxpayers to make fewer calculations, and thus make their penalty amounts easier to calculate.

In addition, taxpayers must make more ES penalty calculations to account for three of the four 15-day periods between ES interest rate effective dates and ES payment dates, during which the rates change. But the rate changes only slightly affect the penalty amounts. GAO suggests aligning the interest rate effective date and the ES payment date, eliminating additional calculations and virtually unaffecting ES penalty amounts.

GAO also found that a 365-day-a-year-calendar would decrease the number of calculations on ES penalties. Right now, taxpayers must make extra calculations when the underpayment amount due extends through a leap year or the end of the year before a leap year. The penalty amounts would only be affected by about 0.3 percent by GAO's suggested change.

54. "Environmental Protection: EPA's and States' Efforts to Focus State Enforcement Programs on Results," May 27, 1998, GAO/RCED–98–113

a. Summary.—The Environmental Protection Agency [EPA] is allowed to designate responsibilities for key programs to States which have sufficient "authority to inspect, monitor and enforce the program." Some States have adopted alternative strategies to the traditional enforcement approaches. As requested by the chairman and ranking member of the House Committee on Commerce, GAO examined what alternative strategies States practice to comply with EPA, both whether States and how States measure these alternative strategies' effectiveness, and how EPA has responded to these alternative strategies.

GAO gathered information from 10 States—Colorado, Delaware, Florida, Illinois, Massachusetts, New Jersey, Oregon, Pennsylvania, Texas, and Washington—for its report. These States' approaches fall into two categories: (1) "compliance assistance" strategies which seek to help dischargers comply with EPA's environmental requirements, and (2) more flexible strategies. The former approach, which most of these 10 States use, targets smaller facilities and businesses which may not fully comprehend the environmental requirements or the most effective and efficient ways of practicing them. The latter approach encourages facilities and business to monitor and correct their own environmental performances and problems.

Both State and EPA officials agreed that the effectiveness of these alternative approaches should be evaluated and judged. However, GAO found it difficult to measure their effectiveness because the data needed for a thorough evaluation was often missing.

EPA continues to emphasize strong enforcement of its environmental policies. The agency has raised concerns about decreases in enforcement in some States and it objects to many State audit privilege/immunity laws and other programs that it believes detract from the efficiency and usefulness of State enforcement programs. GAO found that EPA and State authorities differed in legal and policy views, as well as regarding the extent to which EPA should be involved in State enforcement activities. Because of this, their views on the 10 States' alternative strategies differ as well. EPA's varying approaches on how to measure the adequacy of these alternative programs, GAO reported, only aggravate the problem. GAO concluded that EPA could help States form methods to achieve "results-oriented enforcement strategies."

55. "Tax Administration: Increasing EFT Usage for Installment Agreements Could Benefit IRS," June 10, 1998, GAO/GGD–98–112

a. Summary.—At the request of Representatives Bill Archer and Nancy L. Johnson, GAO reported on the use of electronic funds transfer [EFT] for making installment payments to the Internal Revenue Service [IRS]. For its report, GAO questioned officials from Minnesota and California, two States which promote EFT use.

EFT is used by various types of organizations (e.g., banks) to transfer and receive money. It is a more accurate and less costly way to pay delinquent taxes. In both Minnesota and California, installment agreement default rates have declined in part due to EFT. GAO concluded that IRS could lower its installment agreement default rates and lower costs if more taxpayers used EFT to pay tax installments.

56. "IRS' YEAR 2000 Efforts: Business Continuity Planning Needed for Potential Year 2000 System Failures," June 15, 1998, GAO/GGD–98–138

a. Summary.—GAO evaluated the Internal Revenue Service's [IRS] progress in adjusting its systems according to the guidelines in the year 2000 assessment guide; determined the risks the IRS is undertaking while it prepares information systems for dates beyond December 31, 1999; and identified the continuity of IRS operations in the event of year 2000-produced system failures.

GAO found that 12 of the 14 steps in the year 2000 guidelines must still be completed by IRS. Two risk areas for IRS are "the lack of an integrated master conversion and replacement schedule" and limited contingency planning for system failures. GAO concluded that IRS' approach to the year 2000 problem is inadequate to ensure continuity of IRS' operations in the event of system failures in 2000.

57. "Tax Administration: IRS Measures Could Provide a More Balanced Picture of Audit Results and Costs," June 23, 1998, GAO/GGD–98–128

a. Summary.—GAO conducted a report on the Internal Revenue Service's [IRS] measures of the results of its tax return audits. GAO's objectives were to determine how many of the audits were settled between fiscal years 1992 and 1997 and how much of the

additional tax money IRS recommended was collected by September 27, 1997. GAO also determined how much of the additional tax money recommended for fiscal year 1992 had been assessed and collected, and whether IRS' measures of audit results fully reflected both audit costs and revenues.

GAO found that, though IRS recommended tens of billions of dollars' worth of additional taxes, not all of these recommended taxes were assessed, and of those that were assessed, not all recommended taxes were collected. For example, only 34 percent of fiscal year 1992 recommended additional taxes were assessed. IRS settled 40 percent of the recommended taxes without assessing them. Of the 34 percent that was assessed, 72 percent was collected that year. As of September 27, 1997, only 25 percent of the recommended taxes for the 1992 fiscal year had been collected, and less than half of the recommended additional taxes from all types of audits had been collected. Also, GAO found that IRS' performance measures do not fully reflect audit costs and revenues.

58. "USDA Telecommunications: Strong Leadership Needed to Resolve Management Weaknesses, Achieve Savings," June 30, 1998, GAO/AIMD–98–131

a. Summary.—At the request of Congressman Bob Goodlatte, GAO investigated steps the U.S. Department of Agriculture [USDA] has taken to address its telecommunications management weaknesses. GAO first reported these weaknesses in 1995 and 1996. At that time, GAO recommended that USDA develop strong management practices in order to efficiently manage telecommunications; consolidate and optimize Federal Telecommunications System [FTS] resources in order to save money when possible; integrate resource and information networks so that more sharing can occur throughout the FTS; and both correct and prevent telephone fraud and abuses.

USDA has since taken measures to reduce management weaknesses—measures that could save it as much as $70 million a year on telecommunications. However, USDA still lacks strong management practices to ensure efficiency; it has neither consolidated nor optimized FTS resources to realize savings where possible; and it has not taken measures to determine how much USDA is at risk for telephone fraud and abuses. GAO believes it is unlikely that these problems will be addressed, or that any corrective measures will be taken because no one at USDA is obligated to mitigate its telecommunications management weaknesses.

59. "Results Act: Observations on Treasury's Fiscal Year 1999 Annual Performance Plan," June 30, 1998, GAO/GGD–98–149

a. Summary.—As requested by several Members of the House Majority Leadership, GAO reviewed the Department of the Treasury's fiscal year 1999 annual performance plan. Such plans must be submitted to Congress as stated by the Government Performance and Results Act of 1993 (Results Act). GAO developed three core questions which, in being answered, would help in its review: (1) "To what extent does the agency's performance plan provide a clear picture of intended performance across the agency?"; (2) "How well does the agency's performance plan discuss the strategies and

resources the agency will use to achieve its performance goals?"; and (3) "To what extent does the agency's performance plan provide confidence that its performance information will be credible?"

GAO found that Treasury's fiscal year 1999 performance plan only partially meets the criteria of the Review Act. Treasury's plan covers almost all of its program activities and, in general, demonstrates a clear link between these activities and its performance goals. By way of improvements, GAO suggests displaying performance goals and measures information in a way that would better demonstrate intended/expected achievements. GAO also suggests that the plan include more outcome goals and measures. GAO cited that the plan does not include consistent information about how Treasury intends to coordinate its bureaus, offices and other agencies' activities.

The plan also mentions the resources to be used to meet the criteria of the Results Act. However, strategies for reaching the criteria are not thoroughly described.

GAO added that if Treasury were to incorporate more details on the strategies Treasury intends to use to verify and confirm performance information, Congress could be better assured of the performance information's credibility.

So that the plan can be of more use to Congress, GAO has advised that the plan elaborate on performance goals that would address management challenges and high-risk areas Treasury faces.

60. "Nuclear Proliferation: Difficulties in Accomplishing IAEA's Activities in North Korea" July 7, 1998, GAO/RCED–98–210

a. Summary.—North Korea is a signatory of the Treaty on the Non-Proliferation of Nuclear Weapons, which requires it to safeguard its nuclear materials with the International Atomic Energy Agency [IAEA]. IAEA conducted inspections in 1992 and 1993 that uncovered numerous discrepancies in North Korea's disclosure of the quantity of nuclear material in its tenure. Immediately following these inspections, North Korea announced its refusal to clear up any of the discrepancies, its cessation of IAEA's inspections, and its intention to withdraw from the treaty. This announcement raised widespread concern that North Korea may have redirected some of its nuclear material to yield nuclear weapons.

Under the bilateral agreement between the United States and North Korea, known as the Agreed Framework, to address the North Korean nuclear issue, the United States has agreed to help North Korea in obtaining two light-water nuclear power reactors to produce electricity. In exchange, North Korea must promise a "freeze" on operations and construction at North Korea's existing graphite-moderated reactors and related facilities and agree to ultimately disassemble these facilities sometime in the near future. Meanwhile, some of IAEA's requests have been dropped, but they still must comply with IAEA's standards of conduct pertaining to other activities specified in the Agreed Framework.

GAO's report requested by the Honorable Frank H. Murkowski, chairman of the Senate Committee on Energy and Natural Resources, discusses the status of IAEA's actions under the Agreed Framework, including IAEA's nuclear-freeze monitoring activities, inspections of facilities not included in the freeze, and plans to vali-

date the accuracy and completeness of North Korea's 1992 disclosure of the quantity of their nuclear material. This is GAO's third report to Senator Murkowski on this issue.

IAEA is confident that operations and construction in North Korean nuclear-related facilities have been frozen. However, IAEA has specified some other problems associated with their ability to determine whether North Korea is complying in full with other aspects of the nuclear freeze. For example, North Korea has not allowed IAEA to implement safeguards measuring the liquid nuclear waste tanks at the facility. These measures are necessary to ensure that the nuclear waste is not being removed from the site or altered in any way.

Certain North Korean nuclear facilities are allowed to continue operating. These facilities are smaller and less important to North Korea's nuclear program. Inspections by IAEA currently occur several times a year. IAEA has said that North Korea has been cooperative in this area. The only activity that North Korea prohibits IAEA from doing is taking environmental samples.

Many activities are required of IAEA in the future to verify the accuracy and completeness of (1) North Korea's initial declaration of nuclear facilities and (2) the amount of nuclear material in their possession. IAEA's activities are linked in the Agreed Framework to certain stages in a reactor's construction. If there are delays in the reactor's construction, there will also be delays in IAEA's activities. IAEA has identified their biggest problem to be the lack of an early agreement between IAEA and North Korea on (1) acquiring the information needed to verify the declaration and (2) the procedures required to preserve that information. If this agreement is not made, North Korea's nuclear declaration "might be lost" and the ability to retrieve operating histories of a graphite-moderated reactor will be lost. North Korea has not agreed because they consider IAEA's requests and requirements to be too excessive and premature in relation to the agreed upon timeframe set up in the Agreed Framework. IAEA is currently investigating ways to reconstruct the reactor's operating history in order to verify North Korea's initial disclosure of nuclear material.

61. "Regulatory Management: Implementation of Selected OMB Responsibilities Under the Paperwork Reduction Act" July 9, 1998, GAO/GGD–98–120

a. Summary.—Senator Sam Brownback requested that GAO conduct an assessment of the Office of Information and Regulatory Affairs [OIRA], which is part of the Office of Management and Budget [OMB], to see how well they have complied with select responsibilities assigned to them by the 1995 Paperwork Reduction Act [PRA]. Three areas of OIRA's information collections responsibilities were investigated by GAO:

(1) How OIRA reviews and controls paperwork;

(2) How OIRA oversees Federal information resources management [IRM] activities;

(3) How well OIRA keeps Congress and congressional committees informed about major activities under the PRA.

GAO found that OIRA has not provided agencies with adequate guidance on how they can estimate their paperwork burden. As re-

quired by the PRA, OIRA has implemented governmentwide and agency specific burden-reduction goals. But, they do not believe that the goals of the agencies need to add up to the total government-wide goal. OIRA has not established any pilot programs to test alternative projects and procedures to minimize the information collection burden. They do have other pilot programs, however, which predate the PRA and were not initiated in response to the PRA.

OIRA believes that through their reports to Congress under the PRA, the President's budget, and a strategic plan from the Chief Information Officers' [CIO] Council, they satisfy their responsibility to create a government-wide IRM plan. However, these documents do not provide agencies guidance on how they can use these information resources to improve agency and program performance. These documents only partially outline the performance of agencies and their accomplishments (elements required by the PRA in a government-wide IRM).

OIRA claims that their annual reports, the CIO Council's strategic plan, and other reports and informational mechanisms keep Congress and congressional committees fully informed of their major activities. However, all of the information required by the PRA is not specifically contained in these reports. Even though OIRA posts the changes in burden-hour estimates from year to year in their reports, they have not alerted Congress that the burden reduction goals are unlikely to be met. OIRA has not informed Congress or congressional committees of their failure to complete all of the actions required of them by the PRA.

62. "Tax Administration: IRS' Telephone Routing Interactive System May Not Meet Expectations" July 13, 1998, GAO/GGD–98–152

a. Summary.—At the request of Representative Nancy L. Johnson, GAO reviewed the Internal Revenue Service's [IRS] development and implementation of the Telephone Routing Interactive System [TRIS]. TRIS, created to improve service and telephone assistance to taxpayers, is comprised of different applications—sources or networks—to which callers can be routed. GAO investigated taxpayers' use of TRIS applications, as well as IRS' estimates of TRIS' benefits.

As of May 1998, nine TRIS applications were in operation. GAO found that in fiscal year 1997, 80 percent of the 30 million customer service calls IRS received were handled by customer service representatives. Ten percent of the calls—3 million of them—were ended before being completed, which means that only 10 percent of the calls were served by TRIS applications. Of this 3 million, only 300,000 called TRIS to receive information that was not already provided by another system. Thus, applications TRIS alone provided were only used one-third of a percent of the time when taxpayers called IRS.

IRS' 1996 benefit estimates included having 45 percent of all customer representative calls shifted to its TRIS applications by fiscal year 2000 and implementing 27 TRIS applications, as well as the Integrated Case Processing system, which would allow service representatives to find information callers might need more quickly.

GAO recommends that IRS rethink its TRIS plans, as well as determine which services taxpayers really need, want and would use; determine why taxpayers do not use TRIS more frequently; and reevaluate the costs and benefits of TRIS.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

1. "Drug Control: Long-Standing Problems Hinder U.S. International Efforts," February 1997, GA/NSIAD–97–75

a. Summary.—GAO summarized the findings from its previous work on international drug control and interdiction efforts, focusing on: (1) the effectiveness of U.S. efforts to combat drug production and the movement of drugs into the United States; (2) obstacles to implementation of U.S. drug control efforts; and (3) suggestions to improve the operational effectiveness of the U.S. international drug control efforts. GAO noted that: (1) despite long-standing efforts and expenditures of billions of dollars, illegal drugs still flood the United States; (2) although these efforts have resulted in some successes, including the arrest of traffickers and the eradication, seizure, and disruption in the transport of illegal drugs, they have not materially reduced the availability of drugs; (3) a key reason for U.S. counternarcotics programs' lack of success is that international drug-trafficking organizations have become sophisticated, multi-billion dollar industries that quickly adapt to new U.S. drug control efforts; (4) as success is achieved in one area, the drug-trafficking organizations change tactics, thwarting U.S. efforts; (5) other significant, long-standing obstacles also impede U.S. and drug-producing and transit countries' drug control efforts; (6) in the drug-producing and transit countries, counternarcotics control efforts are constrained by competing economic and political policies, inadequate laws, limited resources and institutional capabilities, and internal problems such as terrorism and civil unrest; (7) moreover, drug traffickers are increasingly resourceful in corrupting the countries' institutions; (8) U.S. efforts have been hampered by competing U.S. foreign policy objectives, organizational and operational limitations, difficulty in obtaining bilateral and multilateral support for U.S. drug control efforts, inconsistency in the funding for U.S. international drug-control efforts, and the lack of ways to tell whether or how well counternarcotics efforts are contributing to the goals and objectives of the national drug control strategy, which results in an inability to prioritize the use of limited resources; (9) there is no panacea for resolving all of the problems associated with illegal drug trafficking; (10) however, a multi-year plan that describes where, when, and how U.S. agencies intend to apply resources would provide a more consistent approach; (11) this plan should include performance measures and long-term funding needs linked to the goals and objectives of the international drug control strategy; (12) ONDCP should, at least annually, review the plan and make appropriate adjustments; and, (13) with this multiyear plan, program managers and policymakers can make more-informed decisions on priorities.

b. Benefits.—The United States has spent billions of dollars on international drug control and interdiction efforts but illegal drugs

still flow into this country. A major factor is that international drug-trafficking organizations have become sophisticated, multibillion-dollar industries capable of changing tactics to elude new U.S. drug control efforts and corrupting the institutions of drug-producing and transit countries. U.S. efforts have also been hampered by competing foreign policy objectives, inconsistent funding for U.S. international drug control plans, and a lack of ways to measure the success of counternarcotics efforts. Although no panacea exists that will curb illegal drug trafficking, a multi-year plan that sets out funding needs linked to goals and objectives would provide a more consistent approach to drug control efforts. GAO also believes that improved uses of technology and intelligence and the development of a centralized "lessons learned" system could bolster counternarcotics efforts.

2. "Environmental Cleanup at DOD: Better Cost-Sharing Guidance Needed at Government-Owned, Contractor-Operated Sites," March 1997, GAO/NSIAD–97–32

a. Summary.—This report examines Department of Defense [DOD] policies and practices regarding cleanup of environmental contamination at government-owned, contractor-operated [GOCO] plants, as a follow-up to previous reports which demonstrated inconsistent policies and practices on cost sharing. GAO reviewed nine higher-cost case studies at the Defense Logistics Agency [DLA] and the military services (1) to assess the consistency of cost-sharing practices across DOD and (2) to compare the service cleanup estimates against DOD's. Specifically, GAO identified the actions taken and the types of arrangements for sharing cleanup costs between the Government and other responsible parties, and examined site-specific cleanup cost data.

The services' policies and practices for having contractors share cleanup costs still vary widely. Not withstanding GAO recommendations to do so, DOD has not given the services adequate guidance for making decisions on whether and when to seek recovery of environmental cleanup costs incurred by DOD from contractors and other parties at GOCO facilities. The Army authorized indemnifying its operating contractors from cleanup costs at ammunition plants; the Navy policy requires cost-recovery efforts, but has not initiated timely requests for cost sharing or followed up; and the Air Force is beginning to seek participation in cleanup costs from its operating contractors.

Regarding cleanup at GOCO facilities visited by GAO, DOD's fiscal year 1994 report to Congress included costs that were closer to the military services' supporting data than DOD's reported fiscal year 1993 estimates. DOD's estimates for cleaning up the 78 GOCO facilities increased from $1.4 billion in fiscal year 1993 to $3.6 billion in 1994, but decreased somewhat to $3.3 billion in 1995. Although DOD and the services have addressed GAO's recommendations to improve cost information, their estimates of past and projected costs still differ, and not all costs were included.

Because Superfund holds parties liable for the billions of dollars needed to remedied past contamination regardless of wrongdoing, it is important that DLA and the services deal with potentially responsible parties on the basis of consistent policy and accurate

data. However, the lack of DOD guidance on cost sharing has permitted inconsistencies in approaches to cost sharing, and the potential for some parties to be held responsible for cleanup costs, while others in similar situations are not. If cost sharing agreements are reached, omissions in historical information and cost data may inhibit the recovery of all appropriate costs.

b. Benefits.—This report highlights DOD's lack of accurate accounting data and a coherent and consistent department-wide policy for determining cleanup costs at GOCO sites. In addition, this reports the likelihood of higher and previously unplanned cleanup costs to the Congress. To address the inconsistencies in cost sharing approaches and the potential for disparate treatment of other responsible parties described in this report, GAO recommends that the Secretary of Defense issue guidance to DOD components to resolve current disparities and to promote future consistent treatment of all parties in cost recovery decisions. So that sufficient data will be available for cost sharing negotiations and program oversight, GAO also recommends that the Secretary of Defense direct the military services and DLA to: (1) Identify, to the extent it has not already been done, whether parties other than the government were involved with any contamination, as part of environmental cleanup preliminary assessments at GOCO facilities; (2) Obtain all relevant data regarding other responsible parties identified, whether or not wrongdoing is an issue; (3) Gather and maintain the most timely and accurate DOD cost data available in DLA, military service, and other agencies' records; and (4) Provide consistent estimates, including all cleanup costs for DOD's environmental reports to Congress, regardless of the source of funds.

3. "Combating Terrorism: Threat and Risk Assessments Can Help Prioritize and Target Program Investment," April 1998, GAO/NSIAD–98–74.

a. Summary.—This report points out that many combating terrorism programs are being implemented in a vacuum without the benefit of proper threat and risk assessments. For example, as a result of the Domestic Preparedness Program, the largest 120 cities in the United States will receive about $300,000 worth of training equipment. Yet no coordinated threat and risk assessments have been conducted by Federal, State and local governments to determine the threat a particular city may face and what type of training and equipment these cities should have. Such assessments are not required under NLD. However, if properly applied, threat and risk assessments can provide an analytically sound basis for building programmatic responses to various identified threats, including terrorism, they could help cities prioritize their investments in weapons of mass destruction preparedness. The report also discusses how possible challenges to using threat and risk assessments could be overcome through Federal, State and local collaboration.

The GAO notes the success that a private company has had in employing threat and risk assessments to identify risk and prioritize security measures for areas such as overseas corporate operations in hostile conditions to hiring practices. Such assessments were conducted by a multi disciplinary team of experts that

reviewed threat information, the value and vulnerability of critical assets, and the probability and severity of a terrorist act. Subcommittee staff had the opportunity to meet with and were briefed by an official from this company.

b. Benefits.—While experts may disagree as to the likelihood of a terrorist attack in the United States involving a chemical, biological or nuclear weapon, the Congress has determined that such an incident has the potential to be so devastating that we must be fully prepared to respond. The Department of Defense Domestic Preparedness Program was designed to prepare first-responders for such an incident.

This report highlights the lack of a valid threat and risk assessment program used in conjunction with this training and equipment loans program. Without such assessments, the Federal Government may not be directing resources in the most efficient manner to the cities most at risk. The subcommittee believes this to be a serious deficiency of the Domestic Preparedness Program, and took corrective action this year. Working with majority and minority staff on the House Committee on National Security, language was included in the 1999 Defense Authorization bill that will mandate that the Department of Justice through the Federal Bureau of Investigation will conduct threat and risk assessments in collaboration with other Federal, State and local agencies, and that the results of such assessments may be used to determine training and other requirements.

4. "Drug Control: Update on U.S. Interdiction Activities in the Caribbean and Eastern Pacific." October 1997, GAO/NSIAD–98–30

a. Summary.—Since GAO's April 1996 report "Drug Control: U.S. Interdiction Efforts in the Caribbean Decline [NSIAD–96–119]" the amount of drugs smuggled and the counternarcotics capabilities of host countries and the United States have remained largely unchanged. Cocaine trafficking through the Caribbean and Eastern Pacific regions continues, and drug traffickers are still relying heavily on maritime modes of transportation. Recent information shows that traffickers are using "go-fast" boats, fishing vessels, coastal freighters, and other vessels in the Caribbean and fishing and cargo vessels with multiton loads in the Eastern Pacific. Also, recent estimates indicate that, of all cocaine moving through the transit zone, 38 percent (234 metric tons) is being shipped through the Eastern Pacific. Although the United States has continued to provide technical assistance and equipment to many Caribbean and other transit zone countries, the amount of cocaine seized by most of the countries is small relative to the estimated amounts flowing through the area. The counterdrug efforts of many transit zone countries continue to be hampered by limited resources and capabilities. Moreover, the United States does not have bilateral maritime agreements with 12 transit zone countries to facilitate interdiction activities. Also, since the April 1996 report, the United States has increased funding but has had limited success in detecting monitoring, and interdicting air and maritime trafficking in the transit zone. JIATF–East assets devoted to these efforts have stayed at almost the same level. However, drug-trafficking events are usually not detected and, when detected, often do not result in

narcotics seizures. U.S. counternarcotics officials believe that the Eastern Pacific, "a major drug-threat area." could benefit from greater attention. JIATF–East has requested additional resources from DOD to address Eastern Pacific drug trafficking, believing that cocaine seizures it supports could be doubled. DOD has not determined, what, if any, additional support will be allocated to the Eastern Pacific above current force levels. In 1996, the U.S. Customs Service and the U.S. Coast Guard initiated two intensive operations in and around Puerto Rico and the U.S. Virgin Islands that resulted in increased cocaine seizures and a disruption in drug-trafficking patterns.

b. Benefits.—In response to GAO's recommendation in their April 1996 report that ONDCP develop a regional plan of action, ONDCP officials told GAO that it developed an overall strategy that identifies agency roles, missions, and tasks to execute the drug strategy and establish task priorities. However, the strategy does not include quantitative objectives for activities that would establish a defined baseline for developing operational plans and resource requirements. According to GAO, ONDCP's performance measurement system remains incomplete, as of October 1, 1997, because proposed measurable targets, the core of ONDCP's system, were still under review. Until these measurable targets are developed, it will not be possible to hold agencies accountable for their performance. In addition, law enforcement agencies with jurisdiction in the Caribbean are in the process of developing a regional plan led by DEA, the FBI, and the U.S. Customs Service. This plan was expected to be completed by January 1998.

5. "Safe and Drug-Free Schools: Balancing Accountability With State and Local Flexibility." October 1997, GAO/HEHS–98–3

a. Summary.—The Safe and Drug-Free Schools program is one of several substance abuse- and violence-prevention programs funded by the Federal Government. The act that authorizes the program requires a variety of Federal, State, and local actions to ensure accountability. These actions involve four major types of accountability mechanisms: (1) an application process, requiring approval of State and local program plans; (2) monitoring activities by State agencies; (3) periodic reports and evaluations; and (4) the use of local or substate regional advisory councils. In combination, these mechanisms address accountability for both how funds are spent and progress toward achieving national, State, and locally defined goals.

The Department of Education oversees State programs directly and local programs indirectly through required State actions. Its State oversight is a combination of activities required by the act and other generally applicable requirements. Working along with States, Education reviews, helps States to revise, and, finally, approves State plans—which include a description of planned State-level activities, criteria for selecting high-need districts that will receive supplemental funds, and plans for monitoring local activities—before disbursing funds. In addition, Education conducts on-site monitoring visits. To allow States and localities enough flexibility to meet their needs, Education has issued no program-specific regulations on the act. Education does, however, require States to

conform to general and administrative regulations and advises States on program matters, such as allowable expenditures, through nonbinding guidance. In addition, the Department may get involved in resolving allegations of impropriety in the use of funds. For example, Education, in response to allegations about Drug-Free Schools programs, reviewed programs in West Virginia and participated in resolving adverse audit findings in Michigan. To date, however, no overall evaluations of the Safe and Drug-Free Schools program have been completed.

b. Benefits.—The major purpose of the Safe and Drug-Free Schools programs is to help the Nation's schools provide a disciplined environment conducive to learning by eliminating violence in and around schools and preventing illegal drug use. States and localities have wide discretion in designing and implementing programs funded under the act. They are held accountable for achieving the goals and objectives they set as well as for the Federal dollars they spend. As permitted under the act, States and localities are delivering a wide range of activities and services. Likewise, accountability mechanisms have been established and appear to be operating in ways consistent with the act.

The lack of uniform information on program activities and effectiveness may, however, create a problem for Federal oversight. First, with no requirement that States use a consistent set of measures, the Department faces a difficult challenge in assembling the triennial reports so that a nationwide picture of the program's effectiveness emerges. Second, although Education provides a mechanism for States to report information annually, under the act, nationwide information on effectiveness and program activities may only be available every 3 years, which may not be often enough for congressional oversight.

SUBCOMMITTEE ON THE POSTAL SERVICE

1. "Information on Post Office Closures, Appeals, and Affected Communities," March 1997. GAO/GGD–97–38BR

a. Summary.—At the request of Subcommittee Chairman McHugh, the General Accounting Office reported on the Postal Service's closure of post offices. A Post Office closure is when the Postal Service permanently closes the operations of an independent post office [IPO], eliminates the position of the postmaster associated with that office, and provides the customers with alternative postal services, such as highway contract routes, rural route services, or community post offices.

In a 1996 report, GAO reported that of 39,140 post offices, stations branches and other postal outlets, about 45 percent reported total revenues that were about $1.1 billion lower than their total expenses in fiscal year 1995.

The Postal Reorganization Act of 1970 provides that no small post office can be closed for economic reasons alone. For some years after the act, Congress appropriated funds to reimburse the Postal Service for the "public service costs" that the Postal Service incurred in retaining postal operations in communities where the post offices were not self-sustaining. In 1976, Congress added to the provisions to govern whether and how the Service is to close

post offices. These provisions included that prior to closing a post office, the USPS must consider the effects on the community served, the postal employees affected by the closure, the Government policy to provide effective and regular postal service to all areas of the country as well as any economic savings to the Service resulting from the closure. The customers must be provided with a written proposal and adequate notice at least 60 days prior to the proposed date for the closure of the post office and what lead to the decision to close the post office. About 28,000 post offices, headed by a postmaster, are subject to the statutory closing restrictions. The Postal Rate Commission is authorized to affirm the proposal or remand the issue to the Postal Service for reconsideration, using Postal Service data. Though the Postal Service is not required to notify the PRC of the outcome of the reconsideration, the PRC must rule on appeals no later than 120 days after receiving it.

The Postal Service has closed 3,924 post offices since 1970. There have been 296 appeals of closures to the PRC which affirmed 170 of the Postal Service's proposals. Three circumstances may prompt the Postal Service to consider whether to close a post office: vacancy in the postmaster position (due to promotion, transfer, retirement or death); emergency suspension of a post office's operations (as in circumstances such as a fire, natural disaster or termination of a lease); and special circumstances (such as incorporation of two communities into one). In fiscal year 1995, 239 post offices were closed, and in 1996, 161 post offices were closed.

b. Benefits.—By commissioning this study, the Postal Service is alerted to the subcommittee's oversight concerns about retention of small and rural post offices. This report provides important information to Congress and to the communities facing postal closures. It encapsulates the process for closing post offices.

2. "Postal Reform in Canada: Canada Post Corporation's Universal Service and Ratemaking," March 1997. GAO/GGD–9745/BR

a. Summary.—The General Accounting Office responded to Subcommittee Chairman McHugh's request to provide information on the 1981 reform initiative of the Canadian postal system which ultimately became the Canadian Post Corp. [CPC], a Crown Corp.—a commercial function operating for public purposes in which the Canadian Government is the only shareholder—which was given broad authority to address existing problems within the Canadian postal system. The GAO report covered matters relating to universal mail service, CPC ratemaking and key events affecting the CPC since its establishment.

The CPC Act provided that the CPC Board of Directors would be selected by the Canadian Government, designate a minister to oversee the CPC and approve proposed CPC regulations, approve its 5 year-plans, annual operating and capital budgets. The CPC is subject to antitrust law which is executed by Canada's Bureau of Competition Policy. The CPC is required to endeavor to operate on a self-sustaining financial basis.

It is reported that the CPC incurred operating losses from its inception through fiscal year 1988. In 1989 it reported its first profit and also reported profits in 4 of the 7 fiscal years 1990 through 1996. CPC has now paid dividends. In 1994, it became subject to

Federal income tax. The term "universal service" is not mentioned in the CPC Act but it does cite "maintaining basic customary postal service," and must consider several conditions in providing a standard of service which will meet the needs of communities of similar size. The CPC does not require basic letter mail service at uniform price, but it is CPC policy to do so. The CPC Act provides that the Canadian Post has the "exclusive privilege" of collecting and delivering most letter mail in Canada; this accounts for about 50 percent of CPC's operating revenue. In an attempt to improve mail service, the CPC reduced mail delivery from 6 to 5 days a week and dropped mail delivery for businesses in urban areas from several times a day to once a day. CPC provides mail delivery less frequently, as infrequently as once a week, to about 200 communities in the remote regions of northern Canada. CPC reduced the number of post offices it owned by closing post offices and privatizing 50 percent of its post offices, which are now typically in conveniently located, privately owned outlets like grocery stores, which can provide longer operating hours and a wider range of services. Most of the conversions took place prior to February 1994 when the Government put a moratorium on the conversion program.

The CPC sets some of its postal rates by regulation. These are generally single-piece domestic and international letters, and prescribing rates of postage discounts on mailable matter prepared in the form defined by regulation. Under the CPC Act, reasonable opportunity is provided for interested parties to comment on the regulations subject to government approval, though it does not specify how these comments are to be addressed. The comments are analyzed and sent to the Minister responsible for CPC and then the proposed regulation is approved by the Board of Directors. In 1996, the only postal rates established by regulation were for basic domestic and international single-piece letters, international printed matter—including newspapers and periodical—literature for the blind and some registered mail products. Non-regulated rates, those set by agreement, must be approved by the CPC Board of Directors or others within the CPC. These rates may relate to variations of postage rates based on bulk mailing or preparation of mail in a manner which would expedite processing and provision of experimental services for periods not exceeding 3 years. The CPC, over the years, has sought and received government approval to remove a number of rate categories from the regulatory process and now most of the postal rates are established without regulation and without government approval. These products include bulk mail, overnight or urgent delivery, unaddressed advertised mail and parcels. Nonregulated postage rates fall into generic and nongeneric rates. Generic rates apply to discounted bulk-business letter mail, advertising mail, parcels, and courier services. These rates are available to anyone who meets bulk mail requirement. Nongeneric postage rates are established though negotiated, confidential agreements, customized for individual, large-volume business customers and approved by CPC officials below the top level through authority delegated by the Board of Directors. These are generally for mail other than letter, such as parcels and unaddressed advertising mail.

The CPC Act provides that rates issued by regulation must be fair, reasonable and consistent. The rates are established by taking into account the basic customary service obligation, providing uniform basic letter rates and limiting rates to the rise in the Consumer Price Index. The total revenues provided must be sufficient to defray expenses incurred by the CPC in the conduct of its operations. The established pricing policies comply with the CPC Act and the antitrust provisions of the Competition Act. An independent auditing firm ensures that the CPC is allocating and distributing costs properly for ratemaking purposes. The detailed cost and revenue data is considered to be commercially sensitive.

b. Benefits.—The information reported in this study provides useful information to the subcommittee in its efforts to reform the U.S. Postal Service to make it more competitive in an era when it is facing extreme competition because of advances made in the electronic and technological fields.

3. "U.S. Postal Service: Information on Emergency Suspensions of Operations at Post Offices," April 1997, GAO–GGD–97–70R

a. Summary.—Subcommittee Chairman McHugh requested information on emergency suspension of operations at post offices by the Postal Service. The Postal Reorganization Act of 1970 mandates that no post office can be closed for economic reasons alone. In 1976, Congress added provisions that govern whether and how the Postal Service can close post offices and give the customers the right to appeal the determination to the Postal Rate Commission. However, emergency suspensions cannot be appealed because they are not governed by statute. These closures are set within the Postal Operations Manual and the Post Office Discontinuance Guide (Handbook–101). They provide that Service district managers, Customer Service and Sales, may suspend the operations of any post office under their jurisdiction when an emergency or other condition requires such action. An emergency is defined as an occurrence that creates a threat to the safety and health of postal employees or customers, or to the security of the mail. This may include, among other situations, a natural disaster; termination of a lease or rental agreement when other suitable accommodations are unavailable; lack of qualified personnel to operate the post office; severe health or safety hazard in the work environment; severe damage to, or destruction of, the post office building; and lack of adequate measures to safeguard the office or its revenues. Service procedures require that the senior vice president, Marketing be notified immediately by the district managers, who must also notify affected customers by individual letter of the effective date and the reason for the suspension, the alternative service available, the nearest post office and its hours of operation, and the name and telephone number of a person to contact for more information. Alternative postal service must be established as soon as possible after a suspension and, if there is time, a community meeting should be convened. District managers are required to decide within 6 months of a suspension whether to reopen the post office or to initiate a study to determine the feasibility of permanently closing the post office. The post office remains in suspension status while the study is initiated and there is no set time for completion

of the study. The Postal Service reports that since the beginning of 1992 through March 1997, the operations of 651 post offices were suspended, the greatest number occurring in 1993, primarily because of the early out retirement incentive which resulted in a number of postmasters retiring early in 1993. Many of the post offices lost their lease at that time because the retiring postmaster owned the building or qualified people were not available to continue the operations of the post office. As of March 1997, 470 post offices were under emergency suspensions. The average time of the suspension was 4.3 years.

b. Benefits.—There was much postal patron concern regarding the emergency closing of post offices because of the inconveniences they caused. This study by the GAO puts into concise form the number of emergency suspensions and why the post offices were closed.

4. "U.S. Postal Service: Information About Restrictions on Mailbox Access," May 1997. GAO/GGD–97–85

a. Summary.—At the request of Subcommittee Chairman McHugh, the GAO responded to subcommittee concerns to evaluate if changes are needed to 18 U.S.C. 1725, the law that gives the Postal Service exclusive access to mailboxes, known as the "mailbox restriction." The Postal Service relies on the provision to protect postal revenue, facilitate efficient and secure delivery of mail and ensure the privacy of postal customers. Some postal competitors believe that the provision is unnecessary, unfair and restricts their business and, therefore, should be repealed. No studies have been made to substantiate the claims of either the Postal Service or the competitors. GAO reported that Congress adopted the mailbox restriction rule in 1934 to prevent the delivery of unstamped matter in mailboxes, which was occurring during that time and adversely impacting postal revenues. Civic groups which had placed the unstamped material in the mailboxes claimed that the restriction abridged their first amendment rights to free speech and the press.

In 1981, the U.S. Supreme Court upheld the constitutionality of the mailbox restriction, ruling that the law and enforcement actions were not geared to the content of the message place in mailboxes. It also found that mailboxes are essential to mail delivery and that postal customers agree to abide by laws and regulations that apply to mailboxes in exchange for the Postal Service agreeing to deliver and pick up mail in them. Based on their national study, the GAO found about 66 percent reported that their household received mail in unlocked mailboxes. About 82 percent of the adults surveyed are opposed to allowing just anyone to put materials into their mailbox. However, 58 percent favored granting mailbox access to express mail companies such as Federal Express and United Parcel Service. About 49 percent endorsed allowing other companies, such as utilities, to have access; 38 percent favored magazines and newspapers, and 29 percent agreed to having catalogs, coupons or ads. The Postal Service, postal labor unions and management associations, and a contractors' association expressed that the mailbox restriction should not change. The Justice Department also opposed change because the restriction deters the distribution of sex-

ually explicit materials to mailboxes because there are some laws and regulations governing the distribution of these materials only to mail delivered by the Postal Service and would not be applicable to others if they utilized the mailboxes for delivery. Most mailer groups also agreed with the mailbox restriction should remain but others differed.

The Postal Inspection Service which is responsible for enforcing postal laws, did not have data on the number of mail thefts but reported that it was not a serious problem because the mailbox restriction deters mail theft and makes it easier to resolve the cases. Under current law a violation of the mailbox restriction provision can be punished by a fine but not by imprisonment. The maximum fine for each offense is $5,000 for individuals and $10,000 for organizations.

b. Benefits.—In its deliberations on postal reform, the subcommittee considered a demonstration project to relax the mailbox rule. This provision became a hotly debated issue but no empirical data was available until this GAO study was completed. As a result of the GAO finding, this measure has been dropped from the legislative proposal.

5. "The Results Act: Observations on the Postal Service's June 1997 Draft Strategic Plan," July 1997, GAO/GGD–97–163R

a. Summary.—The majority leader, chairmen of the Committees on the Budget, Appropriations and Government Reform and Oversight asked for GAO review of the drafts prepared by cabinet departments of strategic plans as required by the Government Performance and Results Act. Subcommittee Chairman McHugh requested that the Postal Service be included in this review. This report assessed whether the Postal Service was in compliance with the Results Act, whether the major statutory responsibilities were reflected in the submitted text, whether the Postal Service addressed major management problems, whether the Service had capacity to provide reliable information for measuring results and whether the strategic plan shows input from consultation and interagency coordination for cross-cutting functions. For several years, the Postal Service has been using its own strategic planning system, *CustomerPerfect!,* based on the Malcolm Baldrige National Quality Award, to set its goals and it provided a strong basis for addressing the Results Act requirements. Recognizing that the strategic planning process is ongoing and iterative, the GAO observed that the Postal Service draft plan generally included the six components required by the act and provided useful information, but that the discussion could be strengthened to meet the requirements of the act. Though the plan showed the major statutory responsibilities, GAO determined that the Service should have elaborated on and discussed major management problems and submitted a more complete mission statement, general goals and objectives, and strategies to achieve the goals and objectives.

The Results Act requires that strategic plans contain a description of how goals and objectives are to be achieved including a description of operational processes, skills and technology, and human, capital information and other resources necessary to meet these goals. The GAO also suggested that the plan could better dis-

cuss how these components may be affected by key management problems, such as labor-management relations, the need to strengthen internal controls to protect revenues and ensuring the integrity of acquisitions. The Postal Service provided multiple goals. GAO commented that the Postal Service faces a difficult challenge in successfully implementing all the projected goals. Even though it recognizes the challenges, the Postal Service needs to explain how its executives will manage the process.

b. Benefits.—This overview by the GAO will provide the Postal Service with an objective, unbiased assessment of its presentation of goals and projections for the future. A more refined product from the Postal Service will enable Congress to perform its oversight duties with clearer direction and, by charting its course with more refinement, Postal Service customers will be served by a more efficient and goals oriented agency. Clearly, the Postal Service stakeholders will have a better vision of how the Postal Service will compete in an electronic communications market. The Postal Service will benefit from the expressed clarity of purpose, expressing accuracy and effectiveness of delivery performance, appropriateness of measurements of postal productivity and the measurement of business and residential customer satisfaction.

6. U.S. Postal Service: "Issues Related to Governance of the Postal Service," August 1997, GAO/GGD–97–141

a. Summary.—Subcommittee Chairman McHugh requested that GAO furnish information regarding the governance of the Postal Service which would be beneficial in the subcommittee's efforts to reform the Postal Service. The objectives were to identify major areas of concern or issues that former and current Governors of the Postal Service may have regarding the Board and to compare the major characteristics, similarities or differences, of the Postal Service Board of Governors with the characteristics of other boards of government-created corporations or corporation-like organizations. Nine other entities were chosen for comparison (Fannie Mae, Freddie Mac, TVA, RTB, FDIC, AMTRAK, CPB, Canada Post, Australia Post). Additionally, the GAO provided information on governance issues to assist in the postal reform endeavor. Present and former Governors of the Postal Service indicated that attention should be given to several areas: the limitations on the Board to establish postage rates; the inability of the Board to pay the PMG more than the level I of the Executive Schedule; the lack of pay comparability of the Board; and amending the qualification requirements of Board appointees to ensure they have the necessary experience to oversee a major Government entity.

b. Benefits.—Prior to the issuance of this report, no other study was available to answer questions pertinent to the subcommittee's interest in comparison of the Postal Service with other entities of like characteristics. This report contains invaluable information for the subcommittee's use.

7. "Little Progress Made in Addressing Persistent Labor-Management Problems," October 1997, GAO/GGD–97–85 and GAO/T–GGD–98–7

a. Summary.—This report was submitted in response to Subcommittee Chairman McHugh's request that the GAO review the efforts of the Postal Service to enhance employee working conditions and the overall performance of the Service. This report contains updated material to GAO's 1994 report, "U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor." The GAO had made several recommendations to the Service to improve labor-management relations. The current report determined the status and results of the identified concerns in the previous report and made recommendations to help alleviate the problems. The GAO ascertained that the problems still exist because the Postal Service and the unions and management groups cannot concur on how best to address the concerns; therefore, the GAO recommendations have not been implemented in most cases, though employee officials indicated that some of the initiatives would be workable. Improving relations between labor and management continues to be an ongoing challenge and concern, particularly since the communications arena is becoming inevitably competitive. This material was the subject of a subcommittee hearing on November 4, 1997 at which GAO testified.

b. Benefits.—Employee salaries represent 80 percent of the cost for services for the USPS. Additionally, as the Postal Service faces increased competition, and in an effort to contain costs associated with employee grievances, it is imperative that labor-management relations be improved and costs contained. The GAO report of 1994 prompted the Postal Service to call a summit in October 1997, in an effort to start implementing some of the recommendations that it proposed to improve relations and expedite the grievance process.

8. "U.S. Postal Service: Information on Centralized Procurement of Uniforms," January 28, 1998, GGD–98–58R

a. Summary.—GAO reviewed the U.S. Postal Service [USPS] planned change from a decentralized system for procuring postal uniforms to a centralized system. The GAO noted that according to the Postal Service the new Centralized Uniform Purchasing program will require contractors to ensure that uniforms are made exclusively with American materials and labor. The Postal Service will require contractors to adhere to the Apparel Industry Partnership's "Work Place Code of Conduct" regarding standards for working conditions and wages. The Postal Service plans to ensure that contractors follow these requirements, hence, the Service plans to monitor the contractor's efforts, including contracting with third parties. GAO noted that under the new uniform program the number of retail vendors selling postal uniforms will be reduced from more than 800 to 6 or less. The Postal Service anticipated that the new centralized system could save from $13 million to $17 million annually. Bulk buying would help to hold down costs as well as streamlining the number of vendor invoices for postal uniforms which consumed more than 61,000 staff hours. The Secretary of the Board of Governors indicated to the GAO that the decision of the Board to subscribe to a centralized uniform purchasing plan was

not based on anticipated savings but with memorandums of understanding with postal unions. When the review was made, USPS had not studied the likely impact of the program and it had not contacted the Small Business Administration or the Department of Commerce about a move to a centralized system. However, the USPS had met with the National Association of Uniform Manufacturers and Distributors, which represents some current retail vendors in an attempt to address their concerns about centralized purchasing.

The January 28, 1998, GAO letter was in response to Representative Strickland's December 18, 1997 request for information. Copies of the response were sent to Chairman McHugh and Ranking Minority Member Fattah, the chairman and ranking minority member of the Subcommittee on International Security, Proliferation and Federal Service, the Senate Committee on Governmental Affairs, the Postmaster General and the Postal Service Board of Governors.

b. Benefits.—This GAO letter provided useful information to the subcommittee regarding the pros and cons of centralized procurement of postal uniforms—for instance, many small vendors would be affected in their ability to do business with the Postal Service but procuring uniforms from the centralized system would be cost efficient for the Postal Service.

9. "Postal Service Reform: Observations on Proposed Revisions to H.R. 22," April 7, 1998, GGD–98–97R

a. Summary.—At the request of Subcommittee Chairman McHugh, the GAO responded to his letter of February 27, 1998, asking for comments on the proposed revision to H.R. 22, the Postal Reform Act of 1997. This legislation would provide the Postal Service greater commercial freedom while establishing rules to ensure fair competition. GAO noted that the revision contained several new complex provisions which GAO has not previously considered and so it would not be in a position to comment on those issues and would not take a position whether those revisions should be adopted. The proposals include mandating that the concept of universal service be defined. The GAO reported that the $2 limit on delivery price of items covered by the postal monopoly would have little impact on USPS's ability to provide service. GAO also opined that requiring the Postal Service to report the quality of delivery service would be consistent with the Government Performance and Results Act. GAO reported that the revisions would give the Postal Service additional flexibility to set prices for competitive products and services, however, some consideration are appropriate—credit markets could view Federal financial backing of USPS obligations though they are not guaranteed. This perception would give rise to concerns that the Service has funding advantages. There could be a risk to taxpayers if the Service had losses and the government repaid those obligations. However, strong oversight could reduce the risk to taxpayers related to losses from investments made from the Competitive Products Fund. The proposed revisions would give the Postal Service flexibility to set prices for competitive products and services and would subject its activities to many of the same laws to which the private sector is

subjected. The GAO expressed that as long as the Postal Service remains a Federal entity, protected by the postal monopoly, the Service's ability to compete with the private sector should be balanced with oversight and legal safeguards to ensure equal application of the laws. The proposed revision would subject the Postal Service, apart from the postal monopoly, to Federal antitrust laws and unfair competition prohibitions. The proposed revisions are designed to ensure fair competition for international mail by making rate-setting for outbound international single-piece letter, cards, and parcels subject to review by the Postal Regulatory Commission. The revision would also subject the Postal Service's competitive international products to the same customs laws applicable to the private sector and would change the designation of the U.S. representative in the Universal Postal Union from the Postal Service to the Office of the U.S. Trade Representative [USTR]. This provision would enjoin the USTR from making agreements which would give preferential treatment to the Postal Service in provisions of competitive products or for the Postal Service to enter into agreements with foreign governments of post offices that would give preference to the USPS for its competitive products. The revision would remove the requirement that the USPS use only American flag carriers for international mail. The GAO gave no opinions but would have ongoing work on international mail.

b. Benefits.—The GAO observations give an analyzed, objective, commentary on the proposed revisions of H.R. 22 which were a compilation and compromise of recommendations by the Postal Service and its stakeholders. Further GAO study on these issues will help to refine the "Postal Modernization Act of 1998" even further.

10. "U.S. Postal Service: Progress Made in Implementing Automated Letter Sequencing, but Some Issues Remain," April 17, 1998, GGD–98–73

a. Summary.—This GAO report provides information regarding the Postal Service's program to implement Delivery Point Sequencing [DPS], mail that is sorted in the exact order that it is delivered by the carrier. This process is the automated sorting of letters, rather than the more labor intensive and expensive manual sorting. DPS is the final phase of the letter automation program which commenced in 1982. In March 1993, the USPS started DPS on letter carrier routes in an effort to save time that carriers take to sort letters manually within the premises of a post office. Target goals for DPS equipment deployment, barcoded letter volume, and delivery zone and carrier route implementation throughout the Nation were due in fiscal year 1995, but this implementation fell behind schedule. However, equipment deployment achieved the extended November 1997 target. In addition, labor-management relations have also impeded the Postal Service's efforts to achieve DPS goals. These issues include poor working relationships with the National Association of Letter Carriers over DPS implementation, insufficient numbers of city carrier support for DPS work methods and effect on city carrier street efficiency. These disagreements regarding DPS have resulted in grievances which have led to national arbitration cases. The GAO identifies remaining issues that may af-

fect the Postal Service's ability to achieve its 1998 Delivery Point Sequencing goals.

b. Benefits.—The Postal Service has been working toward attaining a fully automated delivery system. This GAO Report gives illustrative examples of DPS-related issues and identifies related problems facing the full implementation of this phase of automation. The report provides information to the subcommittee which will be valuable in its oversight efforts of the Postal Service.

11. "U.S. Postal Service: Competitive Concerns About Global Package Link Service," June 5, 1998, GGD–98–104

a. Summary.—Global Package Link [GPL] is one of several international mail services offered by the U.S. Postal Service. It was designed as a parcel delivery service that would make it easier and more economical for direct marketers to export bulk shipments of merchandise internationally. GPL users are mainly direct marketers—U.S. companies that mail high-volume shipments of catalog merchandise. Private express firms which compete with the international parcel delivery service operated by the U.S. Postal Service have raised concern that GPL receives preferential treatment from customs in other nations. They asserted that GPL packages are subjected to fewer customs clearance requirements. GAO reviewed the difference in customs treatment between the Postal Service and private entities by customs services in Canada, Japan, and the United Kingdom. GAO found that the delivery and customs clearance processes for GPL and private carriers were based on domestic import requirements applicable to mail and parcels imported by private carriers in the three countries under review. Each country had separate customs clearance processes and requirements for mail and parcels imported by private carriers. It was reported that there were differences in foreign customs treatment of GPL and private express parcels particularly in Japan. Japanese customs subjected private carriers to requirements regarding the preparation of shipping documentation and the payment of duties and taxes on their parcels that did not apply to GPL parcels. In the United Kingdom, the U.S. Postal Service was providing shipping data to the customs service on GPL parcels that was similar to the information that private carriers were required to provide. Canadian authorities subjected GPLs and private express parcels to the same requirements because GPL parcels were being delivered for USPS by a private express carrier. GAO found that there was no evidence that GPL parcels received preferential treatment over private express parcels in terms of the speed of customs clearance in any of the three countries or that the assessment of duties and taxes differed in Canada and the United Kingdom. The Postal Service was paying duties and taxes on behalf of individual importers on GPL parcels shipped to Canada and the United Kingdom. GAO was unable to ascertain whether duties and taxes were assessed on dutiable GPL parcels shipped to Japan because the Postal Service did not have records on payment of duties and taxes on GPL parcels because the recipients of postal parcels in Japan are responsible for paying applicable duties and taxes. Furthermore, Japan Customs did not provide statistics on the amount of duties and taxes that recipients paid on GPL parcels. Private express car-

riers followed similar delivery and customs clearance processes for parcels shipped from the United States to the three countries in this review. USPS's delivery and customs clearance processes for GPL parcels differed among the three countries. The differences reflected USPS's use of different types of delivery agents, which were subject to different sets of requirements within the countries. In Japan and the United Kingdom, GPL parcels were delivered by a private express carrier and were subject to the customs laws that applied to private carriers for importing goods. The private express industry has commented that differences in customs clearance requirements for postal and privately shipped parcels results in more work and higher costs for the carriers, placing them at a disadvantage in competing with USPS to provide international parcel delivery service. USPS officials noted that they also incur costs that the private carriers do not, such as meeting their obligations to provide delivery services to persons in all communities of the United States and to member countries of the Universal Postal Union.

b. Benefits.—Businesses that ship their goods internationally, as well as USPS and the carriers, stressed the importance of having competitive choices that provide alternatives in the cost and speed of international shipping for customers. Whereas carriers have urged Congress to protect fair competition, this report reviews whether international parcels delivered by the postal services and private carriers should be subject to the same requirements and customs treatment, and, if so, what requirements would be appropriate to apply to international parcels and how the requirements should be implemented.

12. "U.S. Postal Service: Performance Progress Has Been Made, But Continued Attention to Challenges Is Needed," June 10, 1998, T–GGD–98–142

a. Summary.—The Postal Service faces significant challenges as it strives to sustain and augment performance improvements. The Postal Service ended the 1997 fiscal year with overall high performance in some of its operations, maintaining 3 years of promising results. The Service has shown that it can maintain its income level by increasing its on-time delivery scores for First-Class Mail. The USPS net income was reported at more than $1 billion. The report discusses the Postal Service's overall performance during fiscal year 1997 including its successes and challenges. It also discusses work that GAO has completed since 1997 and provides information about ongoing GAO work on competition and diversity.

b. Benefits.—The information contained in this report will enable the subcommittee to continue evaluating the progress of the Postal Service and to evaluate if they are meeting their goals.

13. "The Results Act: Observations on the Postal Service's Preliminary Annual Performance Plan," July 10, 1998, GGD–98–144

a. Summary.—The U.S. Postal Service's preliminary annual performance plan, prepared in response to the Government Performance and Results Act, provides a partial picture of the Postal Service's intended performance for fiscal year 1999. GAO reports that although the plan generally has performance goals and related measures that are quantifiable and results-oriented, the plan could

be more helpful if it articulated current performance levels or baselines from which to gauge progress. GAO also observed that the Postal Service should more clearly link program activities in the Postal Service's budget to performance goals. Moreover, the plan could better link particular strategies and resources to performance goals. This would better provide understanding of how the Service intends to achieve its goals. GAO reports that the plan does a good job of discussing how the Postal Service intends to measure and review results and recognizes the role of management and some stakeholders, such as the Inspector General, in reviewing and evaluating programs. The plan does not state how the Postal Service will verify and validate the data that will be used to measure data.

b. Benefits.—The GAO observations will enable Congress to perform its oversight duties in a more methodical manner. The Postal Service will benefit by GAO's direction to express clearly the validation of data and methods used to measure results which would be more in keeping with the intent of the Results Act.

14. "Proposed Legislation: Issues Related to Honesty In Sweepstakes Act of 1998," September 1, 1998, T–GGD–98–198

a. Summary.—Senator Ben Nighthorse Campbell introduced S. 2141 on June 5, 1998. This report contains GAO's discussion on the issues related to the bill, focusing on the extent and nature of problems that consumers may have experienced with various sweepstake mailings and information related to the mailing of documents that resembled cashier's checks but are not the negotiable instrument they appear to be. GAO reported that comprehensive data indicating the full extent of the problems that consumers experience with look-alike checks was not available. The main reasons officials gave for the lack of data was that consumers often do not report their problems and no centralized database exists where data could be obtained. The GAO identified the Federal Trade Commission [FTC] and the Postal Inspection Service as having some data on consumers' complaints about deceptive mail marketing practices. FTC Consumer Information System showed that in many instances, consumers were required to remit money or purchase products or service before being allowed to participate in the sweepstakes. Cases investigated by the Postal Inspection Service mainly involved sweepstakes and cash prize promotions for which up-front taxes, insurance, judging, or handling fees were required before consumers could participate in sweepstakes promotions. Information was not readily available regarding consumers' problems with cashier's check look-alikes. Two recent initiatives—Project Mail Box and the establishment of a multi-State sweepstakes committee that is designed to facilitate cooperation among States in effective dealing with companies attempting to defraud consumers through mailed sweepstake materials—are intended to address consumer problems.

b. Benefits.—GAO comments on the sweepstakes measure will be beneficial as the subcommittee continues to evaluate and monitor the issue of fraud and misleading information in the sweepstakes business and promotional matters without hurting legitimate sweepstake commerce which does not indulge in deceptive information.

15. "U.S. Postal Service: Information About Selected Promotions of Women and Minorities to EAS Management-Level Positions," September 21, 1998, GGD–98–200R

a. Summary.—Representative Danny Davis, a member of the subcommittee, requested that GAO provide information on promotions of women and minorities to management-level positions under the Postal Service's Executive and Administrative Schedule [EAS]. There was concern that women and minorities may be experiencing problems in receiving promotions to high level jobs. The GAO focused on whether the USPS-required promotion procedures for EAS levels 16 and above were followed at four (Atlanta, GA; Dallas and Forth Worth, TX; and Van Nuys, CA) Postal Service performance clusters during fiscal year 1997. The GAO also reviewed the percentages of women and minorities who submitted applications, were considered best qualified and were promoted and how these percentages compared to women's and minorities' EAS levels 16 and above workforce representation at each location before the promotions. A total of 1,164 applications were received for the 117 promotions that were reviewed. Of these applications, 64 percent submitted by women and minorities; 64 percent of those who were considered best qualified were women and minorities; and 64 percent of those promoted were women and minorities. Though variations existed among the clusters, women and minorities never received less than 50 percent of the promotions. Sixty two percent of those who were promoted to the EAS levels 16 and above in the three clusters were women and minorities, compared to the representation rate of 59 percent at the same grade levels in all three clusters combined, before promotions. GAO reported that when looking at the distribution of specific equal employment opportunity groups throughout the promotional stages (i.e., application, considered best qualified and promoted), white males accounted for the largest percentage of applications submitted, considered best qualified and promoted through the three clusters. The percentages at which individual EEO groups progressed through the three promotion process stages varied by EAS levels at each performance cluster as well as among the three clusters combined.

b. Benefits.—The subcommittee is working for fairness within the Postal Service, whether it will be in competition on a level playing field with its competitors or in interpreting its own laws and regulations. The issue of fair employment practices within the Postal Service is of interest to the subcommittee and to most postal employees. The report has outlined the Postal Service's pattern and practice in promotions for senior positions.

c. Hearings.—None.

16. "U.S. Postal Service: Postal and Telecommunications Sector Representation in International Organization," October 29, 1998, GAO/GGD–99–6BR

a. Summary.—This report updates the GAO information provided in their July 1998 briefing on U.S. representation in the Universal Postal Union [UPU] and the International Telecommunications Union [ITU]. The subcommittee has received allegations from private delivery companies that the USPS receives unfair advantage in competition because of its role as the U.S. representa-

tive in the UPU. Private delivery companies would like to be part of the U.S. delegation to the UPU and to have more public process in developing U.S. policies to be developed at the UPU, particularly on issues related to international postal rates and restrictions on the international delivery market. UPU is the specialized agency of the United Nations [U.N.] that governs international postal service; the ITU is also a specialized agency of the U.N. which works with governments and the private sector to coordinate global telecommunication networks and services. The report provides a comprehensive summary of the structure and responsibilities of the UPU and ITU, and the similarities and the differences in the two organizations. Though the organizations do not parallel each other, private delivery entities would like U.S. representation to the UPU to mirror its representation to the ITU. The U.S. Postal Service asserts that the ITU does not provide an appropriate model for U.S. representation in the UPU. GAO noted that the differences in the roles of government agencies in the U.S. international policy development for postal and telecommunication sectors were related to the agencies' roles and responsibilities as defined under the law. Some agencies had specific legally defined postal or telecommunications responsibilities, while other agencies had legally defined responsibilities that were not sector specific, and still others did not have issue or sector-specific responsibilities. The roles of private-sector participants in policy development differ between the two sectors. Private-sector participants in the telecommunications sector are regulated by the Federal Communications Commission and participation in the U.S. international policy development is more formal. Private-delivery companies in the postal sector are not regulated and private-sector participation is more informal. The GAO reported that the differences in legal requirements contributed to the differences in the formalization of the processes used to develop U.S. policies for international postal and telecommunications issues. As the telecommunications and postal environments are seeing rapid changes in the roles of public and private-service providers, the international organizations have struggled with adapting their structures to the evolving changes. The UPU is reviewing its organizational structure and will consider proposals at the next UPU Congress that includes a consultative status for international nongovernment organizations.

b. Benefits.—It is possible that legislation will be introduced in the next Congress that will change of composition of the U.S. delegation to the UPU from the USPS to the Secretary of State. It would require the Secretary and the USPS to consult with other government agencies, users, and private providers of international postal and delivery services as appropriate. The information in this GAO report will be useful in overseeing the transition of leadership and representation.

B. OTHER REPORTS OR STATEMENTS

SUBCOMMITTEE ON HUMAN RESOURCES

1. The subcommittee chairman requested a report by the National Institutes of Health [NIH] on the minimum number of plasma donors whose plasma should be pooled to manufacture

immunoglobulin products with suitable antibody diversity. The NIH convened an expert panel to review the issues and make recommendations in the spring of 1998. On September 9, 1998, the NIH "Report of the Expert Panel On Donor Pool Size of Immunoglobulin Products" was submitted for the record at the subcommittee's hearing on "Blood Safety: Minimizing Plasma Product Risks."

V. Prior Activities of Current or Continuing Interest

SUBCOMMITTEE ON THE CENSUS

The subcommittee will continue its investigations and oversight work in the following areas within its jurisdiction:

1. Continuing oversight of the 1998 dress rehearsals.
2. Oversight of preparations for the 2000 census.
3. Census Bureau outreach programs.
4. Field preparations and hiring.
5. Collection of data.
6. Coverage Evaluation Survey (ICM).
7. Data delivery and products.
8. Other Issues.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

The subcommittee will continue its investigations and oversight work in the following areas within its jurisdiction:

1. Review public safety in the District of Columbia.
2. Continue investigation into the District of Columbia's financial condition, to include the District's accumulated operating deficits.
3. Oversight of the District of Columbia's education emergency Board of Trustees and temporary superintendent/CEO Julius Becton.
4. Continue monitoring the Blue Plains Wastewater Treatment Facility and the operation and performance of the Water and Sewer Authority.
5. Investigation of the Washington Aqueduct.
6. Review the operations of the Lorton Corrections Facility.
7. Continue to monitor the closing of Pennsylvania Avenue and the impact of the Federal Government's security reviews.
8. Public housing. Review public housing in the District—the receivership aspect.
9. St. Elizabeth's Hospital. Oversight review of St. Elizabeth's Hospital and the mental health system of the District of Columbia.
10. Public Law 105–33. Oversight of District of Columbia Finance Responsibility Assistance Management Authority's implementation of Public Law 105–33.
11. District of Columbia courts. Oversight of administrative management of the District of Columbia Superior Courts.
12. Year 2000 oversight correction. Oversight of implementation of corrections to the year 2000 problem for the District of Columbia government.

SUBCOMMITTEE ON HUMAN RESOURCES

The subcommittee will continue its investigations and oversight work in the following areas within its jurisdiction:

1. The benefits and challenges of privatizing social services.
2. The Department of Educations' handling of student loans in forbearance when calculating cohort rates.
3. The Department of Health and Human Services' Early Head Start program.
4. Oversight of the Department of Labor's Employment and Training Administration, Wage and Hour Divisions enforcement authority and activities with regard to sweat shops.
5. Reviewing the Department of Labor, the Department of Education, and the Department of Health and Human Services compliance with the requirements of the Results Act.
6. One-stop Career Center programs.
7. Child Support Enforcement programs.
8. Oversight of the Pension Benefit Guarantee Corporation.
9. HUD Empowerment Zone and Enterprise Community program performance.
10. Department of Labor enforcement of the Employee Retirement Income Security Act [ERISA] and the limited scope audit exemption.
11. Vulnerability of the 203(k) Rehabilitation Mortgage Insurance program with regard to non-profit organizations.
12. HUD's HOPE VI program performance.
13. The Bureau of Labor Statistics' [BLS] management of the consumer price index [CPI] and treatment of "quality" issues in pricing.
14. Effectiveness of the HUD Integrated Disbursement and Information System.
15. HUD's pending withdrawal from the Chicago Housing Authority and the restoration of local control.
16. Effectiveness of the Office of Workers Compensation Program.
17. The Equal Employment Opportunity complaint process for Federal employees.
18. Implementation of the HUD 2020 Management Reform Plan.
19. Impact of welfare reform on the roles of housing agencies and HUD.
20. The value of voluntary health care provider compliance plans in the efforts to protect against waste, fraud and abuse.
21. Management of the rural health clinic program, effects of the BBA changes and agency efforts to measure improvements in access to care.
22. HCFA's progress with Y2K requirements for Medicare, Medicaid and their multiple contractors; status of contingency plans.
23. HCFA's use of inherent reasonableness and competitive bidding as ways to improve the pricing for Medicare-covered supplies and equipment.
24. Medical records confidentiality.
25. Overview of HHS's implementation of CHIPS, outreach to uninsured children and program expenditures.
26. The status of the home health surety bond requirement after the pending GAO report is released, as well as the pros and cons of an interim payment system for home health.
27. HHS's children's immunization programs.

28. Quality measures for both managed care and fee-for-service; the merits of the "patients' bill of rights" proposed mandated changes for managed care.
29. Projected national long-term care needs for the baby boom generation and alternatives to public financing.
30. The future of the Medicare Trust Fund and ways to preserve the program, improve quality of care, reduce costs and promote wellness and prevention.
31. Medicare complexity and opportunities to simplify the program, improve provider understanding and enhance uniformity in contractor application of the regulatory requirements.
32. Overview of implementation of Prospective Payment System for skilled nursing facilities.
33. HCFA's efforts to reduce program waste, fraud and abuse through their administrative and regulatory authority.
34. Medicare Choice—incentives or disincentives to participate in the Medicare expansion.
35. Overview of the Indian Health Program.
36. Overview of SSA's oversight and verification of benefits to international addresses.
37. The pros and cons of the current return to work initiatives in SSA's disability benefit program.
38. HRSA programs and their ability to measure improvements in access to care through the Federally funded health care programs for rural, minority or hard to reach populations.
39. Equitable allocation of Federal resources to emerging HIV–AIDS populations.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

The subcommittee will continue its investigations and oversight work in the following areas within its jurisdiction:
1. The activities of the Drug Enforcement Administration.
2. The efforts of the Office of National Drug Control Policy in coordinating the National Drug Control Program agencies.
3. The Department of Defense with respect to areas which fall under subcommittee jurisdiction.
4. The U.S. Coast Guard's involvement in international drug interdiction.
5. The U.S. Customs Service involvement in the drug war.
6. The use of the National Guard in multi-jurisdictional areas.
7. Oversight of the National Aeronautic and Space Administration.
8. The efficiency of the National Archives and Records Administration.
10. The operations of the Department of State.
11. The efficiency of the drug treatment programs, including the use of methadone.
13. Oversight of the Safe and Drug-Free Schools Program.
14. Investigation of the waste in defense inventory management.
15. Oversight of counternarcotics intelligence coordination, analysis and dissemination.
16. Oversight of Federal sentencing guidelines.

SUBCOMMITTEE ON THE POSTAL SERVICE

The subcommittee will continue its investigations and oversight work in the following areas within its jurisdiction.

1. Operation of the U.S. Postal Service. The subcommittee will continue to exercise its general oversight authority through the conduct of general oversight hearings.

2. Postal Service labor-management relations. The subcommittee is interested in keeping the avenues of communication open between labor and management in an effort to minimize grievance related activities and raising the levels of productivity among all levels of employees within the Postal Service.

3. Cooperation between the Postal Service and the Postal Inspection Service and the Postal Service Inspector General's Office. The Inspector General's Office was created a year ago. The effectiveness of the IG's office is dependent on mutual respect and professionalism between the offices, and adequate funding for that office. The subcommittee is fully committed to ensuring that the integrity and effectiveness of the office is protected so that it will ensure oversight responsibilities of the Postal Service and help to protect the Service from waste, fraud and abuse.

4. The application of OSHA and its effect on avoiding workplace accidents. Workplace safety and health.

5. Sexual harassment in the workplace.

6. Monitoring international postal reorganization.

VIEWS OF THE RANKING MINORITY MEMBER

This activities report presents the chairman's summary of the activities of the committee during the 105th Congress. Unlike other committee reports, this report is not required to be—and has not been—approved by the committee. While I agree with elements of the chairman's report, there are several sections that warrant a response as discussed below.

COMMENTS ON MATTERS OF INTEREST, FULL COMMITTEE

REVIEW OF THE FOOD AND DRUG ADMINISTRATION AND ITS REGULATIONS AND ACTIVITIES RESPECTING TERMINALLY ILL PATIENTS AND THEIR ABILITY TO ACCESS DESIRED TREATMENTS

The majority report asserts that the Food and Drug Administration's regulations operate to delay or deny access to safe, nontraditional therapeutic options to patients. The report argues that terminally ill patients are compelled to navigate a bureaucratic maze to obtain necessary treatment. These assertions are inaccurate and reveal a misunderstanding of the drug approval process.

The FDA is the principal consumer protection agency in the Federal Government. An estimated 25 cents out of every dollar is spent on FDA-regulated products. For 90 years, FDA has promoted the public health as directed by the Federal Food, Drug and Cosmetic Act. One of its essential responsibilities is to determine whether drugs are safe and effective for public use. This determination is based on the results of clinical studies that can take several years to complete.

The FDA drug approval process works well much of the time. However, there are occasions when the traditional process is insufficient to meet the needs of a patient with a serious or terminal illness. FDA has implemented several initiatives to assist these patients. Under a process known as "compassionate use" study, patients who are not in clinical trials can be provided with access to investigational drugs by the manufacturer. In addition, where the doctor does not have time to file the required investigational new drug application [IND] prior to administering an investigational drug, FDA can authorize use by phone. Single patient use and emergency INDs are also often allowed when a physician determines that a particular unapproved therapy might be of benefit to a patient for whom other options do not exist. Contrary to the majority's assertions, these regulatory programs provide a range of reasonable means for doctors to obtain unapproved treatments for their patients.

The majority also contends that FDA tries to restrict access to alternative and complementary treatments, but the public record does not support this assertion. In fact, in the case of vitamins, die-

tary supplements, herbal medicines, and homeopathic medicines there is no FDA approval required prior to marketing.

REVIEW OF THE FOOD AND DRUG ADMINISTRATION HUMAN SUBJECT PROTECTION GUIDELINES, INFORMED CONSENT DOCUMENTS, AND THE USE OF CHILDREN AND PATIENTS WITH MENTAL ILLNESS IN CLINICAL TRIALS

The fenfluramine challenge that was the subject of committee hearings involved an experiment that was scientifically flawed on several levels and should not have passed the scrutiny of any oversight board. Under Federal regulations, experiments cannot be conducted on children where there is more than minimal risk but no therapeutic value, nor can racial criteria be used in a manner which is not scientifically justified. These requirements may have been violated in the fenfluramine experiment, which is currently under investigation by the Federal Office of Protection from Research Risks. Unfortunately, the majority failed to recognize the scientific flaws with the challenge and also that NIH, rather than FDA, was the relevant oversight agency.

ELIMINATION OF SECTION 1555 OF THE FEDERAL ACQUISITION STREAMLINING ACT OF 1994 [FASA]

The majority's contention that the committee strongly supported the repeal of section 1555 of FASA is wrong. While the chairman may have supported repeal of this program, this action was strongly opposed by the other members. The committee held no hearings on the issue, and it was never considered by the members at any business meeting of the committee or any of its subcommittees. The cooperative purchasing program established by this section could have saved State and local governments, and their taxpayers, millions if not billions of dollars.

COST ACCOUNTING STANDARDS IN THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

Section 518 of the Treasury and General Government Appropriation for fiscal year 1999 exempts health insurance carriers contracting with the Federal Employees Health Benefits Program [FEHBP] from complying with cost accounting standards established under the Office of Federal Procurement Policy Act. This waiver is unwise, unnecessary, and could cost millions of dollars. Cost accounting standards are applied to all contractors performing under cost-based pricing arrangements with the Federal Government and ensure that costs are properly measured, assigned, and allocated. Congress has established a formal waiver process for exempting those contractors whose circumstances are so unique as to make the application of cost accounting standards inappropriate. This administrative waiver process for the FEHB program was completed on October 5, 1998, with the Cost Accounting Standards Board granting a partial waiver requested by the Office of Personnel Management. The waiver was from some, but not all, cost accounting standards. This is an extremely technical area which Congress entrusted to the Cost Accounting Standards Board. The

Board should have been allowed to act without legislative interference.

The Congressional Budget Office estimated that the complete waiver contemplated by section 518 would increase Federal costs by a total of $5 million, by allowing higher administrative costs to be incorporated into premium rates for calendar year 2000. Logically, this provision could also then increase the premiums for the participants in the FEHB program, an especially onerous result at a time when health care costs have again begun to rise dramatically.

COMMENTS ON FORMAL COMMITTEE REPORTS

FULL COMMITTEE

Investigation of Political Fundraising Improprieties and Possible Violations of Law

The committee's campaign finance investigation was the most partisan, inept, and abusive congressional investigation since the McCarthy hearings in the 1950s and the most expensive congressional investigation in history. The minority estimates that the committee spent over $7 million on the investigation while issuing over 1,200 subpoenas and information requests and taking 161 depositions—over 99 percent of which investigated allegations of Democratic fundraising abuses while ignoring substantial evidence of Republican campaign finance improprieties. Furthermore, the majority's investigation was characterized by mishaps, mistakes, and persistent abuses of the committee's powers to subpoena documents, depose witnesses, and release private and confidential information.

The majority's report claims that the committee investigation "uncovered a number of illegal schemes" and that it was the reason "prosecutors . . . investigated or pursued criminal charges against a number of individuals." In fact, the committee's investigation largely duplicated investigations previously conducted by the Senate Governmental Affairs Committee, other congressional committees, the Department of Justice, and the press, and uncovered little new evidence of violations of campaign finance law.

The minority views to the committee's campaign finance report describe the systematic problems that characterized the committee's investigation and respond in detail to the majority's allegations. Minority Views to the Interim Report on the Investigation of Political Fundraising Improprieties and Possible Violations of Law, H. Rept. 105–829, 105th Cong., 2d Session, v. IV, 3927 (1998).

Contempt of Congress—Refusal of Attorney General Janet Reno to Produce Documents Subpoenaed by the Government Reform and Oversight Committee

The committee's partisan vote to cite Attorney General Janet Reno for contempt of Congress for refusing to turn over internal memoranda related to an ongoing criminal investigation constituted an abuse of the most coercive and rarely invoked power of Congress. The Attorney General's refusal to turn over this type of information was consistent with 100 years of precedent in both Republican and Democratic administrations, and was supported by

FBI Director Louis Freeh, who called the memoranda a "road map to the investigation," the head of the Department of Justice Campaign Finance Task Force, Charles La Bella, and the lead FBI agent in the investigation, James DeSarno. The majority's vote to hold the Attorney General in contempt was also an attempt to intimidate Ms. Reno. In fact, in a meeting in his office, Chairman Burton explicitly linked his efforts to hold the Attorney General in contempt to her decision on the appointment of an independent counsel.

The majority's activities report claims that the contempt proceedings allowed the committee "to gain access to the documents." In fact, Attorney General Reno had made every effort to accommodate the committee and provide the necessary information before the contempt vote, including offering to brief the chairman and ranking minority member on the contents of the memoranda and to appear at a public hearing on the issue. The activities report also claims that the information provided after the filing of the contempt report "met the committee's needs." Although this is an important acknowledgment of the appropriateness of the Attorney General's decision to allow the chairman and ranking minority member to review redacted versions of the memoranda, it calls into question why Chairman Burton continued his efforts to bring the contempt citation to the full House even after the Attorney General provided the information that the majority acknowledges "met the committee's needs."

The minority's position on the contempt report is fully explained in the Minority Views to the Report on Contempt of Congress Regarding the Refusal of Attorney General Janet Reno to Produce Documents Subpoenaed by the Government Reform and Oversight Committee, H. Rept. 105–728, 105th Cong., 2d Session, 117 (1998). The committee's abuse of the contempt power is also addressed in the Minority Views to the Interim Report on the Investigation of Political Fundraising Improprieties and Possible Violations of Law, H. Rept. 105–829, 105th Cong., 2d Session, v. IV, 3953 (1998).

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

The Year 2000 Problem

The majority report describes the subcommittee's report on the year 2000 computer problem (House Report 105–827). While rightly noting the need for Federal agencies to improve their efforts and increase the resources devoted to the Y2K problem, the discussion ignores the substantial progress made by the administration. Indeed, most experts now agree that the greatest risks to the health and welfare of the public will not come from failures in the Federal Government, but will instead come from problems in computers operated by State and local governments and the private sector.

According to OMB's Seventh Quarterly Report on Progress on Year 2000 Conversion,[1] of the 6,696 mission critical systems in the Federal Government, 61 percent are now Y2K compliant, up from 50 percent in August. Agencies have completed the renovation, val-

[1] U.S. Office of Management and Budget, "7th Quarterly Report: Progress on Year 2000 Conversion" (Dec. 8, 1998).

idation, and implementation steps necessary to ensure Y2K compliance on these systems. Of the remaining systems that have been or will be repaired, 90 percent have now finished renovation, up from 71 percent in August. Furthermore, OMB has indicated that the development of continuity of business plans and contingency plans in the event of Y2K problems will be high priorities in the upcoming months.

In the spring and summer of 1998, the administration worked closely with Congress on a contingency emergency funding proposal specifically for unforeseen Y2K requirements. As a result of these efforts, $3.25 billion was included in the fiscal year 1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act. To date, $891 million of this funding has been allocated, and the remainder of this funding will ensure that Federal agencies have adequate resources to solve the Y2K problem.

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS

Investigation of the Conversion of the $1.7 Million Centralized White House Computer System, Known as the White House Database, and Related Matters

As described in detail in the minority views filed with the committee's October 30, 1998, report on the investigation, the subcommittee's conclusions are not supported by the record, which may explain why neither the committee nor the subcommittee held a hearing on the merits of the investigation during the entire 105th Congress. Contrary to the majority's conclusions, this investigation did not produce any concrete benefits—other than consuming large sums of taxpayer dollars since it began in June 1996. Furthermore, the investigation prevented the subcommittee from fulfilling its legislative and oversight responsibilities as evidenced by a 9 month period—between June 16, 1997, and March 5, 1998—when the subcommittee held no hearings on any topic.

COMMENTS ON OTHER INVESTIGATIONS

SUBCOMMITTEE ON THE CENSUS

During the 105th Congress, the Subcommittee on the Census made repeated attempts to call in question the statistical methods proposed for the 2000 census. However, there is widespread support for the use of these methods within the statistical community, as well as the public.

There is overwhelming support within the statistical community for the use of statistical methods to correct for the errors in the census. The most recent report from the National Academy of Sciences' panel on the census said, "Change is not the enemy of an accurate and useful census; rather, not changing methods as the United States changes would inevitably result in a seriously degraded census." The President of the Population Association of America has said, "The planned and tested statistical innovations [in the census] . . . have the overwhelming support of members of the scientific community who have carefully reviewed and considered them. If their use is severely limited or prohibited, the 2000

Census planning precess will be obstructed, and the result could be a failed census."

The plan for the 2000 census has also been endorsed by the General Accounting Office and the Department of Commerce Inspector General. The General Accounting Office testified before Congress that "Sampling households that fail to respond to questionnaires produces substantial cost savings and should improve final data quality." Similarly, the Inspector General said, "The Census Bureau has adopted a number of innovations to address the problems of past censuses—declining accuracy and rising costs. One innovation, which we fully support, is the use of statistical sampling for nonresponse follow-up."

The 1990 census had serious problems. The net undercount increased by 50 percent over 1980. The error level was over 10 percent. There were 8.4 million people missed, 4.4 million people counted twice, and 13 million people counted in the wrong place. The experts convened by the National Academy of Sciences at the request of Congress said, "[P]hysical enumeration or pure 'counting' has been pushed well beyond the point at which it adds to the overall accuracy of the census. . . . Techniques of statistical estimation can be used, in combination with the mail questionnaire and reduced scale of follow-up of nonrespondents, to produce a better census at a reduced cost." The Census Bureau's plan for the 2000 census appropriately implements these recommendations.

Despite these facts, the majority wants to block the use of statistical methods and rely on methods guaranteed to repeat the errors of the past. Throughout the 105th Congress, the majority failed to identify a single alternative that would correct for persons missed in the census, and even went so far as to consider introducing legislation to block the correction for persons counted twice. This would result in missing millions of people, and incorrectly counting millions of others twice. Turning history on its head, the majority has tried to portray the attempts to correct the 1990 census as a failure of statistical methods. In fact, the efforts to correct the 1990 census failed because political appointees in the Reagan administration forced the Census Bureau to reduce the sample size of the survey to correct for errors in the census. This political interference resulted in the inability of the survey to identify differences for small areas, which President Bush's Secretary of Commerce then cited as his reason for not using the survey to correct the census.

The majority's review of the legal issues surrounding the 2000 census is also marred by a failure to present both sides of the issue. In the section entitled "Two recent Federal district courts have held that section 195 of Title 13 prohibits the use of statistical sampling in the determination of population for purposes of apportionment of Representatives in Congress among the several States," the majority omits a discussion of the Federal district courts which ruled that the use of sampling for purposes of apportionment of Representatives in Congress among the several States *is permitted* by both Title 13 and the Constitution. A fair analysis would conclude that the lower Federal courts decisions have split on the legality of sampling.

For example, in 1980, the District Court for the Eastern District of Pennsylvania, in *Philadelphia* v. *Klutznik,* stated, "the Court

holds that the Constitution permits the Congress to direct or permit the use of statistical adjustment factors in arriving at the final census results used in reapportionment." The court went on to hold that "the Census Act permits the Bureau to make statistical adjustments to the headcount in determining the population for apportionment purposes." Also in 1980, in *Young* v. *Kutznik,* the District Court for the Eastern District of Michigan ruled that sampling was legal, stating, "All that section 195 does is prohibit the use of figures derived solely by statistical techniques. It does not prohibit the use of statistics to arrive at a more accurate population count." Similarly, in 1980, in *City of New York* v. *Department of Commerce* (reversed on other grounds), the District Court for the Eastern District of New York held that, "it is no longer novel, or, in any sense, new law to declare that statistical adjustment of the decennial census is both legal and constitutional." See also *Cuomo* v. *Baldridge* (S.D.N.Y. 1987) and *Carey* v. *Kutznik* (S.D.N.Y. 1980).

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS

Investigation of OIRA's Review of the NAAQS Rules

Contrary to the majority's conclusions, the review of the National Ambient Air Quality Standards [NAAQS] by the Office of Information and Regulatory Affairs [OIRA] appears to have been thorough and legal. Its analysis estimated that the health and environmental benefits of the NAAQS would be between $20 and $100 billion a year, significantly more than the costs. Furthermore, OIRA has been cooperative by answering numerous production requests, requests for interviews, and other information requests. In fact, former Administrator of OIRA Sally Katzen testified in front of the subcommittee on this issue and answered all of its questions.

Investigation of the Securities and Exchange Commission

The subcommittee's investigation of the Securities and Exchange Commission is an example of the abuse of the subcommittee's powers and procedures. These abuses are described in the July 15, 1997, Wall Street Journal opinion column, "Business World: Fly First Class (With the Other Criminals)."

Oversight of the U.S. Army Corps of Engineers Wetlands Programs

In its report, the majority fails to note that wetlands have numerous benefits: they improve water quality by filtering out pollutants; they provide a home for a large variety of plants and animals; they are important to the fishing industry; and they prevent flooding.

In 1780, the lower 48 States had about 220 million acres of wetlands; today the United States has about 104 million acres. Protections such as the Clean Water Act and the Swampbuster Program have significantly slowed the rate at which wetlands are lost; however, the Nation has not yet reached a level of no net loss. A recent study found the United States is losing about 117,000 acres a year. About 78 percent of the current conversions of wetlands to non-wetlands are conversions to agricultural uses.

Moreover, it is not always the number of acres that is important, but the quality of the wetlands. One large protected area may be more important than a number of very small wetlands that add up to more acreage. Furthermore, a smaller but older wetland area can be more valuable because of the diversity of flora and fauna it supports. Others are important because of their proximity to polluted waterways.

Oversight of the Security and Exchange Commission's Disclosure of Accounting Policies for Derivative Financial Instruments and Derivative Commodity Instruments

The conclusions in this section of the report are controversial and not necessarily supported by the record before the subcommittee.

EPA's Particulate and Ozone Rulemaking

This section of the report is full of erroneous conclusions and is contradicted by much of the evidence and testimony presented to the subcommittee.

GAO Findings on Superfund Cleanup

This section of the report relies heavily on a GAO analysis of EPA's Superfund Program. At the subcommittee's hearing, however, substantial problems were raised with GAO's methodology. The majority's conclusions are not warranted.

Office of Management and Budget's Report to Congress on the Costs and Benefits of Federal Regulations

The subcommittee's conclusions are not justified. In 1997, OMB estimated that benefits of regulations in 1997 exceeded costs by about $19 billion. In fact, according to a draft OMB report, the benefits of major regulations between 1987 and 1996 exceeded costs by an amount in the range of $34 billion to $3.29 trillion per year.

Investigation of President Clinton's Executive Order 13083

The subcommittee's conclusion that Executive Order 13083 shows a basic difference between Republican and Democratic philosophies is not supported. The subcommittee's hearing and votes in the House and Senate regarding this issue show that Members of both parties shared concerns about the involvement of State and local interest groups in the drafting of the order.

Investigation of Paperwork and Regulatory Accomplishments by OMB's OIRA

The subcommittee's conclusions in this section are not justified.

The Congressional Review Act

The conclusions in this section of the report are controversial and not necessarily supported by the record before the subcommittee.

Investigation of the White House Initiative on Global Climate Change and the Kyoto Protocol and Related Hearings

These sections of the report are full of erroneous conclusions and are contradicted by much of the evidence and testimony presented to the subcommittee. Many of the subcommittee's conclusions are

based on studies sponsored by fossil fuel industries responsible for a significant amount of greenhouse gas emissions. Moreover, the record does not indicate that the administration has attempted backdoor implementation of the Kyoto Protocol.

There is scientific consensus—one that is shared by the National Academy of Sciences, the IPCC, and 110 Nobel Prize winners—that the earth is warming and that humans are contributing to the problem. Studies indicate that the goals in the Kyoto Protocol for reducing greenhouse gas emissions can be met with only modest negative economic impacts. A 1997 study entitled, "Energy Innovations" estimates that reducing emissions 10 percent below 1990 levels by 2010 could save consumers $58 billion and create 773,000 jobs.

The "Noxious Nine"

This section of the report is full of erroneous conclusions and is contradicted by much of the evidence and testimony presented to the subcommittee. Further, the nine regulations targeted by the majority provide significant protections for health, safety, the environment, consumers, and schoolchildren.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

Substance Abusing Expectant Mothers

The majority, in its discussion of a hearing held July 23, 1998, on "Expectant Mothers and Substance Abuse: Intervention and Treatment Challenges for State Governments," omitted mention of the testimony of Francine Feinberg, Psy.D, the Director of a treatment facility in Milwaukee, WI, and Mary Faith Marshall, Ph.D, a member of the bioethics faculty at the Medical University of South Carolina.

The hearing focused on two models of State intervention designed to deter and punish illicit drug use by expectant mothers: (1) the recent enactment of a statute in Wisconsin permitting judges to order confinement and treatment of substance-abusing expectant mothers, and (2) a South Carolina policy, approved by a 1997 ruling of the South Carolina Supreme Court, to prosecute expectant mothers who abuse illicit drugs and refuse to undergo drug treatment. In their testimony before the subcommittee, Dr. Feinberg and Dr. Marshall voiced objections made by public health, social welfare, and civil liberties activists to these programs. They testified that efforts in Wisconsin and South Carolina have had no demonstrated effect on improving child health care or deterring substance abuse by pregnant women. To the contrary, they explained that such measures had the unintended effect of driving women away from prenatal care and substance abuse treatment for fear of arrest or loss of parental rights. They testified, moreover, that reduced access to the health care system would likely worsen birth outcomes and, because HIV infected women would not receive medication, increase rates of HIV transmission to fetuses.

Dr. Feinberg and Dr. Marshall noted that for these and related reasons, professional health care and child welfare organizations have taken positions against the criminalization of perinatal sub-

stance abuse. These organizations include the American Medical Association, the American Nurses Association, the American Academy of Pediatrics, the American College of Obstetricians and Gynecologists, the American Public Health Association, the American Society of Addiction Medicine, and the National Society of Public Child Welfare Administrators.

Needle Exchange Programs

In its discussion of the September 15, 1997, hearing entitled, "Needle Exchange, Legalization, and the Failure of the Swiss Heroin Experiments," the majority acknowledged that the needle exchange program in Baltimore "may have had adequate 'exchange' controls" but declined to discuss the demonstrable success of the Baltimore program in preventing the transmission of HIV.

Dr. Peter Beilenson, commissioner of health in Baltimore City, explained that Baltimore's needle exchange program operates as follows: Two 26-foot vans travel among six sites in Baltimore City. Expressly invited to each participating neighborhood, the vans spend 2 hours at each site. At the vans, counselors exchange with enrolled participants new needles for old needles on a one-for-one basis. They give drug users advice on drug treatment, the prevention of HIV, and practices to reduce the spread of infectious and sexually transmitted diseases. Testing is available on-site for detection of HIV, syphilis, and tuberculosis. Through city funds, approximately 90 drug treatment slots are dedicated to needle exchange program participants, treating roughly 200 clients per year at Bon Secours' New Hope Treatment Center, Johns Hopkins Bayview Medical Center, or the University of Maryland.

According to Dr. Beilenson, the Baltimore needle exchange program has achieved remarkable results during its 3 years of operation. The rate at which injection drug users convert from HIV-negative to HIV-positive has dropped 39.7 percent as compared to the same population of drug users outside the program. Dr. Beilenson also testified that:

- The benefit of reduced rates of HIV infection among program participants has not come at the expense of increased drug use. To the contrary, *needle exchange participants in Baltimore report a 22 percent decrease in drug use frequency since joining the program.*
- The yearly cost of the Baltimore needle exchange program is $310,000. The average cost of caring for an adult patient from the time of AIDS diagnosis (not HIV infection) is approximately $102,000. A single case of AIDS in an infant costs taxpayers $230,000. If three adult cases or two infant cases of HIV infection are prevented, taxpayers save money on health care costs. Based on a comparison of the blood results of needle exchange participants with similar drug users in Baltimore, Dr. Beilenson estimated that the needle exchange program prevented approximately 300 AIDS cases over the past 3 years.
- The Baltimore program requires drug users to turn in a used needle in exchange for a new needle; it does not distribute needles. A well-designed Baltimore study, which examined areas outside needle exchange sites in expanding concentric circles,

reported no increase in discarded needles as compared to other areas in the city.

Robert Maginnis, a hearing witness from the Family Research Council and a strong advocate against needle exchange programs, testified that he was impressed by what he had heard of the Baltimore program and applauded its good work.

Immigration and Naturalization Service's Citizenship USA Program

In its summary and analysis of the Immigration and Naturalization Service's Citizenship USA program [CUSA], the majority correctly notes that failures in the INS's administrative processes resulted in inadequate criminal background checks of aliens applying for naturalization and the improper naturalization of aliens ineligible for U.S. citizenship. Of the 1.3 million aliens who applied for citizenship between August 31, 1995, and September 30, 1996, 1,049,867 were naturalized. Criminal history reports from the FBI disclosed that 17,257 applicants naturalized during this period had records of arrests for felonies of other potentially disqualifying crimes. The INS was able to obtain and review case files for 16,858 of these individuals. Under the review of the accounting firm KPMG Peat Marwick, INS concluded that 10,535 (62 percent) were properly adjudicated, 5,954 (35 percent) required further review, and 369 (2 percent) were presumptively ineligible for citizenship.[2]

After an extensive review conducted by the subcommittee, the Justice Department, the General Accounting Office, and KPMG Peat Marwick, the weight of evidence suggests that improper naturalizations during this period resulted from longstanding management problems within the INS coupled with a dramatic increase in applications for naturalization beginning in 1995. The record does not support the majority's summary conclusions that: (1) CUSA was a politically motivated program designed to register new Democratic voters for the 1996 elections, (2) officials of the INS, White House, or National Performance Review consciously weakened, discarded, or ignored applicable legal and procedural requirements in order to register new Democratic voters, and (3) INS officials deliberately concealed information concerning CUSA from the subcommittee.

The purpose of the Citizenship USA program was not to improperly generate registered voters but to reduce backlogs and achieve timely adjudication of applications.[3] This was an appropriate objective that had bipartisan support. From 1992 to 1996, the number

[2] U.S. General Accounting Office, "Naturalized Aliens: Efforts to Determine If INS Improperly Naturalized Some Aliens" (March 1998) (GAO/GGD–98–62). The KPMG Peat Marwick firm, as part of its contract with the Department of Justice, also conducted a "Federal Agency Benefit Benchmark Report," which reviewed the error rates of other benefits-granting Federal agencies, including Aid to Families with Dependent Children (administered by the Department of Health and Human Services), Food Stamp Program (administered by the Department of Agriculture), Pell Grant Program (administered by the Department of Education), Veterans Compensation and Pension Benefits (administered by the Department of Veterans Affairs), and Unemployment Insurance Benefits (administered by the Department of Labor.) It is interesting to note that these agencies had significantly higher rates of error than did the INS during the Citizenship USA program. See KPMG Peat Marwick LLP, "Department of Justice Federal Agency Benefit Benchmark Report: Final Report" 5–9 (May 29, 1997).

[3] Testimony of Doris Meissner, Commissioner, Immigration and Naturalization Service, joint hearing before the Subcommittee on National Security, International Affairs, and Criminal Justice of the Committee on Government Reform and Oversight and the Subcommittee on Immigration and Claims of the Committee on the Judiciary, 90 (Mar. 5, 1997).

of applications for naturalization submitted to the INS increased dramatically. In 1992, the INS received 342,000 applications. This number increased to 522,000 in 1993, to 543,000 in 1994, to 1,100,000 in 1995, and to 1,221,000 in 1996.[4] In this same period, the backlog of applications increased from 199,000 in 1992 to 701,000 in 1996.[5] According to Commissioner Doris Meissner, the increased demand for naturalization was the result of several factors, including (1) the Immigration Reform and Control Act of 1996 legalization program, which enabled a large number of permanent residents to become eligible to naturalize by 1994, (2) increasing anxiety among the alien population over the passage of ballot initiatives and legislation such as California Proposition 187, limiting the availability of education, health care, and social services to immigrants, and (3) an increased fee for green-card replacement that was nearly the same as the fee for an application for citizenship.[6]

The majority suggests, without evidentiary support, that White House officials, including Vice President Gore and officials of the National Performance Review [NPR], knowingly subverted the naturalization process to create Democratic voters for the 1996 election. Documents produced to the subcommittee tend to show that NPR was actively involved and worked closely with INS officials to streamline the naturalization process and reduce the growing backlog of applications, but they do not reveal an improper motive.[7] When the Office of the Vice President offered to make witnesses available for informal interviews to explain documents produced to the subcommittee and its efforts aimed to improve the naturalization process, the majority declined the offer. Instead, the majority demanded that these officials give testimony in the presence of a court reporter, even though the majority lacked authority to conduct these staff depositions.

The weight of evidence gathered by the subcommittee, the Justice Department, and the General Accounting Office shows that the INS has had long-standing problems with its system for conducting criminal background checks that long predated the Citizenship USA program. The authors of a 1989 Department of Justice Audit Report recognized that there were significant problems with INS's system of background checks at least as far back as 1988. They noted:

> In our 198[8] audit of the adjudications process, we found that in the 349 cases reviewed, 163 disclosed no evidence of the required background investigations being conducted. *In our current review, we examined 51 cases and found that virtually 100 percent of the cases also showed no evidence that background investigations and fingerprint checks were conducted.*[8]

Although the INS should have been aware that speeding the naturalization process without implementing necessary reforms would

[4] Id. at 88.
[5] Id.
[6] Id. at 87.
[7] See, e.g., Memorandum from Elaine Kamarck to Vice President Gore (Apr. 4, 1996) (Bates No. Z000339).
[8] U.S. Department of Justice, Justice Management Division, "Audit Report: Special Audit of the Immigration and Naturalization Service," 27 (Feb. 1989) (89–9).

lead to additional errors, there is no evidence that INS officials acted willfully to naturalize ineligible aliens.

The majority also contends that the INS "deliberately concealed" information regarding the Citizenship USA program and that INS officials repeatedly made "misleading" public statements on the scope of the problem. The majority supplies no information, and the minority is independently aware of none, to support the serious accusation that a Federal agency concealed information from Congress. The assertion, moreover, that named officials of the INS "misled" the public by underestimating the scope of improperly naturalized citizens is unwarranted and unfair, particularly considering that the formal review into the matter was, at the time, ongoing and incomplete.

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