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2d Session

SENATE

{ REPORT
111-360

ACTIVITIES OF THE COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

AND ITS

SUBCOMMITTEES

FOR THE

ONE HUNDRED TENTH CONGRESS



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III

Page

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CONTENTS

	Page
I. Highlights of Activities	1
Homeland Security	3
A. 9/11 Commission Recommendations: Round Two	3
B. DHS Authorization Act	4
C. Fighting For First Responders	5
D. Protecting Against Terrorist Threats	8
E. Oversight of Disaster Response	12
F. Information Security	15
G. Border Security and Immigration	16
H. Transportation Security	19
I. Regulating the Chemical Industry	19
J. Securing Against IEDs	20
Contracting Reform	23
A. Wartime Contracting and DCAA	23
B. Contracting Process and S. 680	24
C. DHS Contracting	25
Lobbying and Ethics Reform	25
Inspector General Reform	26
Commodities Speculation	27
District of Columbia	28
A. Voting Rights	28
B. Courts	28
E-Government	29
Protecting Federal Employees	29
A. Domestic Partners	29
B. Employee Rights	30
Working for Connecticut	31
A. Port, Transit Security Grants	31
B. Urban Area Security Initiative Grants	31
C. General Homeland Security, Disaster Aid	32
D. Immigration	32
Miscellaneous	32
A. Bipartisanship	32
B. New Subcommittees	32
C. CRS Reports	33
D. Presidential Records	33
E. Presidential Library Donations	33
F. GAO	33
G. Privacy	34
II. Committee Jurisdiction	34
III. Bills and Resolutions Referred and Considered	37
IV. Hearings	37
V. Reports, Prints, and GAO Reports	41
VI. Official Communications	49
VII. Legislative Actions	50
Measures Enacted Into Law	50
Postal Naming Bills	54
VIII. Presidential Nominations	61
IX. Activities of the Subcommittees	65

	Page
FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, AND INTERNATIONAL SECURITY SUBCOMMITTEE (FFM)	
I. Hearings	65
II. Legislation	74
III. GAO Reports	83
OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE (OGM)	
I. Hearings	85
II. Legislation	110
Measures Enacted Into Law	110
Measures Favorably Reported by the Subcommittee and Passed by the Senate	112
Measures Referred to the Subcommittee on which Hearings were held or other Legislative Action was taken	113
Measures which did not advance beyond referral to Subcommittee	116
III. GAO Reports	125
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS (PSI)	
I. Historical Background	129
A. Subcommittee Jurisdiction	129
B. Past Investigations	131
II. Subcommittee Hearings during the 110th Congress	135
III. Legislative Activities during the 110th Congress	158
IV. Reports, Prints and Studies	166
V. Requested and Sponsored GAO Reports	178
AD HOC SUBCOMMITTEE ON STATE, LOCAL, AND PRIVATE SECTOR PREPAREDNESS AND INTEGRATION (SLPSPI)	
I. Hearings	195
II. Legislation	204
AD HOC SUBCOMMITTEE ON DISASTER RECOVERY (SDR)	
I. Hearings	205
II. Legislation	218

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ACTIVITIES OF THE COMMITTEE ON HOMELAND
SECURITY AND GOVERNMENTAL AFFAIRS
DURING THE 110TH CONGRESS

DECEMBER 10, 2010.—Ordered to be printed

Mr. LIEBERMAN, from the Committee on Homeland Security and
Governmental Affairs, submitted the following

R E P O R T

This report reviews the legislative and oversight activities of the Committee on Homeland Security and Governmental Affairs and its Subcommittees during the 110th Congress. These activities were conducted pursuant to the Legislative Reorganization Act of 1946, as amended; by Rule XXV(k) of the Standing Rules of the Senate; and by additional authorizing resolutions of the Senate. See Section II, “Committee Jurisdiction,” for details.

Senator Joseph I. Lieberman was Chairman of the Committee during the 110th Congress; Senator Susan M. Collins was the Ranking Member.

Major activities of the Committee during the 110th Congress covered investigations, oversight, and legislation including the second round of 9/11 Commission recommendations, and Congressional ethics, procurement, and Inspector General reforms; introduction of the Committee’s first Department of Homeland Security authorization bill, and a successful campaign to persuade YouTube to remove scores of videos that showed gratuitous violence against U.S. troops in Iraq and that could be used to indoctrinate terrorists. Discussion of these major activities appears in Section I below; additional information on these and other measures appears in Section VII, “Legislative Actions.”

Extensive information about the Committee’s history, hearings, legislation, documents, Subcommittees, and other matters is available at the Web site, <http://hsgac.senate.gov/>.

I. HIGHLIGHTS OF ACTIVITIES

Five years and two Congresses after the creation of the U.S. Department of Homeland Security (DHS), the government’s third largest cabinet level department faced serious management deficiencies within its two dozen agencies and programs, exposing it to

continued threats from those who would dismantle all or parts of it.

Despite steady progress in strengthening airline and port security, the Department continued to struggle with effective administration of its sprawling portfolio, including major procurement projects to keep terrorists and nuclear weapons out of the country.

Working as usual in a bipartisan manner with his Ranking Member Susan Collins, R-Maine, Senator Lieberman's response to these shortcomings came in the form of two pieces of legislation—Implementing the 9/11 Commission Recommendations Act of 2007, H.R. 1 (Public Law 110–53), which passed Congress July 27, 2007, and the Committee's first DHS authorization bill, the Department of Homeland Security Authorization Act of 2008 and 2009, S. 3623, introduced September 26, 2008.

In 2007, for the third year in a row, the Department was placed on the Government Accountability Office's (GAO) biennial "high-risk list" of Federal agencies most at risk of mismanagement, fraud, waste, and abuse. Poor management throughout the Department continued to jeopardize a number of priorities, including protection of the Federal Government's information systems, development of second generation nuclear radiation detectors, and an effective Southern border security system.

On the other hand, the Administration took steps to strengthen security at seaports and by funding for the Western Hemisphere Travel Initiative and stepped up its efforts to secure the Federal Government's computer networks. And, in response to a series of hurricanes that struck the Gulf Coast and Texas in September 2008, the Department proved that it had learned at least some of the hard lessons of Hurricane Katrina, pre-positioning commodities and coordinating well with State and local officials to avert major displacement of and suffering by those in the storm struck areas.

If 2007 was dominated by the second installment of legislation implementing the 9/11 Commission recommendations, 2008 was dedicated primarily to oversight of that law and three other major reorganizing laws the Committee originated and passed in previous years.

The Committee worked to ensure proper implementation of legislation passed in 2006 to reinvent the troubled Federal Emergency Management Agency (FEMA). It monitored DHS' efforts to prevent a major catastrophe involving the Nation's chemical plants and asked probing questions when security lapses occurred at the borders.

In its investigatory capacity, the Committee uncovered troubling evidence that DHS' efforts to develop and deploy radiation monitors at the Nation's major seaports were not as successful or as cost effective as the Department has claimed. This came as part of a broader investigation into how well prepared the Nation was to deal with nuclear terrorism. The Committee also dug into the phenomenon of homegrown terrorism, winning a significant victory when Google, the owner of YouTube, took down scores of videos that showed gratuitous violence against U.S. troops in Iraq and that could be used to indoctrinate terrorists. And with an eye toward efficient government, the Senator, through hearings and perfecting legislation, redoubled his oversight of accountability of the

procurement process—both within DHS and the Department of Defense (DOD).

Beyond homeland security, the Senator continued to fight to guard against government waste, fraud, and abuse with legislation to strengthen the government's offices of Inspectors General. He worked successfully to ensure the highest possible ethical standards for members of Congress and their staffs with Congressional passage of the Honest Leadership and Open Government Act of 2007, S. 1, large portions of which were drafted by the Committee. The Committee also marked up a major procurement reform bill that was passed by the Senate. Core provisions were signed into law as part of the FY 2008 and FY 2009 National Defense Authorization Acts. Ever cognizant of consumer woes, the Senator also held hearings and introduced legislation on speculation in the commodities markets in an effort to bring down escalating oil prices.

Senator Lieberman continued his strong advocacy for Federal workers with, among other things, a push for benefits for the domestic partners of Federal employees. And he continued to look out for the citizens of Connecticut, particularly via port, transit, and first responder grants.

HOMELAND SECURITY

Senator Lieberman has consistently believed that a centralized focus on homeland security has added to the security of the Nation. Despite some successes, the broad scope of the Department's responsibilities, its frequent turnover in top leadership positions, and its lax management of major procurement contracts have prevented it from achieving the vision Senator Lieberman first laid out for it in the Homeland Security Act of 2002.

A. 9/11 COMMISSION RECOMMENDATIONS: ROUND TWO

The Implementing the Recommendations of the 9/11 Commission Act of 2007 dominated the Committee's 2007 homeland security agenda, representing another step toward improving DHS operations and policies to make the Nation safer. Because the measure was one of the Democratic leadership's top priorities, Senator Harry Reid introduced it on behalf of Senators Lieberman and Collins immediately upon the opening of the 110th Congress on January 4, 2007. The version he introduced as the Improving America's Security Act of 2007, S. 4, was a simple "Sense of Congress" provision, pending the Committee's consideration of substantive provisions that Committee staff had begun to draft the previous month.

The Committee held a hearing on January 9, 2007, to set priorities for the legislation that would fill in the gaps and implement the 9/11 Commission recommendations that were never legislated or that had not been fully implemented. On February 15, 2007, the Committee marked up the legislation, and the bill was reported to the Senate on February 22, 2007. More than 250 pages long, the legislation addressed a wide range of provisions designed to enhance homeland security protections.

Given the Senator's longstanding interest in improving the training and equipping of first responders, one of the legislation's most significant provisions established in statute the main homeland security grant programs with a risk-based funding formula. Among

other things, it also authorized more than \$4 billion for dedicated grant programs to secure railways, transit systems, and buses; and established a dedicated grant program for interoperable communications. The bill increased authorized funding levels to \$3 billion annually for key homeland security grants that support State preparedness and first responders; strengthened security measures for the Visa Waiver Program and other Federal efforts to detect and disrupt terrorist travel; strengthened the Privacy and Civil Liberties Oversight Board; established a voluntary certification program for private sector preparedness; improved counterterrorism and homeland security information sharing within the Federal Government and among Federal, State and local officials; required all cargo carried on passenger airplanes be scanned for explosives within 3 years; and gave Transportation Security Officers the same employment rights other TSA workers enjoyed.

Working with Senate leadership, Senator Lieberman developed a bill that incorporated the Committee's bill with additional titles reported out by other committees. This broader legislation was then introduced as a substitute amendment on February 28, 2007. For the next two weeks Senator Lieberman served as floor manager, shepherding the bill through a lengthy process in which hundreds of filed amendments were considered for inclusion. After many votes on controversial amendments and several cloture votes, on March 13, 2007, the Senate approved the measure by a vote of 60–38. After Senate passage, chief conferees Chairman Lieberman and House Homeland Security Committee Chairman Bennie Thompson, D-MS, and their staffs conducted lengthy negotiations also involving numerous other House and Senate committees.

The Senate and House conferees held a public meeting on July 19, 2007, attended by most of the 62 conferees. Conferees approved a provision to establish a 5-year deadline for 100 percent cargo scanning. A week later, on July 25, 2007, a compromise was agreed to by House and Senate negotiators. An additional provision to protect from lawsuits people who in good faith report what they believe is terrorist activity in and around airplanes, trains, and buses was added before adoption of the conference report. On July 26, 2007, the Senate approved the conference report by a vote of 85–8, and the House followed the next day. The bill was signed by the President on August 3, 2007.

On October 30, 2007, Senator Lieberman commented on the declassification and public disclosure of the top line of the intelligence budget, a reform the Senator had pressed for that was included in the 9/11 legislation. The intelligence budget for Fiscal Year 2007 was \$43.5 billion. On October 28, 2008, he issued a similar statement when the FY 2008 intelligence budget was revealed to be \$47.5 billion.

B. DHS AUTHORIZATION ACT

On September 26, 2008, Senator Lieberman introduced with Senator Collins the Committee's first ever authorization bill for the Department as a guide for more effective and efficient homeland security management. Based on the Committee's considerable experience overseeing the Department, the bill contained provisions, among many others, to create an Under Secretary for Policy to ensure policy coordination across the Department; to strengthen the

Chief Information Officer's authorities and give that position greater control over IT investments; to strengthen contract oversight by requiring DHS to certify program managers for all major acquisitions and to report to Congress on its use of various contracting authorities; to help ensure the accountability and cost-effectiveness of major acquisitions projects by requiring a formal investment review process, and by requiring, for investments with significant technological challenges, formal testing and evaluation prior to investment; to strengthen the authorities of the Office of International Affairs to improve coordination with the Department's international activities and employees; and to require a consolidated headquarters for DHS.

The bill also would strengthen the Department's hand to impose cyber security by establishing a National Cyber Security Center—a key component of the Comprehensive National Cybersecurity Initiative (CNCI)—to coordinate efforts to protect government networks; by strengthening the Department's ability to hire cyber security experts; and establishing a private sector board to advise the Secretary on cyber security policy.

C. FIGHTING FOR FIRST RESPONDERS

Since the 2001 terrorist attacks, Senator Lieberman has worked assiduously to obtain adequate funding for first responders through budget letters, amendments, statements, and frequent visits with Connecticut firefighters, police officers, and emergency personnel. In 2007, the Senator succeeded—in the Implementing Recommendations of the 9/11 Commission Act of 2007—in making permanent several grants programs—including a program for interoperable communications. And he helped resolve a year-long dispute over grant funding formulas.

At the end of the year, the Associated Press reported that the Administration planned to reduce grant funding by almost half. And when the President's FY 2009 budget was released in February 2008, a 48-percent cutback was proposed, similar to the dramatic cutbacks proposed in the previous 4 years. Congress did not play along.

1. Increasing Resources for Homeland Security Grants—When the President unveiled his homeland security budget proposal for FY 2008 on February 5, 2007, Senator Lieberman issued a blistering statement chastising the Administration for attempting to cut first responder funds for the fourth year in a row, despite no evidence the terrorist threat had diminished and abundant evidence first responders needed additional training and equipment to deal with a large scale natural disaster. The Senator said the President's proposal to cut by 52 percent the main source of funds for first responder training and equipment represented a “disconnect between his rhetoric and the reality of protecting Americans from terrorist threats and natural disasters.”

On March 12, 2007, Senator Lieberman sent a letter to the Chairman and Ranking Member of the Senate Budget Committee outlining his proposal to increase homeland security funding by \$3.4 billion over the President's request—including \$1.1 billion more for State homeland security grants and urban area security initiative grants, which support State and local preparedness efforts, including training and equipment for first responders; \$719

million more for all-hazards Emergency Management Performance Grants; \$400 million more for interoperable communications grants; \$477 million more for fire fighters; and \$225 million more for rail and transit grants.

On March 23, 2007, Senators Lieberman and Collins successfully added \$731 million for communications interoperability and emergency planning to the FY 2008 budget resolution.

On May 17, 2007, after the Senate passed its FY 2008 budget resolution, Senator Lieberman expressed gratification that Congress restored cuts the President had proposed to first responder programs and added \$400 million for an interoperable communications grant program and \$331 million in additional funds for Emergency Management Performance Grants.

The 9/11 Commission recommendations bill, passed in July 2007, called for more than \$4 billion over 4 years for rail, transit, and bus security grants, of which \$412 million was appropriated for 2008; a \$1.8 billion authorization for FY 2008 to assist States and high-risk urban areas in preparing for terrorist threats, all of which was appropriated for 2008; \$400 million for Emergency Management Performance Grants to assist States in preparing for all-hazards, appropriated at \$300 million; and \$400 million for interoperable emergency communications, of which \$100 million was appropriated.

When the FY 2009 budget was released on February 4, 2008, the Senator issued another strong statement rejecting the Administration's proposed cuts for State and local homeland security grants and defunding of interoperability grants altogether. On February 22, 2008, the Senator called on the Senate Budget Committee to fund homeland security needs at least at their FY 2008 levels.

A month later, on March 14, 2008, the Senate restored funding for the State Homeland Security Grant Program, the largest source of State and local first responder funding, to \$950 million, the same amount the Committee called for in its 9/11 Commission recommendations bill the year before.

On April 11, 2008, Senators Lieberman and Collins, along with the Chairman and Ranking Member of the House Homeland Security Committee, wrote to DHS Secretary Michael Chertoff urging him to abide by the provisions of the 9/11 Commission recommendations law and allow State and local governments to use up to 50 percent of their grant money on overtime and other personnel costs. The Department had issued grant guidance that placed lower limits on how much grant money could be used for those purposes. Even after receiving the bicameral, bipartisan letter, DHS resisted changing its guidance. Through Senator Lieberman's efforts, however, the Personnel Reimbursement for Intelligence Cooperation and Enhancement of Homeland Security Act of 2008, H.R. 6098, enacted on October 14, 2008, further clarified the provisions of the 9/11 Commission recommendations act and helped ensure that the Department complied with the law.

On September 23, 2008, the Senator hailed the increased funding and flexibility authorized in the United States Fire Administration Reauthorization Act of 2008, S. 2606, a bill he co-sponsored. The United States Fire Administration (USFA) provides support to more than 30,000 fire departments through training, emergency incident data collection, fire awareness and education, and research

and development. The reauthorization enabled USFA to adapt to evolving threats such as the wildfires that have plagued the Western States in 2007 and 2008.

Connecticut received \$36.6 million in grant money for 2007, which included a onetime only \$13 million grant for interoperability. The State received \$33.5 million in 2008.

2. Changing the Grant Funding Formula—Passage of the second installment of the 9/11 Commission recommendations bill in July 2007 formally authorized the State Homeland Security Grant Program (SHSGP) and the Urban Area Security Initiative (UASI) grant program into law and increased the authorization amounts for both programs. It also cemented into law a key policy change in grant distribution that Senator Lieberman had been advocating for several years. The measure established in statute that homeland security grants would be distributed to States and high-risk urban areas based on risk, while still ensuring that all States have funds available for basic preparedness. Each State was guaranteed a minimum of .375 percent of funds in FY 2008 to prevent, prepare for, respond to, and recover from terrorist attacks, scaling down to a minimum of 0.35 percent in 2012.

3. Interoperability—On April 24, 2007, Senators Lieberman and Collins wrote to DHS Secretary Chertoff expressing disappointment that the Department had not moved more efficiently to improve its interoperability communications program and warned that without a strategic approach and firm leadership, first responders would continue to be imperiled because of an inability among Federal, State, and local officials to communicate effectively during an emergency or disaster. Based on a GAO report dated April 2, 2007, the Senators identified several major weaknesses in DHS' interoperable program, including inadequate procedures to assess grant requests; poor communications planning among Federal, State, and local governments; ambiguous radio standards; and a lack of training.

The second 9/11 commission recommendations bill, passed in July 2007, created a dedicated interoperability grant program within DHS to improve interoperability at local, State, and Federal levels. The program was authorized at \$400 million a year and States were required to pass through at least 80 percent of awarded funds to local and tribal governments.

The President's FY 2009 budget request called for defunding the interoperable communications grant program. But on July 27, 2007, Senator Lieberman hailed the inclusion of a Lieberman-Collins amendment to the Senate DHS appropriations bill for FY 2008 providing \$100 million for a dedicated interoperable communications program.

Ultimately, the new grant program received \$50 million in appropriations in both FY 2008 and FY 2009.

4. Making the Case for More Resources—On February 13, 2007, the Committee held a hearing on the DHS budget for FY 2008 with Secretary Chertoff as its sole witness. The Senator told the Secretary he was "deeply disappointed" that the Department's budget request "continues a risky policy of underfunding some of the Nation's most pressing homeland security priorities."

The Senator's March 12, 2007, letter to the Senate Budget Committee proposed an increase in homeland security funding by \$3.4

billion—including \$25 million for the air cargo screening program; \$25 million for chemical security; and \$477 million for firefighters.

On February 14, 2008, the Committee held a hearing on the FY 2009 DHS budget, again with Secretary Chertoff as the only witness. The Senator focused on securing adequate funding for homeland security grants. “I will, as I have in the past, oppose the Administration’s proposed cuts to these grant programs and work to restore funding to full levels authorized by last year’s 9/11 legislation,” Senator Lieberman said.

On March 14, 2008, the Senate accepted an amendment by Senators Lieberman and Collins, as part of the FY 2009 budget, to increase funding for FEMA operations and management by \$141 million.

5. Employment Compensation Benefits for First Responders—On October 1, 2008, the Committee reported out the Federal Firefighters Fairness Act of 2007, S. 1924, a bill Senator Lieberman cosponsored. S. 1924 would create a presumption that a disability or death of a Federal employee in fire protection activities caused by any of certain diseases is the result of the performance of such employee’s duty and is therefore compensable under worker compensation law. This bill would bring the Federal Government in line with the 40 States whose laws provide such a presumption, and would ease the difficulty that fire fighters experience in proving that such conditions resulted directly from the hazardous workplace environment. Senator Lieberman was disappointed that S. 1924 was not passed by the Senate.

On June 7, 2007, Senator Lieberman signed a letter to President Bush urging that applications under the Public Safety Officers’ Benefits Program be expedited. The program provides for the compensation for the families of public safety officers who die as a result of heart attack or stroke, with the presumption that the death was a result of an injury sustained in the line of duty. Senator Lieberman was dismayed that many applications had seemingly been stalled, and this letter in part led to the favorable processing of many applications.

D. PROTECTING AGAINST TERRORIST THREATS

To mark the sixth anniversary of the terrorist attacks on the United States, the Committee held a hearing September 10, 2007, to assess current terrorist threats against the Nation. The Nation’s most senior law enforcement and intelligence officials—the Secretary of DHS, the Director of National Intelligence (DNI), the Director of the National Counterterrorism Center (NCTC), and the Director of the FBI told the Committee that while the Nation is safer than it was before 2001, threats remain and they are evolving.

In January 2008, Senator Lieberman launched an investigation into whether the Federal Government is prepared to respond to and help the country recover from a potential terrorist nuclear attack. The investigation consisted of a series of hearings on various aspects of preparation, response, and recovery and incorporated an ongoing investigation into two large acquisition programs—the \$1.12 billion Advanced Spectroscopic Portals (ASPs) acquisition and the \$1.3 billion Cargo Automated Advanced Radiography System (CAARS) acquisition—designed to develop better nuclear radiation

detectors for our ports of entry. The Committee planned to release a report examining the threat of nuclear terrorism and the ability of the Federal Government to respond to such an attack. The report will include recommendations on ways in which the Federal Government can strengthen its capabilities.

1. Domestic Nuclear Detection Office—In the 110th Congress, Senator Lieberman continued his aggressive oversight of DHS's Domestic Nuclear Detection Office (DNDO), which is charged with developing second-generation radiation detection technology. On May 15, 2007, Senator Lieberman, along with Reps. Thompson, Henry Waxman, D-CA., James Langevin, D-R.I., and Michael McCaul, R-TX., asked GAO to evaluate the costs associated with deploying DNDO's new radiation portal monitors, the ASP, designed to help identify nuclear weapons and eliminate the high false alarm rate for the first generation radiation portals, the Polyvinyl Toluene (PVT).

On August 15, 2007, Senator Lieberman, along with Senator Daniel Akaka, D-HI., Congressman Bennie G. Thompson, D-MS., and Congressman James Langevin, D-R.I., sent a letter to DHS Secretary Chertoff requesting that he delay certification of the new ASP program until GAO had finished its cost benefit analysis. They also applauded Secretary Chertoff for appointing an independent review panel to determine the effectiveness of the ASPs. In a letter to Senator Lieberman, dated Oct. 12, 2007, Secretary Chertoff said he was "committed to meet with the GAO team assessing this issue prior to making a final decision on the matter."

On March 5, 2008, Senator Lieberman issued a statement expressing concern about the independent review panel's findings. The panel found that DNDO testing at the Nevada Test Site in 2007 did not show that ASPs monitors would provide the Bureau of Customs and Border Protection (CBP) with a significant improvement in detection performance over current generation PVT radiation monitors during primary screening at domestic ports of entry. The limitations of DNDO's testing methods, analysis, and scoring make it almost impossible to evaluate the ASPs' performance for detecting nuclear threat materials or for rapidly identifying whether the radioactive object is dangerous, the expert panel concluded.

On July 16, 2008, the Committee held a hearing to examine the DNDO's Global Nuclear Detection Architecture (GNDA). The plan is intended to coordinate 74 Federal programs into a coherent comprehensive nuclear detection global system. The Senators heard testimony from GAO and Congressional Research Service (CRS) experts who stated that the DNDO did not have a strategic plan for the GNDA.

A second hearing followed on September 25, 2008, during which GAO released a report Senator Lieberman requested in 2007 that found the ASPs program over budget, behind schedule, and not meeting performance expectations. Senator Lieberman plans to issue a Committee report with findings and recommendations based on lessons learned from DNDO's two largest acquisition programs, the ASPs acquisition and the \$1.3 billion Cargo Automated Advanced Radiography System (CAARS) acquisition.

2. Responding to Nuclear Terror Attacks—A series of hearings explored the Federal Government's readiness to respond to a nu-

clear terrorist attack equivalent to the bomb dropped on Hiroshima.

On July 19, 2007, the Committee explored the Defense Department's progress in coordinating with DHS to respond efficiently to a natural disaster or terrorist attack. The Post-Katrina Emergency Management Reform Act, enacted into law in 2006, required greater coordination efforts between DOD and DHS during a catastrophe.

On February 8, 2008, Senators Lieberman and Collins formally requested all relevant Federal agencies provide information about their roles and responsibilities for preventing and responding to a terrorist nuclear attack. The information request was sent to the Departments of Defense, Energy, Agriculture, Homeland Security, Health and Human Services, State, Transportation, Labor, Veterans Affairs, Commerce, Interior, Justice, the Environmental Protection Agency, the National Aeronautics and Space Administration, the Nuclear Regulatory Commission, and the Director of National Intelligence.

On February 13, 2008, the Committee evaluated the recommendations of The Commission on National Guard and Reserves, particularly the recommendations that DOD's civil support mission have equal priority to its war-fighting missions, and that National Guard and Reserve forces play a lead in providing civil support. Senators Lieberman and Collins announced their intention to draft legislation to clarify the DOD's role in supporting the response to a catastrophic event, and introduced the Ensuring Defense Support to Catastrophic Incident Response Act of 2008, S. 3585, on September 25, 2008.

On April 2, 2008, Senators Lieberman and Collins focused on the nature of the threat of nuclear terrorism to the homeland, specifically the intent and capability of terrorists to obtain nuclear materials, build a bomb, transport it, and detonate it. Following a public hearing, Members of the Committee received a classified briefing from several intelligence agencies on the threat of nuclear terrorism.

On April 15, 2008, the Senators examined the consequences of a nuclear terrorist attack on a major metropolitan city. The hearing took a broad look at what would happen on the ground the day after a nuclear attack. Senators heard testimony stating that medical facilities would be quickly overwhelmed, that plume modeling and effective communications were necessary to minimize the loss of life, and that in many cases, sheltering in place would be the best option for those near the blast area.

A May 15, 2008, hearing looked at the current gaps in providing medical treatment and mass care in the event of a nuclear attack. One witness, Joseph C. Becker, Senior Vice President, Disaster Services from the American Red Cross stated that "the needed facilities, supplies, volunteers and infrastructure are not prepared to operate effectively or quickly enough in this environment." The Red Cross requested Federal funding to perform its responsibilities during a large scale disaster, which it was eventually granted.

Building on the previous hearing, on June 26, 2008, the Committee heard testimony from Federal Government witnesses on the capability of the Federal Government to respond to a catastrophic event. The witnesses admitted that the Federal Government is not

properly prepared for the event the size of a terrorist nuclear attack.

Committee staff planned a final report examining the threat of nuclear terrorism, the consequences of such an attack, and several major challenges our Nation would face in responding to such an attack. The report will include recommendations on ways in which the Federal Government can strengthen its capabilities.

3. Islamist Radicalization and Homegrown Terrorism—A September 19, 2006, hearing on Islamist radicalization in U.S. prisons held by Senator Collins, then Chairman of the Committee, piqued Senator Lieberman's interest in the issue of homegrown terrorism. When Senator Lieberman became Chairman in 2007, he decided to launch a full scale investigation into the issue. In 2007 and 2008, the Committee held seven hearings on related topics such as the threat against the United States, the roots of Islamist ideology, how the Internet plays a role in recruitment, and what the U.S. Government was doing to combat the threat. The Senator drove home the point that violent Islamist extremism is an international and domestic threat that demands coordination across government, including agencies that traditionally have different jurisdictions, such as the FBI and Department of State.

On March 14, 2007, Senator Lieberman's hearing examined the homegrown threat and U.S. efforts to understand and reduce Islamist radicalization in this country. Lieberman called for a government-wide strategy to stem the threat. Witnesses were DHS Secretary Chertoff, Assistant Secretary for Intelligence and Analysis Charlie Allen, and Daniel Sutherland, head of DHS's Office for Civil Rights and Civil Liberties.

A May 3, 2007, hearing focused on use of the Internet by extremists to recruit and train terrorists, and to carry out terrorist attacks. Frank J. Cilluffo, Director of the Homeland Security Policy Institute at The George Washington University released a report that recommended the government combat Internet recruitment by creating an online counter-offensive and bolstering cross-cultural dialogue.

On May 9, 2007, Senator Lieberman issued a press release on the arrest of six men allegedly plotting an attack on U.S. soldiers stationed at Fort Dix, N.J. Senator Lieberman reiterated his call for a government strategy to combat radicalization. "We simply have not devoted the proper amount of attention and resources to address the spread of Islamic extremism," he said. "Nor do I see the kind of leadership we need to put together an effective, government-wide effort to respond to the ideology the extremists are spreading."

On May 10, 2007, Senator Lieberman explored government coordination to address the homegrown threat, including countering terrorist propaganda and outreach efforts to American Muslim communities. The plot to attack Fort Dix, N.J., highlighted the critical importance of such coordination, as well as the role local law enforcement must play in countering the homegrown threat.

On June 27, 2007, the Senator took a look at the European experience. Counterterrorism officials from France and the Netherlands discussed factors in European society that lead disaffected youth to join or emulate terrorist organizations like al-Qaeda and described

their governments' efforts to prevent terrorist networks from succeeding on their soil.

On August 15, 2007, Senator Lieberman issued a press release praising the work of the New York City Police Department which examined in detail the homegrown radicalization process of Islamist terrorism in the West. "The NYPD's report is a breakthrough in our efforts to defend our homeland in the global war with Islamist terrorism, and it has important implications for our national homeland security strategy. The report underscores the critical role of local law enforcement in proactive efforts to find the terrorists before they strike. . . . The Department of Homeland Security and Congress must ensure adequate funding for similar programs in other high-risk areas of the country."

On October 30, 2007, the Committee held a sixth hearing on the response of State and local law enforcement with witnesses from four police departments—New York, Los Angeles, Miami-Dade, and Kansas City, who talked about their proactive approach to countering the homegrown threat. Senator Lieberman said the local law enforcement agencies should serve as models for other cities around the Nation and that the Federal Government should provide more direction and resources to help make that happen.

On May 8, 2008, Senator Lieberman released a Committee staff report citing the growing threat of homegrown terror caused in large part by the Internet's role in radicalizing potential terrorists around the globe, which, in turn, increases the potential for homegrown terrorism within our own borders. The report called for a national strategy to counter the influence of the ideology.

On July 10, 2008, the Committee held a seventh hearing on the ideological roots that lead to violent Islamist extremism and what the United States can do to diminish the influence of the ideology here at home. The Committee's lead witness, Maajid Nawaz, a former leader of Hizb ut-Tahrir in the United Kingdom, explained how he was radicalized by Islamist ideology and how the ideology leads to terrorism.

A week later, the Senator sent a letter to Google, owner of the largest video sharing Website "YouTube," asking YouTube to follow its own standards for posting videos and take down terrorist videos on the site. On May 20, 2007, the Senator issued a statement commending Google for taking down about 80 videos that violated its video posting standards, but the Senator called on the Internet giant to do more. On September 11, 2007, Google changed its video posting standards to bar videos that "incite violence"—a direct result of the Senator's pressure.

E. OVERSIGHT OF DISASTER RESPONSE

Following the Committee's comprehensive investigation into the poor government response to Hurricane Katrina in 2005 and passage of the Post-Katrina Emergency Management Reform Act of 2006—which sought to restructure FEMA so that for the first time in its history it would be prepared for not just a disaster, but a catastrophe—Senator Lieberman bore in on FEMA oversight.

1. Preparedness and Implementing the Post-Katrina Act—On January 3, 2007, Senator Lieberman announced that he had written a letter to Secretary Chertoff with Senator Collins and House Homeland Security Committee Chairman and Ranking Member

Bennie Thompson and Peter King, R-N.Y., to complain about insufficient progress in implementation of the Post-Katrina Emergency Management Reform Act. The lawmakers asked that DHS brief Congress on actions being taken to ensure that all relevant functions and components of the Department's Preparedness Directorate were being transferred to FEMA.

On May 22, 2007, Senator Lieberman chaired a hearing entitled "Implementing FEMA Reform: Are We Prepared for the 2007 Hurricane Season?" at which he called on DHS and FEMA to boost hurricane preparedness efforts and move quickly to implement recently passed emergency response reforms.

On July 12, 2007, Senators Lieberman and Collins asked GAO to evaluate DHS's disaster response and disaster response exercises to make sure response plans were complete and understood by participants. In a letter to GAO Comptroller General David Walker, the Senators stressed "the need for improved planning for disasters and the need to exercise plans to ensure preparedness." The Senators also asked GAO to examine selected DHS responses to actual disasters and exercises.

Given that effective, efficient, and timely implementation of the Post-Katrina Act is vital to our homeland security, on September 17, 2007, Senator Lieberman asked GAO to evaluate DHS and FEMA's implementation of the Post-Katrina Act.

In July 2007, Senator Lieberman was successful, along with Senators McCaskill, Obama, Pryor, Landrieu, Kerry, and Johnson, in securing Senate passage of a measure in the 2008 Homeland Security Appropriations bill that would require comprehensive testing for formaldehyde in trailers used to house disaster victims and an investigation into FEMA's handling of the issue.

On October 22, 2007, Senators Lieberman and Collins wrote to Secretary Chertoff about the draft National Response Framework, a document describing the roles of Federal, State and nongovernmental actors in a disaster. In their letter, Senators Lieberman and Collins raised several concerns, and in some instances, asked questions, about the draft National Response Framework, especially as it related to the Post-Katrina Act. Senator Lieberman was pleased when many of the concerns raised in the letter were addressed in the final National Response Framework.

On February 7, 2008, Senators Lieberman, Collins, Landrieu, and Stevens wrote to FEMA Administrator Ken Paulison criticizing FEMA's failure to have sufficiently improved its disaster surge workforce, leaving the Nation susceptible to the same problems the country experienced in Hurricane Katrina. The letter urged FEMA to make its surge workforce a priority.

On March 4, 2008, Senator Lieberman endorsed the findings of a GAO report that determined FEMA must improve its crisis counseling program for victims of catastrophic disasters.

On April 3, 2008, Senator Lieberman chaired a hearing to review progress FEMA had made in its preparedness capabilities since Hurricane Katrina and passage of the Post-Katrina Emergency Management Reform Act. At the hearing entitled "The New FEMA: Is the Agency Better Prepared for a Catastrophe Now Than It Was in 2005?" DHS Inspector General Richard Skinner said the agency had made modest or moderate progress in eight of nine categories

in need of reform. Senator Lieberman said “much more” remains to be done.

On June 5, 2008, Senators Lieberman and Collins wrote to DHS Secretary Chertoff requesting an update on efforts to implement a public emergency response system, as required by an Executive Order 2 years earlier.

On June 25, 2008, the Committee marked up and reported out the Predisaster Mitigation Act, S. 3175, which authorized as a competitive grant program the FEMA program that gives grants to States for projects to mitigate the risk of natural disasters. The Pre-Disaster Mitigation Program was later reauthorized in legislation signed by the President.

In late August, in responding to Hurricane Gustav, a major hurricane that made landfall in the Gulf Coast, DHS and FEMA successfully implemented many of the provisions of the Post-Katrina Act, leading to a response far better than FEMA’s response to Hurricane Katrina. On September 2, 2008, Senators Lieberman and Collins congratulated FEMA on its response to Hurricane Gustav. “It seems clear that all levels of government—Federal, State, and local—and key agencies, especially FEMA, have learned important lessons from Hurricane Katrina, and those lessons have helped save lives.” Later in September, a second devastating hurricane, Hurricane Ike, struck the Gulf Coast, and DHS and FEMA once again used the additional tools, resources, and authorities provided in the Post-Katrina Act to improve the Federal Government’s preparedness for and response to the disaster.

2. Hurricane Katrina Recovery—Due to the extreme challenges in recovering from Hurricane Katrina, when Senator Lieberman became Chairman of the Committee in January 2007, he created the Ad Hoc Subcommittee on Disaster Recovery, chaired by Senator Landrieu. This subcommittee has oversight over issues related to the government’s work in helping communities recover from disasters.

On January 29, 2007, the Committee held a field hearing in New Orleans—also attended by Senator Landrieu and Senator Obama—to examine the slow pace of the ongoing recovery following Hurricane Katrina and the weaknesses in Federal programs designed to help.

On June 29, 2007, Senator Lieberman, responding to a GAO report, said that long term rebuilding assistance to the Gulf Coast States was needed.

On August 29, 2007, Senators Lieberman and Landrieu marked the second anniversary of Hurricane Katrina’s landfall by requesting a thorough analysis of what the Federal Government has done, is doing, and still can do, to help hurricane victims rebuild their lives.

3. Mass Care—In addition to a hearing in 2008 held on mass care as part of the series on preparedness for nuclear terrorist attack, Senator Lieberman closely tracked the role of voluntary organizations in helping FEMA provide food and shelter to victims of a disaster. On April 17, 2007, Senators Lieberman and Collins asked GAO to assess how well FEMA would be able to coordinate mass care in a catastrophe. The mission had previously been assigned to the American Red Cross but DHS decided FEMA would be the lead agency. On September 18, 2008, Senator Lieberman ex-

pressed concern after a GAO report found that FEMA still was not fully prepared for a catastrophic disaster because it had not filled gaps created by the fact that the voluntary organizations upon which it relies for mass care and shelter lack the capacity needed to adequately respond to disasters.

On September 24, 2008, Senators Lieberman and Collins sent a letter to Senate Appropriations Committee Chairman Robert Byrd, D-W.V., and Ranking Member Judd Gregg, R-N.H., requesting that the Senate include funding in the 2009 Continuing Resolution to the Red Cross for disaster response. A short time later, Red Cross received \$100 million dollars, which will help alleviate its budget constraints due to a high number of large scale disasters in 2008.

4. Private Sector Preparedness—The second 9/11 Commission bill, which passed Congress July 27, 2007, established for the first time a voluntary certification program to assess whether private sector entities are complying with voluntary preparedness standards. DHS, in consultation with appropriate private sector entities, was tasked with developing program guidelines and selecting a qualified nongovernmental entity to manage certification and accreditation.

On July 21, 2008, Senator Lieberman commended DHS for beginning to implement its Voluntary Private Sector Preparedness Accreditation and Certification Program. Private sector's preparedness is critical given that it owns 85 percent of the Nation's critical infrastructure.

F. INFORMATION SECURITY

The Federal Government's ability to protect its information systems and databases hobbled along in 2007, but by 2008 the Administration began to tackle the problem with its Comprehensive National Cybersecurity Initiative (CNCI), although the secrecy surrounding the initiative made oversight more difficult.

On July 27, 2007, GAO found "significant weaknesses" government-wide in agencies' information security policies and practices, placing sensitive data at risk for theft, loss, or improper disclosure. "The Federal Government is not doing enough to guarantee the security of its computer systems and the vast databases within them," Senator Lieberman stated.

On August 3, 2007, Senator Lieberman released another GAO report on the information security of U.S. VISIT, a program that tracks visitors entering the country. The report maintained that U.S. VISIT's information controls were so weak that terrorists could hack into and compromise the integrity of the entire system. "DHS is spending \$1.7 billion of taxpayer money on a program to detect potential terrorist crossing our borders yet isn't taking the most basic precautions to keep them from hacking into and changing or deleting sensitive information," the Senator said.

In 2008, reports indicating foreign governments had been able to hack into Federal computer systems led Senator Lieberman to step up his oversight of Federal cybersecurity efforts. On March 5, 2008, Senator Lieberman held a classified hearing about the little known CNCI, in which DHS has a key role. "The cyber threat to our Nation's computer systems is real and we must take action now to secure our government systems and vast cyber infrastructure, held largely by the private sector," the Senator said.

On May 2, 2008, Senators Lieberman and Collins drafted a lengthy letter to Secretary Chertoff seeking detailed explanations of various aspects of CNCI. They received a “for office use only” response on June 2, 2008, asked for a version that could be released to the public, and on July 31, 2008, they released to the public the answers DHS did not redact.

Senator Lieberman also co-sponsored the Federal Information Security Management Act (FISMA), S. 3474, which was introduced on September 11, 2008, by Senator Tom Carper, D-DE. It would have amended FISMA to, among other things, create a Chief Information Security Officer Council to establish information security best practices and guidelines; require DHS to conduct “red team” penetration tests against civilian agencies based upon known attacks and vulnerabilities; and help standardize information security measures. It was subjected to a Senatorial hold.

G. BORDER SECURITY AND IMMIGRATION

Border security and immigration issues gained in currency as the Senate failed once again to pass massive immigration reform and DHS struggled to complete the Southern border fence, allowed two tuberculosis patients to cross the border even though their medical conditions were known, and tried to overcome reports of deaths, lack of health care, and poor living conditions among immigrant detainees.

1. Tuberculosis Investigations—On July 24, 2007, Senators Lieberman and Collins asked GAO to investigate the circumstances of how an Atlanta, Georgia, man was able to cross into the United States over the Canadian border, even though his medical condition was known to authorities. In a letter to the GAO, the Senators asked for an assessment of why DHS did not stop Andrew Speaker from crossing the border. On August 3, 2007, GAO agreed to study the issue, and Senator Clinton joined in the request.

On October 18, 2007, the media reported another case where someone with TB flew across the Southern border multiple times. “Our border security and aviation controls are not working if this type of breach is allowed to occur over and over again,” Senator Lieberman said.

On October 30, 2007, Senators Lieberman and Collins wrote to Secretary Chertoff, seeking clarifications from DHS and the Department of Health and Human Services about their roles in the Mexican TB border crossing case, after it was learned that his medical condition had been relayed to Customs and Border Protection officials.

On January 24, 2008, Senators Lieberman and Collins wrote again to Secretary Chertoff, asking for DHS’s “after action report” on the TB border crossing cases and certain computer records relating to the Mexican case.

The GAO released its report in November 2008, finding that DHS and the Department of Health and Human Services failed to properly share information and coordinate their efforts.

2. Treatment of Immigrant Detainees—Since 2005, Senator Lieberman has pushed DHS to improve the Nation’s treatment of asylum seekers and conditions at immigration detention centers, develop better alternatives to detention, and expand rights to review of detention decisions by immigration judges

On January 17, 2007, Senator Lieberman warned of potential widespread mistreatment of immigration detainees in response to a DHS Inspector General audit of five immigration detention centers. Less than a month later, on February 8, 2007, the Senator announced he would introduce legislation requiring DHS to implement the 2005 recommendations of the U.S. Commission on International Religious Freedom, to protect asylum seekers from harsh treatment in the United States. The legislation tracked an amendment offered in 2006 to an immigration reform bill.

On June 6, 2007, Senator Lieberman won Senate approval of his amendment to the Comprehensive Immigration Reform Act of 2007, S. 1348. The amendment required recorded interviews with asylum seekers, accurate translation services, improved detention conditions for asylum seekers and other detainees, more alternatives to detention, and better oversight of detention facilities. The underlying bill, however, failed to pass the Senate.

On January 15, 2008, after complaining to DHS about the forced drugging of detainees held for deportation, Immigration and Customs Enforcement (ICE) made clear it would bar forced drugging without a court order. Senator Lieberman issued a statement of commendation.

On May 12, 2008, the Senator announced his intention to re-introduce the legislation to ensure humane treatment of asylum seekers and other detained immigrants. Also on May 12, 2008, Senator Robert Menendez, D-N.J., introduced legislation to provide basic medical care to immigration detainees. Senator Lieberman gladly joined on as an original co-sponsor, having previously introduced similar amendments. The bill was referred to the Senate Judiciary Committee.

On June 11, 2008, the Secure and Safe Detention and Asylum Act, S. 3114, was introduced with Senators Sam Brownback, R-KS., Edward Kennedy, D-MA., and Chuck Hagel, R-NE.. The measure, essentially identical to the 2006 and 2007 amendments, would have required better detention conditions, including prompt medical care, unobstructed access to legal counsel, limits on solitary confinement, and special standards for families and victims of torture or persecution. The legislation was referred to the Senate Judiciary Committee.

3. Traveler Inspections—On June 18, 2007, Senator Lieberman joined Senator Conrad and more than half the Senate to urge the Secretary of State to take immediate action to resolve a passport approval backlog that was ruining the summer travel plans of thousands of Americans.

On November 14, 2007, GAO released a report critical of the Nation's traveler inspection procedures. Senators Lieberman and Collins asked DHS for details on steps it was taking to implement recommendations GAO made in its report, which found that Customs and Border Protection personnel were inconsistent in their enforcement of border procedures. The Canadian and Mexican TB cases vividly illustrated the problems.

On January 28, 2008, Senator Lieberman announced his approval of DHS's intent to begin requiring proof of citizenship and identity for all travelers crossing land and sea borders into this country from Mexico, Canada, and Bermuda. Previously, an oral declaration of citizenship was sufficient.

On September 16, 2008, Lieberman expressed disappointment that DHS was moving forward on its Visa Waiver Program, even though key security precautions required by law for current participants had not been fully implemented. The comments came in response to a GAO report that found DHS management problems with the program, specifically that DHS was not able to fully assess risks to its electronic travel authorization program, much less mitigate those risks.

On October 16, 2008, Senator Lieberman told the Associated Press that the Administration planned on announcing seven new Visa Waiver member countries before the electronic screening program, the Electronic Security Travel Authorization (ESTA) was in effect for current members. The AP produced a story on the matter that mentioned Senator Lieberman's concerns about ESTA.

4. Southern Border Initiative—In October 2007, HSGAC staff visited the Southern border to review the implementation of SBInet. After the on-site visit, Senators Lieberman, Collins, and Voinovich wrote Secretary Chertoff on January 31, 2008, about a series of problems with SBInet—a part of the Administration's troubled Southern Border Initiative, designed to keep illegal traffic from entering the country across the Southern border. SBInet is the technological part of the program—the surveillance and communications infrastructure. The Senators expressed concern that the Department had relied too heavily on contractors to oversee the network and that the program did not have clear operational requirements.

“Securing our borders is an important homeland security priority; however, wise use of taxpayer dollars requires that the SBInet project have clearly defined goals and expectations, and that the Department provide assurances to Congress that these investments will result in a system that fully meets CBP's needs,” the Senators wrote. “Therefore, we urge the Department to provide greater clarity on CBP's operational objectives for SBInet and the projected milestones and anticipated costs for the project.”

Subsequently, Committee staff visited Boeing headquarters in Arlington, VA, to review a SBInet demonstration, and have been regularly briefed by the Department on challenges faced by the SBInet program and its limited progress. In response to these briefings, the Senator has urged appropriators to proceed with caution in funding the program and demand that additional expenditures be justified with clear objectives. Additionally, the Senator has emphasized the importance of fully understanding associated lifecycle costs.

5. Agricultural Inspectors—On July 10, 2007, Senator Lieberman and Senator Collins authored a letter to the Senate Committee on Agriculture, Nutrition, and Forestry stating their strong objection to using the farm bill to transfer the border agricultural import inspectors from DHS to the Department of Agriculture. They ultimately prevented any such measure from being attached to the legislation, preventing a significant weakening of the integrated border force and saving several successful initiatives that have increased the biosecurity of the Nation. Senator Lieberman continued to push improvement in the agriculture inspection program by proposing several strong measures in the DHS authorization bill that would increase agriculture inspector effectiveness.

H. TRANSPORTATION SECURITY

1. Rail and Transit Security—The second installment of the 9/11 Commission recommendations bill authorized more than \$4 billion over 4 years for rail, transit, and bus security grants. It also required that rail and transit systems work with DHS to develop comprehensive risk assessments and security plans, provided protections for whistleblowers, authorized additional surface transportation security inspectors and canine units, required improved information sharing techniques between Federal, State and local governments, and expanding rail and transit security training, exercise, and research and development programs.

2. Port Security—With passage of the second 9/11 Commission recommendations bill, Congress mandated 100 percent scanning within 5 years of maritime cargo before it is loaded on ships in foreign ports bound for the United States. Under the provision, the Secretary of the Department of Homeland Security may extend the deadline by 2-year increments.

The Committee held a hearing on October 16, 2007, to examine implementation of the SAFE Port Act a year after Congress passed and the President signed the bill. The consensus from witnesses was that the Nation's port security has improved as a result of the law and programs authorized by it, such as the Container Security Initiative (CSI) and the Customs-Trade Partnership Against Terrorism (C-TPAT).

On June 12, 2008, Senators Lieberman and Collins responded to a DHS report that found 100 percent scanning of cargo would be possible at smaller ports but cost prohibitive at larger ports. Senator Lieberman welcomed the initial data the report provided, urged DHS to continue the pilot program so more information could be obtained, and has asked the Department to define the "high risk" corridors it next expects to deploy and test the system in.

3. Aviation Security—The 9/11 Commission recommendations bill approved in 2007 authorized funding increases for critical aviation security programs, including \$250 million annually for checkpoint screening, \$450 million annually for baggage screening, and \$50 million annually for the next 4 years for aviation security research and development. The bill also requires DHS to screen all cargo on passenger airplanes within 3 years.

I. REGULATING THE CHEMICAL INDUSTRY

Senators Lieberman and Collins drafted bipartisan legislation in the 109th Congress to improve security at chemical facilities. Although the bill was approved by the Committee, it failed to reach the Senate floor, and instead, a bare bones version was approved by Congress as part of the FY 2007 appropriations bill for the Department of Homeland Security. In the 110th Congress, as the program got underway, Senator Lieberman actively monitored its progress and worked to make it as strong as possible.

He voiced serious concerns on February 9, 2007, about chemical security regulations proposed by DHS. In a letter to Secretary Chertoff, he took issue with the rules relating to the use of safer chemicals and technologies, preemption of State and local laws, and accountability for the security program. "The proposed regulations

depart from the House and Senate chemical security bills in some critical respects,” he wrote, alluding to the Collins-Lieberman bill and a parallel House measure from the preceding year.

When the Department announced its final regulations on April 2, 2007, Senator Lieberman commended the Department for beginning the process to close a vulnerable security gap but criticized it for not following Congressional legislation, especially with respect to preempting tougher State laws regulating the chemical industry.

On November 2, 2007, when the Department released its revised list of potentially dangerous chemicals that must be reported by industry in order to secure chemical facilities, Senator Lieberman noted the Department was “moving forward on critical efforts to secure the Nation’s chemical sites. This new list lays the foundation for the Department to fully assess the risk to chemical facilities and require appropriate security improvements. The Department consulted a number of stakeholders and made adjustments in response to earlier criticisms.”

Senator Lieberman has also fought for adequate funding for the new program. In the spring of 2007, he wrote to appropriators complaining that the Administration’s request for the new chemical security program was “inadequate” and requesting that it be doubled to \$50 million—a request reflected in the final appropriation. In February 2008, Senator Lieberman learned that the Administration requested a \$13 million increase for chemical security in its FY 2009 budget. He supported that request in his annual letter to the Senate Budget Committee Chairman and Ranking Member. “The program is getting underway and is badly in need of increases resources to ensure adequate inspectors and other capabilities,” he wrote.

J. SECURING AGAINST IEDS

Senator Lieberman joined with Senator Collins on November 1, 2007, to introduce legislation to strengthen Federal preparations for the threat of improvised explosive device (IED) attacks. The legislation—the National Bombing Prevention Act of 2007, S. 2292—would improve DHS’s ability to prepare State and local government officials, emergency responders, and the private sector to prevent against, detect, and respond to terrorist explosive attacks by codifying the DHS Office of Bombing Prevention, providing additional resources for it, and requiring the Administration to produce a long-delayed National Strategy for Bombing Prevention. A recent National Intelligence Estimate identified IEDs as a significant homeland security threat and Senator Lieberman said an IED “is relatively easy and inexpensive to make and can cause mass casualties, even to armored military personnel. They are a global threat, and the American public here at home is not immune.”

The Committee favorably reported out the measure on November 14, 2007, but it was blocked on the floor by a hold from Senator Tom Coburn, R-OK. The bill remained blocked by Senator Coburn for the duration of 2008. K. Information Sharing

On May 1, 2007, Senators Lieberman and Collins wrote to DHS Secretary Chertoff and others expressing concerns over the Federal Government’s failure to adopt government-wide procedures for designating and sharing “Sensitive But Unclassified (SBU)” information within and among all levels of government. They requested

that the Administration quickly adopt and implement a consistent set of procedures for agencies to follow when handling SBU information.

On April 17, 2008, the Senators wrote to President Bush encouraging him to implement draft SBU policies that had been developed at the interagency level. On May 7, 2008, in part as a result of the Senators' letter, the President issues a memorandum that set forth new guidelines for the marking, handling, and dissemination of Controlled Unclassified Information (CUI).

Title V of the 9/11 Commission Recommendations Act included a number of provisions to strengthen terrorism-related information-sharing. The bill extended the authorization and strengthened the authorities of the Program Manager for the Information Sharing Environment, who has played a critical role in strengthening information sharing since 2004. The bill also established the State and Local Fusion Center Program at DHS to improve the Department's support of fusion centers and ensure that privacy and civil liberties are adequately protected in their operations. The bill also codified the new Interagency Threat Assessment Coordination Group (ITACG), a part of the NCTC intended to improve dissemination of intelligence to State and local stakeholders and ensure that intelligence products are written in a way that considers State and local needs.

On July 23, 2008, the Committee held a hearing to assess the progress the government was making to share information among Federal agencies and State and local officials. The GAO released a report in tandem with the hearing that found that despite some progress, goals and milestones for information sharing remained unidentified as did a way to measure the goals and milestones. L. Miscellaneous

1. GAO's High-Risk List—In 2007, for the third time in a row, the GAO placed DHS on its high-risk list of government agencies in danger of mismanagement, fraud, waste, and abuse. Senators Lieberman and Collins held a press conference with GAO Comptroller General David Walker on January 31, 2007, during which General Walker singled out DHS's protection of Federal information systems and the Nation's critical infrastructures and the establishment of effective information sharing systems as areas in need of urgent attention.

Senator Lieberman acknowledged that coalescing 22 agencies and programs, and 180,000 employees into the Department would take some time. "We will continue to work to transform DHS into a first-class Department with a special emphasis on information sharing and other areas on the GAO high-risk list."

On September 6, 2007, GAO released a status report on the progress the Department has made toward achieving some of its mission goals since it was established in 2003. The verdict: Significant progress had been made to improve maritime security. Only moderate progress has been made in aviation security and critical infrastructure protection. And DHS has failed in establishing a comprehensive strategy for an agency wide transformation. The report also said DHS has not adequately involved the private sector in preventing potential attacks and its emergency preparedness and response capabilities are not yet sufficient for responding to man-made or natural disasters.

Senator Lieberman said: “This report confirms what many of us have believed: First, that the Department has made important progress establishing programs and procedures that make us safer today than we were before the September 11, 2001, attacks. And second, that there are also serious deficiencies at the Department that require more focused attention and resources than they have received to date. My observation, confirmed by DHS and GAO is that the Department is doing a better job in fulfilling its missions than it is in managing its internal operations.”

2. Closed Circuit Television—Senator Lieberman successfully offered an amendment to the FY 2008 Department of Homeland Security appropriations bill that would require DHS to develop a national strategy for Closed Circuit TVs (CCTV) to guide the Department, as well as State and local governments, toward more effective and appropriate use of CCTV. The Senator said “a national strategy for CCTV use would help officials at the Federal, State, and local levels use CCTV systems effectively to protect citizens, while at the same time making sure that appropriate civil liberties protections are implemented for the use of cameras and recorded data.

3. Campus Security—A week after the April 16, 2007, massacre of 32 people on the campus of Virginia Tech, Senator Lieberman called a hearing on April 23, 2007, to examine campus security. The hearing was intended to answer questions about the security of college campuses around the country and what could be done to make them more secure. It was not intended in any way to examine the job performance of Virginia Tech administration and security officials. Witnesses at the hearing, entitled “Security on America’s College Campuses,” included administrators, campus public safety officials, and mental health counselors. All cited measures being implemented to protect those who live, work, and study on college campuses but reported that campus counseling is stretched thin and will require additional resources to adequately serve large university populations. They also stressed the need for greater coordination between campus agencies and Federal, State, and local law enforcement to enable swift, effective responses as problems arise.

4. Homeland Security Academy—On June 15, 2007, Senator Lieberman applauded the opening of the Homeland Security Academy in Shepherdstown, WV. Established under the auspices of DHS, the academy had been advocated by the Senator since the Department was first created, and was authorized in legislation drafted by the Senator and accepted as part of the 2007 DHS appropriations bill.

5. Federal Protective Service—On February 28, 2007, Senator Lieberman and three other Members of the Committee sent a letter to Comptroller General David Walker asking him to conduct a comprehensive review of the Federal Protective Service (FPS), which protects Federal buildings, including its ability to help defend against the threat of terrorism under current funding levels. On June 19, 2008, the Subcommittee held a hearing to examine the results of GAO’s first report of several on the FPS and its ability to protect Federal employees and property.

House Delegate Eleanor Holmes Norton drafted The Federal Protective Service guard Contracting Reform Act of 2007, H.R. 3068,

to prevent FPS from awarding contracts for guard services to companies owned, controlled, or operated by individuals convicted of serious felonies who may present a risk to the security of Federal employees and Federal property. The House passed the bill on October 2, 2007.

At a July 30, 2008, mark up, Senator Lieberman offered an amendment in the nature of a substitute that directed DHS to develop regulations identifying which serious felonies would prohibit a business from being awarded a contract and giving the DHS Secretary flexibility to consider permanent or interim prohibitions, or both, as necessary. The Committee adopted Senator Lieberman's substitute and on September 23, 2008, the Senate passed the Federal Protective Service Guard Contracting Reform Act of 2008, by unanimous consent. On September 28, 2008, the House agreed to the Senate amendment, and the bill was signed into law on October 8, 2008.

CONTRACTING REFORM

Given the more than \$400 billion spent on Federal acquisitions annually and the decreasing size of the acquisition workforce, the government's record of clear contracts and stringent oversight left much to be desired. The Senator held a number of hearings and passed legislation to improve the accountability and transparency of the procurement process. In particular, since the start of U.S. operations in Afghanistan and Iraq, Senator Lieberman has pushed for greater oversight of reconstruction contracts, and he has been a vigilant overseer of DHS contracts since the Department was established.

A. WARTIME CONTRACTING AND DCAA

On March 22, 2007, the Committee held a hearing on a report released by the Special Inspector General for Iraqi Reconstruction (SIGIR) and pushed for better coordination among government agencies involved in reconstruction. The hearing provided a platform for the Senator to advance legislation Senator Collins introduced, and he co-sponsored, called the Accountability in Government Contracting Act, S. 680, to inject more competition and transparency into the Federal contracting process.

A number of violent incidents involving private security contractors in Iraq and Afghanistan called into question the U.S. Government's increasing reliance on private companies to perform security functions. Following an investigation by Committee staff, on February 27, 2008, Senator Lieberman called to order a hearing on the role of private security contractors and the regulatory regime governing them. He called on the Departments of State and Defense to devise a comprehensive framework for the hiring, training, vetting, and oversight of private security contractors in foreign theaters.

On November 1, 2007, Senator Lieberman responded to an independent commission report on failures of Army contracting in Iraq and Afghanistan. The lessons learned from the report "could be applied across the Federal Government," Senator Lieberman said. "The number of personnel we have to plan, negotiate, and oversee

contracts has dwindled while the dollars spent on contracts have skyrocketed.”

Strengthening the Federal acquisition workforce, therefore, has been a centerpiece of Senator Lieberman’s efforts to improve Federal contracting.

The GAO released a report on March 26, 2008, that found 42 percent of contract specialists at the Army’s Contracting Center for Excellence were contractors. The Center was responsible for awarding \$1.8 billion in contracts in FY 2007. Senator Lieberman issued a response calling for the immediate overhaul of Federal ethics policies to ensure that conflicts of interest don’t impair the impartiality of contractors or their employees.

He then authored an amendment, signed into law as part of the FY 2009 Defense Authorization Act, requiring stricter government-wide conflict-of-interest rules for contractors who are hired to assist Federal agencies with their procurements.

GAO produced another report on July 23, 2008, on the Defense Contracting Audit Agency (DCAA) that substantiated whistleblower allegations that, at certain DCAA offices, auditors’ conclusions were overruled by supervisors without adequate supporting evidence and that auditors came under pressure from supervisors to change audit conclusions to benefit contractors. “This shows a blatant disregard for the safeguards that are supposed to be in place to ensure that contractors charge the government no more than a fair and reasonable price,” Senator Lieberman said.

The Committee held a hearing on September 10, 2008, to review the GAO report on the DCAA and to hear from the whistleblowers about audit manipulation by supervisors. Senator Lieberman concluded that DCAA was “obsessed with the speed of process rather than the accuracy of the results.”

As a result of the hearing, DCAA has undertaken a number of reforms, including an overhaul of its performance measures. Also, at the request of Senators Lieberman and Collins, GAO is conducting a broader review of DCAA auditing practices and is expected to report to the Committee late in 2008.

B. CONTRACTING PROCESS AND S. 680

On July 17, 2007, the Committee held a hearing on ways to strengthen accountability and competition in the Federal contracting process. Senator Lieberman said: “A successful system for buying goods and services is more than just selecting the right vendor and signing a contract. It requires careful planning and negotiation before the contract is signed, followed by rigorous oversight through the life of the contract. With billions and billions of dollars of the taxpayers’ money at stake, both the government and contractors have a responsibility to do a better job than they are now to see that the taxpayers are getting their money’s worth.”

On August 1, 2007, the Committee marked up and reported out S. 680 to combat waste, fraud, and abuse in Federal contracting.

On November 8, 2007, the Senate unanimously approved S. 680 and, in early 2008, several provisions of the bill were signed into law as part of the FY 2008 National Defense Authorization Act. Key provisions required greater competition by limiting the circumstances under which agencies can award large sole source contracts, allowing protests of task orders exceeding \$10 million (in

other words, orders placed against existing contracts), and providing broader notice and debriefings for task and delivery orders exceeding \$5 million. In addition, in order to bring greater focus to needed improvements in the acquisition workforce, the bill created a new position of Associate Administrator for Acquisition Workforce Programs within the Office of Federal Procurement Policy.

Additional provisions of S. 680 were signed into law on October 18, 2008 as part of the FY 2009 National Defense Authorization Act. These reforms include provisions to: Create a Contingency Contracting Corps to ensure that emergency contracting in response to disasters or in support of military operations is performed swiftly, effectively, and efficiently; require greater competition of task and delivery orders; limit to 1 year the duration of any non-competitive contract; regulate use of cost-reimbursement contracts that expose the government to greater financial risk than fixed-priced contracts; link contractor award fees to outcomes so that contractors are not rewarded for poor work; limit tiering of subcontracts that allow contractors to charge the government while merely passing work along to layers of subcontractors; and require the Office of Federal Procurement Policy to prepare a long-term plan for increasing the size of the Federal acquisition workforce.

C. DHS CONTRACTING

In addition to digging into the details of major DHS procurements such as SBInet and ASP's, the Committee continued its oversight of broader trends in DHS acquisition. On October 17, 2007, the Committee held its third contracting hearing of the year, this time on the overreliance of DHS on contractors to do "inherently governmental" work. A GAO report requested by the Committee and released at the hearing found that DHS had not revisited its original justification for relying on contractors—the need to stand the Department up quickly—and has not conducted a comprehensive assessment of the appropriate mix of Federal employees and contractors.

On May 8, 2008, the GAO again found significant shortcomings in DHS acquisition practices, saying that four out of eight major investments at DHS lacked measurable performance standards or well defined requirements. "The lesson is simple," Lieberman said. "Know what you want to buy before you buy it and have a plan in place to measure the contractor's performance."

In response to these problems, Senator Lieberman's proposed DHS authorization bill would strengthen departmental oversight of contracts and strengthen the investment review board process for major investments

LOBBYING AND ETHICS REFORM

Continuing the leadership role he played in the 109th Congress, Senator Lieberman and HSGAC helped shepherd lobbying disclosure and ethics reform legislation, S. 1, through the Senate in 2007. As the Rules Committee crafted parts of the legislation having to do with internal Senate regulations, HSGAC worked on the portions pertaining to lobbyists and outside groups. Key provisions within HSGAC jurisdiction: Slow the "revolving door" between Congress and K Street by tightening post-employment restrictions on

former Senators and senior staff; require quarterly and electronic filing of lobbying disclosure reports by lobbyists; require new disclosures on lobbying disclosure forms of lobbyist campaign contributions and other payments to honor Members of Congress and Executive Branch officials; increase civil and criminal penalties for knowing violations of the Lobbying Disclosure Act; and deny Congressional retirement benefits to Members of Congress who are convicted of bribery, perjury, or similar crimes. As a floor manager of the bill, Senator Lieberman also lent support to other key provisions of the bill, such as those to: Ban lobbyists and their clients from giving gifts to Senators and their staff; require Senators and their staff to pay full charter fare for use of private jets (rather than the equivalent of a first-class ticket); ban lobbyists and their private-sector clients from paying for multi-day travel for Senators and staff; require disclosure under campaign finance laws of lobbyists who bundle campaign contributions; and require, for the first time, that sponsors of earmarks be identified within legislation.

On January 9, 2007, the Senator helped launch the opening of Senate debate on the matter, saying the legislation would hold lobbyists and Members of Congress more accountable to the public and would help restore the public's confidence in Congress following the scandals involving lobbyist Jack Abramoff.

The Senate passed the measure 10 days later on January 19, 2007. Lieberman praised the move, although he expressed disappointment that the Senate rejected an amendment he offered with Senators John McCain, R-AZ, Barack Obama, D-IL, and Collins for an independent Office of Public Integrity to help enforce Senate ethics rules.

On July 30, 2007, the House and Senate reached agreement on the bill, now called the Honest Leadership and Open Government Act, S. 1. The Senate passed the conference report on August 2, 2007, and the President signed it into law on September 14, 2007.

On April 11, 2008, Senator Lieberman greeted news that U.S. District Court for the District of Columbia rejected a challenge by the National Association of Manufacturers to a provision in the Honest Leadership and Open Government Act regarding transparency of coalitions and associations that lobby Congress.

On March 12, 2008, Senator Lieberman commended House Speaker Nancy Pelosi for enacting a new independent system for initiating investigations into potential violations of House ethics rules, similar to an amendment Senator Lieberman offered unsuccessfully in the Senate to create an Office of Public Integrity.

INSPECTOR GENERAL REFORM

Senator Lieberman began working with Senators Collins and Claire McCaskill, D-MO., in 2007 to draft and pass legislation to strengthen the Federal Government's corps of Inspectors General (IGs). On July 11, 2007, Senators Lieberman and Collins convened a hearing on the need for reform and called for legislation to strengthen the independence and accountability of IGs based on the testimony they heard, which included concerns that some IGs had been retaliated against by agency heads for critical investigations while others lacked appropriate independence from their agency heads.

On November 8, 2007, the three Senators plus Senator Tom Coburn introduced the Inspector General Reform Act of 2007, S. 2324, to build upon the strong tradition of inspectors general by guaranteeing that qualified individuals are appointed, that they remain independent of pressure or influences from the agencies they investigate and that IG reports be made more accessible to the public. A week later, on November 14, 2007, the Committee marked up and reported out the legislation. On April 24, 2008, the Senate passed the legislation, which would require that Congress be notified of any proposal to remove an IG within 30 days; that a Council on Integrity and Efficiency for Inspectors General be established; that all IG audits be posted on publicly accessible Websites within 3 days of issuance; and, among other things, that the President's budget proposal show how much money is requested for each IG office and the funding level requested by that office.

Senator Lieberman and the other lead sponsors worked with the House to reconcile the Senate-passed bill with a comparable House measure (H.R. 928). Final Senate passage came on September 24, 2008, by unanimous consent, with a unanimous House vote coming 3 days later. The legislation was signed into law on October 14, 2008 (P.L. 110-409).

COMMODITIES SPECULATION

As food and fuel prices soared during the first part of 2008 and consumers felt the pinch, Senator Lieberman called for a series of hearings to investigate the unprecedented level of cost increases of these commodities. A hearing held on May 7, 2008, looked at the impact that fuel subsidies might have on food supply and prices. Witnesses explained that food prices had increased dramatically for many reasons, including higher demand in developing countries, higher energy costs, and drought in food producing countries like Australia and the Ukraine. The increased demand for corn-based ethanol was also identified as a factor and one that could be addressed through revised government policy.

The Committee held a second hearing on May 20, 2008, about the impact of financial speculation by institutional investors and hedge funds in the commodity markets as a factor in rising food and fuel costs. Potential solutions were discussed at the hearing, including barring certain institutional investors such as pension funds, from investing in commodity markets through the use of index funds and closing the so-called swaps loophole that allows large investors to sidestep limits on excessive speculative activity in the commodity markets.

On June 18, 2008, Senators Lieberman and Collins held a press conference to unveil three proposals to help curb escalating commodity prices and posted the proposals on the Committee Website for public comment. The proposals, based on testimony from the previous two hearings, would have prohibited certain large pension funds and governmental entities from investing in commodities; or would have capped the amount of overall market share in any one commodity that could be held by financial speculators; or would close the swaps loophole.

On June 24, 2008, the Committee held its third hearing, this time to hear testimony from financial experts about the legislative

proposals. Across the board, witnesses endorsed the proposal to close the swaps loophole and expressed various degrees of skepticism about the other two proposals.

On July 11, 2008, Senators Lieberman, Collins, and Cantwell, D-WA., introduced the Commodity Speculation Reform Act of 2008, S. 3248. The legislation would have closed the swaps loophole, required the Commodity Futures Trading Commission (CFTC) to consider the effect of speculation when setting position limits, extend existing rules that apply to regulated exchanges to unregulated over the counter and foreign markets, direct the CFTC to set speculative position limits rather than letting them be set by the futures exchanges, and remedy CFTC staffing shortfalls.

Financier T. Boone Pickens was the star witness at the Committee's fourth and final hearing on the subject of the high cost of food and fuel. The July 22, 2008, hearing focused on how the Nation could improve its energy security by reducing the amount of oil used by the transportation sector and the effect reduced oil consumption would have on process and pollution.

DISTRICT OF COLUMBIA

A. VOTING RIGHTS

The 110th Congress saw Senator Lieberman renew efforts he began in 2001 to provide voting rights to the citizens of the District of Columbia. A new strategy was developed by Rep. Tom Davis, R-VA., and Delegate Eleanor Holmes Norton to concentrate on voting rights in the House of Representatives for District residents, paired with the addition of another representative for the State of Utah, in keeping with updated census numbers.

On April 16, 2007, Senator Lieberman introduced such legislation with Senators Orrin Hatch and Bob Bennett, both Utah Republicans. The District of Columbia House Voting Rights Act of 2007, S. 1257, would have righted an historic wrong by giving voting rights to citizens who "pay taxes and die for the Nation's democracy like other voting citizens." The bill also would have added a fourth congressional district for Utah, based upon 2000 census data.

On May 15, 2007, the Senator called a hearing before the Committee and heard arguments from both Republicans and Democrats for granting voting rights to D.C. residents. Witnesses included D.C. Mayor Adrian Fenty, Rep. Davis, and Delegate Norton. Senator Collins expressed her support for the bill calling it a "matter of fundamental fairness." On June 13, 2007, the Committee favorable reported the measure out of Committee on a bipartisan vote of 9-1.

Despite Senator Lieberman's optimism for the bill, it failed to win the necessary 60 votes to overcome a filibuster on September 18, 2007, falling three votes shy with a 57-42 tally. The Senator vowed to continue to work to gain the necessary three votes.

B. COURTS

Senator Lieberman worked to secure passage of two bills to assist with the smooth and proper functioning of the District of Columbia court system, which, since enactment of the National Cap-

ital Revitalization and Self-Government Improvement Act of 1997, has been under Federal jurisdiction.

The first of these bills, S. 550, was cosponsored by Senator Lieberman and was intended to preserve existing judgeships on the D.C. Superior Court that were inadvertently affected by the District of Columbia Family Court Act of 2001. The District of Columbia Family Court Act had the effect of permitting an increase in the number of judges serving on the Family Court division of the D.C. Superior Court. At the same time, the Family Court Act failed to adjust the ceiling on the overall number of judges who could serve on the Superior Court, effectively reducing the number of judges in non-Family Court assignments. S. 550 corrected this problem by increasing the overall number of associate judges on the Superior Court from 58 to 61. It was signed into law on April 18, 2008 (P.L. 110–201).

The second bill, H.R. 5551, authorized an increase in the hourly compensation for private attorneys appointed to represent indigent criminal defendants in the D.C. Superior Court and the D.C. Court of Appeals and increase the maximum total compensation such attorneys can receive for each case. This was the first time compensation amounts had been increased since 2002. The funds to support the increased rates had been appropriated in the 2008 D.C. Appropriations Act but could not be used without the corresponding changes in the D.C. Code enacted by H.R. 5551. H.R. 5551 became law on October 2, 2008 (P.L. 110–335).

E-GOVERNMENT

Senator Lieberman introduced the E-Government Act of 2007, S. 2321, on November 7, 2007, to renew for another 5 years the original 2002 legislation aimed at improving the government's use of information technology to collaborate and interact with the public. On November 14, 2007, the Act was marked up and passed out of Committee but the Senate never acted. It was marked up and reported out again September 16, 2008, but was the object of a Senatorial hold.

The next month, the Committee held a hearing on December 11, 2007, on ways for the Federal Government to provide greater accessibility to, transparency of, and interactivity with Federal services and information. Leading public and private sector witnesses, including Wikipedia founder Jimmy Wales, testified to the challenges of making Federal Government information more accessible, transparent, and interactive.

PROTECTING FEDERAL EMPLOYEES

A. DOMESTIC PARTNERS

On December 19, 2007, Senators Lieberman, Gordon Smith, R-Ore., and 20 co-sponsors introduced legislation to extend domestic partner benefits to Federal employees. More than half of Fortune 500 companies and almost 10,000 others, provide benefits to domestic partners. So do hundreds of State and local governments—including Connecticut and Oregon—and scores of colleges and universities. “It’s time for the Federal Government to catch up to the private sector, not just to set an example but so that it can compete

for the most qualified employees and ensure that all of our public servants receive fair and equitable treatment,” the Senator said. “It makes good economic and policy sense. And it is the right thing to do.”

On September 24, 2008, Senator Lieberman held the first hearing ever on domestic partner benefits for Federal employees to discuss the Domestic Partnership Benefits and Obligations Act of 2007, S. 2521. Although time had run out in the 110th Congress to pass the bill, Senator Lieberman vowed to pursue it in the 111th Congress.

B. EMPLOYEE RIGHTS

1. Transportation Security Administration Employee Rights—Since the establishment of the Department of Homeland Security, Senator Lieberman has fought vigorously for the rights of DHS employees. Ever since Transportation Security Administration’s (TSAs) screeners were denied their collective bargaining rights and other employee protections, Senator Lieberman has worked to restore them.

On February 15, 2008, HSGAC marked up the second 9/11 Commission recommendations bill. An amendment offered by Senator Lieberman to revise TSA’s management practices to provide TSA screeners with the same rights and protections as other TSA or homeland security personnel was accepted by the full Committee.

On the floor of the Senate, Senator Lieberman and others successfully defended the Lieberman provision against attempts to strike or weaken it, but, unfortunately, the provision was dropped in conference.

2. DHS Employee Rights—On February 19, 2008, Senator Lieberman hailed the end of a long fight over DHS employee rights with a victory for the employees. After the creation of the Department, DHS had tried to deny employees collective bargaining rights because it said their work was national security related. The National Treasury Employees Union had filed suit against the Department in 2002. Senator Lieberman’s statement came as DHS announced its decision to drop its legal efforts to revise its labor regulations.

3. DHS Employee Praise—On March 5, 2008, during the fifth anniversary week of the establishment of the Department, Senators Lieberman and Collins introduced a resolution saluting the Department’s 208,000 employees for their “sacrifices and commitment” and expressing the Nation’s appreciation for their work.

4. GAO Employee Pay and Benefits—In January 2008, Senator Lieberman introduced the Government Accountability Office Act of 2007, S. 2564, to improve statutes governing GAO’s authorities and operations in a number of ways. On June 25, 2008, the Committee considered a modified version of the bill, H.R. 5683, which focused on resolving a long-standing dispute between GAO and many of its employees over pay and benefits. Senator Lieberman worked to achieve an acceptable compromise that would adequately protect GAO employees, and such legislation was enacted on September 22, 2008.

WORKING FOR CONNECTICUT

Senator Lieberman's chief work on behalf of Connecticut—as Chairman of the Committee—revolved around ensuring Connecticut was given fair consideration in the quest for sufficient homeland security funding to protect its long coastline, its critical infrastructure, particularly its transportation network and nuclear power plant, and to train and equip Connecticut first responders in the event they were needed again to help New York recover from a terrorist attack. His efforts to establish a fair homeland security grant funding formula and to establish that formula into law served the State well. Connecticut secured \$39.9 million in homeland security grants in 2007, which included a one time only \$13 million grant for interoperability; and \$33.9 million, so far, in 2008. (Additional FY 2008 grants through the Assistance to Firefighters Grants program are still anticipated). The Department recently announced tentative 2009 homeland security grants to Connecticut from several different programs totaling approximately \$25 million. Important additional grant funding—including transit security and fire grants—will be announced at a later date.

A. PORT, TRANSIT SECURITY GRANTS

Senator Lieberman worked to secure millions of dollars in port and transit security grants to Connecticut, which has a long coastline bordering the Long Island Sound and a major commuter rail line, Metro North, for commuters into the New York area. On May 10, 2007, he and Senator Dodd announced \$1.3 million in port and transit security funds from the Infrastructure Protection Program for Bridgeport, New Haven, and New London. On August 17, 2007, he announced another \$2 million in grants for ports in New London, Bridgeport, and New Haven. On November 5, 2008, he announced that those ports would receive \$4.3 million in 2009.

B. URBAN AREA SECURITY INITIATIVE GRANTS

Urban Area Security Initiative (UASI) grants provide funding to the Nation's highest risk metropolitan areas. In drafting the 9/11 Commission Recommendations Act, Senator Lieberman sought to ensure that each of the Nation's 100 largest metropolitan areas would have an opportunity to provide relevant information to DHS about the terrorism risks they faced and that DHS would have to consider relevant risk factors such as population density and coastlines. Using these new procedures, in FY 2008 DHS for the first time awarded UASI grants to the Hartford and Bridgeport metropolitan areas—the first time a Connecticut city had received UASI funding since a grant to New Haven in 2004. The East and West Hartford region was awarded \$1.997 million and the Bridgeport-Stamford-Norwalk region was awarded \$1.967 million in FY 2008. DHS recently announced that both areas will receive UASI grants again in FY 2009 and that the amounts of both grants will be increased: The Hartford metropolitan area is slated to receive \$2.7 million and the Bridgeport Region to receive \$2.8 million.

C. GENERAL HOMELAND SECURITY, DISASTER AID

On July 18, 2007, Senator Lieberman announced that Connecticut would receive more in FY 2007 homeland security grants than it did in FY 2006, and he announced a one-time grant of \$13 million for interoperable communications.

On June 13, 2008, he announced Connecticut would receive disaster aid for five Connecticut counties hit hard by storm flooding that had previously been turned down for FEMA aid.

D. IMMIGRATION

On June 11, 2007, Senators Lieberman and Christopher Dodd and Rep. Chris Shays asked Secretary Michael Chertoff for clarification about the timing of and way in which an immigration raid in New Haven was conducted. Witnesses suggested that violations of protocol may have occurred and the raid came the day after the New Haven Board of Aldermen approved a city identification card available for all residents, including undocumented immigrants.

MISCELLANEOUS

A. BIPARTISANSHIP

The first session of the 110th Congress witnessed a personal change in Senator Lieberman's self identification as a Democrat. Following a difficult 2006 election in which he lost the Democratic primary but was re-elected in November under an independent banner, he changed his party affiliation to Independent-Democrat.

In part because of the Senator's new status and in part to express his commitment to bipartisanship, he and Senator Collins announced a new dais seating arrangement whereby Democrats and Republicans would alternate seats, rather than be separated on opposite sides of the dais. Senator McCaskill offhandedly suggested the idea, and the Chairman and Ranking Member happily implemented it.

"In the last election, the voters said they were sick of the partisanship that produces gridlock," Senators Lieberman and Collins said in a joint statement on March 9, 2007. "They want us to work together and get things done. So, as a start, instead of sitting on opposite sides of the room like a house divided, we want the American people to see us sitting side by side as our Committee Members work together to make our Nation more secure and our government more efficient."

B. NEW SUBCOMMITTEES

Senator Lieberman used his power as Committee Chairman to expand the Committee by establishing and funding two new ad hoc subcommittees—one called Disaster Recovery led by Senator Mary Landrieu and the other called State, Local, and Private Sector Preparedness and Integration, led by Senator Mark Pryor.

C. CRS REPORTS

On December 11, 2007, Senators Lieberman, John McCain, Collins, John Cornyn, Russ Feingold, Tom Harkin, Patrick Leahy, Dick Lugar, and Claire McCaskill introduced S. Res. 401, a resolu-

tion to provide wider public access to valuable Congressional Research Service (CRS) reports. It was referred to the Rules Committee. Although Rules did not pass the resolution, it requested that CRS begin a pilot to automatically place these reports on Members' Websites. On February 28, 2008, in a letter to Rules Committee Chairman Dianne Feinstein, D-CA., Lieberman asked the Rules Committee to implement a pilot program, along the lines of S. Res. 401, guaranteeing full access. "Unfortunately, Congress and CRS' policies have severely limited the public's ability to read these unclassified reports," the Senator wrote. The Rules Committee measure was in the process of being implemented.

D. PRESIDENTIAL RECORDS

On June 20, 2007, the Committee considered and reported out H.R. 1255/S. 886 the Presidential Records Act Amendments of 2007. Senator Lieberman was a cosponsor of S. 886. This bill repealed a 2001 Executive Order that undermined the Presidential Records Act of 1978, creating new obstacles for the timely release of Presidential Records after the conclusion of a presidency. These new authorities included the expansion of executive privilege to allow a former President's designees and descendants to prevent the release of these records altogether. In addition to repealing the Executive Order, the bill created a new process to ensure that the intent of the Presidential Records Act would be met. The White House opposed the bill, and efforts to reach a compromise were unsuccessful. Senator Jim Bunning initially put a hold on the legislation, followed by Senator Jeff Sessions.

Senator Lieberman lobbied to get the bill passed. These efforts included press releases and statements given to the press, as well as an oped written by the Senator and published in *The Dallas Morning News* that also discussed the Presidential Library Donation Reform Act.

E. PRESIDENTIAL LIBRARY DONATIONS

The Committee has worked to pass H.R. 1254, the Presidential Library Donation Reform Act of 2007, a major reform bill that would require disclosure of donations to presidential libraries. There are now no requirements for these donations to be reported except in limited cases. On August 1, 2007, the Committee passed the legislation, by Senator Lieberman with a substitute amendment to address concerns of Committee Members—creating different disclosure requirements for sitting presidents and former presidents. Despite these changes, the bill faced a hold on the floor by Senator Stevens, who wanted the bill only to apply to future presidents. The Committee continued to revise the bill to close potential loopholes and further reduce the reporting requirements for former presidents. The Committee attempted to pass the bill with a new substitute amendment on July 31, 2007, but Senator Stevens continued to object to Unanimous Consent passage.

F. GAO

On March 21, 2007, the Committee held a hearing to examine GAO's needs to meet the growing demand for examinations into how the Federal Government can become more effective and save

taxpayers money. “We depend heavily on GAO,” Senator Lieberman said. “In the last 12 months alone, we’ve received over 200 reports from the office.”

G. PRIVACY

On May 6, 2007, Senators Lieberman reacted to the theft of a TSA hard drive containing personal information of current and past employees. “We have witnessed far too many incidents over the past few years in which Federal employees or American citizens are subjected to potential identity theft because of the negligence of government agencies.” He called for improvements in Federal privacy protections, and staff began consideration of new privacy legislation.

On June 18, 2008, Senator Lieberman and Collins responded to a GAO report noting weaknesses in Federal privacy policy, relating to the protection of personal information that becomes part of government databases. Senator Lieberman, who originally requested the report, said that Federal privacy policy must be updated for the digital age to protect the growing amount of personally identifiable information the government collects, uses, and stores.

II. COMMITTEE JURISDICTION

The jurisdiction of the Committee (which was renamed the Committee on Homeland Security and Governmental Affairs when the 109th Congress convened) derives from the Rules of the Senate and from Senate Resolutions:

RULE XXV

* * * * *

(k)(1) Committee on Governmental Affairs, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

1. Archives of the United States.
2. Budget and accounting measures, other than appropriations, except as provided in the Congressional Budget Act of 1974.
3. Census and collection of statistics, including economic and social statistics.
4. Congressional organization, except for any part of the matter that amends the rules or orders of the Senate.
5. Federal Civil Service.
6. Government information.
7. Intergovernmental relations.
8. Municipal affairs of the District of Columbia, except appropriations therefore.
9. Organization and management of United States nuclear export policy.
10. Organization and reorganization of the executive branch of the Government.
11. Postal Service.
12. Status of officers and employees of the United States, including their classification, compensation, and benefits.

(2) Such committee shall have the duty of—

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

(B) studying the efficiency, economy, and effectiveness of all agencies and departments of the Government;

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

(D) studying the 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.

SENATE RESOLUTION 89, 110TH CONGRESS

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS.

Sec. 11. (a) * * *

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(e) INVESTIGATIONS—

(1) IN GENERAL—The committee, or any duly authorized subcommittee of the committee, is authorized to study or investigate—

(A) the efficiency and economy of operations of all branches of the Government including the possible existence of fraud, misfeasance, malfeasance, collusion, mismanagement, incompetence, corruption, or unethical practices, waste, extravagance, conflicts of interest, and the improper expenditure of Government funds in transactions, contracts, and activities of the Government or of Government officials and employees and any and all such improper practices between Government personnel and corporations, individuals, companies, or persons affiliated therewith, doing business with the Government; and the compliance or noncompliance of such corporations, companies, or individuals or other entities with the rules, regulations, and laws governing the various governmental agencies and its relationships with the public;

(B) the extent to which criminal or other improper practices or activities are, or have been, engaged in the field of labor-management relations or in groups or organizations of employees or employers, to the detriment of interests of the public, employers, or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities;

(C) organized criminal activity which may operate in or otherwise utilize the facilities of interstate or international commerce in furtherance of any transactions and the manner and extent to which, and the identity of the persons, firms, or corporations, or other entities by whom such utilization is being made, and further, to study and investigate the manner in which and the extent to which persons engaged in organized criminal activity have infiltrated lawful business enterprise, and to study the adequacy of Federal laws to prevent the operations of organized crime in interstate or international commerce; and to determine whether any changes are required in the laws of the United States in order to protect the public against such practices or activities;

(D) all other aspects of crime and lawlessness within the United States which have an impact upon or affect the national health, welfare, and safety; including but not limited to investment fraud schemes, commodity and security fraud, computer fraud, and the use of offshore banking and corporate facilities to carry out criminal objectives;

(E) the efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(i) the effectiveness of present national security methods, staffing, and processes as tested against the requirements imposed by the rapidly mounting complexity of national security problems;

(ii) the capacity of present national security staffing, methods, and processes to make full use of the Nation's resources of knowledge and talents;

(iii) the adequacy of present intergovernmental relations between the United States and international organizations principally concerned with national security of which the United States is a member; and

(iv) legislative and other proposals to improve these methods, processes, and relationships;

(F) the efficiency, economy, and effectiveness of all agencies and departments of the Government involved in the control and management of energy shortages including, but not limited to, their performance with respect to—

(i) the collection and dissemination of accurate statistics on fuel demand and supply;

(ii) the implementation of effective energy conservation measures;

(iii) the pricing of energy in all forms;

(iv) coordination of energy programs with State and local government;

(v) control of exports of scarce fuels;

(vi) the management of tax, import, pricing, and other policies affecting energy supplies;

(vii) maintenance of the independent sector of the petroleum industry as a strong competitive force;

(viii) the allocation of fuels in short supply by public and private entities;

(ix) the management of energy supplies owned or controlled by the Government;

(x) relations with other oil producing and consuming countries;

(xi) the monitoring of compliance by governments, corporations, or individuals with the laws and regulations governing the allocation, conservation, or pricing of energy supplies; and

(xii) research into the discovery and development of alternative energy supplies; and

(G) the efficiency and economy of all branches and functions of Government with particular references to the operations and management of Federal regulatory policies and programs.

(2) EXTENT OF INQUIRIES—In carrying out the duties provided in paragraph (1), the inquiries of this committee or any subcommittee of the committee shall not be construed to be limited to the records, functions, and operations of any particular branch of the Government and may extend to the records and activities of any persons, corporation, or other entity.

(3) SPECIAL COMMITTEE AUTHORITY—For the purposes of this subsection, the committee, or any duly authorized subcommittee of the committee, or its chairman, or any other member of the committee or subcommittee designated by the chairman, from March 1, 2007, through February 28, 2009, is authorized, in its, his, or their discretion—

(A) to require by subpoena or otherwise the attendance of witnesses and production of correspondence, books, papers, and documents;

(B) to hold hearings;

(C) to sit and act at any time or place during the sessions, recess, and adjournment periods of the Senate;

(D) to administer oaths; and

(E) to take testimony, either orally or by sworn statement, or, in the case of staff members of the Committee and the Permanent Subcommittee on Investigations, by deposition in accordance with the Committee Rules of Procedure.

(4) AUTHORITY OF OTHER COMMITTEES—Nothing contained in this subsection shall affect or impair the exercise of any other standing committee of the Senate of any power, or the discharge by such committee of any duty, conferred or imposed upon it by the Standing Rules of the Senate or by the Legislative Reorganization Act of 1946.

(5) SUBPOENA AUTHORITY—All subpoenas and related legal processes of the committee and its subcommittee authorized under S. Res. 50, agreed to February 17, 2005 (109th Congress) are authorized to continue.

III. BILLS AND RESOLUTIONS REFERRED AND CONSIDERED

During the 110th Congress, 202 Senate bills and 149 House bills were referred to the Committee for consideration. In addition, 9 Senate Resolutions and 2 Senate Concurrent Resolutions were referred to the Committee.

The Committee reported 149 bills; an additional 28 measures were discharged.

Of the legislation received by the Committee, 113 measures became public laws, including 93 postal naming bills.

IV. HEARINGS

During the 110th Congress, the Committee held 69 hearings on legislation, oversight issues, and nominations.

The Committee also held 14 scheduled business meetings.

Lists of hearings with copies of statements by Members and witnesses, with archives going back to 1997, are online at the Committee's Web site, <http://hsgac.senate.gov/>.

Hearing titles and dates follow:

Ensuring Full Implementation of the 9/11 Commission's Recommendations. Jan. 9, 2007. (Printed, 271 pp. S. Hrg. 110–865.)

Hurricanes Katrina and Rita: Outstanding Need, Slow Progress. Field Hearing in New Orleans, Louisiana. Jan. 29, 2007. (Printed, 192 pp. S. Hrg. 110–33.)

The Homeland Security Department's Budget Submission for Fiscal Year 2008. Feb. 13, 2007. (Printed, 249 pp. S. Hrg. 110–633.)

Violence Islamist Extremism. The Threat of Islamic Radicalism to the Homeland. Mar. 14, 2007. The Internet: A Portal to Violent Islamist Extremism. May 3, 2007. Violent Islamist Extremism: Government Efforts to Defeat It. May 10, 2007. Violent Islamist Extremism: The European Experience. June 27, 2007. The Role of Local Law Enforcement in Countering Violent Islamist Extremism. Oct. 30, 2007. (Printed, 747 pp. S. Hrg. 110–178.)

Nomination of Gregory B. Cade to be Administrator, U.S. Fire Administration, U.S. Department of Homeland Security. Mar. 15, 2007. (Printed, 48 pp. S. Hrg. 110–21.)

GAO's Role in Supporting Congressional Oversight: An Overview of Past Work and Future Challenges and Opportunities. Mar. 21, 2007. (Printed, 74 pp. S. Hrg. 110–322.)

Deconstructing Reconstruction: Problems, Challenges, and the Way Forward in Iraq and Afghanistan. Mar. 22, 2007. (Printed, 417 pp. S. Hrg. 110–331.)

Dangerous Exposure: The Impact of Global Warming on Private and Federal Insurance. Apr. 19, 2007. (Printed, 170 pp. S. Hrg. 110–147.)

Security on America's College Campuses. Apr. 23, 2007. (Printed, 102 pp. S. Hrg. 110–867.)

Nomination of Howard C. Weizmann to be Deputy Director, U.S. Office of Personnel Management. May 1, 2007. (Printed, 58 pp. S. Hrg. 110–74.)

Equal Representation in Congress: Providing Voting Rights to the District of Columbia. May 15, 2007. (Printed, 273 pp. S. Hrg. 110–575.)

Implementing FEMA Reform: Are We Prepared for the 2007 Hurricane Season? May 22, 2007. (Printed, 294 pp. S. Hrg. 110–566.)

The Juvenile Diabetes Research Foundation and the Federal Government: A Model Public-Private Partnership Accelerating Research Toward a Cure. June 19, 2007. (Printed, 61 pp. S. Hrg. 110–316.)

Strengthening the Unique Role of the Nation's Inspectors General. July 11, 2007. (Printed, 147 pp. S. Hrg. 110–587.)

Federal Acquisition: Ways to Strengthen Competition and Accountability. July 17, 2007. (Printed, 110 pp. S. Hrg. 110–891.)

The Military's Role in Disaster Response: Progress Since Hurricane Katrina. July 19, 2007. (Printed, 150 pp. S. Hrg. 110–549.)

Nomination of Hon. James A. Nussle, to be Director, Office of Management and Budget. July 24, 2007. (Printed, 134 pp. S. Hrg. 110–620.)

Nomination of Dennis R. Schrader to be Deputy Administrator for National Preparedness, Federal Emergency Management Agency, U.S. Department of Homeland Security. July 25, 2007. (Printed, 89 pp. S. Hrg. 110–274.)

Department of Homeland Security Status Report: Assessing Challenges and Measuring Progress. Sept. 6, 2007. (Printed, 460 pp. S. Hrg. 110–588.)

Confronting the Terrorist Threat to the Homeland: Six Years After 9/11. Sept. 10, 2007. (Printed, 162 pp. S. Hrg. 110–893.)

Nomination of Hon. Julie L. Myers to be Assistant Secretary, U.S. Immigration and Customs Enforcement, U.S. Department of

Homeland Security. Sept. 12, 2007. (Printed, 211 pp. S. Hrg. 110-556.)

One Year Later: A Progress Report on the Security and Accountability for Every (Safe) Port Act. Oct. 16, 2007. (Printed, 139 pp. S. Hrg. 110-676.)

Is the Department of Homeland Security Too Dependent on Contractors to Do the Government's Work? Oct. 17, 2007. (Printed, 126 pp. S. Hrg. 110-530.)

Nomination of Hon. Ellen C. Williams to be a Governor, U.S. Postal Service. Oct. 18, 2007. (Printed, 43 pp. S. Hrg. 110-276.)

Six Years After Anthrax: Are We Better Prepared to Respond to Bioterrorism? Oct. 23, 2007. (Printed, 160 pp. S. Hrg. 110-558.)

Watching the Watch List: Building an Effective Terrorist Screening System. Oct. 24, 2007. (Printed, 312 pp. S. Hrg. 110-621.)

Nominations of Robert D. Jamison to be Under Secretary for National Protection and Programs, and W. Ross Ashley III to be Assistant Administrator for Grant Programs of the Federal Emergency Management Agency, U.S. Department of Homeland Security. Nov. 9, 2007. (Printed, 166 pp. S. Hrg. 110-528.)

E-Government 2.0: Improving Innovation, Collaboration, and Access. Dec. 11, 2007. (Printed, 119 pp. S. Hrg. 110-894.)

Nominations of Harvey E. Johnson, Jr. to be Deputy Administrator, Federal Emergency Management Agency, U.S. Department of Homeland Security, and Jeffrey W. Runge to be Assistant Secretary for Health Affairs and Chief Medical Officer, and U.S. Department of Homeland Security. Dec. 12, 2007. (Printed, 260 pp. S. Hrg. 110-577.)

Nomination of Steven H. Murdock to be Director of the Census, U.S. Department of Commerce. Dec. 18, 2007. (Printed, 72 pp. S. Hrg. 110-524.)

Nuclear Terrorism: The Defense Department's Homeland Security Role: How the Military Can and Should Contribute. Feb. 13, 2008; Nuclear Terrorism: Assessing the Threat to the Homeland. Apr. 2, 2008; Nuclear Terrorism: Confronting the Challenges of the Day After. Apr. 15, 2008; Nuclear Terrorism: Providing Medical Care and Meeting Basic Needs in the Aftermath. May 15, 2008; Nuclear Terrorism: Providing Medical Care and Meeting Basic Needs in the Aftermath—The Federal Response. June 26, 2008; The Global Nuclear Detection Architecture: Are We Building Domestic Defenses That Will Make the Nation Safer From Nuclear Terrorism? July 16, 2008; and Preventing Nuclear Terrorism: Hard Lessons Learned From Troubled Investments. Sept. 25, 2008. (7 Days) (Printed, 903 pp. S. Hrg. 110-1038.)

The Homeland Security Department's Budget Submission for Fiscal Year 2008. Feb. 14, 2008. (Printed, 137 pp. S. Hrg. 110-996.)

An Uneasy Relationship: U.S. Reliance on Private Security Firms in Overseas Operations. Feb. 27, 2008. (Printed, 162 pp. S. Hrg. 110-1016.)

Census in Peril: Getting the 2010 Decennial Back on Track—Part I and II. Mar. 5 and Apr. 15, 2008. (Printed, 187 pp. S. Hrg. 110-1039.)

The New FEMA: Is the Agency Better Prepared for a Catastrophe Now Than It Was in 2005? Apr. 3, 2008. (Printed, 227 pp. S. Hrg. 110-1021.)

Nominations of Hon. Andrew M. Saul, Hon. Alejandro M. Sanchez, and Hon. Gordon J. Whiting to be Members of the Federal Retirement Thrift Investment Board. Apr. 10, 2008. (Printed, 67 pp. S. Hrg. 110–934.)

Nomination of Nanci E. Langley to be Commissioner, Postal Regulatory Commission. Apr. 23, 2008. (Printed, 38 pp. S. Hrg. 110–938.)

High Price of Commodities. Fuel Subsidies: Is There An Impact on Food Supply and Prices? May 7, 2008. Financial Speculation in Commodity Markets: Are Institutional Investors and Hedge Funds Contributing to Food and Energy Price Inflation? May 20, 2008. Ending Excessive Speculation in Commodity Markets: Legislative Options. June 24, 2008. (Printed, 383 pp. S. Hrg. 110–705.)

Nomination of Hon. Paul A. Schneider to be Deputy Secretary, U.S. Department of Homeland Security. May 14, 2008. (Printed, 108 pp. S. Hrg. 110–947.)

Protecting Personal Information: Is the Federal Government Doing Enough? June 18, 2008. (Printed, 170 pp. S. Hrg. 110–1025.)

Nomination of Elaine C. Duke to be Under Secretary for Management, U.S. Department of Homeland Security. June 20, 2008. (Printed, 87 pp. S. Hrg. 110–946.)

Securing the Northern Border: Views From the Front Lines. July 2, 2008. Field Hearing in Havre, MT. (Printed, 115 pp. S. Hrg. 110–1024.)

The Roots of Violent Islamist Extremism and Efforts to Counter It. July 10, 2008. (Printed, 145 pp. S. Hrg. 110–942.)

Nomination of Gus P. Coldebella to be General Counsel, U.S. Department of Homeland Security. July 15, 2008. (Printed, 185 pp. S. Hrg. 110–965.)

Energy Security: An American Imperative. July 22, 2008. (Printed, 171 pp. S. Hrg. 110–1023.)

Information Sharing: Connecting the Dots at the Federal, State, and Local Levels. July 23, 2008. (Printed, 170 pp. S. Hrg. 110–1028.)

Nomination of Carol A. Dalton, Anthony C. Epstein, and Heidi M. Pasichow to be Associate Judges of the Superior Court of the District of Columbia. July 23, 2008. (Printed, 92 pp. S. Hrg. 110–966.)

Nomination of James A. Williams to be Administrator of the U.S. General Services Administration. July 25, 2008. (Printed, 99 pp. S. Hrg. 110–990.)

Nomination of Ruth Y. Goldway to be Commissioner, Postal Regulatory Commission. Sept. 9, 2008. (Printed, 69 pp. S. Hrg. 110–970.)

Expediency Versus Integrity: Do Assembly-Line Audits at the Defense Contract Audit Agency Waste Taxpayer Dollars? Sept. 10, 2008. (Printed, 137 pp. S. Hrg. 110–1035.)

Nominations of Carol W. Pope and Thomas M. Beck to be Members, Federal Labor Relations Authority. Sept. 11, 2008. (Printed, 59 pp. S. Hrg. 110–983.)

Domestic Partner Benefits for Federal Employees: Fair Policy and Good Business. Sept. 24, 2008. (Printed, 229 pp. S. Hrg. 110–944.)

Nomination of Robert W. McGowan to be a Governor, United States Postal Service. Nov. 17, 2008. (Printed, 33 pp. S. Hrg. 110–993.)

Nominations of Kathryn A. Oberly, Associate Judge, District of Columbia Court of Appeals, and Alfred S. Irving, Jr., Associate Judge, Superior Court of the District of Columbia. Nov. 17, 2008. (Printed, 67 pp. S. Hrg. 110–969.)

World at Risk: A Report From the Commission on the Prevention of Weapons of Mass Destruction Proliferation and Terrorism. Dec. 11, 2008. (Printed, 212 pp. S. Hrg. 110–1036.)

V. REPORTS, PRINTS, AND GAO REPORTS

During the 110th Congress, the Committee prepared and issued 36 Reports and 4 Committee Prints on the following topics. Reports issued by Subcommittees are listed in their respective sections of this document.

COMMITTEE REPORTS

To extend the District of Columbia College Access Act of 1999. S. Rept. 110–52, re. S. 343.

To extend the date on which the National Security Personnel System will first apply to certain defense laboratories. S. Rept. 110–79, re. S. 457.

To provide the District of Columbia a voting seat and the State of Utah an additional seat in the House of Representatives. S. Rept. 110–123, re. S. 1257.

To amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for maintaining and improving the transit system of the Washington Metropolitan Area Transit Authority, and for other purposes. S. Rept. 110–188, re. S. 1446.

To ensure proper oversight and accountability in Federal contracting, and for other purposes. S. Rept. 110–201, re. S. 680.

To amend title 44, United States Code, to require information on contributors to the Presidential library fundraising organization. S. Rept. 110–202, re. H.R. 1254.

Extending the special postage stamp for breast cancer research for 2 years. S. Rept. 110–222, re. S. 597.

To amend chapter 23 of title 5, United States Code, to clarify the disclosures of information protected from prohibited personnel practices, require a statement in nondisclosure policies, forms, and agreements that such policies, forms, and agreements conform with certain disclosure protections, provide certain authority for the Special Counsel, and for other purposes. S. Rept. 110–232, re. S. 274.

To reform mutual aid agreements for the National Capital Region. S. Rept. 110–237, re. S. 1245.

To provide for the flexibility of certain disaster relief funds, and for improved evacuation and sheltering during disasters and catastrophes. S. Rept. 110–240, re. S. 2445.

To preserve existing judgeships on the Superior Court of the District of Columbia. S. Rept. 110–256, re. S. 550.

To amend the Inspector general Act of 1978 (5 U.S.C. app.) to enhance the Offices of the Inspectors General, to create a Council of Inspectors General on Integrity and Efficiency, and for other purposes. S. Rept. 110–262, re. S. 2324.

To establish a pilot program for the expedited disposal of Federal real property. S. Rept. 110–279, re. S. 1667.

To modify pay provisions relating to certain senior-level positions in the Federal Government, and for other purposes. S. Rept. 110–328, re. S. 1046.

To encourage the donation of excess food to nonprofit organizations that provide assistance to food-insecure people in the United States in contracts entered into by executive agencies for the provision, service, or sale of food. S. Rept. 110–338, re. S. 2420.

To amend title 40, United States Code, to authorize the use of Federal supply schedules for the acquisition of law enforcement, security, and certain other related items by State and local governments. S. Rept. 110–344, re. H.R. 3179.

To reauthorize the United States Fire Administration, and for other purposes. S. Rept. 110–411, re. S. 2606.

To enhance citizen access to Government information and services by establishing plain language as the standard style of Government documents issued to the public, and for other purposes. S. Rept. 110–412, re. S. 2291.

To amend title 11, District of Columbia Official Code, to implement the increase provided under the District of Columbia Appropriations Act, 2008, in the amount of funds made available for the compensation of attorneys representing indigent defendants in the District of Columbia courts, and for other purposes. S. Rept. 110–432, re. H.R. 5551.

To prevent the abuse of Government credit cards. S. Rept. 110–437, re. S. 789.

To establish a fact-finding Commission to extend the study of a prior Commission to investigate and determine facts and circumstances surrounding the relocation, internment, and deportation to Axis countries of Latin Americans of Japanese descent from December 1941 through February 1948, and the impact of those actions by the United States, and to recommend appropriate remedies, and for other purposes. S. Rept. 110–452, re. S. 381.

To require the Administrator of the Federal Emergency Management Agency to quickly and fairly address the abundance of surplus manufactured housing units stored by the Federal Government around the country at taxpayer expense. S. Rept. 110–453, re. S. 2382.

Amending the Homeland Security Act of 2002 to provide for a one-year extension of other transaction authority. S. Rept. 110–454, re. S. 3328.

To prohibit the award of contract to provide guard services under the contract security guard program of the Federal Protective Service to a business concern that is owned, controlled, or operated by an individual who has been convicted of a felony. S. Rept. 110–455, re. H.R. 3068.

To provide for retirement equity for Federal employees in nonforeign areas outside the 48 contiguous States and the District of Columbia, and for other purposes. S. Rept. 110–456, re. S. 3013.

To amend the E-Government Act of 2002 (Public Law 107-347) to reauthorize appropriations, and for other purposes. S. Rept. 110–465, re. S. 2321.

To provide for the appointment of the Chief Human Capital Officer of the Department of Homeland Security by the Secretary of Homeland Security. S. Rept. 110–466, re. S. 2816.

To reauthorize and improve the Federal Financial Assistance Management Improvement Act of 1999. S. Rept. 110–468, re. S. 3341.

To improve the provision of disaster assistance for Hurricanes Katrina and Rita, and for other purposes. S. Rept. 110–471, re. H.R. 3247.

To improve the Robert T. Stafford Disaster Relief and Emergency Assistance Act to reauthorize the predisaster hazard mitigation program, to make technical corrections to that Act, and for other purposes. S. Rept. 110–479, re. S. 3175.

To amend the Homeland Security Act of 2002, to establish the Office for Bombing Prevention, to address terrorist explosive threats, and for other purposes. S. Rept. 110–481, re. S. 2292.

To provide for greater diversity within, and to improve policy direction and oversight of, the Senior Executive Service. S. Rept. 110–517, re. S. 2148.

To amend chapter 81 of title 5, United States Code, to create a presumption that disability or death of a Federal employee in fire protection activities caused by any of certain diseases is the result of the performance of such employee's duty. S. Rept. 110–520, re. S. 1924.

To amend chapter 41 of title 5, United States Code, to provide for the establishment and authorization of funding for certain training programs for supervisors of Federal employees. S. Rept. 110–523, re. S. 967.

To amend title 44, United States Code, to authorize grants for Presidential Centers of Historical Excellence. S. Rept. 110–525, re. S. 3477.

To enhance the Federal Telework Program. S. Rept. 110–526, re. S. 1000.

COMMITTEE PRINTS

The Committee issued the following Committee Prints during the 110th Congress:

Rules of Procedure. Committee on Homeland Security and Governmental Affairs. (Printed. 36 pp. S. Prt. 110–14.)

Rules of Procedure. Permanent Subcommittee on Investigations. (Printed. 18 pp. S. Prt. 110–15.)

Organization of Federal Executive Departments and Agencies. Agencies and Functions of the Federal Government Established, Abolished, Continued, Modified, reorganized, Extended, Transferred, or Changed in Name by Legislative or Executive Action During Calendar Years 2005 and 2006. (Prepared by the Office of the Federal Register, national Archives and Records Administration for the Committee on Homeland Security and Governmental Affairs.) (Printed. 26 pp. S. Prt. 110–26)

Policy and Supporting Positions. Committee on Homeland Security and Governmental Affairs. (Printed. 210 pp. S. Prt. 110–36.)

GAO REPORTS

Also during the 110th Congress, the Government Accountability Office (GAO) issued 107 reports at the request of the Committee.

GAO reports requested by the Subcommittees appear in their respective sections. Reports are listed here by title, GAO number, and release date.

Budget Issues: FEMA Needs Adequate Data, Plans, and Systems to Effectively Manage Resources for Day-to-Day Operations. GAO-07-139. January 19, 2007.

Office of Personnel Management: Key Lessons Learned to Date for Strengthening Capacity to Lead and Implement Human Capital Reforms. GAO-07-90. January 19, 2007.

Small Business Administration: Additional Steps Needed to Enhance Agency Preparedness for Future Disasters. GAO-07-114. February 14, 2007.

Disaster Assistance: Better Planning Needed for Housing Victims of Catastrophic Disasters. GAO-07-88. February 28, 2007.

Hurricane Katrina: Agency Contracting Data Should Be More Complete Regarding Subcontracting Opportunities for Small Businesses. GAO-07-205. March 1, 2007.

Financial Market Regulation: Agencies Engaged in Consolidated Supervision Can Strengthen Performance Measurement and Collaboration. GAO-07-154. March 15, 2007.

Hurricanes Katrina and Rita Disaster Relief: Continued Findings of Fraud, Waste, and Abuse. GAO-07-300. March 15, 2007.

Climate Change: Financial Risks to Federal and Private Insurers in Coming Decades Are Potentially Significant. GAO-07-285. March 16, 2007.

Operation Iraqi Freedom: DOD Should Apply Lessons Learned Concerning the Need for Security over Conventional Munitions Storage Sites to Future Operations Planning. GAO-07-444. March 22, 2007.

Information Security: Sustained Progress Needed to Strengthen Controls at the Securities and Exchange Commission. GAO-07-256. March 27, 2007.

Disaster Preparedness: Better Planning Would Improve OSHA's Efforts to Protect Workers' Safety and Health in Disasters. GAO-07-193. March 28, 2007.

Port Risk Management: Additional Federal Guidance Would Aid Ports in Disaster Planning and Recovery. GAO-07-412. March 28, 2007.

Emergency Preparedness: Current Emergency Alert System Has Limitations, and Development of a New Integrated System Will Be Challenging. GAO-07-411. March 30, 2007.

Financial Audit: Independent and Special Counsel Expenditures for the Six Months Ended September 30, 2006. GAO-07-531. March 30, 2007.

Information Security: Further Efforts Needed to Address Significant Weaknesses at the Internal Revenue Service. GAO-07-364. March 30, 2007.

Customs Revenue: Customs and Border Protection Needs to Improve Workforce Planning and Accountability. GAO-07-529. April 12, 2007.

Federal Real Property: Progress Made Toward Addressing Problems, but Underlying Obstacles Continue to Hamper Reform. GAO-07-349. April 13, 2007.

Transportation Security: DHS Efforts to Eliminate Redundant Background Check Investigations. GAO-07-756. April 26, 2007.

Privacy: Lessons Learned about Data Breach Notification. GAO-07-657. April 30, 2007.

Financial Audit: Congressional Award Foundation's Fiscal Years 2006 and 2005 Financial Statements. GAO-07-786. May 15, 2007.

Rebuilding Iraq: Integrated Strategic Plan Needed to Help Restore Iraq's Oil and Electricity Sectors. GAO-07-677. May 15, 2007.

Internal Revenue Service: Status of GAO Financial Audit and Related Financial Management Report Recommendations. GAO-07-629. June 7, 2007.

Avian Influenza: USDA Has Taken Important Steps to Prepare for Outbreaks, but Better Planning Could Improve Response. GAO-07-652. June 11, 2007.

Emergency Management: Most School Districts Have Developed Emergency Management Plans, but Would Benefit from Additional Federal Guidance. GAO-07-609. June 12, 2007.

Federal Retirement Thrift Investment Board: Many Responsibilities and Investment Policies Set by Congress. GAO-07-611. June 21, 2007.

U.S. Postal Service: Mail Processing Realignment Efforts Under Way Need Better Integration and Explanation. GAO-07-717. June 21, 2007.

Federal Real Property: DHS Has Made Progress, but Additional Actions Are Needed to Address Real Property Management and Security Challenges. GAO-07-658. June 22, 2007.

Energy Efficiency: Important Challenges Must Be Overcome to Realize Significant Opportunities for Energy Efficiency Improvements in Gulf Coast Reconstruction. GAO-07-654. June 26, 2007.

Emergency Management Assistance Compact: Enhancing EMAC's Collaborative and Administrative Capacity Should Improve National Disaster Response. GAO-07-854. June 29, 2007.

Intercollegiate Athletics: Recent Trends in Teams and Participants in National Collegiate Athletic Association Sports. GAO-07-535. July 12, 2007.

Information Security: Homeland Security Needs to Immediately Address Significant Weaknesses in Systems Supporting the US-VISIT Program. GAO-07-870. July 13, 2007.

Human Capital: DOD Needs Better Internal Controls and Visibility over Costs for Implementing Its National Security Personnel System. GAO-07-851. July 16, 2007.

Military Personnel: Improved Quality Controls Needed over Servicemembers' Employment Rights Claims at DOL. GAO-07-907. July 20, 2007.

Financial Audit: Significant Internal Control Weaknesses Remain in the Preparation of the Consolidated Financial Statements of the U.S. Government. GAO-07-805. July 23, 2007.

Information Security: Despite Reported Progress, Federal Agencies Need to Address Persistent Weaknesses. GAO-07-837. July 27, 2007.

Financial Management: Long-standing Financial Systems Weaknesses Present a Formidable Challenge. GAO-07-914. August 3, 2007.

Department of Homeland Security: Progress Report on Implementation of Mission and Management Functions. GAO-07-454. August 17, 2007.

Securing, Stabilizing, and Rebuilding Iraq: Iraqi Government Has Not Met Most Legislative, Security, and Economic Benchmarks. GAO-07-1195. September 4, 2007.

Defense Business Transformation: Achieving Success Requires a Chief Management Officer to Provide Focus and Sustained Leadership. GAO-07-1072. September 5, 2007.

General Services Administration: Improvements Needed in Managing Delegated Authority of Real Property Activities. GAO-07-1000. September 5, 2007.

National Flood Insurance Program: FEMA's Management and Oversight of Payments for Insurance Company Services Should Be Improved. GAO-07-1078. September 5, 2007.

Critical Infrastructure Protection: Multiple Efforts to Secure Control Systems Are Under Way, but Challenges Remain. GAO-07-1036. September 10, 2007.

Department of Homeland Security: Improved Assessment and Oversight Needed to Manage Risk of Contracting for Selected Services. GAO-07-990. September 17, 2007.

Department of Homeland Security: Challenges in Implementing the Improper Payments Information Act and Recovering Improper Payments. GAO-07-913. September 19, 2007.

Financial Audit: Special Counsel Expenditures for the Six Months Ended March 31, 2007. GAO-07-1205. September 28, 2007.

Stabilizing and Rebuilding Iraq: U.S. Ministry Capacity Development Efforts Need an Overall Integrated Strategy to Guide Efforts and Manage Risk. GAO-08-117. October 1, 2007.

Terrorist Watch List Screening: Opportunities Exist to Enhance Management Oversight, Reduce Vulnerabilities in Agency Screening Processes, and Expand Use of the List. GAO-08-110. October 11, 2007.

Homeland Security: Federal Efforts Are Helping to Alleviate Some Challenges Encountered by State and Local Information Fusion Centers. GAO-08-35. October 30, 2007.

U.S. Postal Service: Agencies Distribute Fund-raising Stamp Proceeds and Improve Reporting. GAO-08-45. October 30, 2007.

Critical Infrastructure Protection: Sector-Specific Plans' Coverage of Key Cyber Security Elements Varies. GAO-08-113. October 31, 2007.

Office of Personnel Management: Opportunities Exist to Build on Recent Progress in Internal Human Capital Capacity. GAO-08-11. October 31, 2007.

Financial Audit: Bureau of the Public Debt's Fiscal Years 2007 and 2006 Schedules of Federal Debt. GAO-08-168. November 7, 2007.

Financial Audit: IRS's Fiscal Years 2007 and 2006 Financial Statement Audits. GAO-08-166. November 9, 2007.

Financial Audit: Securities and Exchange Commission's Financial Statements for Fiscal Years 2007 and 2006. GAO-08-167. November 16, 2007.

Hurricane Katrina: Ineffective FEMA Oversight of Housing Maintenance Contracts in Mississippi Resulted in Millions of Dollars of Waste and Potential Fraud. GAO-08-106. November 16, 2007.

Tax Compliance: Federal Grant and Direct Assistance Recipients Who Abuse the Federal Tax System. GAO-08-31. November 16, 2007.

U.S. Postal Service Facilities: Improvements in Data Would Strengthen Maintenance and Alignment of Access to Retail Services. GAO-08-41. December 10, 2007.

Military Base Realignment and Closures: Cost Estimates Have Increased and Are Likely to Continue to Evolve. GAO-08-159. December 11, 2007.

Supply Chain Security: Examinations of High-Risk Cargo at Foreign Seaports Have Increased, but Improved Data Collection and Performance Measures Are Needed. GAO-08-187. January 25, 2008.

Federal Workers' Compensation: Better Data and Management Strategies Would Strengthen Efforts to Prevent and Address Improper Payments. GAO-08-284. February 26, 2008.

National Disaster Response: FEMA Should Take Action to Improve Capacity and Coordination between Government and Voluntary Sectors. GAO-08-369. February 27, 2008.

Catastrophic Disasters: Federal Efforts Help States Prepare for and Respond to Psychological Consequences, but FEMA's Crisis Counseling Program Needs Improvements. GAO-08-22. February 29, 2008.

Electronic Government: Additional OMB Leadership Needed to Optimize Use of New Federal Employee Identification Cards. GAO-08-292. February 29, 2008.

Defense Contracting: Army Case Study Delineates Concerns with Use of Contractors as Contract Specialists. GAO-08-360. March 26, 2008.

Federal Contracting: Congressional Action Needed to Address Long-standing Problems with Reporting of Advisory and Assistance Services. GAO-08-319. March 31, 2008.

Financial Audit: Special Counsel Expenditures for the Six Months Ended September 30, 2007. GAO-08-541. March 31, 2008.

Department of Homeland Security: Better Planning and Assessment Needed to Improve Outcomes for Complex Service Acquisitions. GAO-08-263. April 22, 2008.

Supply Chain Security: U.S. Customs and Border Protection Has Enhanced Its Partnership with Import Trade Sectors, but Challenges Remain in Verifying Security Practices. GAO-08-240. April 25, 2008.

Interagency Contracting: Need for Improved Information and Policy Implementation at the Department of State. GAO-08-578. May 8, 2008.

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Privacy: Alternatives Exist for Enhancing Protection of Personally Identifiable Information. GAO-08-536. May 19, 2008.

Information Security: TVA Needs to Address Weaknesses in Control Systems and Networks. GAO-08-526. May 21, 2008.

U.S. Postal Service: Mail-Related Recycling Initiatives and Possible Opportunities for Improvement. GAO-08-599. June 3, 2008.

Homeland Security: The Federal Protective Service Faces Several Challenges That Hamper Its Ability to Protect Federal Facilities. GAO-08-683. June 11, 2008.

Federal Real Property: Property Conveyances between the District of Columbia and the Federal Government Await Completion, and Development Will Take Many Years. GAO-08-684. June 13, 2008.

Financial Audit: Material Weaknesses in Internal Control over the Processes Used to Prepare the Consolidated Financial Statements of the U.S. Government. GAO-08-748. June 17, 2008.

Information Sharing Environment: Definition of the Results to Be Achieved in Improving Terrorism-Related Information Sharing Is Needed to Guide Implementation and Assess Progress. GAO-08-492. June 25, 2008.

Homeland Security: First Responders' Ability to Detect and Model Hazardous Releases in Urban Areas Is Significantly Limited. GAO-08-180. June 27, 2008.

Telecommunications: Agencies Are Generally Following Sound Transition Planning Practices, and GSA Is Taking Action to Resolve Challenges. GAO-08-759. June 27, 2008.

Internal Revenue Service: Status of GAO Financial Audit and Related Financial Management Report Recommendations. GAO-08-693. July 2, 2008.

DCAA Audits: Allegations That Certain Audits at Three Locations Did Not Meet Professional Standards Were Substantiated. GAO-08-857. July 22, 2008.

Supply Chain Security: CBP Works with International Entities to Promote Global Customs Security Standards and Initiatives, but Challenges Remain. GAO-08-538. August 15, 2008.

Aviation Security: TSA Is Enhancing Its Oversight of Air Carrier Efforts to Identify Passengers on the No Fly and Selectee Lists, but Expects Ultimate Solution to Be Implementation of Secure Flight. GAO-08-992. September 9, 2008.

Human Capital: DOD Needs to Improve Implementation of and Address Employee Concerns about Its National Security Personnel System. GAO-08-773. September 10, 2008.

U.S. Postal Service: New Delivery Performance Measures Could Enhance Managers' Pay for Performance Program. GAO-08-996. September 10, 2008.

Visa Waiver Program: Actions Are Needed to Improve Management of the Expansion Process, and to Assess and Mitigate Program Risks. GAO-08-967. September 15, 2008.

Voluntary Organizations: FEMA Should More Fully Assess Organization's Mass Care Capabilities and Update the Red Cross Role in Catastrophic Events. GAO-08-823. September 18, 2008.

Electricity Restructuring: FERC Could Take Additional Steps to Analyze Regional Transmission Organizations' Benefits and Performance. GAO-08-987. September 22, 2008.

Department of Homeland Security: Improvements Could Further Enhance Ability to Acquire Innovative Technologies Using Other Transaction Authority. GAO-08-1088. September 23, 2008.

U.S. Asylum System: Significant Variation Existed in Asylum Outcomes across Immigration Courts and Judges. GAO-08-940. September 25, 2008.

Disaster Recovery: Past Experiences Offer Insights for Recovering from Hurricanes Ike and Gustav and Other Recent Natural Disasters. GAO-08-1120. September 26, 2008.

Combating Nuclear Smuggling: DHS's Phase 3 Test Report on Advanced Portal Monitors Does Not Fully Disclose the Limitations of the Test Results. GAO-08-979. September 30, 2008.

Federal Energy Management: Addressing Challenges through Better Plans and Clarifying the Greenhouse Gas Emission Measure Will Help Meet Long-term Goals for Buildings. GAO-08-977. September 30, 2008.

Financial Management: Persistent Financial Management Systems Issues Remain for Many CFO Act Agencies. GAO-08-1018. September 30, 2008.

Lobbying Disclosure: Observations on Lobbyists' Compliance with New Disclosure Requirements. GAO-08-1099. September 30, 2008.

Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan. GAO-09-19. October 1, 2008.

Information Technology: Management Improvements Needed on the Department of Homeland Security's Next Generation Information Sharing System. GAO-09-40. October 8, 2008.

Public Health and Border Security: HHS and DHS Should Further Strengthen Their Ability to Respond to TB Incidents. GAO-09-58. October 14, 2008.

Financial Audit: Bureau of the Public Debt's Fiscal Years 2008 and 2007 Schedules of Federal Debt. GAO-09-44. November 7, 2008.

Financial Audit: IRS's Fiscal Years 2008 and 2007 Financial Statements. GAO-09-119. November 10, 2008.

Financial Audit: Securities and Exchange Commission's Financial Statements for Fiscal Years 2008 and 2007. GAO-09-173. November 14, 2008.

Confirmation of Political Appointees: Eliciting Nominees' Views on Management Challenges within Agencies and across Government. GAO-09-194. November 17, 2008.

Department of Homeland Security: A Strategic Approach Is Needed to Better Ensure the Acquisition Workforce Can Meet Mission Needs. GAO-09-30. November 19, 2008.

Northern Border Security: DHS's Report Could Better Inform Congress by Identifying Actions, Resources, and Time Frames Needed to Address Vulnerabilities. GAO-09-93. November 25, 2008.

Disaster Assistance: Federal Efforts to Assist Group Site Residents with Employment, Services for Families with Children, and Transportation. GAO-09-81. December 11, 2008.

Radio Communications: Congressional Action Needed to Ensure Agencies Collaborate to Develop a Joint Solution. GAO-09-133. December 12, 2008.

Disaster Recovery: FEMA's Public Assistance Grant Program Experienced Challenges with Gulf Coast Rebuilding. GAO-09-129. December 18, 2008.

VI. OFFICIAL COMMUNICATIONS

During the 110th Congress, 1,172 official communications were referred to the Committee. Of these, 1,150 were Executive Communications and 22 were Petitions or Memorials. Of the official communications, 460 dealt with the District of Columbia.

VII. LEGISLATIVE ACTIONS

During the 110th Congress, the Committee reported significant legislation that was approved by Congress and signed into law by the President.

The following are brief legislative histories of measures to the Committee and, in some cases, drafted by the Committee, which (1) became public law or (2) were favorably reported from the Committee and passed by the Senate, but did not become law. In addition to the measures listed below, the Committee received during the 110th Congress numerous legislative proposals that were not considered or reported, or that were reported but not passed by the Senate. Additional information on these measures appears in the Committee's Legislative Calendar for the 110th Congress, S. Prt. 110-52, Government Printing Office (December 31, 2010).

MEASURES ENACTED INTO LAW

The following measures considered by the Committee were enacted into Public Law. The descriptions following the signing date of each measure note selected provisions of the text, and are not intended to serve as section-by-section summaries.

H.R. 1130.—To amend the Ethics in Government Act of 1978 to extend the authority to withhold from public availability a financial disclosure report filed by an individual who is a judicial officer or judicial employee, to the extent necessary to protect the safety of that individual or a family member of that individual, and for other purposes. (Public Law 110-24). May 3, 2007.

Amends the Ethics in Government Act of 1978 to: (1) restrict disclosure of personal information about family members of judges whose revelation might endanger them; and (2) extend through 2009 the authority of the Judicial Conference to redact certain personal information of judges from financial disclosure reports. Further, the bill specifies additional types of information the Administrative Council of the U.S. Courts must include in its annual report to certain congressional committees on redaction of judicial financial disclosure reports.

H.R. 1.—To provide for the implementation of the recommendations of the National Commission on Terrorist Attacks Upon the United States. (Public Law 110-53). August 3, 2007.

Changes laws and authorizes funds to implement recommendations made by the National Commission on Terrorist Attacks upon the United States in 2004. The bill makes provisions addressing: homeland security grants; emergency management performance grants; ensuring communications interoperability for first responders; strengthening use of the incident command system; improving intelligence and information sharing within the Federal Government and with State, local, and tribal governments; congressional oversight of intelligence; strengthening efforts to prevent terrorist travel; privacy and civil liberties; private sector preparedness; improving critical infrastructure security; enhanced defenses against weapons of mass destruction; transportation security planning and information sharing; transportation security enhancements; public transportation security; surface transportation security; aviation; maritime cargo; preventing weapons of mass destruction proliferation and terrorism; international cooperation on antiterrorism technologies; 9/11 Commission international implementation; advancing

democratic values; interoperable emergency communications; and other provisions.

S. 1099.—To amend chapter 89 of title 5, United States Code, to make individuals employed by the Roosevelt Campobello International Park Commission eligible to obtain Federal health insurance. (Public Law 110–74). August 9, 2007.

Makes citizens of the United States who are employed by the Roosevelt Campobello International Park Commission eligible to obtain health insurance under the Federal Employees Health Benefits (FEHB) program. The park is administered by the commission that was created in 1964 under an international treaty between the United States and Canada. (The park is affiliated with the National Park Service.) The treaty specifies that the two countries equally share the administrative costs to operate the park.

According to park officials, however, the U.S. Government currently covers the full cost associated with the employer share of health premiums for employees who are U.S. citizens.

S. 597.—To extend the authority of the United States Postal Service to issue a semipostal to raise funds for breast cancer research. (Amended) (Public Law 110–150). December 21, 2007.

Reauthorizes the Stamp Out Breast Cancer Act (P.L. 105-41) through December 31, 2009. This special postage stamp for First-Class mail was designed specifically to raise funds for breast cancer research efforts. The price of this stamp is 55 cents, 14 cents above the regular rate of 41 cents.

H.R. 3571.—To amend the Congressional Accountability Act of 1995 to permit individuals who have served as employees of the Office of Compliance to serve as Executive Director, Deputy Executive Director, or General Counsel of the Office, and to permit individuals appointed to such positions to serve one additional term. (Public Law 110–164). December 26, 2007.

Amends the Congressional Accountability Act of 1995 to allow former Office of Compliance (OC) employees to serve as board members or in executive-level positions for that office sooner than they would be eligible to under current law. In addition, the legislation would allow the Executive Director, Deputy Executive Director, or General Counsel of the OC to serve up to two terms.

S. 550.—To preserve existing judgeships on the Superior Court of the District of Columbia. (Public Law 110–201). April 18, 2008.

Preserves existing judgeships within the Superior Court of the District of Columbia inadvertently impacted by the 107th Congress under the Family Court Act of 2001.

S. 2420.—To encourage the donation of excess food to nonprofit organizations that provide assistance to food-insecure people in the United States in contracts entered into by executive agencies for the provision, service, or sale of food. (Public Law 110–247). June 20, 2008.

Encourages Federal agencies and their contractors to donate excess food to nonprofit organizations serving the needy. The bill requires Federal contracts above \$25,000 for the provision of food, or for the lease or rental of Federal property to a private entity for events at which food is provided, to include a clause that encourages—but does not require—the donation of excess food to nonprofit organizations.

H.R. 3179.—To amend title 40, United States Code, to authorize the use of Federal supply schedules for the acquisition of law enforcement, security, and certain other related items by State and local governments. (Public Law 110–248). June 26, 2008.

Allows State and local governments to purchase homeland security and public safety equipment and services from the Schedules Program of the General Services Administration (GSA). This procurement authority will help State and local governments reduce the administrative costs of negotiating their own contracts by authorizing them to use the pre-negotiated contracts of GSA.

S. 1245.—To reform mutual aid agreements for the National Capital Region. (Public Law 110–250). June 26, 2008.

Amends Section 7302 of the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458), to make technical changes affecting mutual aid agreements in the National Capital Region.

H.R. 5683.—To make certain reforms with respect to the Government Accountability Office, and for other purposes. (Public Law 110–323). September 22, 2008.

Requires the Government Accountability Office (GAO) to change certain pay practices and, subject to the availability of appropriations, compensate employees for certain past practices. It also would increase the cap on employees' pay.

H.R. 3068.—To prohibit the award of contracts to provide guard services under the contract security guard program of the Federal Protective Service to a business concern that is owned, controlled, or operated by an individual who has been convicted of a felony. (Public Law 110–356). October 8, 2008.

The purpose of this legislation is to prevent the Federal Protective Service from awarding contracts for guard services to companies owned, controlled or operated by individuals convicted of serious felonies who may present a risk to the security of Federal employees and Federal property.

S. 1046.—To modify pay provisions relating to certain senior-level positions in the Federal Government, and for other purposes. (Public Law 110–372). October 8, 2008.

Raises the maximum pay levels for certain senior professionals in the Federal Government to match the maximum pay levels now allowed for members of the Senior Executive Service (SES), and the bill generally bring the pay system for senior professionals more in line with the pay system for the SES. Just as agencies that have certified performance management systems may now provide to SES members higher pay than other agencies may provide, this bill will likewise allow agencies with certified performance management systems to provide higher pay to covered senior professionals than may other agencies. S. 1046 also makes a number of clarifications and technical corrections to the process by which agencies obtain such certification of their performance management systems.

S. 2606.—To reauthorize the United States Fire Administration, and for other purposes. (Public Law 110–376). October 8, 2008.

Authorizes appropriations for the United States Fire Administration (USFA) for fiscal years 2009 through 2012, and authorize USFA's activities related to training, public education, data collection, research, and national voluntary consensus standards. With regard to USFA's activities, the legislation would update the curriculum of the National Fire Academy, expand on-site training pro-

grams for fire service personnel, upgrade the National Fire Incident Reporting System, encourage more research related to wildland fires and the publication of such research, and promote the adoption of national voluntary consensus standards for firefighter health and safety. It would also establish a fire service position at the U.S. Department of Homeland Security's National Operations Center and require appropriate coordination at all levels of government with regard to fire prevention and control and emergency medical services.

S. 2816.—To provide for the appointment of the Chief Human Capital Officer of the Department of Homeland Security by the Secretary of Homeland Security. (Public Law 110–388). October 10, 2008.

Provides for the appointment or designation of the Chief Human Capital Officer (CHCO) of the Department of Homeland Security (DHS) by the Secretary of Homeland Security, so the DHS CHCO would be selected in the same manner as all other department and agency CHCOs.

S. 3477.—To amend title 44, United States Code, to authorize grants for Presidential Centers of Historical Excellence. (Public Law 110–404). October 13, 2008.

Seeks to promote funding to preserve, digitize, and provide online access to documents of historical significance that may not have received funding in the past. The bill would modify an existing grant program administered by the National Historical Publications and Records Commission (“the Commission”) to specify that grants can support public-private partnerships to preserve presidential documents that are not included in the existing Presidential library system. The bill also seeks to make other key improvements to the system for archiving Presidential documents.

S. 3536.—To amend section 5402 of title 39, United States Code, to modify the authority relating to United States Postal Service air transportation contracts, and for other purposes. (Public Law 110–405). October 13, 2008.

Authorizes the U.S. Postal Service to contract, through an open procurement process, for air transportation of mail between foreign points only with certificated air carriers (carriers that hold a certificate of public convenience and necessity issued under specified provisions). Allows a contract to be awarded to transport mail between any foreign points the Secretary of Transportation has authorized the carrier to serve either directly or through a code-share relationship.

Requires that the Postal Service use a method for determining fair and reasonable prices developed in consultation with, and with the concurrence of, certificated air carriers representing at least 51 percent of available ton miles in the markets of interest. Presumes ceiling prices determined by that method to be fair and reasonable if they do not exceed the ceiling prices derived from a weighted average based on market rate data furnished by the International Air Transport Association (or its subsidiary unit) or such other neutral weighted average market rates as the Postal Service, with the concurrence of such air carriers representing at least 51 percent of available ton miles, may designate.

Additionally, provides for exceptions for emergency or unanticipated conditions or inadequate lift space; removes provisions re-

quiring that the Secretary of Transportation set prices to be paid by the Postal Service for the transportation of mail by aircraft in foreign air transportation; removes references to foreign air transportation from provisions relating to a duty to provide certain transportation of mail; removes a requirement that the Postal Service make a fair and equitable distribution of mail business to carriers providing similar modes of transportation; and modifies provisions regarding the mail of members of the U.S. Armed Forces and of friendly foreign nations.

H.R. 928.—To amend the Inspector General Act of 1978 to enhance the independence of the Inspectors General, to create a Council of the Inspectors General on Integrity and Efficiency, and for other purposes. (Public Law 110–409). October 14, 2008.

Amends the Inspector General Act of 1978 to require Inspectors General (IGs) for designated Federal entities to be appointed without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations; requires the President and the heads of designated Federal entities to communicate to Congress in writing the reasons for removing or transferring an IG no later than 30 days before such removal or transfer; sets the pay for presidentially appointed IGs at Executive Schedule III plus 3 percent; requires IGs of designated Federal entities to be classified at a grade, level, or rank designation at or above those of a majority of the senior level executives of their entity; and prohibits IGs from receiving cash awards or bonuses.

H.R. 6098.—To amend the Homeland Security Act of 2002 to improve the financial assistance provided to State, local, and tribal governments for information sharing activities, and for other purposes. (Public Law 110–412). October 14, 2008.

Permits State and local governments to use funds provided through the State Homeland Security Grant Program (SHSGP) and the Urban Area Security Initiative (UASI) to pay the salaries and expenses of individual intelligence analysts beyond the current two-year limitation for such expenses. The act also would allow recipients greater flexibility in using grant funds for various personnel costs.

H.R. 6073.—To provide that Federal employees receiving their pay by electronic funds transfer shall be given the option of receiving their pay stubs electronically. (Public Law 110–423). October 15, 2008.

Requires the Office of Personnel Management (OPM) to ensure that executive agency employees who receive their pay by electronic funds transfer are given the option of receiving their pay stubs electronically.

POSTAL NAMING BILLS

H.R. 49.—To designate the facility of the United States Postal Service located at 1300 North Frontage Road West in Vail, Colorado, as the “Gerald R. Ford, Jr. Post Office Building.” (Public Law 110–7). March 7, 2007.

H.R. 335.—To designate the facility of the United States Postal Service located at 152 North 5th Street in Laramie, Wyoming, as

the “Gale W. McGee Post Office.” (Public Law 110–8). March 7, 2007.

H.R. 433.—To designate the facility of the United States Postal Service located at 1700 Main Street in Little Rock, Arkansas, as the “Scipio A. Jones Post Office Building.” (Public Law 110–9). March 7, 2007.

H.R. 514.—To designate the facility of the United States Postal Service located at 16150 Aviation Loop Drive in Brooksville, Florida, as the “Sergeant Lea Robert Mills Brooksville Aviation Branch Post Office.” (Public Law 110–10). March 7, 2007.

H.R. 577.—To designate the facility of the United States Postal Service located at 3903 South Congress Avenue in Austin, Texas, as the “Sergeant Henry Ybarra III Post Office Building.” (Public Law 110–11). March 7, 2007.

H.R. 521.—To designate the facility of the United States Postal Service located at 2633 11th Street in Rock Island, Illinois, as the “Lane Evans Post Office Building.” (Public Law 110–12). March 15, 2007.

H.R. 988.—To designate the facility of the United States Postal Service located at 5757 Tilton Avenue in Riverside, California, as the “Lieutenant Todd Jason Bryant Post Office.” (Public Law 110–27). May 25, 2007.

H.R. 414.—To designate the facility of the United States Postal Service located at 60 Calle McKinley, West in Mayaguez, Puerto Rico, as the “Miguel Angel Garcia Mendez Post Office Building.” (Public Law 110–29). June 1, 2007.

H.R. 437.—To designate the facility of the United States Postal Service located at 500 West Eisenhower Street in Rio Grande City, Texas, as the “Lino Perez, Jr. Post Office.” (Public Law 110–30). June 1, 2007.

H.R. 625.—To designate the facility of the United States Postal Service located at 4230 Maine Avenue in Baldwin Park, California, as the “Atanacio Haro-Marin Post Office.” (Public Law 110–31). June 1, 2007.

H.R. 1402.—To designate the facility of the United States Postal Service located at 320 South Lecanto Highway in Lecanto, Florida, as the “Sergeant Dennis J. Flanagan Lecanto Post Office Building.” (Public Law 110–32). June 1, 2007.

S. 1352.—To designate the facility of the United States Postal Service located at 127 East Locust Street in Fairbury, Illinois, as the “Dr. Francis Townsend Post Office Building.” (Public Law 110–43). July 3, 2007.

H.R. 1260.—To designate the facility of the United States Postal Service located at 6301 Highway 58 in Harrison, Tennessee, as the “Claude Ramsey Post Office.” (Public Law 110–58). August 9, 2007.

H.R. 1335.—To designate the facility of the United States Postal Service located at 508 East Main Street in Seneca, South Carolina, as the “S/Sgt. Lewis G. Watkins Post Office Building.” (Public Law 110–59). August 9, 2007.

H.R. 1425.—To designate the facility of the United States Postal Service located at 4551 East 52nd Street in Odessa, Texas, as the “Staff Sergeant Marvin ‘Rex’ Young Post Office Building.” (Public Law 110–61). August 9, 2007.

H.R. 1434.—To designate the facility of the United States Postal Service located at 896 Pittsburgh Street in Springdale, Pennsyl-

vania, as the “Rachel Carson Post Office Building.” (Public Law 110–62). August 9, 2007.

H.R. 1617.—To designate the facility of the United States Postal Service located at 561 Kingsland Avenue in University City, Missouri, as the “Harriett F. Woods Post Office Building.” (Public Law 110–63). August 9, 2007.

H.R. 1722.—To designate the facility of the United States Postal Service located at 601 Banyan Trail in Boca Raton, Florida, as the “Leonard W. Herman Post Office.” (Public Law 110–64). August 9, 2007.

H.R. 2025.—To designate the facility of the United States Postal Service located at 11033 South State Street in Chicago, Illinois, as the “Willye B. White Post Office Building.” (Public Law 110–65). August 9, 2007.

H.R. 2077.—To designate the facility of the United States Postal Service located at 20805 State route 125 in Blue Creek, Ohio, as the “George B. Lewis Post Office Building.” (Public Law 110–66). August 9, 2007.

H.R. 2078.—To designate the facility of the United States Postal Service located at 14536 State Route 136 in Cherry Fork, Ohio, as the “Staff Sergeant Omer T. ‘O.T.’ Hawkins Post Office.” (Public Law 110–67). August 9, 2007.

H.R. 2127.—To designate the facility of the United States Postal Service located at 408 West 6th Street in Chelsea, Oklahoma, as the “Clem Rogers McSpadden Post Office Building.” (Public Law 110–68). August 9, 2007.

H.R. 2563.—To designate the facility of the United States Postal Service located at 309 East Linn Street in Marshalltown, Iowa, as the “Major Scott Nisely Post Office.” (Public Law 110–71). August 9, 2007.

H.R. 2570.—To designate the facility of the United States Postal Service located at 301 Boardwalk Drive in Fort Collins, Colorado, as the “Dr. Karl E. Carson Post Office Building.” (Public Law 110–72). August 9, 2007.

H.R. 954.—To designate the facility of the United States Postal Service located at 365 West 125th Street in New York, New York, as the “Percy Sutton Post Office Building.” (Public Law 110–87). September 28, 2007.

H.R. 2467.—To designate the facility of the United States Postal Service located at 69 Montgomery Street in Jersey City, New Jersey, as the “Frank J. Guarini Post Office Building.” (Public Law 110–98). October 24, 2007.

H.R. 2587.—To designate the facility of the United States Postal Service located at 555 South 3rd Street Lobby in Memphis, Tennessee, as the “Kenneth T. Whalum, Sr. Post Office.” (Public Law 110–99). October 24, 2007.

H.R. 2654.—To designate the facility of the United States Postal Service located at 202 South Dumont Avenue in Woonsocket, South Dakota, as the “Eleanor McGovern Post Office Building.” (Public Law 110–100). October 24, 2007.

H.R. 2765.—To designate the facility of the United States Postal Service located at 44 North Main Street in Hughesville, Pennsylvania, as the “Master Sergeant Sean Michael Thomas Post Office.” (Public Law 110–101). October 24, 2007.

H.R. 2778.—To designate the facility of the United States Postal Service located at 3 Quaker Ridge Road in New Rochelle, New York, as the “Robert Merrill Postal Station.” (Public Law 110–102). October 24, 2007.

H.R. 2825.—To designate the facility of the United States Postal Service located at 326 South Main Street in Princeton, Illinois, as the “Owen Lovejoy Princeton Post Office Building.” (Public Law 110–103). October 24, 2007.

H.R. 3052.—To designate the facility of the United States Postal Service located at 954 Wheeling Avenue in Cambridge, Ohio, as the “John Herschel Glenn, Jr. Post Office Building.” (Public Law 110–104). October 24, 2007.

H.R. 3106.—To designate the facility of the United States Postal Service located at 805 Main Street in Ferdinand, Indiana, as the “Staff Sergeant David L. Nord Post Office.” (Public Law 110–105). October 24, 2007.

H.R. 3233.—To designate the facility of the United States Postal Service located at Highway 49 South in Piney Woods, Mississippi, as the “Laurence C. and Grace M. Jones Post Office Building.” (Public Law 110–107). October 26, 2007.

H.R. 2089.—To designate the facility of the United States Postal Service located at 701 Loyola Avenue in New Orleans, Louisiana, as the “Louisiana Armed Services Veterans Post Office.” (Public Law 110–121). November 30, 2007.

H.R. 2276.—To designate the facility of the United States Postal Service located at 203 North Main Street in Vassar, Michigan, as the “Corporal Christopher E. Eskelson Post Office Building.” (Public Law 110–122). November 30, 2007.

H.R. 3297.—To designate the facility of the United States Postal Service located at 950 West Trenton Avenue in Morrisville, Pennsylvania, as the “Nate DeTample Post Office Building.” (Public Law 110–123). November 30, 2007.

H.R. 3307.—To designate the facility of the United States Postal Service located at 570 Broadway in Bayonne, New Jersey, as the “Dennis P. Collins Post Office Building.” (Public Law 110–124). November 30, 2007.

H.R. 3308.—To designate the facility of the United States Postal Service located at 216 East Main Street in Atwood, Indiana, as the “Lance Corporal David K. Fribley Post Office.” (Public Law 110–125). November 30, 2007.

H.R. 3325.—To designate the facility of the United States Postal Service located at 235 Mountain Road in Suffield, Connecticut, as the “Corporal Stephen R. Bixler Post Office.” (Public Law 110–126). November 30, 2007.

H.R. 3382.—To designate the facility of the United States Postal Service located at 200 North William Street in Goldsboro, North Carolina, as the “Philip A. Baddour, Sr. Post Office.” (Public Law 110–127). November 30, 2007.

H.R. 3446.—To designate the facility of the United States Postal Service located at 202 East Michigan Avenue in Marshall, Michigan, as the “Michael W. Schragg Post Office Building.” (Public Law 110–128). November 30, 2007.

H.R. 3518.—To designate the facility of the United States Postal Service located at 1430 South Highway 29 in Cantonment, Florida,

as the “Charles H. Hendrix Post Office Building.” (Public Law 110–129). November 30, 2007.

H.R. 3530.—To designate the facility of the United States Postal Service located at 1400 Highway 41 North in Inverness, Florida, as the “Chief Warrant Officer Aaron Weaver Post Office Building.” (Public Law 110–130). November 30, 2007.

H.R. 3572.—To designate the facility of the United States Postal Service located at 4320 Blue Parkway in Kansas City, Missouri, as the “Wallace S. Hartsfield Post Office Building.” (Public Law 110–131). November 30, 2007.

S. 2174.—To designate the facility of the United States Postal Service located at 175 South Monroe Street in Tiffin, Ohio, as the “Paul E. Gillmor Post Office Building.” (Public Law 110–152). December 21, 2007.

H.R. 2011.—To designate the Federal building and United States courthouse located at 100 East 8th Avenue in Pine Bluff, Arkansas, as the “George Howard, Jr. Federal Building and United States Courthouse.” (Public Law 110–159). December 26, 2007.

H.R. 3470.—To designate the facility of the United States Postal Service located at 744 West Oglethorpe Highway in Hinesville, Georgia, as the “John Sidney ‘Sid’ Flowers Post Office Building.” (Public Law 110–162). December 26, 2007.

H.R. 3569.—To designate the facility of the United States Postal Service located at 16731 Santa Ana Avenue in Fontana, California, as the “Beatrice E. Watson Post Office Building.” (Public Law 110–163). December 26, 2007.

H.R. 3974.—To designate the facility of the United States Postal Service located at 797 Sam Bass Road in round Rock, Texas, as the “Marine Corps Corporal Steven P. Gill Post Office Building.” (Public Law 110–165). December 26, 2007.

H.R. 4009.—To designate the facility of the United States Postal Service located at 567 West Nepessing Street in Lapeer, Michigan, as the “Turrill Post Office Building.” (Public Law 110–167). December 26, 2007.

S. 1896.—To designate the facility of the United States Postal Service located at 11 Central Street in Hillsborough, New Hampshire, as the “Officer Jeremy Todd Charron Post Office.” (Public Law 110–169). December 26, 2007.

S. 2110.—To designate the facility of the United States Postal Service located at 427 North Street in Taft, California, as the “Larry S. Pierce Post Office.” (Public Law 110–184). February 6, 2008.

S. 2478.—To designate the facility of the United States Postal Service located at 59 Colby Corner in East Hampstead, New Hampshire, as the “Captain Jonathan D. Grassbaugh Post Office.” (Public Law 110–194). March 11, 2008.

S. 2272.—To designate the facility of the United States Postal Service known as the Southpark Station in Alexandria, Louisiana, as the John “Marty” Thiels Southpark Station, in honor and memory of Thiels, a Louisiana postal worker who was killed in the line of duty on October 4, 2007. (Public Law 110–195). March 12, 2008.

H.R. 3196.—To designate the facility of the United States Postal Service located at 20 Sussex Street in Port Jervis, New York, as the “E. Arthur Gray Post Office Building.” (Public Law 110–210). May 7, 2008.

H.R. 3468.—To designate the facility of the United States Postal Service located at 1704 Weeksville Road in Elizabeth City, North Carolina, as the “Dr. Clifford Bell Jones, Sr. Post Office.” (Public Law 110–211). May 7, 2008.

H.R. 3532.—To designate the facility of the United States Postal Service located at 5815 McLeod Street in Lula, Georgia, as the “Private Johnathon Millican Lula Post Office.” (Public Law 110–212). May 7, 2008.

H.R. 3720.—To designate the facility of the United States Postal Service located at 424 Clay Avenue in Waco, Texas, as the “Army FPC Juan Alonso Covarrubias Post Office Building.” (Public Law 110–213). May 7, 2008.

H.R. 3803.—To designate the facility of the United States Postal Service located at 3100 Cashwell Drive in Goldsboro, North Carolina, as the “John Henry Wooten, Sr. Post Office Building.” (Public Law 110–214). May 7, 2008.

H.R. 3936.—To designate the facility of the United States Postal Service located at 116 Helen Highway in Cleveland, Georgia, as the “Sgt. Jason Harkins Post Office Building.” (Public Law 110–215). May 7, 2008.

H.R. 3988.—To designate the facility of the United States Postal Service located at 3701 Altamesa Boulevard in Fort Worth, Texas, as the “Master Sergeant Kenneth N. Mack Post Office Building.” (Public Law 110–216). May 7, 2008.

H.R. 4166.—To designate the facility of the United States Postal Service located at 701 East Copeland Drive in Lebanon, Missouri, as the “Steve W. Allee Carrier Annex.” (Public Law 110–217). May 7, 2008.

H.R. 4203.—To designate the facility of the United States Postal Service located at 3035 Stone Mountain Street in Lithonia, Georgia, as the “Specialist Jamaal RaShard Addison Post Office Building.” (Public Law 110–218). May 7, 2008.

H.R. 4211.—To designate the facility of the United States Postal Service located at 725 Roanoke Avenue in Roanoke Rapids, North Carolina, as the “Judge Richard B. Allsbrook Post Office.” (Public Law 110–219). May 7, 2008.

H.R. 4240.—To designate the facility of the United States Postal Service located at 10799 West Alameda Avenue in Lakewood, Colorado, as the “Felix Sparks Post Office Building.” (Public Law 110–220). May 7, 2008.

H.R. 4454.—To designate the facility of the United States Postal Service located at 3050 Hunsinger Lane in Louisville, Kentucky, as the “Iraq and Afghanistan Fallen Military Heroes of Louisville Memorial Post Office Building,” in honor of the servicemen and women from Louisville, Kentucky, who dies in service during Operation Enduring Freedom and Operation Iraqi Freedom. (Public Law 110–221). May 7, 2008.

H.R. 5135.—To designate the facility of the United States Postal Service located at 201 West Greenway Street in Derby, Kansas, as the “Sergeant Jamie O. Maugans Post Office Building.” (Public Law 110–222). May 7, 2008.

H.R. 5220.—To designate the facility of the United States Postal Service located at 3800 SW. 185th Avenue in Beaverton, Oregon, as the “Major Arthur Chin Post Office Building.” (Public Law 110–223). May 7, 2008.

H.R. 5400.—To designate the facility of the United States Postal Service located at 160 East Washington Street in Chagrin Falls, Ohio, as the “Sgt. Michael M. Kashkoush Post Office Building.” (Public Law 110–224). May 7, 2008.

H.R. 3721.—To designate the facility of the United States Postal Service located at 1190 Lorena Road in Lorena, Texas, as the “Marine Gunnery Sgt. John D. Fry Post Office Building.” (Public Law 110–265). July 15, 2008.

H.R. 4185.—To designate the facility of the United States Postal Service located at 11151 Valley Boulevard in El Monte, California, as the “Marisol Heredia Post Office Building.” (Public Law 110–267). July 15, 2008.

H.R. 5168.—To designate the facility of the United States Postal Service located at 19101 Cortez Boulevard in Brooksville, Florida, as the “Cody Grater Post Office Building.” (Public Law 110–268). July 15, 2008.

H.R. 5395.—To designate the facility of the United States Postal Service located at 11001 Dunklin Drive in St. Louis, Missouri, as the “William ‘Bill’ Clay Post Office Building.” (Public Law 110–269). July 15, 2008.

H.R. 5479.—To designate the facility of the United States Postal Service located at 117 North Kidd Street in Ionia, Michigan, as the “Alonzo Woodruff Post Office Building.” (Public Law 110–270). July 15, 2008.

H.R. 5517.—To designate the facility of the United States Postal Service located at 7231 FM 1960 in Numble, Texas, as the “Texas Military Veterans Post Office.” (Public Law 110–271). July 15, 2008.

H.R. 5528.—To designate the facility of the United States Postal Service located at 120 Commercial Street in Brockton, Massachusetts, as the “Rocky Marciano Post Office Building.” (Public Law 110–272). July 15, 2008.

S. 3145.—To designate a portion of United States Route 20A, located in Orchard Park, New York, as the “Timothy J. Russert Highway.” (Public Law 110–282). July 23, 2008.

H.R. 4210.—To designate the facility of the United States Postal Service located at 401 Washington Avenue in Weldon, North Carolina, as the “Dock M. Brown Post Office Building.” (Public Law 110–303). August 12, 2008.

H.R. 5477.—To designate the facility of the United States Postal Service located at 120 South Del Mar Avenue in San Gabriel, California, as the “Chi Mui Post Office Building.” (Public Law 110–305). August 12, 2008.

H.R. 5483.—To designate the facility of the United States Postal Service located at 10449 White Granite Drive in Oakton, Virginia, as the “Private First Class David H. Sharrett II Post Office Building.” (Public Law 110–306). August 12, 2008.

H.R. 5631.—To designate the facility of the United States Postal Service located at 1155 Seminole Trail in Charlottesville, Virginia, as the “Corporal Bradley T. Arms Post Office Building.” (Public Law 110–307). August 12, 2008.

H.R. 6061.—To designate the facility of the United States Postal Service located at 219 East Main Street in West Frankfort, Illinois, as the “Kenneth James Gray Post Office Building.” (Public Law 110–308). August 12, 2008.

H.R. 6085.—To designate the facility of the United States Postal Service located at 42222 Rancho Las Palmas Drive in Rancho Mirage, California, as the “Gerald R. Ford Post Office Building.” (Public Law 110–309). August 12, 2008.

H.R. 6150.—To designate the facility of the United States Postal Service located at 14500 Lorain Avenue in Cleveland, Ohio, as the “John P. Gallagher Post Office Building.” (Public Law 110–310). August 12, 2008.

S. 171.—To designate the facility of the United States Postal Service located at 301 Commerce Street in Commerce, Oklahoma, as the “Mickey Mantle Post Office Building.” (Public Law 110–331). September 30, 2008.

S. 3241.—To designate the facility of the United States Postal Service located at 1717 Orange Avenue in Fort Pierce, Florida, as the “CeeCee Ross Lyles Post Office Building.” (Public Law 110–333). September 30, 2008.

H.R. 5975.—To designate the facility of the United States Postal Service located at 101 West Main Street in Waterville, New York, as the “Cpl. John P. Sigsbee Post Office.” (Public Law 110–347). October 7, 2008.

H.R. 6092.—To designate the facility of the United States Postal Service located at 101 Tallapoosa Street in Bremen, Georgia, as the “Sergeant Paul Saylor Post Office Building.” (Public Law 110–348). October 7, 2008.

H.R. 6437.—To designate the facility of the United States Postal Service located at 200 North Texas Avenue in Odessa, Texas, as the “Corporal Alfred Mac Wilson Post Office.” (Public Law 110–349). October 7, 2008.

S. 3015.—To designate the facility of the United States Postal Service located at 18 S. G Street, Lakeview, Oregon, as the “Dr. Bernard Daly Post Office Building.” (Public Law 110–352). October 7, 2008.

S. 3082.—To designate the facility of the United States Postal Service located at 1700 Cleveland Avenue in Kansas City, Missouri, as the “Reverend Earl Abel Post Office Building.” (Public Law 110–353). October 7, 2008.

H.R. 4010.—To designate the facility of the United States Postal Service located at 100 West Percy Nepepping Street in Indianola, Mississippi, as the “Minnie Cox Post Office Building.” (Public Law 110–440). October 21, 2008.

VIII. PRESIDENTIAL NOMINATIONS

The Committee received a total of 44 Presidential nominations during the 110th Congress. Of these, 22 were reported favorably and confirmed by the Senate, 10 were discharged from Committee and confirmed, 6 were withdrawn by the President, and 6 were not acted upon by the Committee. Hearing dates and reports on these nominations appear in Section IV.

The following 17 nominations were favorably reported by the Committee and confirmed by the Senate:

Julie L. Myers, of Kansas, to be Assistant Secretary of Homeland Security, Department of Homeland Security; vice Michael J. Garcia. Confirmed December 19, 2007.

Gregory B. Cade, of Virginia, to be Administrator of the United States Fire Administration, Department of Homeland Security; vice R. David Paulison, resigned. Confirmed May 25, 2007.

Heidi M. Pasichow, of the District of Columbia, to be Associate Judge of the Superior Court of the District of Columbia for a term of fifteen years; vice Anna Blackburne-Rigsby, elevated. Confirmed August 1, 2008.

Carol A. Dalton, of the District of Columbia, to be Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years; vice A. Noel Anketell Kramer, elevated. Confirmed August 1, 2008.

Anthony C. Epstein, of the District of Columbia, to be Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years; vice Susan Rebecca Holmes, retired. Confirmed August 1, 2008.

Michael W. Tankersley, of Texas, to be Inspector General, Export-Import Bank. (New Position) Confirmed June 28, 2007.

Howard C. Weizmann, of Maryland, to be Deputy Director of the Office of Personnel Management; vice Dan Gregory Blair. Confirmed June 28, 2007.

Ellen C. Williams, of Kentucky, to be a Governor of the United States Postal Service, United States Postal Service; vice for a term expiring December 8, 2014. (Reappointment) Confirmed June 4, 2008.

Claude M. Kicklighter, of Georgia, to be Inspector General, Department of Defense; vice Joseph E. Schmitz, resigned. Confirmed April 12, 2007.

Carol W. Pope, of the District of Columbia, to be a Member of the Federal Labor Relations Authority for the term of five years expiring July 1, 2009. (Reappointment) Confirmed October 2, 2008.

Dennis R. Schrader, of Maryland, to be Deputy Administrator, Federal Emergency Management Agency, Department of Homeland Security. (New Position) Confirmed August 3, 2007.

Steven H. Murdock, of Texas, to be Director of the Census, Department of Commerce; vice Louis Kincannon. Confirmed December 19, 2007.

James A. Nussle, of Iowa, to be Director, Office of Management and Budget; vice Robert J. Portman. Confirmed September 4, 2007.

W. Ross Ashley III, of Virginia, to be Associate Administrator for Grant Programs of the Federal Emergency Management Agency, U.S. Department of Homeland Security. (New Position) Confirmed December 19, 2007.

Jeffrey W. Runge, of North Carolina, to be Assistant Secretary for Health Affairs and Chief Medical Officer, U.S. Department of Homeland Security. (New Position) Confirmed December 19, 2007.

Todd J. Zinser, of Virginia, to be Inspector General, Department of Commerce, vice Johnnie E. Frazier, resigned. Confirmed December 19, 2007.

Eric M. Thorson, of Virginia, to be Inspector General, Department of the Treasury, vice Harold Damelin, resigned. Confirmed August 1, 2008.

Harvey E. Johnson, Jr., of Virginia, to be Deputy Administrator, Federal Emergency Management Agency, Department of Homeland Security. Confirmed June 27, 2008.

Thomas M. Beck, of Virginia, to be a Member of the Federal Labor Relations Authority for a term of five years expiring July 1, 2010, vice Wayne Cartwright Beyer, resigned. Confirmed October 2, 2008.

Robert D. Jamison, of Virginia, to be an Under Secretary of Homeland Security, vice George W. Foresman, resigned. Confirmed December 19, 2007.

Paul A. Schneider, of Maryland, to be Deputy Secretary, U.S. Department of Homeland Security, vice Michael Jackson, resigned. Confirmed June 4, 2008.

Nanci E. Langley, of Virginia, to be a Commissioner of the Postal Regulatory Commission for a term expiring November 22, 2012, vice Dawn A. Tisdale, term expired. Confirmed June 4, 2008.

Elaine C. Duke, of Virginia, to be Under Secretary for Management, U.S. Department of Homeland Security, vice Paul A. Schneider. Confirmed June 27, 2008.

Ruth Y. Goldway, of California, to be a Commissioner of the Postal Regulatory Commission for the term expiring November 22, 2014. (Reappointment) Confirmed October 2, 2008.

Alfred S. Irving, Jr., of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia, for the term of fifteen years, vice Mary Ann Gooden Terrell, retired. Confirmed November 20, 2008.

Kathryn A. Oberly, of the District of Columbia, to be an Associate Judge of the District of Columbia Court of Appeals for the term of fifteen years, vice Michael W. Farrell, retired. Confirmed November 20, 2008.

Neil M. Barofsky, of New York, to be Special Inspector General for the Troubled Asset Relief Program, Department of the Treasury (New Position) Confirmed December 8, 2008.

The following 5 nominations were favorably reported by the Committee but not acted upon by the Senate. Each was returned to the President under provisions of Senate Rule XXXI, paragraph 6, of the Standing Rules of the Senate:

Andrew Saul, of New York, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring September 25, 2012. (Reappointment) Returned January 2, 2009.

Gordon J. Whiting, of New York, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring September 25, 2010. (Reappointment) Returned January 2, 2009.

Alejandro M. Sanchez, of Florida, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring October 11, 2010. (Reappointment) Returned January 2, 2009.

Gus P. Coldebella, of Massachusetts, to be General Counsel, U.S. Department of Homeland Security; vice Philip J. Perry, resigned. Returned January 2, 2009.

James A. Williams, of Virginia, to be Administrator, U.S. General Services Administration; vice Lurita Alexis Doan, resigned. Returned January 2, 2009.

The following 6 nominations were withdrawn by the President:
Wayne Cartwright Beyer, of New Hampshire, to be a Member of the Federal Labor Relations Authority for a term of five years expiring July 1, 2010; vice Othoniel Armendariz, to which position he

was appointed during the last recess of the Senate. Withdrawn December 14, 2007.

Ellen C. Williams, of Kentucky, to be a Governor, United States Postal Service; vice for a term expiring December 8, 2016. (Reappointment) Withdrawn February 12, 2007.

Dale Cabaniss, of Virginia, to be a Member of the Federal Labor Relations Authority for a term of five years expiring July 29, 2012. (Reappointment) Withdrawn June 28, 2007.

Thomas M. Beck, of Virginia, to be a Member of the Federal Labor Relations Authority for a term of five years expiring July 29, 2012; vice Dale Cabaniss, term expiring. Withdrawn December 14, 2007.

Robert D. Jamison, of Virginia, to be Under Secretary for National Protection and Programs, Department of Homeland Security, vice George W. Foresman, resigned. Withdrawn December 19, 2007.

Harvey E. Johnson, Jr., of Virginia, to be Deputy Administrator and Chief Operating Officer, Federal Emergency Management Agency, Department of Homeland Security. Withdrawn December 12, 2007.

The following 6 nominations were not acted upon by the Committee. Each was returned to the President under provisions of Senate Rule XXXI, paragraph 6, of the Standing Rules of the Senate:

Susan E. Dudley, of Virginia, to be Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget; vice John D. Graham, resigned. Received in the Senate January 9, 2007. Returned January 2, 2009.

Susan E. Dudley, of Virginia, to be Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget, vice John D. Graham, resigned, to which position she was appointed during the last recess of the Senate. Received in the Senate May 16, 2007. Returned January 2, 2009.

Brandon Chad Bungard, of Virginia, to be General Counsel of the Federal Labor Relations Authority for a term of five years, vice Colleen Duffy Kiko, resigned. Received in the Senate April 2, 2008. Returned January 2, 2009.

Michael W. Hager, of Virginia, to be director of the Office of Personnel Management for a term of four years, vice Linda M. Springer. Received in the Senate August 1, 2008. Returned January 2, 2009.

Paul A. Quander, Jr., of the District of Columbia, to be Director of the Court Services and Offender Supervision Agency for the District of Columbia for a term of six years. (Reappointment). Received in the Senate September 21, 2008. Returned January 2, 2009.

Robert W. McGowan, of Nevada, to be a Governor of the United States Postal Service for a term expiring December 8, 2015, vice Alan Craig Kessler, term expiring. Received in the Senate September 30, 2008. Returned January 2, 2009.

IX. ACTIVITIES OF THE SUBCOMMITTEES

SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY

The Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security held the following hearings during the 110th Congress.

CHAIRMAN: THOMAS R. CARPER

RANKING MINORITY MEMBER: TOM COBURN

I. HEARINGS 2007–2008

Improving Federal Financial Management: Progress Made and the Challenges Ahead (March 1, 2007)

The hearing focused on the improvements made in Federal financial management over the years, particularly since the passage of the Chief Financial Officers Act of 1990 (CFO ACT). It will also examine the accomplishments and goals discussed in the 2007 Federal Financial Management Report recently issued by OMB's Office of Federal Financial Management (OFFM).

Witnesses: David M. Walker, Comptroller General of the United States, GAO; Linda M. Combs, Controller, Office of Federal Financial Management (OFFM).

Eliminating and Recovering Improper Payments (March 29, 2007)

The hearing focused on the progress agencies are making in implementing the Improper Payments Information Act of 2002 and the Recovery Auditing Act of 2001, which was enacted as part of the FY 2002 National Defense Authorization Act. It will also examine the accomplishments and goals discussed in the report entitled "Improving the Accuracy and Integrity of Federal Payments" released by OMB's Office of Federal Financial Management (OFFM) on January 31, 2007.

Witnesses: Linda M. Combs, Controller, OFFM, OMB; McCoy Williams, Director, Financial Management and Assurance, GAO; John W. Cox, Chief Financial Officer, Department of Housing and Urban Development; David M. Norquist, Chief Financial Officer, Department of Homeland Security; Timothy B. Hill, Chief Financial Officer, the Centers for Medicare and Medicaid Services; Terry Bowie, Deputy Chief Financial Officer, NASA; Lee White, Executive Vice President for U.S. Operations, PRG-Schultz.

The Road Ahead: Implementing Postal Reform (April 19, 2007)

The hearing focused on the current state of the Postal Service. It will also examine the progress being made at the Postal Service and the Postal Regulatory Commission (formerly the Postal Rate Commission) in implementing the Postal Accountability and Enhancement Act (Public Law 109-435), the comprehensive postal reform legislation signed into law by the President in December.

Witnesses: John E. Potter, Postmaster General and Chief Executive Officer, U.S. Postal Service; Dan G. Blair, Chairman, Postal Regulatory Commission; Kate Siggerud, Physical Infrastructure, GAO.

Federal Real Property: Real Waste in Need of Real Reform (May 24, 2007)

The hearing focused on the findings in the recent GAO High Risk List update on Federal real property management: Federal Real Property: Progress Made Toward Addressing Problems, but Underlying Obstacles Continue to Hamper Reform (GAO-07-349). It will also examine agencies' progress in implementing Executive Order 13327, issued in February 2004 a year after Federal real property management was first placed on GAO's High Risk list.

Witnesses: Clay Johnson, Deputy Director for Management, OMB; Mark L. Goldstein, Director, Physical Infrastructure, GAO; Boyd Rutherford, Assistant Secretary for Administration, USDA; David Winstead, Commissioner, Public Buildings Service, GSA; Phillip Grone, Deputy Under Secretary for Installations and Environment, DOD; Robert Henke, Assistant Secretary for Management, U.S. Department of Veterans Affairs (VA).

Meeting the Challenge: Are Missed Opportunities Costing Us Money? (June 28, 2007)

The hearing focused on the findings in a recent GAO report on the Department of Homeland Security's (DHS) challenges in modernizing its financial management systems: Homeland Security: Department-wide Integrated Financial Management Systems Remain a Challenge. It will also focus on the progress made by the department since GAO's prior report in putting into place the financial management systems and processes needed to support the department's mission and operations.

Witnesses: McCoy Williams, Director, Financial Management and Assurance, GAO; Keith Rhodes, Chief Technologist, Applied Research and Methods, Center for Engineering and Technology, GAO; David Norquist, Chief Financial Officer, DHS; Scott Charbo, Chief Information Officer, DHS.

Preparing for 2010: Is the Census Bureau Ready For the Job Ahead? (July 17, 2007)

The hearing focused on the efforts the Census Bureau has undertaken to date to prepare for the 2010 Census.

Witnesses: Louis I. Kincannon, Director, U.S. Census Bureau; Matthew J. Scirce, Director, Strategic Issues, GAO; David A. Powner, Director, Information Technology, GAO; Andrew Reamer, Fellow, Metropolitan Policy Institute, The Brookings Institution; Maurice McTigue, Vice President, Director of the Government Ac-

countability Project, and Distinguished Visiting Scholar Mercatus Center at George Mason University.

Views From the Postal Workforce on Implementing Postal Reform (July 25, 2007)

The hearing is the second the Subcommittee has held this year to take testimony on the implementation of the Postal Accountability and Enhancement Act of 2006, H.R. 6407, legislation that was signed into law in December.

Witnesses: William Burrus, President, American Postal Workers Union; John Hegarty, President, National Postal Mail Handlers Union; Donnie Pitts, President, National Rural Letter Carriers Association; William H. Young, President, National Association of Letter Carriers; Louis Atkins, Executive Vice President, National Association of Postal Supervisors; Dale Goff, President, National Association of Postmasters of the United States.

Service Standards at the Postal Service: Are Customers Getting What They Paid For? (August 2, 2007)

The hearing will be the third the Subcommittee has held this year to take testimony on the implementation of the Postal Accountability and Enhancement Act of 2006 (H.R. 6407), legislation that was signed into law in December. This hearing focused on the implementation of Title III of the Act, which calls for the creation of service standards for most postal products.

Witnesses: John E. Potter, Postmaster General, U.S. Postal Service; Dan G. Blair, Chairman, Postal Regulatory Commission; Jody Berenblatt, Senior Vice President for Postal Strategy, Bank of America; Anthony Conway, Executive Director, Alliance of Non-profit Mailers; Robert McLean, Executive Director, Mailers Council; James West, Director of Postal and Legislative Affairs, Williams-Sonoma, Inc.

High-Risk Information Technology Projects: Is Poor Management Leading to Billions in Waste? (September 20, 2007)

The hearing focused on the Office of Management and Budget's ability to properly analyze, track, and evaluate information system investments that have been poorly planned and underperforming. In addition, five agencies will be testifying on a separate panel regarding their own agency's management of projects that have been identified OMB as "at risk." This hearing is a follow-up to one held last September.

Witnesses: Hon. Karen Evans, Administrator for Electronic Government and Information Technology, Office of Management and Budget; David A. Powner, Director, Information Technology, Government Accountability Office; Barry West, Chief Information Officer, Department of Commerce; Daniel Mintz, Chief Information Officer, Department of Transportation; Michael Duffy, Deputy Assistant Secretary for Information Systems and Chief Information Officer, Department of Treasury; Scott Charbo, Chief Information Officer, Department of Homeland Security; Paul Brinkley, Deputy Undersecretary for Business Transformation, Department of Defense.

Cost Effective Airlift in the 21st Century (September 27, 2007)

The hearing focused on how to meet the U.S.'s strategic airlift demands in a cost effective way. Strategic Airlift allows the U.S. military to deliver much needed cargo, supplies, weapon systems, and troops anywhere in the world and also allows the U.S. to respond militarily to threats abroad in real time. This capability is currently being fulfilled admirably by the C-5 and the C-17.

As the strategic airlift fleet gets older, the question is how do we sustain this capability in a cost-effective manner? Two options are currently on the table: The first is to modernize existing C-5s in order to increase the performance and reliability of the C-5 fleet, and thus enhance the capability; the second option is to retire older C-5s and use the funding to procure newer C-17s. A clear decision on which option to pursue has not officially occurred, and this hearing will comprehensively explore the arguments for and against each option in order to achieve the most cost effective option.

Witnesses: Ms. Sue Payton, Assistant Secretary of the Air Force for Acquisition; General Norton A. Schwartz, Commander of U.S. Transportation Command; Mr. Christopher Bolkcom, Specialist in National Defense, Congressional Research Service; Larry J. McQuien, Vice President, Business Venture, Lockheed Martin Aeronautics Company.

Improving Financial and Business Management at the Department of Defense (October 16, 2007)

The hearing will examine the Department of Defense's (DOD) financial management as it relates to the department's overall business transformation process. This is a follow-up to a hearing held in August 2006.

The focus of the hearing will be on the Department of Defense's Financial Improvement and Audit Readiness (FIAR) plan, Enterprise Transition Plan (ETP), and how both plans link into DOD's overall business transformation strategy. There will be particular focus on the recent establishment of a Chief Management Officer within the department.

Witnesses: Hon. David Walker, Comptroller General, Government Accountability Office; Mr. J. David Patterson, Principal Deputy Under Secretary of Defense (Comptroller), Department of Defense; Mr. Paul Brinkley, Deputy Under Secretary, Business Transformation, Department of Defense; Mr. Dov S. Zakheim, former Under Secretary of Defense (Comptroller).

Single Audits: Are They Helping To Safeguard Federal Funds? (October 25, 2007)

The hearing will examine the implementation of the Single Audit Act, which as you know is a key mechanism used by the Federal Government to monitor hundreds of billions in Federal Grants and other types of Federal assistance annually.

The President's Council on Integrity and Efficiency issued a report in June 2007 that identified a number of issues related to the execution of these single audits. The report projected that based on the single audits reviewed in a statistical sample:

- 49 percent of the universe was acceptable and could be relied upon,
- 16 percent of the universe had significant deficiencies and was of limited reliability, and
- 35 percent of the universe was unacceptable and could not be relied upon.

The study noted that audits of entities that expended more than \$50 million were of noticeably higher quality than those that spent less than \$50 million.

The hearing focused on the results of this study and the various roles oversight organizations have in monitoring single audits. The hearing will also explore the study's recommendations and the potential impact that implementing the recommendations could have to help ensure Federal funds are safeguarded.

Witnesses: Jeanette Franzel, Director, Government Accountability Office (GAO develops governmental audit standards); Hugh Monaghan, Director, Non-Federal Audits, U.S. Department of Education Office of Inspector General; Daniel Werfel, Acting Controller, Office of Management and Budget; Mary Foelster, Director, Governmental Auditing and Accounting, American Institute of Certified Public Accountants.

Small Business Administration: Is the 7(a) Program Achieving Measurable Outcomes? (November 1, 2007)

The hearing focused on a recent report from GAO (GAO-07-769) on the Small Business Administration's efforts to measure the performance of its 7(a) loan program.

Witnesses: William B. Shear, Director, Financial Markets and Community Investment, Government Accountability Office; Grady Hedgespeth, Director of Financial Assistance, Office of Capital Access, Small Business Administration; Anthony R. Wilkinson, President and CEO, the National Association of Government Guaranteed Lenders; Veronique de Rugy, Senior Research Fellow, the Mercatus Center at George Mason University.

Management and Oversight of Contingency Contracting in Hostile Zones (January 24, 2008)

The focus of the joint hearing with the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia hearing will be contracting practices in Iraq and Afghanistan.

Witnesses: Stuart W. Bowen, Jr. Special Inspector General for Iraq Reconstruction; William M. Solis, Director, Defense Capabilities and Management, Government Accountability Office; Dina L. Rasor, Director, Follow the Money Project, and co-author of *Betraying Our Troops: The Destructive Results of Privatizing War*, with Robert H. Bauman, co-author *Betraying our Troops: The Destructive Results of Privatizing War*; First Sergeant Perry Jefferies, U.S. Army (Ret.); Hon. P. Jackson ("Jack") Bell, Deputy Under Secretary for Logistics and Materiel Readiness, Department of Defense; Gen. David M. Maddox, U.S. Army (Ret.), Former Commander-in-Chief, U.S. Army Europe; Member of the Gansler Commission; Ambassador John Herbst, Coordinator for Reconstruction and Stabilization, Department of State; William H. Moser, Deputy

Assistant Secretary for Logistics Management, Department of State; James R. Kunder, Acting Deputy Assistant Administrator, U.S. Agency for International Development.

Eliminating Agency Payment Errors (January 31, 2008)

The hearing focused on agencies' improper payments estimates for FY07. According to agencies' FY07 financial statements and a summary improper payments report set to be issued by OMB this week, nearly \$55 billion in improper payments are estimated to have been made in FY07. This is up from \$41 billion in FY06, \$38 billion in FY05, and \$45 billion in FY04. GAO has released an analysis of the new numbers in a January 23 report (GAO-08-377R) that includes a list of each agencies reported error estimates.

Witnesses: Danny Werfel, Deputy Controller, Office of Budget and Management; McCoy Williams, Managing Director, Financial Management and Assurance Team, U.S. Government Accountability Office; Charles Christopherson, Chief Financial Officer and Chief Information Officer, U.S. Department of Agriculture; Anthony Dale, Managing Director, Federal Communications Commission; Charles Johnson, Assistant Secretary and Chief Financial Officer, Resources and Technology; U.S. Department of Health and Human Services; David Rust, Acting Deputy Commissioner, Disability and Income Security Programs, U.S. Social Security Administration.

The State of the U.S. Postal Service One Year After Reform (March 5, 2008)

The Postal Accountability and Enhancement Act of 2006—the first major reform of the Postal Service in more than 30 years—was signed into law in December 2007. Since then, the Postal Rate Commission has become the Postal Regulatory Commission and, in October 2007, established a new postal pricing system mandated by the Act that features a CPI-based price cap. In addition, the Postal Service met its statutory mandate at the end of 2007 to publish a new set of service standards for its Market Dominant products that take into account such things as the new Act, the current mailing economy, and projected future demand and need for postal services.

Going forward, there are still a number of reports and other actions expected over the course of the year as a result of the Act. The Postal Service will be issuing a report in July on how it plans to reorganize itself, including its workforce and facilities network, to meet the new service standards it set last year. In addition, the Regulatory Commission is working to set new Postal Service accounting standards, to prepare its first annual report on whether the Postal Service is operating in compliance with the Act, and to publish a year-end report on the status and history of the Postal Service's universal service obligation and monopoly.

Witnesses: John E. Potter, Postmaster General/CEO, U.S. Postal Service; Dan G. Blair, Chairman, Postal Regulatory Commission.

Agencies in Peril: Are We Doing Enough To Protect Federal IT and Secure Sensitive Information (March 12, 2008)

The hearing will examine select agencies' compliance with and implementation of the Federal Information Security Management

Act (FISMA) that was passed under Title III of the E-Government Act of 2002. In addition, the hearing will review OMB's and agency CIOs ability to measure and track progress in implementing information security policies and procedures. The hearing focused on what constructive and proactive measures Congress, OMB, and agencies can undertake to cost-effectively secure government information systems.

Witnesses: Hon. Karen Evans, Administrator of E-Government and Information Technology, Office of Management and Budget; Gregory Wilshusen, Director, Information Security Issues, Government Accountability Office; Tim Bennett, President, Cyber Security Industry Alliance; Hon. Robert Howard, Department of Veteran Affairs; Susan Swart, Chief Information Officer, Department of State; Daren Ash, Chief Information Officer, Nuclear Regulatory Commission; Phil Heneghan, Chief Information Security Officer, U.S. Agency for International Development.

Addressing Iran's Nuclear Ambitions (April 24, 2008)

The focus of the hearing is what the most effective policy options are regarding Iran moving forward.

Witnesses: Mr. Jeffrey Feltman, Principal Deputy Assistant Secretary for Near Eastern Affairs, U.S. Department of State; Ms. Patricia McNerney, Principal Deputy Assistant Secretary for International Security and Nonproliferation, U.S. Department of State; Hon. Dennis Ross, Counselor and Ziegler Distinguished Fellow, Washington Institute for Near East Policy, and Former Middle East envoy in both George H.W. Bush and Bill Clinton Administrations; Hon. Stephen Rademaker, Senior Counsel, Barbour Griffith and Rogers, LLC, and Former Assistant Secretary of Arms Control and Nonproliferation under President George W. Bush, and Former National Security Advisor to Senate Majority Leader Bill Frist; Dr. Graham Allison, Director of the Belfer Center for Science and International Affairs and Douglas Dillon Professor of Government, Harvard University's John F. Kennedy School of Government, and Former Special Advisor to Secretary of Defense under President Reagan, and Former Assistant Secretary of Defense for Policy and Plans under President Clinton; Dr. Jim Walsh, Research Associate, Massachusetts Institute of Technology, and Former Executive Director of the Managing the Atom Project, Belfer Center for Science and International Affairs at Harvard University's John F. Kennedy School of Government.

National Archives Oversight: Protecting Our Nation's History for Future Generations (May 14, 2008)

This hearing will serve as the only Senate oversight hearing of the National Archives since at least 1997. It will provide a forum for the National Archives and outside groups to address Congress about previous accomplishments providing public access to Federal records, present challenges transitioning to electronic records management, and future opportunities to increase open access worldwide through the use of information technology.

Witnesses: Hon. Allen Weinstein, Ninth Archivist of the United States, National Archives and Records Administration. Weinstein was accompanied by Adrienne Thomas, Deputy Archivist of the

United States; Linda Koontz, Director, Information Management Issues, Government Accountability Office; Paul Brachfeld, Inspector General, National Archives and Records Administration; Patrice McDermott, Director, OpenGovernment.org; Thomas Blanton, Director, National Security Archives; Dr. Jim Henderson, Former State Archivist, State of Maine; Dr. Martin Sherwin, Pulitzer Prize-winning American Historian and University Professor of History, George Mason University.

Addressing the U.S.-Pakistan Strategic Relationship (June 12, 2008)

The focus of the hearing is what the most effective policy options are regarding Pakistan.

Witnesses: Don Camp, Principal Deputy Assistant Secretary of State for South and Central Asian Affairs, U.S. Department of State; K. Alan Kronstadt, Specialist in South Asian Affairs, Foreign Affairs, Defense and Trade Division, Congressional Research Service; Lisa Curtis, Senior Research Fellow, Asian Studies Center, The Heritage Foundation; Dr. Stephen P. Cohen, Senior Fellow, Foreign Policy Studies, The Brookings Institution; Michael Krepon, Co-Founder, The Henry L. Stimson Center.

In the Red: Addressing the Nation's Financial Challenges (June 26, 2008)

The hearing will examine the results of the fiscal year 2007 audit of the U.S. Government's consolidated financial statements and the status of the Federal Government's fiscal condition. The hearing will also focus on the government's reported long term fiscal challenge highlighted in the 2007 audit report and the government's first ever clean opinion on the Statement of Social Insurance.

Witnesses: Gene Dodaro, Comptroller General, Government Accountability Office; Danny Werfel, Acting Controller, Office of Management and Budget; Kenneth Carfine, Fiscal Assistant Secretary, U.S. Department of Treasury; Hon. David Walker, CEO and President, Peterson Foundation; Robert Bixby, CEO, Concord Coalition; James Horney, Director, Federal Fiscal Policies, Center on Budget and Policy Priorities; Hon. Maurice McTigue, Vice President, Mercatus Center at George Mason University, Regulatory Studies and Government Accountability Program.

Improving Federal Program Management Using Performance Information (July 24, 2008)

The hearing will consider what performance data government agencies have been collecting and measuring under key performance-based reform initiatives such as GPRA; the focus on performance as the centerpiece of the current Administration's President Management Agenda (PMA); and the Office of Management and Budget's (OMB) push for integration of budget and performance data using the Program Assessment and Rating Tool (PART). The hearing will examine the use of performance information in decisionmaking and resource allocation at Federal agencies. It will explore where and how performance information is successfully used in managing government programs and what remains to be done to support its more comprehensive use across government.

Finally, the hearing will attempt to lay out what a new management reform strategy for the 21st Century might include.

Witnesses: Hon. Martin O'Malley, Governor of Maryland; Bernice Steinhardt, Director for Strategic Issues, Government Accountability Office (GAO); Marcus C. Peacock, Deputy Administrator, U.S. Environmental Protection Agency (EPA); former official at Office of Management and Budget (OMB); Dr. Donald F. Kettl, Director of Fels Institute of Government and Robert A. Fox Professor of Leadership, University of Pennsylvania; James ("Jim") Dyer, Chief Financial Officer and Performance Improvement Officer, Nuclear Regulatory Commission (NRC); Scott Pace, Associate Administrator for Program Analysis and Evaluation and Performance Improvement Officer, National Aeronautics and Space Administration (NASA); Daniel Tucker, Deputy Assistant Secretary for Budget and Performance Improvement Officer, U.S. Department of Veterans Affairs (VA).

Offline and Off-budget: The Dismal State of Information Technology Planning in the Federal Government (July 31, 2008)

The hearing will highlight the current management, reporting, and oversight of the Federal Government's IT portfolio. The first panel will discuss the major reasons why agencies rebaseline their projects, whether appropriate guidance is in place, and what the Federal Government can do to make sure IT projects are delivered on-time and on-budget. The second panel will take a solutions-oriented approach to ensuring high-cost mission critical IT investments are effectively managed.

Witnesses: Karen Evans, Administrator for E-Government and Information Technology, Office of Management and Budget; Paul Denett, Administrator for Federal Procurement Policy, Office of Management and Budget; Dave Powner, Director, Information Management, Government Accountability Office; Al Grasso, Chief Executive Officer, Mitre Corporation; Dr. Norm Brown, Executive Director, Center for Program Transformation; Tom Jarrett, Secretary of the Department of Technology and Information, State of Delaware.

Reducing the Undercount in the 2010 Census (September 23, 2008)

The hearing will examine the Census Bureau's plans to achieve a complete and accurate count in the 2010 Census. Specific topics to be discussed are the significance of partnerships to ensuring accurate counts; the importance of culturally appropriate outreach; challenges to reaching and counting ethnic and racial minorities; the impact of the current immigration debate on future response rates to the decennial census; and the Bureau's efforts to ensure a diverse workforce.

Witnesses: Hon. Steven H. Murdock, Director, U.S. Census Bureau; Robert Goldenkoff, Director, Strategic Issues, U.S. Government Accountability Office; Hon. Kenneth Prewitt, Former Census Director Roderick Harrison, Director Databank, Joint Center for Political and Economic Studies; Karen Narasaki, President and Executive Director, Asian American Justice Center; Joseph Salvo, Director, Population Division, New York City Department of City

Planning; and Arturo Vargas, Executive Director, National Association of Latino Elected and Appointed Officials.

Addressing Cost Growth of Major Department of Defense Weapons Systems (September 25, 2008)

This hearing will look at how and why the majority of the Department of Defense's (DOD) major weapons systems have experienced \$295 billion in cost overruns and average schedule delays of 2 years. DOD's major weapon programs are some of the most expensive discretionary spending items in the Federal budget. A recent Government Accountability Office (GAO) study determined that the number of DOD's weapons programs that experience cost overruns and schedule delays has grown considerably since FY 2000. The reasons for these delays and cost growths must be thoroughly investigated in order to improve efficiency and curb wasteful spending. This hearing will examine the factors responsible for these delays and cost overruns and identify potential legislative solutions Congress can undertake.

Witnesses: Hon. James I. Finley, Deputy Under Secretary of Defense for Acquisition and Technology, U.S. Department of Defense; Michael J. Sullivan, Director, Acquisition Sourcing Management, U.S. Government Accountability Office; Steve L. Schooner, Associate Professor of Law and Co-Director of the Government Procurement Law Program, The George Washington University Law School; Clark A. Murdock, Senior Adviser, International Security Program, Center for Strategic and International Studies.

II. LEGISLATION

The following bills were considered by the Subcommittee on Federal Financial Management, Government Information, and International Security during the 110th Congress:

MEASURES REFERRED TO THE SUBCOMMITTEE UPON WHICH HEARINGS WERE HELD OR OTHER ACTION WAS TAKEN

S. 171—A bill to designate the facility of the United States Postal Service located at 301 Commerce Street in Commerce, Oklahoma, as the "Mickey Mantle Post Office Building."

S. 194—A bill to designate the facility of the United States Postal Service located at 1300 North Frontage Road West in Vail, Colorado, as the "Gerald R. Ford, Jr. Post Office Building."

S. 219—A bill to designate the facility of the United States Postal Service located at 152 North 5th Street in Laramie, Wyoming, as the "Gale W. McGee Post Office."

S. 295—Servitude and Emancipation Archival Research Clearing-House Act or the SEARCH Act—Directs the Archivist of the United States to establish, as part of the National Archives, a national database consisting of historic records of servitude and emancipation in the United States to assist African Americans in researching their genealogy. Requires the National Historical Publications and Records Commission to maintain the database.

S. 303—A bill to designate the facility of the United States Postal Service located at 324 Main Street in Grambling, Louisiana, shall be known and designated as the "Coach Eddie Robinson Post Office Building."

S. 412—A bill to designate the facility of the United States Postal Service located at 2633 11th Street in Rock Island, Illinois, as the “Lane Evans Post Office Building.”

S. 597—A bill to amend title 39, United States Code, to extend the authority of the United States Postal Service to issue a semipostal to raise funds for breast cancer research. Extends through December 31, 2011, provisions requiring the U.S. Postal Service to issue a special postage stamp for First-Class mail that costs not less than 15 percent more than the regular First-Class stamp to contribute funding for breast cancer research. Requires the National Institutes of Health (NIH) and the Department of Defense (DOD) to annually report to Congress and the Government Accountability Office (GAO) on the use of any such funding, including a description of any significant advances or accomplishments.

S. 619—Fair and Accurate Representation Act of 2007—Amends Federal census law to direct the Secretary of Commerce to adjust census figures as necessary so that illegal aliens are not counted for purposes of the apportionment of Representatives in Congress.

S. 1134—Transparency in Federal Funding Act of 2007—Requires each cabinet-level department and independent agency that administers a program containing an earmark in the preceding year to disclose annually to Congress whether any portion of such earmarked funds were retained by the agency or any other organization tasked with distributing them.

S. 1390—Perpetual Purple Heart Stamp Act—Directs the Postmaster General to provide for the issuance of a forever stamp (a stamp that meets First-Class postage requirements even if postage rates increase) to honor the sacrifices of the men and women of the Armed Forces who have been awarded the Purple Heart.

S. 1444—Supply Our Soldiers Act of 2007—Directs the Secretary of Defense to provide for a program under which postal benefits are provided to a member of the Armed Forces who is on active duty and who is either: (1) serving in Iraq or Afghanistan; or (2) hospitalized at a military medical facility as a result of such service. Provides the postal benefits in the form of coupons or other evidence of credit (vouchers) to use for postal-free mailings.

S. 1457—Mail Delivery Protection Act of 2007—Prohibits the U.S. Postal Service from contracting for the delivery of mail on any route with one or more families per mile. Allows existing contracts to remain in effect until terminated by their terms and to be renewed one or more times. (Chapter 52 of title 39, U.S. Code, was repealed by P.L. 109-435, the Postal Accountability and Enhancement Act.)

S. 1539—A bill to designate the post office located at 309 East Linn Street, Marshalltown, Iowa, as the “Major Scott Nisely Post Office.”

S. 1596—A bill to designate the facility of the United States Postal Service located at 103 South Getty Street in Uvalde, Texas, as the “Dolph S. Briscoe, Jr. Post Office Building.”

S. 1713—A bill to provide for the issuance of a commemorative postage stamp in honor of Rosa Parks.

S. 2107—A bill to designate the facility of the United States Postal Service located at 570 Broadway in Bayonne, New Jersey, as the “Dennis P. Collins Post Office Building.”

S. 2110—A bill to designate the facility of the United States Postal Service located at 427 North Street in Taft, California, as the “Larry S. Pierce Post Office.”

S. 2150—A bill to designate the facility of the United States Postal Service located at 4320 Blue Parkway in Kansas City, Missouri, as the “Wallace S. Hartsfield Post Office Building.”

S. 2534—A bill to designate the facility of the United States Postal Service located at 2650 Dr. Martin Luther King Jr. Street, Indianapolis, Indiana, as the “Julia M. Carson Post Office Building.”

S. 2583—Improper Payments Elimination and Recovery Act of 2008—Amends the Improper Payments Information Act of 2002 to require the head of each Federal agency to: (1) annually review all agency programs and identify those programs and activities that may be susceptible to significant improper payments; and (2) report on agency actions to reduce and recover improper payments. Defines “improper payment” as any payment that should not have been made, that was made in an incorrect or duplicate amount, or that was made to an ineligible recipient. Requires the Director of the Office of Management and Budget (OMB) to: (1) provide guidance to agencies for reducing improper payments, addressing risks, and establishing appropriate prepayment and postpayment internal controls; and (2) prepare an annual report with an identification of the compliance status of each agency in identifying improper payments and the delinquent programs responsible for the agency’s status. Requires Federal agencies with outlays of \$1 million or more to conduct a recovery audit of all programs and activities to assist in recouping improper payments. Requires: (1) each agency’s Inspector General to report each fiscal year on agency compliance with the Improper Payments Information Act of 2002 and this Act; (2) the head of an agency determined not to be in compliance for two consecutive fiscal years to expend available appropriations on intensified compliance; and (3) an agency determined not to be in compliance for three consecutive fiscal years, with a delinquent program reported for two of those years consecutively, to transfer 5 percent of the appropriations for each of delinquent program to the Treasury. Suspends appropriations to agencies that have an improper payment rate greater than 15 percent for three consecutive fiscal years until the agency’s Inspector General certifies that sufficient changes have been implemented to warrant resumed authorization of appropriations.

S. 2600—A bill to provide for the designation of a single ZIP code for Windsor Heights, Iowa.

S. 2622—A bill to designate the facility of the United States Postal Service located at 11001 Dunklin Road in St. Louis, Missouri, as the “William ‘Bill’ Clay Post Office.”

S. 2626—A bill to designate the facility of the United States Postal Service located at 160 East Washington Street in Chagrin Falls, Ohio, as the “Sergeant Michael M. Kashkoush Post Office Building.”

S. 2673—A bill to designate the facility of the United States Postal Service located at 10799 West Alameda Avenue in Lakewood, Colorado, as the “Felix Sparks Post Office Building.”

S. 2675—A bill to designate the facility of the United States Postal Service located at 201 West Greenway Street in Derby, Kansas, as the “Sergeant Jamie O. Maugans Post Office Building.”

S. 2725—A bill to designate the facility of the United States Postal Service located at 6892 Main Street in Gloucester, Virginia, as the “Congresswoman Jo Ann S. Davis Post Office.”

S. 3015—A bill to designate the facility of the United States Postal Service located at 18 S. G Street, Lakeview, Oregon, as the “Dr. Bernard Daly Post Office Building.”

S. 3082—A bill to designate the facility of the United States Postal Service located at 1700 Cleveland Avenue in Kansas City, Missouri, as the “Reverend Earl Abel Post Office Building.”

S. 3241—A bill to designate the facility of the United States Postal Service located at 1717 Orange Avenue in Fort Pierce, Florida, as the “CeeCee Ross Lyles Post Office Building.”

S. 3309—A bill to designate the facility of the United States Postal Service located at 2523 7th Avenue East in North Saint Paul, Minnesota, as the Mayor William “Bill” Sandberg Post Office Building.

S. 3317—A bill to designate the facility of the United States Postal Service located at 101 West Main Street in Waterville, New York, as the “Corporal John P. Sigsbee Post Office.”

S. 3350—A bill to provide that claims of the United States to certain documents relating to Franklin Delano Roosevelt shall be treated as waived and relinquished in certain circumstances. Declares that any claim of the United States to certain property relating to Franklin Delano Roosevelt, his family, or staff shall be treated as having been waived and relinquished on the day before any person makes a gift of such property to the National Archives and Records Administration. Specifies such property as any part of the collection of documents, papers, and memorabilia relating to Roosevelt, or any member of his family or staff, which was originally in the possession of Grace Tully and retained by her at the time of her death, and included in her estate.

S. 3384—Information Technology Investment Oversight Enhancement and Waste Prevention Act of 2008—Revises the requirement that each head of an executive agency identify, in strategic information resources management plans, any major information acquisition programs (or phase or increment) that have significantly deviated from the cost, performance, or schedule goals established for the program. Requires each Federal agency head primarily responsible for the information technology (IT) investment project under review, and the Director of the Office of Management and Budget (OMB), to jointly designate at least five of the agency’s most mission critical IT investment projects (or fewer, under certain circumstances) as core IT investment projects or core projects, after considering specified criteria. Requires the Chief Information Officer (CIO) of the Federal agency primarily responsible for the IT investment project under review, after receiving a quarterly report from the project manager, to determine if the project has significantly deviated, in cost, schedule, or performance variance, at least 20 percent from the Original Baseline. Requires a report of any significant deviation to the appropriate congressional committees and to the Government Accountability Office (GAO). Requires the agen-

cy's CIO, similarly, to: (1) determine if the project has grossly deviated, in cost, schedule, or performance variance, at least 40 percent from the Original Baseline; and (2) report such a deviation to the appropriate congressional committees and GAO if the agency head does not. Specifies remedial actions in the event of a gross deviation. Requires each agency head to establish a program meeting specified requirements to improve the agency's IT processes. Requires the Administrator of the Office of Electronic Government and Information and Technology at OMB (the E-Gov Administrator) to establish a small group of individuals (IT Strike Force) to assist agencies in avoiding significant and gross deviations in the cost, schedule, and performance of IT investment projects. Requires the E-Gov Administrator to carry out certain activities upon determining that there is reasonable cause to believe that a major IT investment project is likely to significantly or grossly deviate, including the receipt of inconsistent or missing data.

S. 3477—Presidential Historical Records Preservation Act of 2008—Authorizes appropriations for the National Historical Publications and Records Commission for FY 2010. Requires the Archivist of the United States, with the recommendation of the Commission, to make grants to eligible entities on a competitive basis to promote the historical preservation of, and public access to, historical records and documents relating to any President who does not have a presidential archival depository currently managed and maintained by the Federal Government pursuant to the Presidential Libraries Act of 1955. Defines eligible entities as specified tax-exempt organizations or state or local governments. Prohibits the use of grants for the maintenance, operating costs, or construction of any facility to house the historical records or documents. Prohibits the Commission from considering or recommending a grant application unless an entity establishes that it has met certain factors, including: (1) ensuring the preservation of, and access to, such historical works and collections of historical sources at no charge to the public; (2) having educational programs that make the use of such documents part of the entity's mission; and (3) having funds from non-federal sources in support of the entity's efforts to promote such preservation and access.

S. Res. 111—A resolution expressing the sense of the Senate that the Citizen's Stamp Advisory Committee should recommend to the Postmaster General that a commemorative stamp be issued honoring the life of Oskar Schindler.

S. Res. 269—A resolution expressing the sense of the Senate that the Citizens' Stamp Advisory Committee should recommend to the Postmaster General that a commemorative postage stamp be issued in honor of former United States Representative Barbara Jordan.

S. Res. 273—A resolution expressing the sense of the Senate that the United States Postal Service should issue a semipostal stamp to support medical research relating to Alzheimer's disease.

S. Res. 283—A resolution expressing the sense of the Senate that the United States Postal Service should discontinue the practice of contracting out mail delivery services.

S. Res. 497—A resolution expressing the sense of the Senate that public servants should be commended for their dedication and con-

tinued service to the Nation during Public Service Recognition Week, May 5 through 11, 2008.

S. Res. 680—A resolution to authorize the production of records by the Permanent Subcommittee on Investigations of the Committee on Homeland Security and Governmental Affairs.

S. Con. Res. 22—A concurrent resolution expressing the sense of the Congress that the Citizens' Stamp Advisory Committee should recommend to the Postmaster General that a commemorative postage stamp be issued to promote public awareness of Down syndrome.

S. Con. Res. 44—A concurrent resolution expressing the sense of Congress that a commemorative postage stamp should be issued honoring Rosa Louise McCauley Parks.

H.R. 390—Preservation of Records of Servitude, Emancipation, and Post-Civil War Reconstruction Act—Requires the Archivist of the United States to: (1) establish, as part of the National Archives, an electronically searchable database of historic records of servitude, emancipation, and post-Civil War reconstruction contained within Federal agencies, including the Southern Claims Commission Records, Records of the Freedmen's Bank, Slave Impressments Records, Slave Payroll Records, and the Slave Manifest, for genealogical and historical research; and (2) preserve relevant records. Requires the National Historical Publications and Records Commission to provide grants to states, colleges and universities, and genealogical associations to preserve records and establish databases of local records of such information. Requires such databases to be maintained by entities designated by the National Historical Publications and Records Commission.

H.R. 414—To designate the facility of the United States Postal Service located at 60 Calle McKinley, West in Mayaguez, Puerto Rico, as the "Miguel Angel Garcia Mendez Post Office Building."

H.R. 437—To designate the facility of the United States Postal Service located at 500 West Eisenhower Street in Rio Grande City, Texas, as the "Lino Perez, Jr. Post Office."

H.R. 1236—To amend title 39, United States Code, to extend the authority of the United States Postal Service to issue a semipostal to raise funds for breast cancer research.

H.R. 1260—To designate the facility of the United States Postal Service located at 6301 Highway 58 in Harrison, Tennessee, as the "Claude Ramsey Post Office."

H.R. 1335 —To designate the facility of the United States Postal Service located at 508 East Main Street in Seneca, South Carolina, as the "S/Sgt Lewis G. Watkins Post Office Building."

H.R. 1425—To designate the facility of the United States Postal Service located at 4551 East 52nd Street in Odessa, Texas, as the "Staff Sergeant Marvin "Rex" Young Post Office Building."

H.R. 1434—To designate the facility of the United States Postal Service located at 896 Pittsburgh Street in Springdale, Pennsylvania, as the "Rachel Carson Post Office Building."

H.R. 1617—To designate the facility of the United States Postal Service located at 561 Kingsland Avenue in University City, Missouri, as the "Harriett F. Woods Post Office Building."

H.R. 1722—To designate the facility of the United States Postal Service located at 601 Banyan Trail in Boca Raton, Florida, as the “Leonard W. Herman Post Office.”

H.R. 1734—To designate the facility of the United States Postal Service located at 630 Northeast Killingsworth Avenue in Portland, Oregon, as the “Dr. Martin Luther King, Jr. Post Office.”

H.R. 2025—To designate the facility of the United States Postal Service located at 11033 South State Street in Chicago, Illinois, as the “Willye B. White Post Office Building.”

H.R. 2077—To designate the facility of the United States Postal Service located at 20805 State Route 125 in Blue Creek, Ohio, as the “George B. Lewis Post Office Building.”

H.R. 2078—To designate the facility of the United States Postal Service located at 14536 State Route 136 in Cherry Fork, Ohio, as the “Staff Sergeant Omer T. ‘O.T.’ Hawkins Post Office.”

H.R. 2089—To facilitate the restoration of the native ecosystem on Santa Rosa Island within Channel Islands National Park, and for other purposes.

H.R. 2127—To designate the facility of the United States Postal Service located at 408 West 6th Street in Chelsea, Oklahoma, as the “Clem Rogers McSpadden Post Office Building.”

H.R. 2276—To designate the facility of the United States Postal Service located at 203 North Main Street in Vassar, Michigan, as the “Corporal Christopher E. Esckelson Post Office Building.”

H.R. 2563—To designate the facility of the United States Postal Service located at 309 East Linn Street in Marshalltown, Iowa, as the “Major Scott Nisely Post Office.”

H.R. 2765—To designate the facility of the United States Postal Service located at 44 North Main Street in Hughesville, Pennsylvania, as the “Master Sergeant Sean Michael Thomas Post Office.”

H.R. 3196—To designate the facility of the United States Postal Service located at 20 Sussex Street in Port Jervis, New York, as the “E. Arthur Gray Post Office Building.”

H.R. 3297—To designate the facility of the United States Postal Service located at 950 West Trenton Avenue in Morrisville, Pennsylvania, as the “Nate DeTample Post Office Building.”

H.R. 3308—To designate the facility of the United States Postal Service located at 216 East Main Street in Atwood, Indiana, as the “Lance Corporal David K. Fribley Post Office.”

H.R. 3325—To designate the facility of the United States Postal Service located at 235 Mountain Road in Suffield, Connecticut, as the “Corporal Stephen R. Bixler Post Office.”

H.R. 3382—To designate the facility of the United States Postal Service located at 200 North William Street in Goldsboro, North Carolina, as the “Philip A. Baddour, Sr. Post Office.”

H.R. 3468—To designate the facility of the United States Postal Service located at 1704 Weeksville Road in Elizabeth City, North Carolina, as the “Dr. Clifford Bell Jones, Sr. Post Office.”

H.R. 3518—To designate the facility of the United States Postal Service located at 1430 South Highway 29 in Cantonment, Florida, as the “Charles H. Hendrix Post Office Building.”

H.R. 3532—To designate the facility of the United States Postal Service located at 5815 McLeod Street in Lula, Georgia, as the “Private Johnathon Millican Lula Post Office.”

H.R. 3530—To designate the facility of the United States Postal Service located at 1400 Highway 41 North in Inverness, Florida, as the “Chief Warrant Officer Aaron Weaver Post Office Building.”

H.R. 3569—To designate the facility of the United States Postal Service located at 16731 Santa Ana Avenue in Fontana, California, as the “Beatrice E. Watson Post Office Building.”

H.R. 3572—To designate the facility of the United States Postal Service located at 4320 Blue Parkway in Kansas City, Missouri, as the “Wallace S. Hartsfield Post Office Building.”

H.R. 3721—To designate the facility of the United States Postal Service located at 1190 Lorena Road in Lorena, Texas, as the “Marine Gunnery Sgt. John D. Fry Post Office Building.”

H.R. 3730—United States-India Interparliamentary Exchange Act of 2007—Establishes the United States-India Interparliamentary Exchange Group.

H.R. 3803—To designate the facility of the United States Postal Service located at 3100 Cashwell Drive in Goldsboro, North Carolina, as the “John Henry Wooten, Sr. Post Office Building.”

H.R. 3911—To designate the facility of the United States Postal Service located at 95 Church Street in Jessup, Pennsylvania, as the “Lance Corporal Dennis James Veater Post Office.”

H.R. 3936—To designate the facility of the United States Postal Service located at 116 Helen Highway in Cleveland, Georgia, as the “Sgt. Jason Harkins Post Office Building.”

H.R. 3974—To designate the facility of the United States Postal Service located at 797 Sam Bass Road in Round Rock, Texas, as the “Marine Corps Corporal Steven P. Gill Post Office Building.”

H.R. 3988—To designate the facility of the United States Postal Service located at 3701 Altamesa Boulevard in Fort Worth, Texas, as the “Master Sergeant Kenneth N. Mack Post Office Building.”

H.R. 4010—To designate the facility of the United States Postal Service located at 100 West Percy Street in Indianola, Mississippi, as the “Minnie Cox Post Office Building.”

H.R. 4166—To designate the facility of the United States Postal Service located at 701 East Copeland Drive in Lebanon, Missouri, as the “Steve W. Allee Carrier Annex.”

H.R. 4185—To designate the facility of the United States Postal Service located at 11151 Valley Boulevard in El Monte, California, as the “Marisol Heredia Post Office Building.”

H.R. 4203—To designate the facility of the United States Postal Service located at 3035 Stone Mountain Street in Lithonia, Georgia, as the “Specialist Jamaal RaShard Addison Post Office Building.”

H.R. 4210—To designate the facility of the United States Postal Service located at 401 Washington Avenue in Weldon, North Carolina, as the “Dock M. Brown Post Office Building.”

H.R. 4211—To designate the facility of the United States Postal Service located at 725 Roanoke Avenue in Roanoke Rapids, North Carolina, as the “Judge Richard B. Allsbrook Post Office.”

H.R. 4240—To designate the facility of the United States Postal Service located at 10799 West Alameda Avenue in Lakewood, Colorado, as the “Felix Sparks Post Office Building.”

H.R. 4342—To designate the facility of the United States Postal Service located at 824 Manatee Avenue West in Bradenton, Florida, as the “Dan Miller Post Office Building.”

H.R. 4454—To designate the facility of the United States Postal Service located at 3050 Hunsinger Lane in Louisville, Kentucky, as the “Iraq and Afghanistan Fallen Military Heroes of Louisville Memorial Post Office Building,” in honor of the servicemen and women from Louisville, Kentucky, who died in service during Operation Enduring Freedom and Operation Iraqi Freedom.

H.R. 4774—To designate the facility of the United States Postal Service located at 10250 John Saunders Road in San Antonio, Texas, as the “Cyndi Taylor Krier Post Office Building.”

H.R. 5135—To designate the facility of the United States Postal Service located at 201 West Greenway Street in Derby, Kansas, as the “Sergeant Jamie O. Maugans Post Office Building.”

H.R. 5168—To designate the facility of the United States Postal Service located at 19101 Cortez Boulevard in Brooksville, Florida, as the “Cody Grater Post Office Building.”

H.R. 5220—To designate the facility of the United States Postal Service located at 3800 SW. 185th Avenue in Beaverton, Oregon, as the “Major Arthur Chin Post Office Building.”

H.R. 5395—To designate the facility of the United States Postal Service located at 11001 Dunklin Drive in St. Louis, Missouri, as the “William ‘Bill’ Clay Post Office Building.”

H.R. 5400—To designate the facility of the United States Postal Service located at 160 East Washington Street in Chagrin Falls, Ohio, as the “Sgt. Michael M. Kashkoush Post Office Building.”

H.R. 5477—To designate the facility of the United States Postal Service located at 120 South Del Mar Avenue in San Gabriel, California, as the “Chi Mui Post Office Building.”

H.R. 5479—To designate the facility of the United States Postal Service located at 117 North Kidd Street in Ionia, Michigan, as the “Alonzo Woodruff Post Office Building.”

H.R. 5483—To designate the facility of the United States Postal Service located at 10449 White Granite Drive in Oakton, Virginia, as the “Private First Class David H. Sharrett II Post Office Building.”

H.R. 5506—To designate the facility of the United States Postal Service located at 369 Martin Luther King Jr. Drive in Jersey City, New Jersey, as the “Bishop Ralph E. Brower Post Office Building.”

H.R. 5517—To designate the facility of the United States Postal Service located at 7231 FM 1960 in Humble, Texas, as the “Texas Military Veterans Post Office.”

H.R. 5528—To designate the facility of the United States Postal Service located at 120 Commercial Street in Brockton, Massachusetts, as the “Rocky Marciano Post Office Building.”

H.R. 5631—To designate the facility of the United States Postal Service located at 1155 Seminole Trail in Charlottesville, Virginia, as the “Corporal Bradley T. Arms Post Office Building.”

H.R. 5975—To designate the facility of the United States Postal Service located at 101 West Main Street in Waterville, New York, as the “Cpl. John P. Sigsbee Post Office.”

H.R. 6061—To designate the facility of the United States Postal Service located at 219 East Main Street in West Frankfort, Illinois, as the “Kenneth James Gray Post Office Building.”

H.R. 6085—To designate the facility of the United States Postal Service located at 42222 Rancho Las Palmas Drive in Rancho Mirage, California, as the “Gerald R. Ford Post Office Building.”

H.R. 6092—To designate the facility of the United States Postal Service located at 101 Tallapoosa Street in Bremen, Georgia, as the “Sergeant Paul Saylor Post Office Building.”

H.R. 6208—To designate the facility of the United States Postal Service located at 1100 Town and Country Commons in Chesterfield, Missouri, as the “Lance Corporal Matthew P. Pathenos Post Office Building.”

H.R. 6226—To designate the facility of the United States Postal Service located at 300 East 3rd Street in Jamestown, New York, as the “Stan Lundine Post Office Building.”

H.R. 6437—To designate the facility of the United States Postal Service located at 200 North Texas Avenue in Odessa, Texas, as the “Corporal Alfred Mac Wilson Post Office.”

H. Con. Res. 307—Expressing the sense of Congress that Members’ Congressional papers should be properly maintained and encouraging Members to take all necessary measures to manage and preserve these papers.

GAO REPORTS

GAO-07-274, Federal Capital: Three Entities’ Implementation of Capital Planning Principles Is Mixed, (02/23/2007)

GAO-07-361, 2010 Census: Census Bureau Should Refine Recruiting and Hiring Efforts and Enhance Training of Temporary Field Staff, (04/27/2007)

GAO-07-736, 2010 Census: Census Bureau Has Improved the Local Update of Census Addresses Program, but Challenges Remain, (06/14/2007)

GAO-07-717, U.S. Postal Service: Mail Processing Realignment Efforts Under Way Need Better Integration and Explanation, (06/21/2007)

GAO-07-536, Homeland Security: Departmentwide Integrated Financial Management Systems Remain a Challenge, (06/21/2007)

GAO-07-769, Small Business Administration: Additional Measures Needed to Assess 7(a) Loan Program’s Performance, (07/13/2007)

GAO-07-913, Department of Homeland Security: Challenges in Implementing the Improper Payments Information Act and Recovering Improper Payments, (09/19/2007)

GAO-08-79, Information Technology: Census Bureau Needs to Improve Its Risk Management of Decennial Systems, (10/05/2007)

GAO-08-45, U.S. Postal Service, Agencies Distribute Fund-raising Stamp Proceeds and Improve Reporting, (10/30/2007)

GAO-08-77, Improper Payments: Weakness in USAID’s and NASA’s Implementation of the Improper Payments Information Act and Recovery Auditing, (11/09/2007)

GAO-08-41, U.S. Postal Service Facilities: Improvements in Data Would Strengthen Maintenance and Alignment of Access to Retail Services, (12/10/2007)

GAO-08-16, DOD Travel Improper Payments: Fiscal Year 2006 Reporting Was Incomplete and Planned Improvement Efforts Face Challenges, (12/14/2007)

GAO-08-197, Federal Real Property: Strategy Needed to Address Agencies' Long-standing Reliance on Costly Leasing, (01/24/2008)

GAO-08-349, Federal Real Property: Corps of Engineers Needs to Improve Reliability of Its Real Property Disposal Data, (05/09/2008)

GAO-08-599, U.S. Postal Service: Mail-Related Recycling Initiatives and Possible Opportunities for Improvement, (06/03/2008)

GAO-08-787, U.S. Postal Service: Data Needed to Assess the Effectiveness of Outsourcing, (07/24/2008)

GAO-08-925, Information Technology: Agencies Need to establish Comprehensive Policies to Address Changes to Projects' Cost, Schedule, and Performance Goals, (07/31/2008)

GAO-08-432, Grants Management: Attention Needed to Address Undisbursed Balances in Expired Grant Accounts, (08/29/2008)

GAO-08-996, U.S. Postal Service: New Delivery Performance Measures Could Enhance Managers' Pay for Performance Program, (09/10/2008)

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE,
AND THE DISTRICT OF COLUMBIA

CHAIRMAN: DANIEL K. AKAKA

RANKING MINORITY MEMBER: GEORGE V. VOINOVICH

I. HEARINGS

The Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia held the following 00 hearings during the 110th Congress:

Lost in Translation: A Review of the Federal Government's Efforts to Develop a Foreign Language Strategy (January 25, 2007)

The hearing reviewed the Federal Government's efforts to improve the nation's language proficiency. According to the 2000 Census, only 9.3 percent of Americans speak both their native language and another language fluently, compared with 56 percent of citizens in the European Union. The inability of Federal law enforcement officers, intelligence officers, scientists, and military personnel to interpret information from foreign sources, as well as interact with foreign nationals, presents a threat to their mission and to the well being of our nation. It also risks the nation's economic security as U.S. companies lose an estimated \$2 billion a year due to inadequate cultural understanding.

In 2006, the Administration launched the National Security Language Initiative (NSLI) to coordinate efforts among the Intelligence Directorate and the Departments of Defense, Education, and State to address our national security language needs. However, hearing found shortfalls in NSLI, namely that the program was not sustainable, it lacks input from all stakeholders, and fails to address both national and economic security needs.

Witnesses: Panel I: Mr. Michael Dominguez, Principal Deputy Under Secretary of Defense for Personnel Readiness, U.S. Department of Defense; Ms. Holly Kuzmich, Deputy Chief of Staff to Secretary Spellings, U.S. Department of Education; Mr. Everette Jordan, Director, National Virtual Translation Center, on behalf of the Federal Bureau of Investigations; Panel II: Ms. Rita Oleksak, President, American Council on the Teaching of Foreign Languages; Mr. Michael Petro, Vice President and Director of Business and Government Policy, The Committee for Economic Development; and Dr. Diane Birckbichler, Director of the Foreign Language Center, Ohio State University.

Private Health Records: Privacy Implications of the Federal Government's Health Information Technology Initiative (February 1, 2007)

The hearing is intended to review the Federal Government's efforts to include privacy protections in the development of a nationwide interoperable health information technology (IT) strategy. Studies show that the use of health IT can save money, reduce medical errors, and improve the delivery of health services. As a result, in 2004, President Bush called for the widespread adoption of interoperable electronic health records within 10 years and issued an executive order that established the position of the National Coordinator for Health Information Technology. The National Coordinator is charged with developing and implementing a strategic plan to guide the nationwide implementation of interoperable health IT in both the public and private sectors.

Two months later, the Department of Health and Human Services (HHS) released a framework for strategic action to promote health IT, which calls on all levels of government to work with the private sector to stimulate change in the health care industry. In turn, the Office of Personnel Management (OPM) began to use its leverage as the administrator of the Federal Employees Health Benefit Program (FEHBP), which covers approximately eight million Federal employees, retirees, and their dependents, to expand the use of health IT. OPM, through its annual Call Letter to carriers, has been encouraging carriers to increase the use of electronic health records, electronic prescribing, and other health IT-related provisions.

In 2005, a Harris Interactive survey showed that 70 percent of Americans were concerned that an electronic medical records system would lead to sensitive medical records being exposed due to weak electronic security. Government Accountability Office (GAO) was asked to review the efforts of HHS and the National Coordinator to protect personal health information. GAO's report, which was released at the hearing, found that while HHS and the National Coordinator have taken steps to study the protection of personal health information, an overall strategy is needed to identify milestones for integrating privacy into the health IT framework; ensure privacy is fully addressed; and address key challenges associated with the nationwide exchange of information.

The hearing highlighted the need for HHS to integrate privacy into the nationwide health IT infrastructure and the loopholes in the Health Insurance Portability and Accountability Act that need to be addressed in order to move forward with health IT and protect the private health information of Federal employees and all Americans.

Witnesses: Panel I: Dr. Rob Kolodner, Interim National Coordinator for Health Information Technology, U.S. Department of Health and Human Services; Mr. Daniel Green, Deputy Assistant Director, Center for Employee and Family Support Policy, Strategic Human Resources Policy Division, Office of Personnel Management; Panel II: Mr. David Powner, Director Information Technology Management Issues, U.S. Government Accountability Office; Ms. Linda Koontz, Director Information Management Issues, U.S. Government Accountability Office; Mr. Mark A. Rothstein, Herbert

F. Boehl, Chair of Law and Medicine and the Director of the Institute for Bioethics, Health Policy and Law, University of Louisville School of Medicine; and Dr. Carol Diamond, Managing Director, Markle Foundation.

A Review of the Transportation Security Administration Personnel System (March 5, 2007)

The purpose of the hearing is to review the personnel management system for Transportation Security Administration (TSA) screeners and non-screeners. To secure the aviation industry after the terrorist attacks on September 11, 2001, Congress passed the Aviation and Transportation Security Act (ATSA), which, among other things, created TSA and federalized the aviation screening workforce. The Act required TSA to follow the personnel system for the Federal Aviation Administration (FAA), but the agency was allowed to employ, appoint, discipline, terminate, and fix the compensation, terms, and conditions of employment for Transportation Security Officers (TSOs) without regard to other laws. A year later, Congress passed the Homeland Security Act to merge 22 agencies, including TSA, into a Department of Homeland Security (DHS) in an effort to improve the Federal Government's ability to prevent and respond to terrorist attacks. The Homeland Security Act also provided broad personnel flexibility to DHS in order to quickly respond to threats and ensure that the Secretary had the flexibility to move resources as needed. However, the Act provided that DHS employee would have an independent and fair appeals process, full whistleblower rights, and collective bargaining. TSA was not included in this personnel system and as a result TSOs were left without many of the statutory protections for DHS employees.

Since 2001, TSA has faced high attrition rates, high numbers of workers compensation claims, and low employee morale. The hearing reviewed steps that TSA had taken to address these workforce issues, but also examined the claim by employee representatives that giving TSOs the same rights and protections as other employees at the FAA or DHS would solve the problems.

Witnesses: Panel I: Hon. Kip Hawley, Assistant Secretary of Homeland Security, Transportation Security Administration, Department of Homeland Security; and Panel II: Mr. John Gage, National President, American Federation of Government Employees

A Review of U.S. International Efforts to Secure Radiological Materials (March 13, 2007)

The hearing reviewed efforts by the U.S. Department of Energy (DOE) and U.S. Nuclear Regulatory Commission (NRC) to secure radiological materials through the IAEA and other multilateral organizations. The hearing also reviewed findings of the U.S. Government Accountability Office in its report, DOE's International Radiological Threat Reduction Program Needs to Focus Future Efforts on Securing the Highest Priority Radiological Sources."

Witnesses: Panel I: Mr. Richard Stratford, Director, Office of Nuclear Energy, Safety, and Security, U.S. Department of State, Mr. Andrew Bieniawski, Associate Deputy Administrator, National Nuclear Security Administration, U.S. Department of Energy, Ms. Janice Dunn Lee, Director, Office of International Programs, U.S.

Nuclear Regulatory Commission, Mr. Eugene Aloise, Director, Natural Resources and Environment, U.S. Government Accountability Office, Panel II: Dr. Brian Dodd, President, Health Physics Society, Dr. Charles Ferguson, Fellow for Science and Technology, Council on Foreign Relations, and Mr. Joel Lubenau, Certified Health Physicist.

Safeguarding the Merit Systems Principles: A Review of the Merit Systems Protection Board and the Office of Special Counsel (March 22, 2007)

The purpose of the hearing was to review how the Merit Systems Protection Board (MSPB) and the Office of Special Counsel (OSC) were meeting their statutory mission and discuss each agency's reauthorization request. Both MSPB and OSC were created by the Civil Service Reform Act of 1978 to safeguard the merit system principles and to help ensure that Federal employees are free from discriminatory, arbitrary, and retaliatory actions, especially against those who step forward to disclose government waste, fraud, and abuse. These protections are essential so that employees can perform their duties in the best interests of the American public. The enforcement of the merit system principles by MSPB and OSC helps ensure that the Federal Government is an employer of choice.

Over the past few years, both agencies have been criticized for failing to live up to their mission. For example, the most recent Federal employee satisfaction survey conducted by OSC shows that less than five percent of the respondents reported any degree of satisfaction with the results obtained by OSC while more than 92 percent were dissatisfied. Both agencies have also been criticized for their activities with respect to the interpretation of the Whistleblower Protection Act and other prohibited personnel practices, including protections against sexual orientation discrimination. The hearing reviewed MSPB's and OSC's interpretation and application of these laws, Federal employee views of each agency, and the legislative proposals submitted by each agency to be included in their reauthorization bill.

Witnesses: Hon. Neil McPhie, Chairman, U.S. Merit Systems Protection Board, and Hon. Scott Bloch, Special Counsel, U.S. Office of Special Counsel.

Understanding the Realities of REAL ID: A Review of Efforts To Secure Drivers' Licenses and Identification Cards (March 26, 2007)

The Subcommittee held a hearing to review the proposed regulations released by the Department of Homeland Security (DHS) on March 1, 2007, implementing the REAL ID Act of 2005. REAL ID was enacted in response to the terrorist attacks on September 11, 2001, and the recommendation of the 9-11 Commission for the Federal Government set standards for issuing sources of identification, such as drivers' licenses. In December 2004, Congress passed the Intelligence Reform and Terrorism Prevention Act (IRTPA) to establish a negotiated rulemaking process among the Federal Government, State, and local governments, privacy groups, and other stakeholders to develop standards for drivers' licenses and identification cards. Shortly thereafter, Congress passed the REAL ID

Act, without any congressional hearings, which replaced the negotiated rulemaking process of the IRTPA.

Concerns about REAL ID have been raised by state and local government officials as it is an unfunded mandate estimated to cost nearly \$17.2 billion and by privacy advocates who believe the Act poses a real threat to privacy and civil liberties. As a result, over half of the nation's state legislatures, 28, have introduced or passed legislation expressing concern or calling for the repeal of REAL ID. Two states, Maine and Idaho, have passed legislation to opt out of complying with REAL ID. The hearing reviewed the proposed regulations to implement the program and the need for Federal funding, flexibility to states in implementing the Act, and the need for improvements to protect privacy and civil liberties.

Witnesses: Panel I: Hon. Richard C. Barth, Ph.D., Assistant Secretary for the Office of Policy Development, Department of Homeland Security; Panel II: Hon. Leticia Van de Putte, Texas State Senator and President, National Conference of State Legislatures; Hon. Mufi Hannemann, Mayor, City and County of Honolulu Hawaii (accompanied by Mr. Dennis Kamimura, Licensing Administrator, City and County of Honolulu); Mr. David Quam, Director of Federal Relations, National Governors Association; Mr. Timothy Sparapani, Legislative Counsel for Privacy Rights, American Civil Liberties Union; and Mr. Jim Harper, Director of Information Policy Studies, The Cato Institute

Federal Government's Role in Empowering Americans to Make Informed Financial Decisions (April 30, 2007)

This oversight hearing examined the status and effectiveness of Federal financial literacy programs, including the Financial Literacy and Education Commission, of which Senator Akaka has been a strong supporter.

Government and private studies, statistics, and national surveys indicate that far too many Americans of all ages lack the knowledge to make informed decisions regarding their personal finances. Lack of understanding and uncertainty about financial matters and decision-making leaves individuals vulnerable to negative consequences, which include excessive credit card and household debt, payment of excessive fees, and an inability to save for retirement, a first home, education, or other long-term goals. Financial decision-making has become so complicated that most individuals would benefit from further financial education.

The hearing highlighted the need for continued investment in expanding financial literacy. It heard that Federal efforts to date have been positive though more Federal investment could improve consumer financial literacy. The hearing also highlighted the need to invest more in early financial literacy education in elementary and secondary schools in order to create a foundation for young Americans to make informed financial decisions.

Witnesses: Panel I: Sheila C. Bair, Chairman, Federal Deposit Insurance Corporation; Panel II: Morgan Brown, Assistant Deputy Secretary for Innovation and Improvement, Department of Education; Dan Iannicola, Jr., Deputy Assistant Secretary for the Office of Financial Education, Department of the Treasury; Robert F. Danbeck, Associate Director of Human Resources Products and

Services, Office of Personnel Management; Yvonne D. Jones, Director of Financial Markets and Community Investment, Government Accountability Office; Stephen Brobeck, Executive Director, Consumer Federation of America; Robert F. Duvall, President and CEO, National Council on Economic Education.

Managing the Department of Homeland Security: A Status Report on Reform Efforts by the Under Secretary for Management (May 10, 2007)

The purpose of the hearing was to review the Department of Homeland Security's (DHS) management challenges, the status of the development of a comprehensive management strategy for the Department, and needed improvements.

The March 2003 formation of DHS, which is the third-largest cabinet agency, was the largest restructuring of the Federal Government since the creation of the Department of Defense in 1947. DHS continues to face significant management and organizational challenges. In particular, the hearing highlighted the Department's human capital challenges, including improving employee recruitment, retention, and morale; the Department's inadequate acquisitions oversight, particularly with large-scale projects such as the Coast Guard's Deepwater project and Customs and Border Protection's Secure Border Initiative; and DHS's difficulty creating integrated and effective financial management and information technology systems.

Witnesses: Paul Schneider, Under Secretary for Management, DHS, and David Walker, Comptroller General, Government Accountability Office (GAO).

Evaluating the Progress and Identifying Obstacles in Improving the Federal Government's Security Clearance Process (May 17, 2007)

This hearing assessed progress in addressing the longstanding backlog of security clearance investigations and the overall timeliness of the clearance process. The hearing examined obstacles to reducing backlogs and completing clearances in a timely manner, as well as roadblocks to improving the security clearance process, including but not limited to budgetary, human capital, and technology issues.

The number of clearance requests from the Department of Defense (DOD) skyrocketed after the terrorist attacks of September 11, 2001. In 2005, the Government Accountability Office (GAO) placed the Department of Defense Security Clearance process on the GAO High Risk List due to a mounting backlog of clearance requests as well as DOD's inability to manage the backlog. In February 2005, DOD transferred its investigative function to the Office of Personnel Management's Federal Investigative Services Division (OPM/FISD). However, many security clearances still take in excess of one year to complete.

The hearing found that the players in the clearance process were struggling to meet timeliness benchmarks established under the Intelligence Reform and Terrorism Prevention Act (IRTPA). Some of the challenges that OPM appears to face are an outdated clear-

ance process that relies heavily on paper, and inadequate technology that slows the process considerably.

Witnesses: Panel I: Hon. Clay Johnson, Deputy Director for Management, Office of Management and Budget; Kathy Dillaman, Associate Director, Federal Investigative Services Division, Office of Personnel Management; Robert Andrews, Deputy Under Secretary of Defense for Counterintelligence and Security, accompanied by Kathleen Watson, Director, Defense Security Service; Derek Stewart, Director of Military and Civilian Personnel Issues, U.S. Government Accountability Office; Panel II: Tim Sample, President, Intelligence and National Security Alliance; Doug Wagoner, Chief Operating Officer, Sentrillion, representing the Information Technology Association of America.

Up, Up, and Away! Growth Trends in Health Care Premiums for Active and Retired Federal Employees (May 18, 2007)

The hearing assessed the impact of rising health care premiums on Federal workers and retirees, the use of the Office of Personnel Management's (OPM) negotiating authority on health care premiums, and ways health care premiums could be reduced. The Government Accountability Office released a report "Federal Employee Health Benefits Program: Premium Growth has Slowed, and Varies among Participating Plans" in December 2006. The report and the hearing criticized OPM for deciding not to apply for the Medicare Part D employer subsidy, for which it is eligible. Furthermore, OPM denied the Postal Service the opportunity to apply for the subsidy as an independent government agency operating with out any appropriated funds. The answers provided to the Chairman and Ranking Member did not satisfy the criticisms and the witness from OPM admitted that premium rates would have dropped should OPM have applied for the subsidy.

Witnesses: Panel I: Nancy Kichak, Associate Director and Chief Actuary, Strategic Human Resources Policy Division, U.S. Office of Personnel Management; John Dicken, Director, Health Care Team, U.S. Government Accountability Office; Panel II: Stephen Gammarino, Senior Vice President, national Programs, Blue Cross Blue Shield Association; Alan Lopatin, Legislative Counsel, National Active and Retired Federal Employees Association

GAO Personnel Reform: Does it Meet Expectations? (May 22, 2007)

The Subcommittee held a joint hearing with the House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia to examine the personnel system for the Government Accountability Office (GAO) and the implementation of the GAO Human Capital Reform Act of 2004, which allowed GAO to decouple employee pay increases from the General Schedule and implement a pay for performance system.

Over the last 15 months, Congress has conducted oversight, and more recently, investigated the implementation of GAO's new personnel system to determine if it meets the aforementioned criteria and whether or not it should be replicated government-wide. The hearing reviewed information discovered by the investigation and concerns regarding the fact that GAO employees who were meeting and exceeding expectations in 2006 and 2007 did not receive the

annual across the board increase that all other Federal employees received; the lack of transparency in the new GAO personnel system and employee involvement in the development of the system; and the lack of due process for analysts in Band II who were not placed in Band IIB.

Witnesses: Panel I: Hon. David Walker, Comptroller General, Government Accountability Office; Ms. Anne Wagner, General Counsel, Personnel Appeals Board, Government Accountability Office; Panel II: Mr. Ronald Stroman, Managing Director, Office of Opportunity and Inclusiveness, Government Accountability Office; Mr. Curtis Copeland, Specialist in American National Government, Congressional Research Service; Mr. Jon Shimabukuro, Attorney, American Law Division, Congressional Research Service; Ms. Jane K. Weizmann, Senior Consultant, Watson Wyatt Worldwide; Dr. Charles H. Fay, Professor of Human Resource Management, Rutgers University School of Management and Labor Relations; Mr. Max Stier, President and CEO, Partnership for Public Service; Mr. Greg Junemann, International Federation of Technical and Professional Engineers; Dr. Barry J. Seltser, Former Director, Center for Design, Government Accountability Office; and Ms. Janice M. Reece, Former General Counsel, Personnel Appeals Board, Government Accountability Office

DHS's Acquisition Organization: Who is Really in Charge? (June 7, 2007)

This hearing examined the Department of Homeland Security's (DHS) acquisition organization and looked at the current state of the Department's acquisition management. In particular, this focused on the relationship between the Office of the Chief Procurement Officer (CPO), the Chief Acquisition Officer (CAO), and individual acquisition organizations within DHS, as well as lessons learned from problematic acquisitions, including Deepwater.

The formation of the Department of Homeland Security was the single largest restructuring of the Federal Government since the creation of the Department of Defense in 1947, bringing together 22 Federal agencies and offices. In fiscal year 2006, DHS spent over \$15 billion on contracts for goods and services, making it third in line behind the Departments of Defense and Energy in contract spending. Several of the agencies that were brought together under DHS already had their own acquisition organizations which stayed largely intact. All but two of these organizations—the U.S. Coast Guard and the Secret Service—were brought under partial authority of DHS's Chief Acquisition Officer.

The hearing found that despite the complex acquisition organization at DHS, there was good cooperation between component agencies and the Office of Procurement Operations, headed by the CPO. The hearing heard testimony from the Coast Guard, which credited increased focus on acquisitions, especially in the Deepwater contract, in improving acquisition outcomes. The Subcommittee, however, remained concerned that better oversight may be needed in other large contracts, especially SBI.net. Overall, the hearing found that DHS suffers from the same acquisition management challenges that face the rest of the Federal Government, especially in the acquisition workforce.

Witnesses: Paul Schneider, Under Secretary for Management, Department of Homeland Security; John P. Hutton, Director, Acquisition and Sourcing Management, Government Accountability Office; Rear Admiral John P. Carrier, Assistant Commandant for Acquisition, United States Coast Guard.

Assessing Telework Policies and Initiatives in the Federal Government (June 12, 2007)

The hearing examined the current government-wide telework policies and ways that agencies can improve participation and utilization of this program. The Subcommittee also solicited input on improving the Telework Enhancement Act of 2007 (S. 1000), introduced by Senators Ted Stevens and Mary Landrieu and referred to your Subcommittee, to expand telework eligibility and establish a position at each agency for the development and implementation of telework programs. Telework policies have been slowed due to resistance from agency leaders and managers. However, witnesses cited the need for robust telework policies to improve agency recruitment and retention of a talented workforce, reduce overall traffic congestion and commute times, reduce environmental pollutants, and save agencies money on overhead costs.

Witnesses: Panel I: Daniel Green, Deputy Associate Director, Center for Employee and Family Support Policy, Office of Personnel Management; Hon. Jon Dudas, Under Secretary of Commerce for Intellectual Property and Director, U.S. Patent and Trademark Office; Stan Kaczmarczyk, Principal Deputy Associate Administrator for Government-Wide Policy, General Services Administration; Bernice Steinhardt, Director of Strategic Issues, Government Accountability Office; Panel II: Tom Davison, Trustee of the Board, Federal Managers Association; Stephen O’Keeffe, Executive Officer, Telework Exchange; David Isaacs, Government Affairs Director, Hewlett-Packard, Inc.

From Warehouse to Warfighter: An Update On Supply Chain Management at DOD (July 10, 2007)

The hearing focused on the progress made by the Department of Defense (DOD) in improving supply chain management since the Subcommittee’s last hearing on July 25, 2006. In particular, the hearing examined at progress in implementing the Supply Chain Management Improvement Plan, and the status of initiatives in that plan, with a focus on Joint Theater Logistics.

The goal of supply chain management is to deliver the “right items to the right place at the right time” to the warfighter. The Department of Defense (DOD) relies on a number of individual processes and activities, which collectively make up supply chain management to purchase, produce, and deliver products and services to operational military forces during wartime or contingency operations. Since the 1990’s, the Government Accountability Office (GAO) has identified DOD’s supply chain management as a high-risk area because of high inventory levels and a supply system that is not responsive enough to the needs of the warfighter.

The hearing found that much progress has been made in improving supply chain management, including the implementation of Joint Theater Logistics, more needs to be done. The hearing high-

lighted the need for increased coordination between the many players in the supply chain, as well as the need to develop specific objectives and plans to give the Department direction in moving forward with future supply chain initiatives.

Witnesses: Hon. Jack Bell, Deputy Under Secretary for Logistics, Department of Defense; General Norton Schwartz, U.S. Air Force, Commander, U.S. Transportation Command; Lieutenant General Dail, U.S. Army, Director, Defense Logistics Agency; Bill Solis, Director, Defense Capabilities and Management, Government Accountability Office.

Great Expectations: Assessments, Assurances, and Accountability in the Mayor's Proposal to Reform the District of Columbia's Public School System (July 19, 2007)

The hearing examined D.C. Mayor Adrian Fenty's recently approved proposal to assume control of the D.C. Public Schools (DCPS) and review his implementation plan, establish expectations, and ensure accountability in this effort. While they had not fully developed plans for reforming the schools, the Mayor's leadership team discussed ways in which they planned to bring about changes to the physical structures within the school system, the quality of the teachers, and the overall administration of the system. The Chairman was pleased with the ongoing efforts of the Mayor and his leadership team. He and the Ranking Member requested that the Government Accountability Office conduct a short-term and long-term study of the reform efforts in the system, and they plan to hold future oversight hearings.

Witnesses: Hon. Adrian Fenty, Mayor of the District of Columbia; Ms. Michelle Rhee, Chancellor of Education for the District of Columbia; Mr. Robert C. Bobb, President of the State Board of Education; Mr. Victor Reinoso, Acting Deputy Mayor for Education for the District of Columbia; Ms. Deborah A Gist, State Superintendent of Education; and Mr. Allen Y. Lew, Executive Director of the Office of Public Education Facilities Modernization for D.C. Public Schools.

Building a Stronger Diplomatic Presence (August 1, 2007)

The first part of this hearing examined what the State Department has done to address staffing needs and its ability to direct resources to areas of the world that present the greatest diplomatic challenges. It will also examine steps taken by the Department to develop a staff with the linguistic, cultural, and management skills necessary to meet these challenges. The hearing also heard the views and recommendations of knowledgeable representatives from the diplomatic and audit communities on how the U.S. can promote greater American participation in international organizations.

Witnesses: Panel I: Ambassador Heather Hodges, Acting Director General, Department of State, Mr. James Warlick, Principal Deputy Assistant Secretary, Bureau of International Organizations, Department of State; Panel II: Mr. Jess T. Ford, Director, Foreign Affairs Management, International Affairs and Trade, U.S. Government Accountability Office, Mr. Thomas Melito, Director, Multilateral Organizations and International Finance, International Affairs and Trade, U.S. Government Accountability Office; Panel III: Mr.

John Naland, President, American Foreign Service Association, Ambassador Thomas Boyatt, Ambassador, Retired, President and CEO, Foreign Affairs Council and Ms. Deborah Derrick, Executive Director, Better World Campaign, United Nations Foundation.

*The Role of Federal Executive Boards in Pandemic Preparedness
(September 28, 2007)*

The hearing examined a recent Government Accountability Report (GAO) report entitled “The Federal Workforce: Additional Steps Needed to Take Advantage of Federal Executive Boards’ Ability to Contribute to Emergency Operations” (GAO-07-515). The Office of Personnel Management (OPM) and the Federal Emergency Management Agency testified that they have been working together since 2004 to develop a strategic plan to use Federal Executive Boards in the overall response effort to a public health, natural, or man-made disaster, and are close to finishing the strategic plan. The Federal Executive Board (FEBs) witnesses from around the country testified that inconsistencies in resources and organizational structures were weaknesses that hindered their efforts to keep the Federal communities prepared and informed in the event of an emergency.

The Chairman was very interested in seeing a final copy of OPM’s strategic plan for FEBs. He and the Ranking Member also asked the GAO to conduct a report on the preparedness of Federal agencies in the event of a pandemic.

Witnesses: Panel I: Ms. Bernice Steinhardt, Director Strategic Issues, Government Accountability Office; Mr. Kevin Mahoney, Associate Director, Human Capital Leadership and Merit System Accountability Division, Office of Personnel Management; Mr. Art Cleaves, Regional Administrator, Region 1, Federal Emergency Management Agency; Panel II: Mr. Ray Morris, Executive Director, Federal Executive Board of Minnesota; Ms. Kimberly Ainsworth, Executive Director, Greater Boston Federal Executive Board; and Mr. Michael Goin, Executive Director, Cleveland Federal Executive Board.

Preparing the National Capital Region for a Pandemic (October 2, 2007)

The hearing reviewed the efforts being made by the District of Columbia, Maryland, Virginia, the OGM Subcommittee, the local jurisdictions, and the Federal Government to prepare the National Capital Region for a pandemic influenza outbreak. This was the third OGM Subcommittee hearing on strategic planning and preparedness in the National Capital Region (NCR) in the past two years, and was the second in a series of three hearings the Subcommittee is holding on pandemic influenza preparedness. The witnesses testified to the pandemic response plans in the region and the steps being taken to address overall preparedness of the NCR in the event of such an emergency. The witnesses discussed three main areas related to pandemic influenza preparedness: funding and support of emergency response for pandemic planning in the NCR, evaluating the development and exercising of strategic plans, and the issues related to treatment in the event of an outbreak.

According to the State of Virginia, they would be ready if a pandemic outbreak were to occur. However, the same confidence was not expressed by the other witnesses leading the Chairman to believe that more needed to be done to prepare the region for hospital surge capacity, triage protocols, and overall communication between the Federal Government and the local governments.

Witnesses: Dr. Kevin Yeskey, M.D. Deputy Assistant Secretary, Office of Preparedness and Emergency Operations, U.S. Department of Health and Human Services; Mr. Chris Geldart, Director, Office of National Capital Region, Department of Homeland Security; Mr. Darrell Darnell, Director, Homeland Security and Emergency Management, District of Columbia; Mr. Robert Mausekoff, Director Emergency Operations, Planning and Logistics, Virginia Department of Health.

Forestalling the Coming Pandemic: Infectious Disease Surveillance Overseas (October 4, 2007)

The hearing examined a number of U.S.-funded programs to help developing countries, particularly those at risk for pandemic disease outbreaks, to conduct emerging disease surveillance. Such surveillance is conducted in order to identify disease threats and to take measures to isolate them before they spread to other countries.

Witnesses: Panel I: David Gootnick, Director, International Affairs and Trade, U.S. Government Accountability Office (GAO), Dr. Ray Arthur, Director, Global Disease Detection Operations Center, CDC, Dr. Kimotho Smith, DHS, Colonel Ralph Erickson, Director, Department of Defense Global Emerging Infections System (GEIS), Walter Reed Army Institute of Research, Dr. Kent Hill, Assistant Administrator for Health, US Agency for International Development (USAID); Panel II: Mr. Nathan Flesness, Executive Director, International Species Information System (ISIS) Office, Dr. Daniel Janies, Assistant Professor, Department of Biomedical Informatics, Ohio State University Medical Center and Dr. James Wilson, Director, Division of Integrated Biodefense, Imaging Science and Information Systems Center (ISIS), Georgetown University.

The Perils of Politics in Government: A Review of the Scope and Enforcement of the Hatch Act (October 18, 2007)

The purpose of this hearing is to examine the scope of the Hatch Act, how it is enforced, and whether the Act needs to be enhanced or clarified.

The Hatch Act restricts the political activity of employees of the Federal Government, the District of Columbia, and certain state and local employees. The purposes of the Hatch Act include ensuring that Federal resources are not directed for partisan political goals; promoting a merit-based Federal civil service system, rather than a political spoils system; and protecting Federal employees from being coerced to participate in political activities.

The hearing highlighted uneven enforcement of the Hatch Act, which in recent years has been enforced against civil servants for relatively trivial actions while high-level appointees and White House officials effectively are insulated from punishment. Additionally, the hearing underscored the need to ensure that Federal em-

ployees receive complete and accurate information to understand their obligations under the Hatch Act.

Witnesses: Panel I: James Byrne, Deputy Special Counsel, U.S. Office of Special Counsel; Ana Galindo-Marrone, Hatch Act Unit Chief, U.S. Office of Special Counsel; Chad Bungard, General Counsel, Merit Systems Protection Board; Panel II: Colleen Kelley, National President, National Treasury Employees Union; John Gage, National President, American Federation of Government Employees; and Thomas Devine, Legal Director, Government Accountability Project.

*Human Capital Needs of the U.S. Customs and Border Protection
“One Face at the Border” Initiative (November 13, 2007)*

The hearing reviewed the results of a Government Accountability Office (GAO) report on the traveler inspection process at land and air ports of entry, entitled *Border Security: Despite Progress, Weaknesses in Traveler Inspections Exist at Our Nation’s Ports of Entry* (GAO-08-219).

The hearing highlighted serious weaknesses in the traveler inspection process at ports of entry revealed by GAO’s review. The central cause of these weaknesses is a critical shortage of CBP officers, which has led to CBP cutting back on training and proactive inspection activities. Additionally, the understaffing is leading to forced overtime and contributing to low morale and high turnover rates.

Senator Akaka noted that CBP officers do not receive the same law enforcement benefits that law enforcement officers in Border Patrol and other agencies receive, and he stated that Congress should remedy that inequity to help CBP attract and retain qualified officers.

Witnesses: Panel I: Paul Morris, Executive Director, Admissibility Passenger Programs, Office of Field Operations, U.S. Customs and Border Protection (CBP), Department of Homeland Security; Richard Stana, Director, Homeland Security and Justice Issues, GAO; Panel II: Colleen Kelley, National President, National Treasury Employees Union.

*Not a Matter of “If” But of “When”: The Status of U.S. Response
Following a RDD Attack (November 15, 2007)*

The Subcommittee held a joint hearing with the Ad Hoc Subcommittee on State, Local, and Private Sector Preparedness and Integration on November 15, 2007.

The hearing examined our national level of preparedness to respond to a terrorist attack using a radiological dispersion device or “dirty bomb” and, in particular, at how the U.S. Department of Homeland Security coordinates with other agencies within the Federal Government, such as the Department of Energy and Department of Health and Human Services, as well as coordination with and capabilities of regional, State and local governments to respond to a dirty bomb attack.

Witnesses: Mr. Eugene Aloise, Director, Natural Resources and Environment, U.S. Government Accountability Office (GAO), Mr. Glenn M. Cannon, Assistant Administrator for Disaster Operations, Federal Emergency Management Agency, U.S. Department

of Homeland Security (DHS), Dr. Steven Aoki, Deputy Undersecretary of Energy for Counterterrorism, Department Of Energy/National Nuclear Security Administration, Thomas P. Dunne, Associate Administrator for Homeland Security, Environmental Protection Agency (EPA), Dr. Kevin Yeskey, Deputy Assistant Secretary for Preparedness and Response, Department of Health and Human Services (HHS), accompanied by Dr. Richard J. Hatchett, Associate Director for Radiation Countermeasures Research and Emergency Preparedness, at the National Institute for Allergy and Infectious Diseases (NIAID), National Institutes of Health, HHS, Dr. Thomas Tenforde, National Council on Radiation Protection and Measurements, Mr. Wayne Tripp, Domestic Preparedness Equipment Training Assistance Program, and Mr. Ken Murphy, Oregon Department of Emergency Management.

Prioritizing Management: Implementing Chief Management Officers at Federal Agencies (December 13, 2007)

The hearing examined recent legislative and agency action to improve management at Federal agencies through the establishment of Chief Management Officers (CMO), and reviewed a recent Government Accountability Office (GAO) report entitled, "Organizational Transformation: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies" (GAO-08-34). Mr. Johnson and Mr. Walker engaged in a lively debate about the importance of a second deputy secretary for management, and whether such a position was necessary especially as the Federal Government transitions to a new administration. The Chairman and Ranking Member continued to see a need for management to be addressed by a dedicated senior level agency official.

Witnesses: Mr. Clay Johnson, Deputy Director for Management, White House Office of Management and Budget; Mr. Paul Brinkley, Deputy Under Secretary for Business Transformation, Department of Defense; and Mr. David Walker, Comptroller General, Government Accountability Office.

Management and Oversight of Contingency Contracting in Hostile Zones (January 24, 2008)

This oversight hearing examined the issue of war zone contingency contracting, which has long suffered from runaway costs due to fraud, waste, and abuse.

For more than a decade, the Government Accountability Office (GAO) has reported shortcomings in oversight of contractors who support deployed forces. GAO noted that commanders and other military personnel who are most responsible for contractor oversight continue to receive little or no training either as part of their pre-deployment training or their professional military education on how to fulfill this duty. GAO and the Special Inspector General for Iraq Reconstruction also have found similar problems within the Department of State (DOS) and within the U.S. Agency for International Development (USAID); these problems also were explored in the hearing.

The hearing highlighted the need to solve problems caused by inadequate staffing in contracting and contract management at DOD; better train military and civilian personnel for future contingency

operations; better equip the government to handle reconstruction and stabilization; and improve the DOD, DOS, and USAID operational planning.

Witnesses: Panel I: Stuart W. Bowen, Jr., Special Inspector General for Iraq Reconstruction; William M. Solis, Director, Defense Capabilities and Management, U.S. Government Accountability Office; Carole F. Coffey, Assistant Director, Defense Capabilities and Management Team, U.S. Government Accountability Office; Dina L. Rasor, Director, and co-author *Betraying our Troops: The Destructive Results of Privatizing War*; Robert H. Bauman, Investigator, Follow the Money Project, and co-author *Betraying our Troops: The Destructive Results of Privatizing War*; and First Sergeant Perry Jefferies, U.S. Army (Ret.). Panel II: *Confronting Inter-Agency Challenges: Recommendations* - Hon. P. Jackson ("Jack") Bell, Deputy Under Secretary for Logistics and Materiel Readiness, Department of Defense; General David M. Maddox, U.S. Army (Ret.), Former Commander-in-Chief, U.S. Army Europe; Member of the Gansler Commission; Ambassador John Herbst, Coordinator for Reconstruction and Stabilization, Department of State; William H. Moser, Deputy Assistant Secretary for Logistics Management, Department of State; and James R. Kunder, Acting Deputy Assistant Administrator, U.S. Agency for International Development.

Building and Strengthening the Federal Acquisition Workforce (February 14, 2008)

The hearing examined the current status of the Federal Government's acquisition workforce by focusing on initiatives underway to recruit, train, and retain acquisition personnel. Despite the billions of dollars spent government-wide on procurement, it is increasingly difficult to fill the ranks of the Federal acquisition workforce to oversee and manage Federal contracts. This category of Federal employees is in high demand but suffers from high turnover. In recruiting and retaining these employees, agencies also face stiff competition from the private sector and from other agencies.

The Government Accountability Office and other experts agree that the acquisition workforce cannot adequately meet the government's needs. Like much of the Federal Government, the acquisition workforce faces tough challenges in the years to come as over half of the workforce will be eligible to retire in the next 10 years, according to the Federal Acquisition Institute (FAI).

The Subcommittee found that the Office of Federal Procurement Policy, along with the Federal Acquisition Institute and the Defense Acquisition University (DAU) are all working to address these workforce challenges including additional certification requirements, training programs and internship programs. However, much more remains to be improved to address this issue.

Witnesses: Hon. Paul A. Denett, Administrator, Office of Federal Procurement Policy, Office of Management and Budget; Frank J. Anderson, Jr., President, Defense Acquisition University, Department of Defense; and Karen A. Pica, Director, Federal Acquisition Institute, General Services Administration.

*Government-wide Intelligence Community Management Reforms:
Ensuring Effective Congressional Oversight and the Role of the
Government Accountability Office (February 29, 2008)*

This hearing examined how to improve oversight and accountability of the intelligence community (IC).

In the years since September 11, 2001, and with the passage of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), the IC has undergone extensive restructuring. IRTPA created a Director of National Intelligence (DNI) with broad responsibility across Federal departments and agencies for information sharing, collection, and analysis. The DNI has proposed a series of additional community-wide management reforms to implement a common performance management system; create a civilian joint-duty program; modernize the community's business practices, including reforming the process for granting security clearances; establish an equal opportunity and diversity program; establish new acquisition processes; and develop a community-wide information sharing environment.

With these reforms, the need for effective oversight of the intelligence community has never been greater. The witnesses addressed how to enhance congressional oversight of the intelligence community and, in particular, the role the Government Accountability Office (GAO), as Congress's investigative arm, could play in reviewing ongoing IC management reforms.

The Intelligence Community Auditing Act (S. 82), introduced by Chairman Akaka was discussed at the hearing. S. 82 would reaffirm GAO's authority to perform audits and evaluations of financial transactions, programs, and activities of elements of the intelligence community, and to obtain the documents needed to do so.

Witnesses: Hon. David M. Walker, Comptroller General, Government Accountability Office (GAO); Marvin C. Ott, Professor of National Security Policy, National War College, National Defense University; Steven Aftergood, Director, Government Secrecy Project, Federation of American Scientists; Frederick M. Kaiser, Specialist in American National Government, Government and Finance Division, Congressional Research Service; and Ronald A. Marks, Senior Vice President for Government Relations, Oxford Analytica, Inc.

On the Path to Great Educational Results for the District's Public Schools? (March 14, 2008)

This hearing was a status update of the major reform effort underway within the District of Columbia Public Schools.

Chairman Akaka and Ranking Member Voinovich requested that the Government Accountability Office (GAO) conduct a short-term and long-term evaluation of the reforms. GAO testified about its initial findings, which generally praised the District for its efforts to establish a foundation for the reforms. However, GAO criticized the Chancellor and Deputy Mayor for Education for not putting together a long-term strategic plan for the reforms. The Chancellor and Deputy Mayor testified that they believe action is needed more urgently than planning.

Witnesses: Cornelia Ashby, Director, Education, Workforce, and Income Security Issues, U.S. Government Accountability Office; Michelle Rhee, Chancellor, District of Columbia Public Schools; Vic-

tor Reinoso, Deputy Mayor for Education, District of Columbia; Deborah A. Gist, State Superintendent of Education, District of Columbia; Allen Y. Lew, Executive Director, Office of the Public Education and Facilities Modernization for the District of Columbia Public Schools; John W. Hill, Chief Executive Officer, Federal City Council; and Jane Hannaway, Director, Education Policy Center, Urban Institute.

Managing Diversity of Senior Leadership in the Federal Workforce and the Postal Service (April 3, 2008)

The hearing examined diversity in the Senior Executive Service (SES) of the Federal Government, in terms of women, racial and ethnic minorities, and persons with disabilities in the SES. Legislation to improve SES diversity, S. 2148/H.R. 3774, the Senior Executive Diversity Assurance Act of 2007 was an important focus on the hearing.

The Government Accountability Office presented findings from its ongoing report evaluating diversity in the SES, the Office of Personnel Management discussed its efforts to improve the diversity of the SES, and associations representing senior executives testified to the importance of diversity in the SES and the need for an SES resource office within the Office of Personnel Management (OPM).

The hearing also examined diversity in the senior ranks of the Postal Career Executive Service, and the equivalent career executive positions in the Postal Regulatory Commission, the U.S. Postal Inspection Service, and the U.S. Postal Service Office of the Inspector General. Although the Administration expressed concerns with S. 2148/H.R. 3774, witnesses' testimony clearly demonstrated diversity in the SES could be improved.

Witnesses: Nancy Kichak, Associate Director and Chief Actuary, Strategic Human Resources Policy Division, U.S. Office of Personnel Management; Susan LaChance, Vice President of Employee Development & Diversity, U.S. Postal Service; George H. Stalcup, Director of Strategic Issues, U.S. Government Accountability Office; Katherine Siggerud, Director of Physical Infrastructure, U.S. Government Accountability Office; Steven W. Williams, Secretary and Chief Administrative Officer, Postal Regulatory Commission; Ronald Stith, Assistant Inspector General for Mission Support, U.S. Postal Service, Office of Inspector General; Nicole A. Johnson, Assistant Chief Inspector Investigations and Security Support, U.S. Postal Inspection Service; Bray Barnes, Acting Chief Human Capital Officer, Department of Homeland Security; Carmen Walker, Deputy Officer, Office for Civil Rights & Civil Liberties, Department of Homeland Security; William Bransford, General Counsel, Senior Executives Association; William Brown, President, African American Federal Executives Association; Rhonda Trent, President, Federally Employed Women; Dr. Carson Eoyang, Executive Director, Asian American Government Executives Network; Jose Osegueda, President, National Association of Hispanic Federal Executives; and Darlene Young, President, Blacks in Government.

Beyond Control: Reforming Export Licensing Agencies for National Security and Economic Interests (April 24, 2008)

The purpose of the hearing was to examine the structure of the Federal government agencies that are responsible for licensing controlled exports, what kinds of processes they have in place for doing so, how those structures can help or impede decision making related to those licenses, and any recommendations for improving the export control processes.

The Federal agencies overseeing U.S. exports of military and dual-use technology must weigh national security, foreign policy, and economic interests in determining whether technology may be exported. The Export Administration Act and the Arms Export Control Act provide the statutory basis for making these evaluations and were created to prevent the Nation's enemies from gaining a military advantage. The context of export controls has changed since modern export regulations originally were put in place, before and during the Cold War. Since then, rapid globalization, decentralized networks of enemy non-state actors, and quickly advancing, more accessible advanced technology, have presented new challenges to U.S. national security and economic interests.

At the hearing, Chairman Akaka stated that the U.S. export control system has not been adapted for a globalized world. The hearing highlighted many of the management problems that plague the organizations charged with administering export controls over both munitions and dual-use technology. The witnesses provided a number of recommendations to improve U.S. export controls.

Witnesses: Ambassador Stephen D. Mull, Acting Assistant Secretary for Political-Military Affairs, Department of State; Beth M. McCormick, Acting Director, Defense Technology Security Administration, Department of Defense; Matthew S. Borman, Deputy Assistant Secretary, Bureau of Industry and Security, Department of Commerce; Ann Calvaresi Barr, Director, Acquisition and Sourcing Management, Government Accountability Office; William A. Reinsch, President, National Foreign Trade Council; Daniel B. Poneman, Principal, The Scowcroft Group; and Edmund B. Rice, President, Coalition for Employment through Exports.

The Impact of Implementation: A Review of the REAL ID Act and the Western Hemisphere Travel Initiative (April 29, 2008)

This hearing examined how the Federal Government is preparing, with regard to staffing, infrastructure, and planning, to implement REAL ID and the Western Hemisphere Travel Initiative (WHTI).

The 9-11 Commission report recommended that the Federal Government set standards identification documents including drivers' licenses. In addition, the Commission concluded that U.S. citizens, as well as non-citizens, should be required to carry documents allowing their identity and citizenship to be securely verified when entering the United States. The REAL ID Act of 2005 governs the implementation of the standards for identification documents. The WHTI created pursuant to the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), governs the implementation of re-

quired verification of identity and citizenship to enter the United States.

Concerns have been raised about both REAL ID and WHTI. State and local government officials are deeply concerned about REAL ID because it is an unfunded mandate. Moreover, privacy advocates believe that REAL ID does not sufficiently protect the personal information that will be contained in identification documents and linked State databases. Eighteen States have passed laws either prohibiting compliance with REAL ID or resolutions expressing opposition to REAL ID.

The chief concerns over the WHTI requirements are the impact the new requirements will have on travel, trade, and the economy of border areas, as many travelers do not have passports or other acceptable documents. In addition, there have been concerns about alerting travelers of the WHTI requirements in a timely fashion and the impact WHTI may have on legitimate travel and trade. The hearing revealed that problems of funding, privacy, and overall planning for REAL ID and WHTI have not yet been resolved.

Witnesses: Hon. Stewart A. Baker, Assistant Secretary, Office of Policy Directorate, U.S. Department of Homeland Security; Derwood K. Staeben, Senior Advisor, Western Hemisphere Travel Initiative, Bureau of Consular Affairs, U.S. Department of State; Hon. Donna Stone, President, National Conference of State Legislatures; David Quam, Director of Federal Relations, National Governors Association; Caroline Fredrickson, Director, American Civil Liberties Union, Washington Legislative Office; Roger J. Dow, President and CEO, Travel Industry Association; Angelo I. Amador, Director of Immigration Policy, U.S. Chamber of Commerce; and Sophia Cope, Staff Attorney; and Ron Plesser Fellow, Center for Democracy and Technology.

From Candidates to Change Makers: Recruiting and Hiring the Next Generation of Federal Employees (May 8, 2008)

The hearing examined the challenges of improving the recruiting and hiring processes for Federal Government jobs in order to meet the challenge created by the large number of Federal employees eligible to retire in the next 5 years.

The Office of Personnel Management (OPM) testified to the work it is doing with the Chief Human Capital Officers Council to develop the best practices for hiring, succession planning, and strategic human capital plans to recruit new hires. OPM further discussed the need for modernized information technology systems at agencies to move candidates quickly through the process.

The Nuclear Regulatory Commission testified about its robust effort to attract highly-talented scientific and technical employees from diverse backgrounds. The second panel of witnesses testified to the need for improvements across agencies to expedite the hiring process, improve communication, and adhere closely to the Merit System Principles.

Witnesses: Robert Goldenkoff, Director of Strategic Issues, Government Accountability Office; Angela Bailey, Deputy Associate Director, Talent and Capacity Policy Center, Strategic Human Resources Division, Office of Personnel Management; John Crum, Acting Director, Office of Policy and Evaluation, Merit Systems Protec-

tion Board; James McDermott, Chief Human Capital Officer, Nuclear Regulatory Commission; John Gage, National President, American Federation of Government Employees, Colleen M. Kelley, National President, National Treasury Employees Union; Dan Solomon, Chief Executive Officer, Virilion, Inc.; Max Stier, President and Chief Executive Officer, Partnership for Public Service; and Donna M. Matthews, Principal, Federal Sector Programs, Hewitt Associates, LLC.

National Security Bureaucracy for Arms Control, Counterproliferation, and Nonproliferation: The Role of the Department of State—Part I (May 15, 2008)

The purpose of this hearing was to examine the organizational structures within the State Department responsible for arms control, counterproliferation, and nonproliferation; the responsiveness of those structures to and processes for optimizing national efforts and implementing policy and international regimes; human capital challenges; and any recommendations for improving the arms control, counterproliferation, and nonproliferation bureaucracies.

The State Department's "T" bureau contains the organizational elements that oversee the areas of arms control, nonproliferation, and counterproliferation. The State Department was not always the lead agency for these issues. The Arms Control and Disarmament Agency (ACDA) was established in 1961 to address the growing international security threat of nuclear weapons. This agency was independently led by a director who could take issues directly to the President. There remain many lingering concerns about the consequences of the decision to disestablish ACDA and merge its functions into the State Department.

The hearing highlighted the dissolution of ACDA and problems with the current organizational structure at the State Department. In July 2005, Secretary of State Condoleezza Rice reorganized the bureaus supporting the Under Secretary of State for Arms Control and International Security within the T bureau in order to address the threat of weapons of mass destruction.

Witnesses reported that the 2005 reorganization resulted in a reduction of the number and capabilities of existing staff to handle arms control and nonproliferation matters. All witnesses provided recommendations that would strengthen this organization. The viability of an independent arms control and nonproliferation agency was also discussed by the witnesses.

Witnesses: Hon. Thomas Graham, Jr., former Acting Director, Arms Control and Disarmament Agency; Andrew K. Semmel, former Deputy Assistant Director, Nuclear Nonproliferation Policy and Negotiations, Department of State; and Hon. Norman A. Wulf, former Deputy Assistant Director, Nonproliferation and Arms control, Arms Control and Disarmament Agency, Department of State.

Security Clearance Reform: The Way Forward (May 22, 2008)

This hearing provided an update to the Subcommittee regarding progress made to date in addressing the longstanding backlog of security clearance investigations, and focused on new reforms outlined by the Administration in a report released on April 30, 2008.

This was the fifth in a series of hearings regarding the clearance process.

The number of security clearance requests that the Department of Defense now processes, primarily for contractors, has greatly increased over the past 7 years. In 2005, the Government Accountability Office (GAO) placed the Department of Defense Security Clearance process on the GAO High-Risk List due to a mounting backlog of clearance requests as well as DOD's inability to manage the backlog. In response DOD transferred the investigative role for clearances to the Office of Personnel Management (OPM), which has made some improvements in the backlog and processing times. However, the Subcommittee found that OPM continues to rely on antiquated technology systems and cumbersome processes to conduct investigations.

Over the course of 2008, the President directed DOD, the Office of Management and Budget (OMB), and the Office of the Director of National Intelligence (ODNI) to submit plans for improving the security clearance process, leading to the creation of the Joint Security and Suitability Reform Team and their issuance of a report with several recommendations for reform.

That report, which was presented to the Subcommittee, laid out goals to improve the process, most notably increasing automation and continuously reevaluating clearances to eliminate periodic re-investigations. After testimony on both proposed improvements, as well as ongoing problems with the process, the Subcommittee committed to continued oversight of this issue.

Witnesses: Brenda S. Farrell, Director, Defense Capabilities and Management, Government Accountability Office; Hon. Clay Johnson, III, Deputy Director for Management, Office of Management and Budget; Beth McGrath, Principal Deputy Under Secretary of Defense for Business Transformation, Department of Defense; John Fitzpatrick, Director, Specialty Security Center, Office of the Director of National Intelligence; and Kathy L. Dillaman, Associate Director, Federal Investigative Services Division, Office of Personnel Management.

Non-Foreign COLA: Finding an Equitable Solution (May 29, 2008)

The purpose of the field hearing at the Oahu Veterans Center in Honolulu, Hawaii, was to review various proposals, including S. 3013, the Non-Foreign Area Retirement Equity Assurance Act, to phase-out the non-foreign cost-of-living allowance (COLA) and replace it with locality pay for Federal civilian employees living in Alaska, Hawaii, and the U.S. territories.

The Office of Personnel Management presented justification for the need for action, its proposal, and concerns with provisions in S. 3013. The second panel of witnesses offered perspectives from local employees endorsing the need for improved retirement equity while preserving take-home pay in any conversion process away from non-foreign cost-of-living allowance to locality pay.

Witnesses: Chuck D. Grimes, Deputy Associate Director, Strategic Human Resources Policy Division, Office of Personnel Management; Bradley Bunn, Program Executive Officer, National Security Personnel System, Department of Defense; Jo Ann Mitchell, Manager, Accounting Services, U.S. Postal Service; Joyce Matsuo,

President, Oahu COLA Defense Committee, Inc.; Sharon Warren, President, COLA Defense Committee of Anchorage, Inc.; Manuel Q. Cruz, President, COLA Defense Committee of Guam; Michael Fitzgerald, President, Chapter 187, NAVFAC Hawaii, Federal Managers Association; and Terry Kaolulo, President, Hawaii State Association of Letter Carriers.

National Security Bureaucracy for Arms Control, Counterproliferation, and Nonproliferation: The Role of the Department of State—Part II (June 6, 2008)

This hearing was the Subcommittee's second hearing to examine the organizational structures within the State Department responsible for arms control, counterproliferation, and nonproliferation.

The hearing went into a great deal of detail about the 2005 reorganization of the bureaus supporting the Under Secretary of State for Arms Control and International Security within the State Department's "T" bureau, which is responsible for arms control, nonproliferation, and counterproliferation. In particular, the hearing highlighted the human capital challenges confronting the T bureau.

Witnesses: Patricia A. McNerney, Principal Deputy Assistant Secretary, Bureau of International Security and Nonproliferation, Department of State, and Linda S. Tagliatela, Deputy Assistant Secretary for Human Resources, Department of State.

Management Challenges Facing the Federal Protective Service: What Is At Risk? (June 19, 2008)

This hearing examined a GAO report that highlighted serious staffing and management challenges within the Federal Protective Service (FPS).

With responsibility for protecting approximately nearly 9,000 Federal facilities nationwide, FPS plays a critical role in the defense of terrorism and other criminal activity.

The GAO report revealed numerous problems that undermine FPS's ability to protect Federal buildings, including understaffing, poor morale and high attrition, budget and equipment problems, and poor oversight of contract security guards.

Although Congress, through an amendment that Senator Clinton offered and Chairman Akaka cosponsored, recently placed a floor on the number of FPS employees and required FPS to raise fees to cover the costs, the hearing made clear that further action is needed to improve FPS management and operations.

Witnesses: Gary W. Schenkel, Director, Federal Protective Service, U.S. Immigration and Customs Enforcement; Mark L. Goldstein, Director, Physical Infrastructure Issues, Government Accountability Office; David Wright, President, American Federation of Government Employees (AFGE), Local 918 (Federal Protective Service).

A Domestic Crisis With Global Implications: Reviewing the Human Capital Crisis at the State Department (July 16, 2008)

The State Department testified about its efforts to address concerns raised in two State Department Inspector General reports on the Bureau of Human Resources, which included more than 60 recommendations to address the Department's failing human capital

efforts. The State Department witnesses were questioned on the success of addressing staffing and management needs in foreign or civil service through the Transformational Diplomacy Initiative (TDI).

The second panel of witnesses offered criticism of the current Administration's approach to investing in diplomatic readiness and offered recommendations for the next Administration.

Witnesses: Panel I: Ambassador Harry Thomas, Director General of the Foreign Service and Director of Human Resources, U.S. Department of State; Linda Tagliatela, Deputy Assistant Secretary, Bureau of Human Resources, Department of State; Panel II: John Naland, President, American Foreign Service Association; and Ambassador Ronald Neumann (Ret.), President, American Academy of Diplomacy.

Improving Performance: A Review of Pay-for-Performance Systems in the Federal Government (July 22, 2008)

The purpose of this hearing was to discuss the many reform efforts to transition employees out of Title 5 personnel system and into pay-for-performance systems.

The Office of Personnel Management and representative agencies testified to the importance and successes of pay-for-performance systems and responded to questions and concerns from the Chairman about the use of quotas and forced distribution of ratings in the performance evaluation process.

The second panel of witnesses offered criticisms of the systems suggesting that efforts to elicit higher performance lacked transparency and fairness, leading to lower morale and less confidence in the system.

Witnesses: Panel I: Hon. Linda Springer, Director, U.S. Office of Personnel Management; Richard Spires, Deputy Commissioner for Operational Support, Internal Revenue Service; Gale Rossides, Deputy Administrator, Transportation Security Administration; Ronald Sanders, Chief Human Capital Officer, Office of the Director of National Intelligence; Bradley Bunn, Program Executive Officer, National Security Personnel System, Department of Defense; J. Christopher Mihm, Managing Director, Strategic Issues, Government Accountability Office; Panel II: Carol Bonosaro, President, Senior Executives Association; John Gage, National President, American Federation of Government Employees; Colleen M. Kelley, National President, National Treasury Employees Union; Jonathan D. Bruel, Executive Director, IBM Center for the Business of Government; and Dr. Charles Fay, Professor of Human Resources Management, Rutgers University School of Management.

A Reliance on Smart Power—Reforming the Foreign Assistance Bureaucracy (July 31, 2008)

The purpose of this hearing was to examine the organizational structures of the State Department responsible for coordinating and leading U.S. foreign assistance; their missions; the processes in place for optimizing national efforts; the responsiveness of those structures to and processes for implementing policy; human capital challenges; issues related to the 2006 foreign assistance reorganiza-

tion at the Department; and any recommendations for improving the foreign assistance bureaucracy.

In January 2006, Secretary of State Condoleezza Rice announced her intention to more closely align the U.S. Agency for International Development (USAID) with the State Department. This action, which became known as the “F Process,” was intended to ensure more effective use of resources in meeting policy objectives. The State Department’s F Bureau has become the primary entity within the U.S. Government for coordinating U.S. foreign assistance.

There have been many ongoing concerns with this reorganization such as concerns over a continuing lack of a strategic plan, too many agencies and programs providing aid overseas without adequate coordination, the militarization of foreign assistance, and unresolved human capital challenges at USAID.

At the hearing, Chairman Akaka stated that improving the organizational and human capital issues would help the next Presidential administration better focus its efforts overseas and strengthen national security. There was broad agreement among the witnesses that management and coordination must improve and that human capital challenges need more attention.

Witnesses: Richard L. Greene, Deputy Director for U.S. Foreign Assistance, Department of State; Leo Hindery, Jr., Vice Chairman, Helping to Enhance the Livelihood of Persons around the Globe (HELP) Commission; Dr. Gordon Adams, Distinguished Fellow, The Henry L. Stimson Center; Anne C. Richard, Vice President for Government Relations and Advocacy, International Rescue Committee; Sam A. Worthington, President and Chief Executive Officer, InterAction; and Dr. Gerald Hyman, Senior Adviser and President of Hills Program on Governance, Center for Strategic and International Studies.

*Managing the Challenges of the Federal Government Transition
(September 10, 2008)*

In 2008, the Federal Government faced an unprecedented transition challenge, with major government reorganizations and the creation of the Department of Homeland Security since the last presidential transition. Additionally, the transition to the next Administration will take place during a time with great economic and national security risks and major management challenges across the Federal Government. Therefore, it was essential that the outgoing Administration ensured that agencies laid the groundwork for transitioning to a new Administration, without letting management planning and human capital planning lag.

The hearing focused on ensuring that the Bush Administration was planning and preparing adequately for a smooth transition so that agencies could avoid a management vacuum after much of the political leadership leaves in January 2009. The hearing also examined whether any changes are needed to the vetting and appointment process to get appointees confirmed more quickly.

The Subcommittee heard testimony from three of the principal agencies involved in the transition. The Office of Management and Budget informed the Subcommittee that the Deputy Director for Management had been working closely with agency heads to under-

take extensive transition planning, especially the identification of career individuals to take on leadership roles until successors were appointed. The Office of Government Ethics and the General Services Agency assured the Subcommittee that they were adequately equipped to handle the incoming transition teams and expeditiously handle the required ethics certifications.

Witnesses: Gene L. Dodaro, Acting Comptroller General, Government Accountability Office; Hon. Clay Johnson, III, Deputy Director for Management, Office of Management and Budget; Hon. Robert Cusick, Director, Office of Government Ethics; and Gail T. Lovelace, Chief Human Capital Officer, General Services Administration.

Keeping the Nation Safe through the Presidential Transition (September 18, 2008)

This hearing examined the Department of Homeland Security's (DHS) planning for the upcoming presidential transition. In particular, the hearing reviewed a June 2008 report by the National Academy of Public Administration (NAPA) entitled, Addressing the 2009 Presidential Transition at the Department of Homeland Security.

The Federal Government faces significant challenges as it prepares for the first presidential transition since the attacks of September 11, 2001. Smooth functioning during the transition is critical, as there may be a heightened risk of terrorist attack during the time around the presidential transition. The challenges of the transition will be especially acute for DHS. DHS has been on the Government Accountability Office's high-risk list since its formation in 2003, and this will be its first presidential transition.

The hearing made clear that DHS is taking transition planning seriously and was working to address problems that could undermine a smooth transition. However, it also was clear that high turnover and a large number of career executive vacancies would make the presidential transition especially challenging.

Witnesses: Hon. Elaine Duke, Under Secretary for Management, Department of Homeland Security; Frank Chellino, Chairman, NAPA Panel for the U.S. Congress and U.S. Department of Homeland Security; Patricia McGinnis, President and Chief Executive Officer, Council for Excellence in Government; and John Rollins, Specialist in Terrorism and National Security, Congressional Research Service.

A Reliance on Smart Power—Reforming the Public Diplomacy Bureaucracy (September 23, 2008)

The purpose of this hearing was to examine the structures of the State Department responsible for coordinating U.S. public diplomacy, their missions, processes in place for implementing U.S. policy, the responsiveness of the organizational structures and processes to the executive branch's public diplomacy policies, human capital challenges, and any recommendations for improving public diplomacy.

Public diplomacy, also known as strategic communication, is generally defined as the promotion of U.S. national interests through understanding, informing, and influencing foreign audiences. These

foreign audiences are not always government officials with whom our diplomats engage. Instead, public diplomacy most frequently seeks to influence a foreign public's opinion in support of our national policies and objectives. In 1999, the U.S. Information Agency, the lead U.S. public diplomacy agency, was merged into the State Department. Most of its functions, with the exception of the Broadcasting Board of Governors (BBG) and associated networks, became what is now known as the "R" Bureau. Challenges affecting U.S. public diplomacy include interagency coordination, the usefulness of the existing public diplomacy strategy, and human capital.

Mr. Midura, a State Department witness, informed the Subcommittee that the modernization of public diplomacy is a top priority of the State Department. Private witnesses addressed not only the important role of the American public in public diplomacy, but also dysfunctional staffing arrangements, training gaps, the involvement of the private sector, and the viability of having an official in the White House directing government-wide public diplomacy efforts.

Witnesses: Christopher Midura, Acting Director, Office of Policy, Planning, and Resources for Public Diplomacy and Public Affairs, Department of State; Ambassador Scott H. Delisi, Director, Career Development and Assignments, Bureau of Human Resources, Department of State; Rick A. Ruth, Director, Office of Policy and Evaluation, Bureau of Education and Cultural Affairs, Department of State; Peter Kovach, Director, Global Strategic Engagement Center, Department of State; Hon. Douglas K. Bereuter, President and Chief Executive Officer, The Asia Foundation; Ambassador Elizabeth F. Bagley, Vice Chairman, U.S. Advisory Commission on Public Diplomacy; Stephen M. Chaplin, Senior Adviser, The American Academy of Diplomacy; Hon. Ronna A. Freiberg, Former Director of Congressional and Intergovernmental Affairs, U.S. Information Agency; and Hon. Jill A. Schuker, Fellow, University of Southern California—Center for Public Diplomacy.

II. LEGISLATION

The following bills were considered by the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia during the 110th Congress:

MEASURES ENACTED INTO LAW

P.L. 110–33, H.R. 2080—This bill amends the District of Columbia Home Rule Act to conform the District charter to revisions made by the Council of the District of Columbia relating to public education. H.R. 2080 also repeals the grant of authority to the Mayor and the District Council to establish the annual budget for the District's Board of Education, which also prohibits the Mayor and Council from specifying the amounts of and purposes for which funds may be expended. Further, H.R. 2080 repeals: (1) the authority of the Board to govern D.C. public schools; and (2) provisions for election of the Board. H.R. 2080 was introduced by Delegate Norton on May 1, 2007 and referred to the House Committee on Oversight and Government Reform. The bill was cosponsored by Representative Tom Davis. On May 1, 2007, the House Committee on Oversight and Government Reform held hearings and reported

the bill to the House of Representatives by voice vote. H.R. 2080 passed the House of Representatives on suspension of the rules by voice vote on May 8, 2007. H.R. 2080 was received in the Senate on May 9, 2007 and placed on the Senate Legislative Calendar under General Orders on May 9, 2007 (Calendar No. 145). The bill passed the Senate without amendment by unanimous consent on May 22, 2007. H.R. 2080 was enacted on June 1, 2007. After enactment, on March 14, 2008, the Senate Committee on Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia held hearings on the bill.

P.L. 110–372, S. 1046—The Senior Professional Performance Act of 2008 amends provisions relating to locality-based comparability payments for Federal employees to exempt senior-level (SL) and scientific and professional personnel (ST) employees from limitations on total basic and comparability pay established at level III of the Executive Schedule. S. 1046 further increases the rate of basic pay for certain senior-level positions to level III.

S. 1046 also permits a further increase to level II for agencies with a performance appraisal system that has been certified as making meaningful distinctions based on relative performance. S. 1046 protects employees who are transferred to an agency subject to existing pay limitations from pay reductions. Moreover, S. 1046 provides that appointments to positions classified above GS–15 may be made on approval of the appointee’s qualifications by the Director of the Office of Personnel Management (OPM) on the basis of qualification standards developed by the agency involved in accordance with criteria prescribed by the Director. S. 1046 also prohibits a reduction in the rate of basic pay for certain senior-level positions as a result of amendments made by this Act.

S. 1046 limits an agency’s certification of performance appraisal systems to 24 months, with an additional extension of up to six months by the Director. S. 1046 additionally allows extensions of certifications scheduled to expire at the end of 2008 or 2009. S. 1046 was introduced on March 29, 2007, by Senator Voinovich and was referred to the Homeland Security and Governmental Affairs Committee.

S. 1046 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007. On April 22, 2008 the bill was reported to the Senate by Senator Lieberman without amendment (S. Rept. 110–328) at which point it was placed on the Senate Legislative Calendar under General Orders (Calendar No. 703).

The bill was passed by unanimous consent, with an amendment on July 11, 2008. S. 1046 was received in the House of Representatives on July 14, 2008 and referred to the House Committee on Oversight and Government Reform. S. 1046 was passed by the House of Representatives on September 26, 2008 by the Yays and Nays under suspension of the rules. S. 1046 was enacted on October 8, 2008.

P.L. 110–250, S. 1245—This bill amends provisions of the Intelligence Reform and Terrorism Prevention Act of 2004 relating to the implementation of a mutual aid agreement for the National Capital Region in the event of a regional or national emergency to:

(1) remove the requirement that agents and volunteers acting on behalf of a regional organization or entity be committed (listed) in a mutual aid agreement in order to prepare for or respond to such an emergency; and (2) expand the list of organizations or entities authorized to enter into and be covered by such an agreement to include any governmental agency, authority, or institution within the Region.

S. 1245 was introduced by Senator Cardin on April 26, 2007 and was referred to the Homeland Security and Governmental Affairs Committee. The bill was cosponsored by Senators Mikulski, Warner and Webb. On June 6, 2007, the bill was further referred to Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia. On December 6, 2007, Senator Lieberman reported the bill to the Senate without amendment (S. Rept. 110–237) and S. 1245 was placed on the Senate Legislative Calendar under General Orders (Calendar No. 525).

S. 1245 passed the Senate by unanimous consent without amendment on December 12, 2007. On December 13, 2007, S. 1245 was received in the House of Representatives. On June 9, 2008, the bill was agreed to by voice vote under suspension of the rules by the House of Representatives. S. 1245 was enacted on June 26, 2008.

MEASURES FAVORABLY REPORTED BY THE SUBCOMMITTEE AND PASSED
BY THE SENATE

S. 274—The Federal Employee Protection of Disclosures Act protects Federal employees who have lawfully disclosed credible evidence of waste, abuse, or gross mismanagement in the government. Also, S. 274 includes disclosure of national defense or the conduct of foreign affairs that the employee reasonably believes is direct evidence of waste, abuse or gross mismanagement disclosed to a Member or employee of Congress who is authorized to receive information of the type disclosed. S. 274 excludes disclosures pertaining to policy decisions that lawfully exercise discretionary authority unless the disclosing employee reasonably believes that there is evidence of a violation of law or government waste, fraud, or abuse. The bill also codifies the legal standard for determining whether a whistleblower has a reasonable belief that a disclosure evidences governmental waste, fraud, or abuse, or a violation of law.

S. 274 was introduced by Senator Akaka on January 11, 2007 and referred to the Committee on Homeland Security and Governmental Affairs. The bill was cosponsored by Senators Carper, Collins, Durbin, Grassley, Kennedy, Lautenberg, Leahy, Levin, Lieberman, Mikulski, Pryor and Voinovich. The bill was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on March 30, 2007. Senator Lieberman reported the bill to the Senate with an amendment in the nature of a substitute on November 15, 2007 (S. Rept. 110–232) and S. 274 was placed on the Senate Legislative Calendar under General Orders (Calendar No. 513). The substitute amendment of the Committee on Homeland Security and Governmental Affairs was agreed to by unanimous consent and the S. 274 was passed by unanimous consent on December 17, 2007. The bill was received in the House of Representatives and held at the desk on December 17, 2007.

S. 3013—The Non-Foreign Area Retirement Equity Assurance Act of 2008 revises Federal employee locality-based comparability payments provisions to include U.S. territories and possessions, including the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands, within a pay locality. S. 3013 sets forth maximum rates of pay for Senior Executive Service (SES) personnel in such areas. S. 3013 was introduced by Senator Akaka on May 13, 2008 with Senators Inouye, Murkowski and Stevens as cosponsors. The bill was referred to the Committee on Homeland Security and Governmental Affairs and further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 19, 2008.

Senator Lieberman reported S. 3013 to the Senate with amendments on September 11, 2008 (S. Rept. 110–456). At which time, it was placed on the Senate Legislative Calendar under General Orders (Calendar No. 954). The amendments proposed by the Committee on Homeland Security and Governmental Affairs were agreed to by unanimous consent and S. 3013 passed the Senate by unanimous consent on October 1, 2008. S. 3013 was received in the House and referred to the Committee on Oversight and Government Reform, and in addition to the Committee on Veterans' Affairs, for a period to be subsequently determined by the speaker on October 2, 2008.

MEASURES REFERRED TO THE SUBCOMMITTEE UPON WHICH HEARINGS WERE HELD OR OTHER LEGISLATIVE ACTION WAS TAKEN

H.R. 404—The Federal Customer Service Enhancement Act of 2008 requires the Director of the Office of Management and Budget (OMB) to prescribe guidance that establishes best practices to: (1) ensure that Federal agencies are providing high quality customer service; and (2) monitor customer service quality at Federal agencies. H.R. 404 was introduced to the House of Representatives by Representative Cuellar on January 11, 2007 and referred to the House Committee on Oversight and Government Reform. The bill was cosponsored by Representatives John R. Carter, John J. Duncan, Jr., Virginia Foxx, Bob Goodlatte and Thaddeus G. McCotter.

H.R. 404 was further referred to the Subcommittee on Government Management, Organization and Procurement. After hearings on June 12, 2007, the House Committee on Oversight and Government Reform reported the bill out of committee with an amendment in the nature of a substitute by voice vote. After debate and tabling, H.R. 404 was passed by the House of Representatives on suspension of the rules by the Yeas and Nays on July 23, 2007. H.R. 404 was received in the Senate on July 24, 2007 and referred to the Committee on Homeland Security and Governmental Affairs. The bill was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on August 22, 2007. On October 1, 2008, Senator Lieberman reported the bill to the Senate with an amendment in the nature of a substitute without a written report. H.R. 404 was placed on the Senate Legislative Calendar under General Orders (Calendar No. 1107).

H.R. 3774—The Senior Executive Service Diversity Assurance Act requires the Director of the Office of Personnel Management

(OPM) to establish within OPM the Senior Executive Service Resource Office to make recommendations to the Director with respect to regulations, and to provide guidance to agencies, concerning the structure, management, and diverse composition of the Senior Executive Service (SES). H.R. 3774 was introduced by Representative Danny Davis on October 9, 2007. Representatives William Lacy Clay, Steve Cohen, Elijah Cummings, Charles Gonzalez, Alcee Hastings, Ruben Hinojosa, Henry Johnson, Jr., Dennis Kucinich, Stephen Lynch, James Moran, Eleanor Holmes Norton, and John Sarbanes cosponsored the bill.

H.R. 3774 was referred to the House Committee on Oversight and Government Reform and further referred to the Subcommittee on Federal Workforce, Post Office, and the District of Columbia on October 11, 2007. On April 3, 2008, The Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia held hearings. The Subcommittee forwarded the bill to the Committee on Oversight and Government Reform by voice vote on April 15, 2008. The Full Committee held hearings and reported the bill to the House of Representatives with amendment by voice vote on May 1, 2008 (H. Rept. 110–672). The bill was placed on the Union Calendar (Calendar No. 423) on May 22, 2008 and passed the House of Representatives as amended by voice vote on June 3, 2008. H.R. 3774 was received in the Senate and referred to the Committee on Homeland Security and Governmental Affairs on Jun 4, 2008. The bill was further referred to Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 19, 2008.

S. 717—Identification Security Enhancement Act of 2007 repeals title II of the Real ID Act of 2005. S. 717 prohibits Federal agencies from accepting state-issued driver's licenses and personal identification cards after specified deadlines unless such identification conforms to the minimum standards promulgated under this Act. The bill further directs the Secretary of Homeland Security to: (1) establish by regulation minimum standards for acceptance of state-issued driver's licenses and personal identification cards by Federal agencies; (2) establish a negotiated rulemaking process before publishing such standards; and (3) award grants to states to assist them in conforming to such standards. Senator Akaka introduced the bill on February 28, 2007. S. 717 was cosponsored by Senators Alexander, Baucus, Kerry, Leahy, McCaskill, Sununu, and Tester. On introduction, S. 717 was referred to the Committee on the Judiciary. Committee on Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia held hearings on the bill on S. 717.

S. 967—The Federal Supervisor Training Act of 2007 revises provisions relating to specific training programs for Federal agency supervisors. The bill requires the head of Federal agencies to establish training programs with instructor-based training to supervisors on employee development, managing unacceptable performance, employee rights and mentoring new supervisors. S. 967 was introduced into the Senate on March 22, 2007 by Senator Akaka and referred to the Committee on Homeland Security and Govern-

mental Affairs. The bill was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on March 30, 2007. S. 967 was reported out of Committee by Senator Lieberman with amendments on October 1, 2008 (S. Rept. 110–523). The bill was placed on the Senate Legislative Calendar under General Orders on October 1, 2008 (Calendar No. 1100).

S. 1000—The Telework Enhancement Act of 2007 requires the head of each executive agency to establish a policy for eligible employees to telework, notify them of their eligibility. S. 1000 mandates that the policy should not diminish employee performance, requires a written agreement to participate with terms of compliance, excludes employee's whose official duties require daily physical presence and the use of telework as part of the agency's continuity of operations in the event of an emergency. The bill establishes that the agency must have a training program regarding teleworking, make no distinctions between teleworkers and non-teleworkers for performance appraisals and consults with the Office of Personnel Management (OPM) regarding guidelines and performance metrics. S. 1000 was introduced by Senator Stevens on March 27, 2007 with Senators Coleman, Landrieu, and Voinovich as cosponsors. The bill was referred to the Committee on Homeland Security and Governmental Affairs at introduction and further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007. S. 1000 was reported to the Senate with an amendment in the nature of a substitute (S. Rept. 110–526) on October 1, 2008 and was placed on the Senate Legislative Calendar under General Orders (Calendar No. 1101).

S. 1446—The National Capital Transportation Amendments Act of 2007 amends the National Capital Transportation Act of 1969 to authorize the Secretary of Transportation to provide additional funding through grants to the Washington Metropolitan Area Transit Authority (WMATA) to finance in part the capital and preventive maintenance projects included in the Capital Improvement Program. S. 1446 subjects such grants to specified limitations and conditions. S. 1446 also prohibits funding to the WMATA until it notifies the Secretary that certain amendments to the Washington Metropolitan Area Transit Authority Compact have taken effect, including: (1) requiring that all local payments for the cost of operating and maintaining the adopted regional rail system are made from dedicated funding sources (i.e., funding which is earmarked or required under state or local law to be used to match Federal appropriations authorized under this Act for payments to the WMATA); (2) establishing the Office of the Inspector General of WMATA; and (3) expanding the WMATA Board of Directors to include four additional Directors appointed by the Administrator of General Services.

S. 1446 further authorizes appropriations in increments over ten fiscal years beginning in FY 2009. Moreover, the bill establishes within WMATA the Office of Inspector General. Requires the Inspector General to make specified reports on Office activities: (1) semiannually, to the WMATA Board of Directors and General Manager who shall transmit reports to the appropriate committees or

subcommittees of Congress; and (2) annually, to the Governors of Maryland and Virginia, the Mayor of the District of Columbia, and Congress. Finally, S. 1446 requires the Comptroller General to study and report to Congress on the use of funds provided under this Act. S. 1446 was introduced by Senator Cardin on May 22, 2007. Senator Lieberman reported the bill to the Senate on October 3, 2007 without amendment (S. Rept. 110–188). S. 1446 was placed on the Senate Legislative Calendar under General Orders on the same day (Calendar No. 402).

S. 1924—The Federal Firefighters Fairness Act of 2008 establishes that specified diseases, including heart disease, lung disease, tuberculosis, hepatitis, human immunodeficiency virus, and specified cancers, of Federal employees in fire protection activities shall be presumed to be proximately caused by such employment; (2) the disability or death of such an employee due to such a disease shall be presumed to result from personal injury sustained while in the performance of duty; and (3) such presumptions may be rebutted by a preponderance of the evidence. S. 1924 was introduced in the Senate by Senator Carper on August 1, 2007. Senators Bingaman, Brown, Cantwell, Casey, Collins, Dodd, Durbin, Isakson, Kennedy, Kerry, Landrieu, Lieberman, McCaskill, Menendez, Murray, Sanders, Snowe, Warner and Whitehouse cosponsored the bill. The bill was referred to the Committee on Homeland Security and Governmental Affairs on August 1, 2007 and further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia on August 22, 2007. Senator Lieberman reported the bill to the Senate with an amendment in the nature of a substitute on October 1, 2008 (S. Rept. 110–520) and it was placed on the Senate Legislative Calendar under General Orders (Calendar No. 1102).

S. 2148—The Senior Executive Service Diversity Assurance Act requires the Director of the Office of Personnel Management (OPM) to establish within OPM the Senior Executive Service Resource Office to make recommendations to the Director with respect to regulations, and to provide guidance to agencies, concerning the structure, management, and diverse composition of the Senior Executive Service (SES). S. 2148 was introduced by Senator Akaka on October 4, 2007 and referred to the Committee on Homeland Security and Governmental Affairs on October 4, 2007 and further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia on October 18, 2007. The Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia held hearings on April 3, 2008. Senator Lieberman reported the bill out of the Full Committee to the Senate on October 1, 2008 (S. Rept. 110–517). S. 2148 was placed on the Senate Legislative Calendar under General Orders (Calendar No. 1108).

MEASURES WHICH DID NOT ADVANCE BEYOND REFERRAL TO
SUBCOMMITTEE

H.R. 985—The Whistleblower Protection Enhancement Act of 2007 expands the types of whistleblower disclosures protected from personnel reprisals to include disclosures without restriction as to time, place, form, motive, context, forum, or prior disclosures made

to any person by an employee or applicant for employment, including a disclosure made in the ordinary course of an employee's duties, that the employee or applicant reasonably believes is a violation of any law. H.R. 985 was introduced by Representative Henry Waxman on February 12, 2007. Representatives Gary Ackerman, Thomas Allen, Howard Berman, Bruce Braley, William Lacy Clay, John Conyers, Jr., Jim Cooper, Elijah Cummings, Danny Davis, Tom Davis, Keith Ellison, Steve Israel, Paul Kanjorski, Dennis Kucinich, Zoe Lofgren, Carolyn Maloney, Betty McCollum, John McHugh, George Miller, Christopher Murphy, Jerrold Nadler, Eleanor Holmes Norton, Todd Platts, Allyson Schwartz, Christopher Shays, Chris Van Hollen, Diane Watson, Peter Welch, and John Yarmuth cosponsored the bill. H.R. 985 was referred to the Committee on Oversight and Government Reform and the Committee on Armed Services on February 2, 2007. The Committee on Oversight and Government Management held hearings and reported the bill with amendment to the House of Representatives by the Yeas and Nays on February 14, 2007 (H. Rept. 110-42). The Committee on Armed Services referred H.R. 985 to the Subcommittee on Readiness on February 14, 2007. The Committee on Armed Services discharged the bill on March 9, 2007, at which time it was placed on the Union Calendar (Calendar No. 18). On March 12, 2007, Representative John Tierney received unanimous consent that the Committee on Oversight and Government Reform could submit a supplemental report (H. Rept. 110-42, Part II). H.R. 985 passed the House of Representatives by the Yeas and Nays on special rules (H. Res. 239). H.R. 985 was received in the Senate and referred to the Committee on Homeland Security and Governmental Affairs and further referred to Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007.

H.R. 4106—Telework Improvements Act of 2008 requires: (1) the head of each executive agency to establish a policy under which employees may be authorized to telework; (2) such policies to conform to telework regulations prescribed by the Administrator of General Services; and (3) such policies to ensure that all employees are authorized to telework to the maximum extent possible and without diminishing employee performance or agency operations. H.R. 4106 was introduced in the House of Representatives by Danny Davis on November 7, 2007. Representatives William Lacy Clay, Elijah Cummings, Tom Davis, Stephen Lynch, James Moran, Eleanor Holmes Norton, John Sarbanes, Henry Waxman, and Frank Wolf cosponsored the bill. H.R. 4106 was referred to the House Committee on Oversight and Government Reform on November 7, 2007 and further referred to the Subcommittee on Federal Workforce, Post Office, and the District of Columbia on November 14, 2007. The Subcommittee held hearings and forwarded the bill to the Full Committee with amendment by voice vote on February 28, 2008. The Committee on Oversight and Government Reform held hearings on March 13, 2008 and reported the bill to the House of Representatives as amended by voice vote on March 13, 2008. H.R. 4106 was reported by the Committee on Oversight and Government Report (H. Rept. 110-663) and placed on the Union Calendar on May 21, 2008 (Calendar No 416). H.R. 4106

passed the House of Representatives as amended by voice vote under suspension of the rules on June 3, 2008. On June 4, 2008, H.R. 4106 was received in the Senate and referred to the Committee on Homeland Security and Governmental Affairs. On Jun 19, 2008, the Committee referred H.R. 4106 to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia.

H.R. 4108—This bill requires the Office of Personnel Management (OPM) to provide regulations governing determinations of ineligibility for appointment to a position in an executive agency because of deliberate failure to register with the selective service to provide exceptions for: (1) the appointment of an individual who was discharged or released from active duty in the armed forces under honorable conditions; and (2) the appointment or continued employment of an individual who has reached 31 years of age. Representative George Miller introduced H.R. 4108 in the House of Representatives on November 7, 2007. Representative Darrell Issa cosponsored the bill. The bill was referred to the House Committee on Oversight and Government Reform. The Committee held hearings and reported H.R. 4108 to the House of Representatives by voice vote on November 8, 2007 (H. Rept. 110-479). The bill was placed on the Union Calendar (Calendar No. 295) on December 10, 2007 and agreed to with amendment under suspension of the rules by voice vote on December 11, 2007. H.R. 4108 was received in the Senate and referred to the Senate Committee on Homeland Security and Governmental Affairs on December 12, 2007. On February 27, 2008, the bill was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia.

H.R. 5781—The Federal Employees Paid Parental Leave Act of 2008 allows Federal employees to substitute any available paid leave for any leave without pay available for either the: (1) birth of a child; or (2) placement of a child with the employee for either adoption or foster care. Makes available for any of the 12 weeks of leave an employee is entitled to for such purposes: (1) four administrative weeks of paid parental leave in connection with the birth or placement involved; and (2) any accumulated annual or sick leave. Representative Carolyn Maloney introduced the bill to the House of Representatives on April 14, 2008. Representatives Howard Berman, Elijah Cummings, Danny Davis, Tom Davis, Rosa DeLauro, Keith Ellison, Chaka Fattah, Bob Filner, Kirsten Gillibrand, Al Green, Steny Hoyer, Dennis Kucinich, John Lewis, Betty McCollum, George Miller, James Moran, John Sanbanes, Janice Schakowsky, Jose Serrano, Chris Van Hollen, and Lynn Woolsey. H.R. 5781 was referred to the Committee on Oversight and Government Reform and the Committee on House Administration. The Committee on Oversight and Government Reform referred the bill to the Subcommittee on Federal Workforce, Post Office, and the District of Columbia on April 15, 2008, which held hearings on April 16, 2008 and forwarded the bill back to the Full Committee. The Committee on Oversight and Government Reform held hearings and reported the bill to the House of Representatives by the Yeas and Nays on April 16, 2008 (H. Rept. 110-624). House Administration discharged H.R. 5781 on May 8, 2008 and was

placed on the Union Calendar (Calendar No. 389). The Committee on Oversight and Government Reform filed a supplemental report on June 17, 2008 (H. Rept. 110-624, Part II). H.R. 5781 passed the House by the Yeas and Nays on June 19, 2008). On June 20, 2008, H.R. 5781 was received in the Senate and was referred to the Committee on Homeland Security and Governmental Affairs. The bill was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia.

S. 61—Clinical Social Workers’ Recognition Act of 2007 amends Federal law concerning Federal workers’ compensation to authorize the use of clinical social workers to conduct evaluations to determine work-related emotional and mental illnesses. S. 61 was introduced by Senator Inouye on January 4, 2007 and referred to the Committee on Homeland Security and Governmental Affairs. On March 30, 2007, the bill was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia.

S. 80—Executive Branch Family Leave Act entitles a Federal employee of the executive branch to paid leave of: (1) eight weeks for giving birth; (2) at least five days for a father for the birth of a child; (3) at least five days for adopting a child; and (4) eight hours during any 12-month period to accompany a child to medical or school appointments. Senator Stevens introduced the bill on January 4, 2007 with Senators Collins, Hutchinson, Inouye, and Murkowski as cosponsors. The bill was referred to the Committee on Homeland Security and Governmental Affairs at introduction and further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on March 30, 2007.

S. 920—Rhode Island Federal Worker Fairness Act of 2007 states that the wage schedules and rates applicable to prevailing rate employees in the Narragansett Bay, Rhode Island, wage area shall be the same as the wage schedules and rates applicable to prevailing rate employees in the Boston, Massachusetts, wage area. Senator Reed, with Senator Whitehouse as a cosponsor, introduced S. 920 on March 20, 2007. On the day of introduction, S. 920 was referred to the Committee on Homeland Security and Governmental Affairs. On March 30, 2007, the Committee referred the bill to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia.

S. 960—Public Service Academy Act of 2007 establishes in the Department of Homeland Security (DHS) a U.S. Public Service Academy for the instruction in and preparation for public service of selected individuals. Sets forth provisions relating to: (1) key personnel positions and faculty and departments; (2) student qualifications and requirements for admission; (3) procedures for the appointment of students to the Academy by Members of Congress and the President; (4) curriculum standards; and (5) study abroad requirements. S. 960 requires each Academy student to sign an agreement with respect to length of public service. Imposes tuition and cost repayment requirements for Academy students who fail to graduate or accept or complete assigned public service. The bill also establishes a Board of Visitors to inquire into the efficiency and ef-

fectiveness of the operations of the Academy. The bill further requires the tuition of each Academy student to be fully subsidized. Finally, S. 960 provides for public (80 percent) and private funding for the Academy. The bill was introduced on March 22, 2007 by Senator Clinton. Senators Baucus, Bayh, Biden, Boxer, Brown, Cantwell, Cardin, Casey, Coleman, Hutchinson, Inouye, Kennedy, Landrieu, Lautenberg, Levin, Lincoln, Menendez, Mikulski, Murray, Pryor, Rockefeller, Specter and Stabenow cosponsored the bill. The bill was referred to the Committee on Homeland Security and Governmental Affairs and, on March 30, 2007, referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia.

S. 1045—Federal Workforce Performance Appraisal and Management Improvement Act of 2007 revises provisions relating to the establishment of performance appraisal systems by certain Federal agencies. The bill requires agencies to establish one or more new performance appraisal systems to promote high performance. S. 1045 also revises provisions relating to the responsibilities of the Office of Personnel Management (OPM) for the development of performance appraisal systems. S. 1045 further revises provisions relating to specific mandatory training programs for supervisors. Finally, S. 1045 revises provisions relating to Federal employee pay rates and systems with respect to employees, whose performance rating is below the fully successful level to, among other things, prohibit a pay increase for such employees. The bill was introduced by Senator Voinovich on March 29, 2007 and referred to the Committee on Homeland Security and Governmental Affairs. The bill was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007.

S. 1221—Countdown to Coverage Act of 2007 provides that if legislation ensuring accessible, affordable, and meaningful health insurance for all Americans is not enacted before the adjournment sine die of the 111th Congress: (1) Federal contributions under the Federal Employees Health Benefits (FEHB) Program for Members of Congress shall be prohibited; and (2) Members shall pay 100 percent of all premiums for such Programs. The bill also requires the Institute of Medicine to notify the Office of Personnel Management (OPM), the Secretary of the Senate, and the Chief Administrative Officer (CAO) of the House of Representatives: (1) that such legislation has not been enacted, if it has not been; and (2) the dates and adjustments required to take effect under this Act. S. 1221 further requires, upon receipt of such notice, OPM, the Secretary, and the CAO to make such adjustments. The bill was introduced on April 25, 2007 by Senator Kerry and referred to the Committee on Homeland Security and Governmental Affairs. S. 1221 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007.

S. 1345—Clarification of Federal Employment Protections Act repeals, in order to dispel any public confusion, any assertion that Federal employees are not protected from discrimination on the basis of sexual orientation. S. 1345 prohibits any Federal employee who has authority to take, direct others to take, recommend, or ap-

prove any personnel action, from discriminating for or against any Federal employee or applicant for Federal employment on the basis of sexual orientation. The bill further affirms that, in the absence of such prohibition, discrimination against Federal employees and applicants for Federal employment on the basis of sexual orientation is already prohibited under current law. Senator Akaka introduced the bill on May 9, 2007 with Senators Brown, Clinton, Collins, Feingold, Leahy, Levin, and Lieberman as cosponsors. On introduction S. 1345 was referred to the Committee on Homeland Security and Governmental Affairs. Then, further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007.

S. 1354—Law Enforcement Officers Retirement Equity Act redefines the term “law enforcement officer” under provisions of the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS) to include: (1) Federal employees not otherwise covered by such term whose duties include the investigation or apprehension of suspected or convicted individuals and who are authorized to carry a firearm; and (2) such employees of the Internal Revenue Service (IRS) whose duties are primarily the collection of delinquent taxes and the securing of delinquent returns. S. 1354 also requires that such service which is performed by an incumbent law enforcement officer be treated: (1) on or after the enactment date of this Act, for all purposes, as service performed as a law enforcement officer, irrespective of how such service is treated under the following; and (2) before, on, or after such date, for purposes of CSRS and FERS, as service performed as such an officer, but only if an appropriate written election is submitted to the Office of Personnel Management (OPM) five years after such date or before separation from government service, whichever is earlier. Senator Mikulski introduced S. 1354 on May 10, 2007 with Senators Boxer, Cardin, Clinton, Feinstein, Leahy, Sanders, and Schumer as cosponsors. S. 1354 was referred to the Committee on Homeland Security and Governmental Affairs on introduction and then referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007.

S. 1357—A bill to amend the Law Enforcement Pay Equity Act of 2000 to permit certain annuitants of the retirement programs of the United States Park Police and United States Secret Service Uniformed Division to receive the adjustments in pension benefits to which such annuitants would otherwise be entitled as a result of the conversion of members of the United States Park Police and United States Secret Service Uniformed Division to a new salary schedule under the amendments made by such Act. (Thus permits cost-of-living adjustments in pension benefits for annuitants of the U.S. Park Police and the U.S. Secret Service Uniformed Division for payments made in 2007 and in subsequent years.) Senator Mikulski introduced the bill on May 10, 2007 with Senators Warner and Webb as cosponsored. On May 10, 2007, the bill was referred to the Committee on Homeland Security and Governmental Affairs. S. 1357 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007.

S. 1456—The Federal Employees Electronic Personal Health Records Act of 2007 amends Federal civil service law to require each contract between the Office of Personnel Management (OPM) and a qualified carrier offering a health benefit plan for Federal employees to provide for establishment and maintenance of electronic personal health records for each individual and family member enrolled in the plan. S. 1456 further requires such records to be: (1) in a standard electronic format, available for electronic access through the Internet; and (2) based on the Federal messaging and health vocabulary standards endorsed by the Office of the National Coordinator for Health Information Technology, the American Health Information Community, or the Secretary of Health and Human Services. The bill was introduced on May 23, 2007 by Senator Carper and cosponsored by Senator Voinovich. On introduction, S. 1456 was referred to the Committee on Homeland Security and Governmental Affairs. S. 1456 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007.

S. 1490—Federal Employees Electronic Personal Health Records Act of 2007 amends Federal civil service law to require each contract between the Office of Personnel Management (OPM) and a qualified carrier offering a health benefit plan for Federal employees to provide for establishment and maintenance of electronic personal health records for each individual and family member enrolled in the plan. S. 1490 further requires such records to be: (1) in a standard electronic format, available for electronic access through the Internet; and (2) based on the Federal messaging and health vocabulary standards endorsed by the Office of the National Coordinator for Health Information Technology, the American Health Information Community, or the Secretary of Health and Human Services. The bill was introduced on May 24, 2007 by Senator Carper and cosponsored by Senator Voinovich. On introduction, S. 1456 was referred to the Committee on Homeland Security and Governmental Affairs. S. 1456 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on June 6, 2007.

S. 1649—Military Family Support Act of 2007 directs the Office of Personnel Management (OPM) to establish a program to authorize a caregiver (a Federal employee at least 21 years of age capable of providing care to a child or other dependent family member of a member of the Armed Forces) to use: (1) any available sick leave for the provision of such care in the same manner as annual leave is used; and (2) any Federal leave available to that caregiver as though that period of caregiving is a medical emergency. Requires the service member for whom the caregiving is provided to be performing service in support of a contingency operation or in situations for which hostile fire or imminent danger pay is authorized and to designate the caregiver for his or her family. On June 19, 2007, Senator Feingold introduced S. 1649 with Senators Casey, Coleman, Kennedy, and Mikulski as cosponsors. On introduction, S. 1649 was referred to the Committee on Homeland Security and Governmental Affairs. S. 1649 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on July 13, 2007.

S. 1795—The Improving Access to Workers' Compensation for Injured Federal Workers Act amends the Federal Employees' Compensation Act to include nurse practitioners and physician assistants as eligible providers of medical, surgical, and hospital services and supplies under such Act. Senator Kennedy introduced the S. 1795 on July 17, 2007. The bill was cosponsored by Senators Collins, Craig, Harkin, Isakson, Murkowski, Sanders, Sununu, Tester, and Whitehouse. On introduction, S. 1795 was referred to the Committee on Homeland Security and Governmental Affairs. S. 1795 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on August 22, 2007.

S. 2003—A bill to facilitate the part-time reemployment of annuitants, and for other purposes. S. 2003 allows a Federal agency head to waive the application of civil service retirement system and Federal employee retirement system provisions restricting annuities and pay upon reemployment with respect to an annuitant employed as a limited time appointee, but prohibits waiving such provisions with respect to an annuitant for more than: (1) 520 hours of service performed during the six months following the individual's annuity commencing date; (2) 1040 hours of service performed during any 12-month period; or (3) 6240 hours of service performed during the individual's lifetime. Senator Collins introduced S. 2003 on August 2, 2007. Senators Voinovich and Warner cosponsored the bill. On introduction, S. 2003 was referred to the Committee on Homeland Security and Governmental Affairs. S. 2003 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on August 22, 2007.

S. 2197—The Federal Labor-Management Partnership Act of 2007 establishes the Federal Labor-Management Partnership Council to advise the President on matters involving labor-management relations in the executive branch. Includes among the Council's activities: (1) supporting the creation of local labor-management partnership councils that promote partnership efforts; (2) collecting and disseminating information about and providing guidance on such efforts; (3) using the expertise of individuals, inside and outside the Federal Government, to foster partnership arrangements in the executive branch; and (4) proposing statutory changes to improve the civil service to better serve the public and carry out the mission of the various agencies. Senator Akaka introduced S. 2197 on October 18, 2007 with Senators Carper and Clinton as cosponsors. On introduction, S. 2197 was referred to the Committee on Homeland Security and Governmental Affairs. S. 2197 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on December 12, 2007.

S. 2446—The Citizenship Processing Backlog Reduction Act of 2007 authorizes the Secretary of Homeland Security to waive the application of provisions relating to annuities and pay on reemployment or any similar legal provision under a government retirement system on a case-by-case basis for an annuitant reemployed on a temporary basis if: (1) such waiver is necessary due to an emergency involving a direct threat to life or property or other unusual

circumstances; or (2) the annuitant is employed in a position that provides assistance to the Secretary with a substantial backlog of naturalization petitions or assistance for processing petitions filed from January 31-July 30, 2007. S. 2446 further provides that an annuitant as to whom such a waiver is in effect shall not be considered an employee for purposes of any government retirement system. Senator Schumer introduced S. 2446 on December 11, 2007 with Senator Hagel as cosponsor. On introduction, S. 2446 was referred to the Committee on Homeland Security and Governmental Affairs. S. 2446 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on February 27, 2008.

S. 3140—The Federal Employees Paid Parental Leave Act of 2008 allows Federal employees to substitute any available paid leave for any leave without pay available for either the: (1) birth of a child; or (2) placement of a child with the employee for either adoption or foster care. The bill also makes available for any of the 12 weeks of leave an employee is entitled to for such purposes: (1) four administrative weeks of paid parental leave in connection with the birth or placement involved; and (2) any accumulated annual or sick leave. S. 3140 further authorizes the Director of the Office of Personnel Management (OPM) to increase the amount of paid parental leave available to up to eight administrative workweeks, based on the consideration of: (1) the benefits provided to the Federal Government of offering increased paid parental leave, including enhanced recruitment and retention of employees; (2) the cost to the Federal Government of increasing the amount of paid parental leave that is available to employees; (3) trends in the private sector and in state and local governments with respect to offering paid parental leave; and (4) the Federal Government's role as a model employer. S. 3140 amends the Congressional Accountability Act of 1995 to allow the same substitution for covered congressional employees. The bill also amends the Family and Medical Leave Act of 1993 to allow the same substitution for Government Accountability Office (GAO) and Library of Congress employees. Senator Webb introduced S. 3140 on June 16, 2008. Senators Cardin, Casey, Clinton, Durbin, Inouye, Kerry, Lautenberg, Lieberman, McCaskill, Menendez, Mikulski, Obama, Sanders, Schumer, Stabenow, Tester, and Warner cosponsored the bill. On introduction, S. 3160 was referred to the Committee on Homeland Security and Governmental Affairs. S. 3140 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on July 21, 2008.

S. 3163—The Military Family Support Act directs the Office of Personnel Management (OPM) to establish a program to authorize a caregiver (a Federal employee at least 18 years of age capable of providing care to a child or other dependent family member of a member of the Armed Forces) to use: (1) any available sick leave for the provision of such care in the same manner as annual leave is used; and (2) any Federal leave available to that caregiver as though that period of caregiving is a medical emergency. S. 3163 further requires the program to: (1) provide a process for reasonable notice of the need for leave; and (2) protect employees from discrimination or retaliation for the use of leave under this Act and

provide the opportunity to appeal a denial of its use. The bill also requires the service member for whom the caregiving is provided to be performing service in support of a contingency operation or in situations for which hostile fire or imminent danger pay is authorized and to designate the caregiver for his or her family. Senator Feingold introduced the bill on June 19, 2008 with Senator Casey as a cosponsor. On introduction, S. 3163 was referred to the Committee on Homeland Security and Governmental Affairs. S. 3163 was further referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on July 21, 2008.

III. GAO REPORTS

The following reports were issued by the Government Accountability Office at the request of the Chairman/Ranking Member of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia during the 110th Congress:

Human Capital: Diversity in the Federal SES and Processes for Selecting New Executives, GAO-09-110 (11/26/2008)

Results Oriented Management: Opportunities Exist for Refining the Oversight and Implementation of the Senior Executive Performance-Based Pay System, GAO-09-82 (11/21/2008)

Department of Homeland Security: A Strategic Approach Is Needed to Better Ensure the Acquisition Workforce Can Meet Mission Needs, GAO-09-30 (11/19/2008)

Confirmation of Political Appointees: Eliciting Nominees' Views on Management Challenges within Agencies and across Government, GAO-09-194 (11/17/2008)

Health Information Technology: HHS Has Taken Important Steps to Address Privacy Principles and Challenges, Although More Work Remains, GAO-08-1138 (09/17/2008)

Information Sharing Environment: Definition of the Results to Be Achieved in Improving Terrorism-Related Information Sharing Is Needed to Guide Implementation and Assess Progress, GAO-08-492 (06/25/2008)

Influenza Pandemic: Federal Agencies Should Continue to Assist States to Address Gaps in Pandemic Planning, GAO-08-539 (06/19/2008)

Homeland Security: The Federal Protective Service Faces Several Challenges That Hamper Its Ability to Protect Federal Facilities, GAO-08-683 (06/11/2008)

Privacy: Agencies Should Ensure That Designated Senior Officials Have Oversight of Key Functions, GAO-08-603 (05/30/2008)

International Food Security: Insufficient Efforts by Host Governments and Donors Threaten Progress to Halve Hunger in Sub-Saharan Africa by 2015, GAO-08-680 (05/29/2008)

Centers for Disease Control and Prevention: Human Capital Planning Has Improved, but Strategic View of Contractor Workforce Is Needed, GAO-08-582 (05/28/2008)

Federal Disability Programs: More Strategic Coordination Could Help Overcome Challenges to Needed Transformation, GAO-08-635 (05/20/2008)

Human Capital: Corps of Engineers Needs to Update Its Workforce Planning Process to More Effectively Address Its Current and Future Workforce Needs, GAO-08-596 (05/07/2008)

Department of Homeland Security: Better Planning and Assessment Needed to Improve Outcomes for Complex Service Acquisitions, GAO-08-263 (04/22/2008)

Intellectual Property: Federal Enforcement Has Generally Increased, but Assessing Performance Could Strengthen Law Enforcement Efforts, GAO-08-157 (03/11/2008)

Federal Workers' Compensation: Better Data and Management Strategies Would Strengthen Efforts to Prevent and Address Improper Payments, GAO-08-284 (02/26/2008)

Supplemental Appropriations: Opportunities Exist to Increase Transparency and Provide Additional Controls, GAO-08-314 (01/31/2008)

Influenza Pandemic: Efforts Under Way to Address Constraints on Using Antivirals and Vaccines to Forestall a Pandemic, GAO-08-92 (12/21/2007)

Border Security: Despite Progress, Weaknesses in Traveler Inspections Exist at Our Nation's Ports of Entry, GAO-08-219 (11/05/2007)

Organizational Transformation: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies, GAO-08-34 (11/01/2007)

Office of Personnel Management: Opportunities Exist to Build on Recent Progress in Internal Human Capital Capacity, GAO-08-11 (10/31/2007)

Homeland Security: Federal Efforts Are Helping to Alleviate Some Challenges Encountered by State and Local Information Fusion Centers, GAO-08-35 (10/30/2007)

Global Health: U.S. Agencies Support Programs to Build Overseas Capacity for Infectious Disease Surveillance, GAO-07-1186 (09/28/2007)

Department of Homeland Security: Improved Assessment and Oversight Needed to Manage Risk of Contracting for Selected Services, GAO-07-990 (09/17/2007)

Defense Business Transformation: Achieving Success Requires a Chief Management Officer to Provide Focus and Sustained Leadership, GAO-07-1072 (09/05/2007)

NASA: Progress Made on Strategic Human Capital Management, but Future Program Challenges Remain, GAO-07-1004 (08/08/2007)

Defense Contract Management: DOD's Lack of Adherence to Key Contracting Principles on Iraq Oil Contract Put Government Interests at Risk, GAO-07-839 (07/31/2007)

Military Personnel: Improved Quality Controls Needed over Servicemembers' Employment Rights Claims at DOL, GAO-07-907 (07/20/2007)

Human Capital: DOD Needs Better Internal Controls and Visibility over Costs for Implementing Its National Security Personnel System, GAO-07-851 (07/16/2007)

Defense Logistics: Efforts to Improve Distribution and Supply Support for Joint Military Operations Could Benefit from a Coordinated Management Approach, GAO-07-807 (06/29/2007)

Influenza Pandemic: Efforts to Forestall Onset Are Under Way; Identifying Countries at Greatest Risk Entails Challenges, GAO-07-604 (06/20/2007)

Avian Influenza: USDA Has Taken Important Steps to Prepare for Outbreaks, but Better Planning Could Improve Response, GAO-07-652 (06/11/2007)

The Federal Workforce: Additional Steps Needed to Take Advantage of Federal Executive Boards' Ability to Contribute to Emergency Operations, GAO-07-515 (05/04/2007)

Intellectual Property: Better Data Analysis and Integration Could Help U.S. Customs and Border Protection Improve Border Enforcement Efforts, GAO-07-735 (04/26/2007)

Nuclear Nonproliferation: DOE's International Radiological Threat Reduction Program Needs to Focus Future Efforts on Securing the Highest Priority Radiological Sources, GAO-07-282 (01/31/2007)

Office of Personnel Management: Key Lessons Learned to Date for Strengthening Capacity to Lead and Implement Human Capital Reforms, GAO-07-90 (01/19/2007)

DOD's High-Risk Areas: Progress Made Implementing Supply Chain Management Recommendations, but Full Extent of Improvement Unknown, GAO-07-234 (01/17/2007)

Human Capital: Retirements and Anticipated New Reactor Applications Will Challenge NRC's Workforce, GAO-07-105 (01/17/2007)

Health Information Technology: Early Efforts Initiated but Comprehensive Privacy Approach Needed for National Strategy, GAO-07-238 (01/10/2007)

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

CHAIRMAN: CARL LEVIN

RANKING MINORITY MEMBER: TOM COBURN

The following is the Activities Report of the Permanent Subcommittee on Investigations during the 110th Congress:

I. HISTORICAL BACKGROUND

A. SUBCOMMITTEE JURISDICTION

The Permanent Subcommittee on Investigations was originally authorized by Senate Resolution 189 on January 28, 1948. At its creation in 1948, the Subcommittee was part of the Committee on Expenditures in the Executive Departments. The Subcommittee's records and broad investigative jurisdiction over government operations and national security issues, however, actually antedate its creation, since it was given custody of the jurisdiction of the former Special Committee to Investigate the National Defense Program (the so-called "War Investigating Committee" or "Truman Committee"), chaired by Senator Harry S Truman during the Second World War. Today, the Subcommittee is part of the Committee on Homeland Security and Governmental Affairs.¹

The Subcommittee has had 10 Chairmen: Senators Homer Ferguson of Michigan (1948), Clyde R. Hoey of North Carolina (1949–1952), Joseph R. McCarthy of Wisconsin (1953–1954), John L. McClellan of Arkansas (1955–1972), Henry M. Jackson of Washington (1973–1978), Sam Nunn of Georgia (1979–1980 and 1987–1994), William V. Roth of Delaware (1981–1986 and 1995–1996), Susan M. Collins of Maine (1997–2001); Carl Levin of Michigan (2001–2002); and Norm Coleman of Minnesota (2003–present).

Until 1957, the Subcommittee's jurisdiction focused principally on waste, inefficiency, impropriety, and illegality in government operations. Its jurisdiction has expanded considerably since then, however, today encompassing investigations within the broad ambit of the parent committee's responsibility for matters relating to the efficiency and economy of operations of all branches of the government, including matters related to: (a) waste, fraud, abuse, malfeasance, and unethical practices in government contracting and operations; (b) criminality or improper practices in labor-management relations; (c) organized criminal activities affecting interstate or international commerce; (d) criminal activity affecting the national health, welfare, or safety, including investment fraud,

¹In 1952, the parent committee's name was changed to the Committee on Government Operations. It was changed again in early 1977, to the Committee on Governmental Affairs, and again in 2005, to the Committee on Homeland Security and Governmental Affairs, its present title.

commodity and securities fraud, computer fraud, and use of offshore banking and corporate facilities to carry out criminal objectives; (e) the effectiveness of present national security methods, staffing and procedures, and U.S. relationships with international organizations concerned with national security; (f) energy shortages, energy pricing, management of government-owned or controlled energy supplies; and relationships with oil producing and consuming countries; and (g) the operations and management of Federal regulatory policies and programs. While technically reduced to a subcommittee of a standing committee, the Subcommittee has long exercised its authority on an independent basis, selecting its own staff, issuing its own subpoenas, and determining its own investigatory agenda.

The Subcommittee acquired its sweeping jurisdiction in several successive stages. In 1957—based on information developed by the Subcommittee—the Senate passed a Resolution establishing a Select Committee on Improper Activities in the Labor or Management Field. Chaired by Senator McClellan, who also chaired the Subcommittee at that time, the Select Committee was composed of eight Senators—four of whom were drawn from the Subcommittee on Investigations and four from the Committee on Labor and Public Welfare. The Select Committee operated for 3 years, sharing office space, personnel, and other facilities with the Permanent Subcommittee. Upon its expiration in early 1960, the Select Committee's jurisdiction and files were transferred to the Subcommittee on Investigations, greatly enlarging the latter body's investigative authority in the labor-management area.

The Subcommittee's jurisdiction expanded further during the 1960s and 1970s. In 1961, for example, it received authority to make inquiries into matters pertaining to organized crime and, in 1963, held the famous Valachi hearings described below, examining the inner workings of the Italian Mafia. In 1967, following a summer of riots and other civil disturbances, the Senate approved a Resolution directing the Subcommittee to investigate the causes of this disorder and to recommend corrective action. In January 1973, the Subcommittee acquired its national security mandate when it merged with the National Security Subcommittee. With this merger, the Subcommittee's jurisdiction was broadened to include inquiries concerning the adequacy of national security staffing and procedures, relations with international organizations, technology transfer issues, and related matters. In 1974, in reaction to the gasoline shortages precipitated by the Arab-Israeli war of October 1973, the Subcommittee acquired jurisdiction to investigate government operations involving the control and management of energy resources and supplies.

In 1997, the full Committee on Governmental Affairs was charged by the Senate to conduct a special examination into illegal or improper activities in connection with Federal election campaigns during the 1996 election cycle. The Permanent Subcommittee provided substantial resources and assistance to this investigation, contributing to a greater public understanding of what happened, to subsequent criminal and civil legal actions taken against wrongdoers, and to enactment of campaign finance reforms in 2001.

B. PAST INVESTIGATIONS

Armed with its broad jurisdictional mandate, the Subcommittee has in recent years conducted investigations into a wide variety of topics of public concern, ranging from corporate misconduct, including the Senate's most in-depth investigation of the collapse of the Enron Corporation, to unfair energy prices, predatory lending, and tax evasion. The Subcommittee has also conducted investigations into numerous aspects of criminal wrongdoing, including money laundering, the narcotics trade, child pornography, labor racketeering, and organized crime activities. In addition, the Subcommittee has investigated a wide range of allegations of waste, fraud, and abuse in government programs and consumer protection issues, addressing problems ranging from food safety to Medicare fraud to mortgage "flipping."

Most recently, under the leadership of Senator Coleman, the Subcommittee has focused on exposing corruption problems in the United Nations' Oil-for-Food Program, port and supply-chain security, credit counseling abuses, and Federal contractors with billions of dollars in unpaid taxes. At Senator Levin's request, the Subcommittee has also examined offshore tax abuses, the role of tax professionals in promoting abusive tax shelters, transparency and pricing problems in U.S. crude oil markets, abusive credit card practices, and the failure of U.S. bank regulators to crack down on possible money laundering practices at financial institutions like Riggs Bank.

In 1998, the Subcommittee marked the 50th anniversary of the Truman Committee's conversion into a permanent subcommittee of the U.S. Senate.² In the half-century of its existence, the Subcommittee's many successes have made clear to the Senate the importance of retaining a standing investigatory body devoted to keeping government not only efficient and effective, but also honest and accountable.

(1) Historical Highlights

The Subcommittee's investigatory record as a permanent Senate body began under the Chairmanship of Republican Senator Homer Ferguson and his Chief Counsel (and future Attorney General and Secretary of State) William P. Rogers, as the Subcommittee inherited the Truman Committee's role in investigating fraud, waste and abuse in U.S. Government operations. This investigative work became particularly colorful under the chairmanship of Senator Clyde Hoey, a North Carolina Democrat who took the chair from Senator Ferguson after the 1948 elections. The last U.S. Senator to wear a long frock coat and wing-tipped collar, Mr. Hoey was a distinguished southern gentleman of the old school. Under his leadership, the Subcommittee won national attention for its investigation of the so-called "five percenters," notorious Washington lobbyists

²This anniversary also marked the first date upon which internal Subcommittee records generally began to become available to the public. Unlike most standing committees of the Senate whose previously unpublished records open after a period of 20 years has elapsed, the Permanent Subcommittee on Investigations, as an investigatory body, may close its records for 50 years to protect personal privacy and the integrity of the investigatory process. With this 50th anniversary, the Subcommittee's earliest records, housed in the Center for Legislative Archives at the National Archives and Records Administration, began to open seriatim. The records of the predecessor committee—the Truman Committee—were opened by Senator Nunn in 1980.

who charged their clients 5 percent of the profits from any Federal contracts they obtained on the client's behalf. Given the Subcommittee's jurisdictional inheritance from the Truman Committee, it is perhaps ironic that the "five percenters" investigation raised allegations of bribery and influence-peddling that reached right into the White House and implicated members of President Harry Truman's staff. In any event, the fledgling Subcommittee was off to a rapid start.

What began colorful soon became contentious. When Republicans returned to the Majority in the Senate in 1953, Wisconsin's junior Senator, Joseph R. McCarthy, became the Subcommittee's Chairman. Two years earlier, as Ranking Minority Member, Senator McCarthy had arranged for another Republican Senator, Margaret Chase Smith of Maine, to be removed from the Subcommittee. Senator Smith's offense, in Senator McCarthy's eyes, was her issuance of a "Declaration of Conscience" repudiating those who made unfounded charges and used character assassination against their political opponents. Although Senator Smith had carefully declined to name any specific offender, her remarks were universally recognized as criticism of Senator McCarthy's accusations that communists had infiltrated the State Department and other government agencies. Senator McCarthy retaliated by engineering Senator Smith's removal from the Subcommittee, replacing her with the newly-elected Senator from California, Richard M. Nixon.

Upon becoming Subcommittee Chairman, Senator McCarthy staged a series of highly publicized anti-communist investigations, culminating in an inquiry into communism within the U.S. Army, which became known as the Army-McCarthy hearings. During the latter portion of these hearings, in which the parent Committee examined the Wisconsin Senator's attacks on the Army, Senator McCarthy recused himself, leaving South Dakota Senator Karl Mundt to serve as Acting Chairman of the Subcommittee. Gavel-to-gavel television coverage of the hearings helped turn the tide against Senator McCarthy by raising public concern about his treatment of witnesses and cavalier use of evidence. In December 1954, in fact, the Senate censured Senator McCarthy for unbecoming conduct; in the following year, the Subcommittee adopted new rules of procedure that better protected the rights of witnesses. The Subcommittee also strengthened the rules ensuring the right of both parties on the Subcommittee to appoint staff, initiate and approve investigations, and review all information in the Subcommittee's possession.

In 1955, Senator John McClellan of Arkansas began 18 years of service as Chairman of the Permanent Subcommittee on Investigations. Senator McClellan appointed the young Robert F. Kennedy as the Subcommittee's Chief Counsel. That same year, Members of the Subcommittee were joined by Members of the Senate Labor and Public Welfare Committee on a special committee to investigate labor racketeering. Chaired by Senator McClellan and staffed by Robert Kennedy and other Subcommittee staff members, this special committee directed much of its attention to criminal influence over the Teamsters Union, most famously calling Teamsters' leaders Dave Beck and Jimmy Hoffa to testify. The televised hearings of the special committee also introduced Senators Barry Goldwater

and John F. Kennedy to the Nation, as well as leading to passage of the Landrum-Griffin Labor Act.

After the special committee completed its work, the Permanent Subcommittee on Investigations continued to investigate organized crime. In 1962, the Subcommittee held hearings during which Joseph Valachi outlined the activities of La Cosa Nostra, or the Mafia. Former Subcommittee staffer Robert Kennedy—who had by now become Attorney General in his brother’s Administration—used this information to prosecute prominent mob leaders and their accomplices. The Subcommittee’s investigations also led to passage of major legislation against organized crime, most notably the Racketeer Influenced and Corrupt Organizations (RICO) provision of the Crime Control Act of 1970. Under Chairman McClellan, the Subcommittee also investigated fraud in the purchase of military uniforms, corruption in the Department of Agriculture’s grain storage program, securities fraud, and civil disorders and acts of terrorism. From 1962 to 1970, the Permanent Subcommittee on Investigations conducted an extensive probe of political interference in the awarding of government contracts for the Pentagon’s ill-fated TFX (“tactical fighter, experimental”). In 1968, the Subcommittee also examined charges of corruption in U.S. servicemen’s clubs in Vietnam and elsewhere around the world.

In 1973, Senator Henry “Scoop” Jackson, a Democrat from Washington State, replaced Senator McClellan as the Subcommittee’s Chairman. During these years, recalled Chief Clerk Ruth Young Watt—who served in that position from the Subcommittee’s founding until her retirement in 1979—Ranking Minority Member Charles Percy, an Illinois Republican, was more active on the Committee than Chairman Jackson, who was often distracted by his Chairmanship of the Interior Committee and his active role on the Armed Services Committee.³ Senator Percy worked closely in this regard with Georgia Democrat Sam Nunn, who subsequently succeeded Senator Jackson as Chairman in 1979. As Chairman, Senator Nunn continued the Subcommittee’s investigations into the role of organized crime in labor-management relations and also investigated pension frauds.

The regular reversals of political fortunes in the Senate of the 1980s and 1990s saw Senator Nunn trade chairmanship three times with Delaware Republican William Roth. Senator Nunn served from 1979 to 1980 and again from 1987 to 1995, while Senator Roth served from 1981 to 1986, and again from 1995 to 1996. These 15 years saw a strengthening of the Subcommittee’s bipartisan tradition in which investigations were initiated by either the Majority or Minority and fully supported by the entire Subcommittee. For his part, Senator Roth led a wide range of investigations into commodity investment fraud, offshore banking schemes, money laundering, and child pornography. Senator Nunn led inquiries into Federal drug policy, the global spread of chemical and biological weapons, abuses in Federal student aid programs, computer security, airline safety, and health care fraud. Senator

³It had not been uncommon in the Subcommittee’s history for the Chairman and Ranking Minority Member to work together closely despite their partisan differences, but Senator Percy was unusually active in the Minority—a role that included chairing one investigation of the hearing aid industry.

Nunn also appointed the Subcommittee's first female counsel, Eleanor Hill, who served as Chief Counsel to the Minority from 1982 to 1986 and then as Chief Counsel from 1987 to 1995. Ms. Hill subsequently served as Inspector General at the Department of Defense.

(2) Recent Investigations

In January 1997, Republican Senator Susan Collins of Maine, became the first woman to Chair the Permanent Subcommittee on Investigations. Senator John Glenn of Ohio became the Ranking Minority Member. After Senator Glenn's retirement, Michigan Democrat Carl Levin succeeded him in January 1999, as the Ranking Minority Member. During Senator Collins' chairmanship, the Subcommittee conducted a number of investigations affecting Americans in their day-to-day lives, including investigations into mortgage fraud, phony credentials obtained through the Internet, deceptive mailings and sweepstakes promotions, day trading of securities, and securities fraud on the Internet. Senator Levin, while Ranking Minority Member, initiated an investigation into money laundering. At his request, the Subcommittee held hearings in 1999 on money laundering issues affecting private banking services provided to wealthy individuals, and in 2001 on how major U.S. banks providing correspondent accounts to offshore banks were being used to advance money laundering and other criminal schemes. Senator Collins chaired the Subcommittee until June 2001, when the Senate Majority party changed hands, and Senator Levin assumed the chairmanship. Senator Collins, in turn, became the Ranking Minority Member.

During the 107th Congress, both Senator Collins and Senator Levin chaired the Subcommittee. In her 6 months chairing the Subcommittee at the start of the 107th Congress, Senator Collins held hearings examining issues related to cross border fraud, the improper operation of tissue banks, and Federal programs designed to fight diabetes. Over the following 18 months, Senator Levin led a bipartisan investigation into Enron Corporation, which had collapsed into bankruptcy just before he became Chairman. The Subcommittee reviewed over 2 million pages of documents, conducted more than 100 interviews, held four hearings, and issued three bipartisan reports on the role played by Enron's Board of Directors, Enron's use of tax shelters, and how major U.S. financial institutions had contributed to Enron's accounting deceptions, corporate abuses, and ultimate collapse. The Subcommittee's investigative work contributed to passage of the Sarbanes-Oxley Act which enacted accounting and corporate reforms in July 2002. Senator Levin also advanced the money laundering investigation initiated while he was Ranking Minority Member and opened new investigations into offshore tax abuses, border security, and the pricing of gasoline and other fuels.

In January 2003, at the start of the 108th Congress, Senator Collins became Chairman of the full Committee on Homeland Security and Governmental Affairs, and Republican Senator Norm Coleman of Minnesota became the Subcommittee Chairman. Over the next 2 years, Senator Coleman held 15 hearings on topics of national and global concern including illegal file sharing on peer-to-peer net-

works, abusive practices in the credit counseling industry, the dangers of purchasing pharmaceuticals over the Internet, Federal contractors with billions of dollars in unpaid taxes, SARS preparedness, border security, and how Saddam Hussein abused the United Nations Oil-for-Food Program. At the request of Senator Levin, then Ranking Minority Member, the Subcommittee examined how some U.S. accounting firms, banks, investment firms, and tax lawyers were designing, promoting, and implementing abusive tax shelters across the country; and how some U.S. financial institutions were failing to comply with anti-money laundering controls mandated by the Patriot Act, using as a case history Riggs Bank accounts involving Augusto Pinochet, former President of Chile, and Equatorial Guinea, an oil-rich country in Africa.

During the 110th Congress, Chairman Coleman held 13 hearings on a wide range of topics, including three additional hearings on abuses associated with the United Nation's Oil-for-Food Program, two hearings on Federal contractors who failed to pay billions of dollars in taxes, additional border security hearings focused on securing the global supply chain, two hearings on the Department of Defense (DOD) travel abuses, and two field hearings on consumers hurt by abusive tax refund loans or unfair energy pricing. At Senator Levin's request, the Subcommittee also held hearings on offshore tax abuses, which are responsible for \$100 billion in unpaid taxes each year, and on U.S. money laundering vulnerabilities due to the failure of the States to obtain ownership information for the 2 million companies formed within their jurisdictions each year.

In January 2007, Senator Levin once again became Subcommittee Chairman. During the 110th Congress, Senator Levin held 14 hearings on a wide range of topics, including two hearings on unfair credit card practices, a hearing on tax and accounting mismatches involving executive stock options, hearings on excessive speculation in the natural gas market and the crude oil market, and hearings on offshore tax abuses involving tax haven banks and non-U.S. persons ducking payment of U.S. taxes on U.S. stock dividends. At the request of Senator Coleman, then Ranking Minority Member, the Subcommittee also held hearings on Medicare and Medicaid health care providers who cheat on their taxes, the payment of Medicare claims tied to deceased doctors, abusive practices involving transit benefits, U.S. dirty bomb vulnerabilities, Federal payroll tax abuses, and problems involving the United Nations Development Program.

The following pages describe the Subcommittee's work during the 110th Congress.

II. SUBCOMMITTEE HEARINGS DURING THE 110TH CONGRESS

A. *Credit Card Practices: Fees, Interest Charges, and Grace Periods (March 7, 2007)*

The Subcommittee's first hearing in the 110th Congress focused on unfair credit card practices. Two years earlier, in 2005, Senator Levin had initiated a Subcommittee investigation into credit cards by asking the Government Accountability Office (GAO) to conduct a study of credit card finance charges and disclosures to consumers. In 2006, GAO released a 125-page report which, for the first time

in years, provided a detailed description of the various fees, interest rates, and disclosure practices associated with 28 popular credit cards at the six largest U.S. credit card issuers. On March 7, 2007 the Subcommittee held a hearing that focused on three fundamental credit card issues: fees, interest rates, and grace periods.

The Subcommittee investigation determined that credit card issuers imposed a wide range of fees on card holders, including annual fees, late fees, over-the-limit fees, balance transfer fees, foreign exchange fees, and fees charged for paying a credit card bill over the telephone. Those high fees were made worse by the industry practice of including all fees in a consumer's outstanding balance so that the fees incurred interest charges. In other words, card issuers charged interest not only on funds lent to a consumer, but also on any fees assessed to a credit card account.

The Subcommittee investigation also found that credit card issuers typically applied multiple interest rates to the same card, depending upon the circumstances. For example, the credit card industry typically used one interest rate for cash advances, another for regular purchases, a third for balance transfers, and if a cardholder paid late or exceeded a credit limit, the issuer often imposed a so-called penalty interest rate that could exceed 30 percent. These interest rates often varied over time, rising and falling with the prime rate. These multiple interest rates that changed over time made it nearly impossible for consumers to track their finance charges. In addition, when a consumer paid off a portion of a monthly balance, but not the entire amount owed, credit card issuers typically charged interest on the entire balance, including the portion paid on time.

The Subcommittee investigation found that although many consumers thought that all credit cards provided them with a grace period before interest is charged, in fact, most credit card issuers did not provide a grace period to cardholders unless they paid their credit card balances in full each month. If a consumer owed any balance on a card from the prior month, there was typically no grace period provided for new purchases.

The hearing presented testimony from two panels, representing credit cardholders and credit card issuers. The first panel heard from Wesley Wannemacher, a credit card user, and Alys Cohen, a staff attorney at the National Consumer Law Center. Mr. Wannemacher testified about his experiences with a credit card he had obtained in 2001, with a \$3,000 credit limit. He used the card to pay for expenses mostly related to his wedding, and charged a total of about \$3,200, exceeding the card's credit limit by \$200. He spent the next 6 years trying to pay off the debt, averaging payments of about \$1,000 per year. Evidence showed that, during those 6 years, he was charged about \$4,900 in interest, \$1,100 in late fees, and \$1,500 in over-the-limit fees. He was hit 47 times with over-the-limit fees, even though he went over the limit only 3 times and exceeded the limit by only \$200. He was also assessed interest rates as high as 30 percent. Altogether, the fees and the interest charges added up to \$7,500 which, on top of the original \$3,200 credit card debt, produced total charges to him of \$10,700. At the time of the hearing, he'd paid about \$6,300 on his \$3,200 debt, but still owed \$4,400. After Mr. Wannemacher agreed to tes-

tify before the Subcommittee, his credit card issuer, Chase Bank USA, forgave his entire outstanding debt.

Ms. Cohen testified that exorbitant interest rates and multiple fees charged to already overburdened consumers are a growing source of financial hardship for American families. Ms. Cohen identified a list of abusive credit card practices, including burdensome fees, penalty interest rates, universal default practices, unfair allocation of payments, late payment triggers, unfair subprime credit cards, and mandatory arbitration clauses. She described penalty interest rates that dramatically increased a card's interest rate, and that were sometimes imposed for a single occasion of exceeding a credit limit or for a payment that was one day late. She noted that these penalty rates were applied, not just to future credit card transactions, but also to existing balances, which constituted a retroactive, unilateral change in the terms of the credit card loan. Ms. Cohen also criticized the practice of universal default, in which credit card lenders impose penalty rates, not for any conduct affecting the consumer's credit card account, but for conduct applicable only to other creditors. Ms. Cohen recommended a number of reforms to end these and other abuses.

The second panel presented testimony from three leading credit card issuers: Bruce Hammonds, President of Bank of America Card Services; Richard Srednicki, CEO of Chase Bank USA; and Vikram Atal, Chairman and CEO of Citi Cards. Mr. Hammonds testified about how credit cards work and the benefits they provide. He testified that, under the current system, consumers are able to access money or shop anywhere in the world, merchants can sell merchandise to consumers they don't know or may never see, and transactions are processed safely and almost instantaneously. According to Mr. Hammonds, credit cards also help consumers build their credit histories, participate in reward programs, and obtain protection against transaction fraud and identity theft. Mr. Hammonds also testified that Bank of America prices its credit cards based upon four primary factors: competition, risk, return, and regulation. He explained that the risk of nonpayment was managed in three ways: by issuing cards to those who demonstrated the ability to repay, monitoring customers' behavior, and working with customers who are experiencing problems to give them opportunities to repay.

Mr. Srednicki from Chase began his testimony with an apology to Mr. Wannemacher. He stated that Chase has policies and procedures in place to identify customers like Mr. Wannemacher, who have fallen into debt and are finding it difficult to work their way out. According to Mr. Srednicki, Chase policies and procedures failed to help Mr. Wannemacher, and he regretted it. Mr. Srednicki testified that Chase believed his case was an exception and not the rule, and that it was caused by human error, which is why they forgave the debt. Mr. Srednicki also announced that, as a result of the Wannemacher case, Chase had changed its policy on over-the-limit fees for all of its 100 million credit card accounts, and would no longer charge more than three over-the-limit fees for a single instance of exceeding a credit limit.

Mr. Srednicki testified that consumers use credit cards to manage cash flow, out of convenience, for protection, and for the special

offers of credit cards. He explained that most of Chase customers fell into the industry categories of “super-prime” and “prime,” and were fully able to pay their credit card bills. According to Mr. Srednicki, Chase was taking proactive steps to help improve the clarity of information disclosed to clients, and that 92 percent of Chase customers began and ended the year with the same or a better interest rate. Mr. Srednicki also referenced the 2006 GAO report finding that the total annual and penalty fees were roughly the same in 2004 as they were in 1990, and that most bankruptcies occur—not as a result of credit card debt, but primarily as a result of “unforeseen adverse events such as job loss, divorce and uninsured illness.”

Mr. Atal testified that, at Citi Cards, customer satisfaction drove their revenues, because lost customers were difficult to replace. He announced at the hearing that, to better serve their customers, Citi Cards had decided to stop using “universal default” practices, and would no longer impose penalty interest rates for conduct that applied only to another creditor. Mr. Atal also announced that Citi Cards would eliminate from its credit card agreements the clause allowing it to raise credit card rates “at any time for any reason.” Mr. Atal also described other services Citi Cards provided to clients, including customer alerts, financial literacy and consumer credit education, security and protection, disclosures, and hardship assistance, in order to treat consumers fairly and communicate with them in a clear and understandable way.

After the hearing, in May 2007, Senator Levin introduced S. 1395, The Stop Unfair Practices in Credit Cards Act, in order to combat the credit card abuses identified at the hearing. In 2008, Senator Dodd introduced S. 3252, a Dodd-Levin credit card reform bill that incorporated most of the Levin bill as well as additional measures to stop credit card abuses.

B. Medicare Doctors Who Cheat on Their Taxes and What Should Be Done About It (March 20, 2007)

As part of the Subcommittee’s continuing investigation of Federal contractors who are tax-delinquent, the Subcommittee examined the extent to which physicians and other health care providers who receive Medicare payments from the Federal Government also have unpaid tax debt. In addition, the Subcommittee investigated why the Centers for Medicare and Medicaid Services (CMS) had failed to establish systems to screen payments to Medicare health care providers to identify recipients with outstanding tax debt and subject them to levies under the Federal Payment Levy Program (FPLP). The Subcommittee held a hearing on these issues on March 20, 2007.

At the hearing, GAO testified that more than 21,000 physicians, health professionals, and suppliers who received payments from the Medicare Part B Program during the first 9 months of 2005 owed more than \$1 billion in unpaid Federal taxes. GAO also reported that Medicare physicians owed \$33 million in unpaid child support, \$27 million in delinquent student loans, \$22 million in unpaid State taxes, and \$114 million that was owed to Federal agencies. These other types of debt were not being collected, because CMS is statutorily exempt from collecting non-tax debt.

GAO identified 40 specific instances of abusive or potentially criminal activity related to Medicare health care providers with unpaid taxes. These 40 cases included a physician who received more than \$100,000 in Medicare payments, while owing nearly \$1 million in back taxes; an ambulance company that received more than \$1 million, while owing nearly \$11 million in taxes; and a medical imaging company that received more than \$1 million, while owing nearly \$3 million in unpaid taxes.

GAO also noted that, 6 years earlier, CMS had been cited for not participating in the FPLP tax levy program in a July 2001 GAO report entitled, "Tax Administration: Millions of Dollars Could Be Collected If IRS Levied More Federal Payments," GAO-01-711. GAO testified that CMS had failed to take any steps over the subsequent 6 years to establish the required FPLP screening procedures.

IRS Commissioner Mark Everson then testified about the recent progress that has taken place in the FPLP program to increase the number of Federal payments screened for unpaid taxes. The overall result has been a dramatic increase in tax collections, which have more than tripled from \$89 million in fiscal year 2003, to \$299 million in fiscal year 2006. With respect to CMS payments to Medicare health care providers, Commissioner Everson stated that these payments were legally subject to levy, and that the Internal Revenue Service (IRS), Financial Management Service (FMS), and CMS had begun talks to evaluate the steps needed to include these payments in the FPLP.

FMS Commissioner Kenneth R. Papaj testified that all levy collections have continued to increase due to improvements in the FPLP program. These improvements have included an increase in the types of payments that are being levied, more frequent screening of payments, and improved information enabling FMS to target tax levies successfully. He also testified that the issue of how to include Medicare payments in the FPLP had been taken up by the Federal Contractor Tax Compliance Task Force comprised of staff from IRS, FMS and CMS.

Finally, Acting CMS Administrator Leslie V. Norwalk testified that CMS was in the process of implementing the HealthCare Integrated General Ledger Accounting System, which will simplify the Medicare payment process and make it feasible to impose levies under the FPLP. CMS expected to complete implementation of the new system in 2011.

To deepen understanding of the extent of the problem, the Subcommittee asked GAO to conduct an expanded review of Medicare health care providers with unpaid taxes. On June 13, 2008, the GAO released a report entitled, "Medicare: Thousands of Medicare Providers Abuse the Federal Tax System," GAO-08-618, which looked at an entire year of data from 2006 for health care providers in both the Medicare Part A and Part B Programs. Overall, GAO estimated that over 27,000 Medicare providers, or about 6 percent of all Medicare providers, had unpaid Federal taxes totaling over \$2 billion. GAO also found instances of abusive and criminal activity in a nonrepresentative sample of 25 Medicare health care providers, often involving established businesses that had failed to remit their payroll taxes. The GAO report determined that CMS

had no mechanism to prevent providers with substantial unpaid Federal taxes from becoming Medicare providers or receiving Medicare payments. In addition, because CMS was not participating in the FPLP, GAO estimated that the government had lost the opportunity to collect between \$50 and \$140 million in unpaid taxes from payments disbursed in 2006 alone.

As a result of the Subcommittee's investigation, legislation was included in the Medicare Improvements for Patients and Providers Act of 2008, Public Law 110-275, to require CMS, over a 4-year period, to establish tax levy procedures for all Medicare payments to health care providers. CMS was required to begin screening a portion of those Medicare payments in 2008, and to increase the payments subject to levy until 100 percent were screened for unpaid taxes.

C. Transit Benefits: How Some Federal Employees Are Taking Uncle Sam For a Ride (April 24, 2007)

At the request of Senator Coleman, the Subcommittee initiated an investigation into reports that federally subsidized transit benefits in the form of Metrocheks and Smartrip cards, which were designed to be used only by Federal employees riding mass transit, were being sold to third parties in potential violation of Federal regulations. On April 24, 2007, the Subcommittee held a hearing which disclosed that program abuses were occurring, and that internal controls to prevent such abuses were inadequate.

Less than 10 years ago, the Federal transit benefits program was established to encourage Federal employees to use public transportation, like subways and buses, for the purpose of reducing road congestion, air pollution, gasoline consumption, and U.S. dependence on foreign oil. Nationwide, the program distributes about \$250 million in Federal travel subsidies each year and encourages nearly 300,000 Federal employees to commute to work on mass transit systems, by supplying them with monthly benefits that can pay for subway tokens or bus passes. More than half of these employees work in the Nation's capital and supply nearly a third of the 1.1 million daily trips taken on the local subway system. By getting these workers off the roads and into mass transit, the Federal transit benefit program was intended not only to support public transportation, but also benefit other Americans by lessening pollution, gasoline consumption, and wear and tear on roads.

Federal employees using Metrocheks and Smartrip cards are required to certify under penalty of perjury that they will not sell or transfer their transit benefits to anyone else and that the amount received does not exceed their monthly commuting costs. No single Federal agency is responsible for overseeing the transit benefits program; instead, each participating Federal agency is responsible for ensuring that its own employees make proper use of the transit benefits received.

A GAO investigation undertaken at the request of the Subcommittee determined that a variety of fraudulent and abusive practices affecting transit benefits were taking place in the Washington, D.C. metropolitan area. GAO identified, for example, Federal employees who were selling their transit cards on the Internet; falsifying benefit applications to claim excess benefits; claiming

mass transit and parking benefits at the same time; distributing benefits to friends and family; and receiving benefits after leaving employment with the Federal Government. GAO identified specific Federal employees engaged in these practices and turned their cases over to their agency employers. GAO also found that these abuses occurred in part because Federal agencies lacked the necessary internal controls to detect and prevent abuses.

GAO testified at the hearing about its findings. Representatives of Federal agencies also testified. They generally admitted abuses were occurring, and that each participating agency bore the responsibility for implementing internal controls to prevent them. These witnesses included Linda J. Washington, Acting Assistant Secretary for Administration, Department of Transportation; Calvin Scovel III, Inspector General for the Department of Transportation; Michael L. Rhodes, Director of Washington Headquarters Services, Department of Defense (DOD); and Acting DOD Inspector General Thomas Gimble. The hearing also disclosed that six different inspectors general, including the DOD IG, had previously audited use of transit benefits and concluded that the program controls were inadequate.

In response to the hearing, the Transportation Department and other agencies agreed to tighten controls, consider specifying uniform application forms and internal controls across the country, and exercise better oversight of Federal transit benefits.

D. Executive Stock Options: Should the Internal Revenue Service and Stockholders Be Given Different Information? (June 5, 2007)

In 2007, the Subcommittee initiated an investigation into excessive executive pay and abusive practices involving compensation paid to U.S. corporate executives, including through stock options. In 2006, the average pay of chief executive officers (CEOs) at large U.S. public companies was \$15.2 million, of which nearly half, \$7.3 million, came from exercising stock options. In 2006, CEOs received nearly 400 times the average pay earned by workers, and stock options were a key reason.

On June 5, 2007, the Subcommittee held a hearing examining how current U.S. accounting and tax rules require stock option compensation expenses to be valued in different ways on corporate financial statements compared to corporate tax returns, and how, in most cases, corporations take stock option tax deductions that are far in excess of the stock option expenses recorded on their financial statements. Stock option compensation is currently the only type of compensation in which corporations are allowed to take tax deductions that exceed their book expenses. The Subcommittee investigation found that, by providing overly generous stock option tax deductions, Federal tax policy encouraged corporations to provide excessive stock option pay, fueled the pay gap between executives and workers, and enabled profitable corporations to avoid paying billions in taxes.

At the hearing, the Subcommittee detailed the stock option book-tax difference at nine Fortune 500 companies. The data showed that the nine companies alone produced \$1 billion more in tax deductions than the expenses shown on their books, even after using

a new accounting rule requiring stock option compensation to be expensed on corporate financial statements.

Three of the nine companies testified at the hearing: Stephen F. Bollenbach, Chairman of the Board of Directors of KB Home, a residential construction company; John S. Chalsty, Chairman of the Compensation Committee of Occidental Petroleum Corporation, an oil company; and William Y. Tauscher, Member and former Chairman of the Compensation Committee of Safeway, Inc., a large grocery chain. The data showed that KB Home had claimed a \$143 million tax deduction for stock option expenses that, under the new accounting rule, would have totaled \$11.5 million, with the result that its tax deduction was 12 times bigger than its book expense. The data showed that Occidental Petroleum claimed a \$353 million tax deduction for a stock option book expense that, under the new accounting rule, would have totaled just \$29 million, a book-tax difference of more than 1,200 percent. The data also showed that Safeway claimed a \$39 million tax deduction for a stock option book expense that would have totaled about \$6.5 million, a difference of more than 600 percent. Altogether, the data showed that the nine companies took stock option tax deductions totaling \$1.2 billion, a figure five times larger than their combined stock option book expenses of \$217 million. The corporate witnesses did not dispute these figures; instead, they explained that their corporations had simply complied with the required accounting and tax rules which are responsible for producing these disparate results.

The second panel at the hearing presented testimony from government witnesses. Kevin M. Brown, Acting IRS Commissioner, presented a data analysis performed by the IRS at the request of the Subcommittee on the overall size and composition of the stock option book-tax difference. Using actual tax return information from schedules filed over 7 months from December 31, 2004 to June 30, 2005, Mr. Brown reported that about 3,000 companies had disclosed a book-tax difference related to stock option compensation, and overall, these companies had claimed \$43 billion more in stock option tax deductions than book expenses. He also reported that approximately 250 companies accounted for 82 percent of the \$43 billion in excess tax deductions. John W. White, Director of the Division of Corporation Finance of the U.S. Securities and Exchange Commission (SEC) testified that the dramatic growth of stock options as compensation was accompanied by abuses and deserved additional disclosure and transparency.

In the last panel, three experts discussed the stock option book-tax difference. Lynn E. Turner, former SEC Chief Accountant, testified about how the disparity in U.S. accounting and tax rules had created an incentive for companies to maximize stock options in order to benefit from the income tax deductions while also minimizing expenses for financial reporting purposes. He noted the conflicting information reported to investors and the SEC versus the IRS. Mihir A. Desai, an associate professor at the Harvard University Graduate School of Business Administration, testified that the dual reporting system created incentives for corporations to maximize the deductions reported to tax authorities, while minimizing the expenses reported to investors. He noted that investors did not have access to the information being given to tax authorities or to

the size of the book-tax discrepancy, which would help investors evaluate a company's actual economic performance. He also noted that the United States was an anomaly among its peers in its dependence on dual reporting, as most other countries have moved to align stock option tax and financial reporting without negative consequences. Finally, Jeff Mahoney, General Counsel to the Council of Institutional Investors, which represents corporate and union pension fund investors, testified that stock option compensation represented a true expense to corporations, that the existing policy encourages excessive stock option awards, and that it is simply bad tax policy to continue to allow profitable corporations to avoid payment of taxes by claiming large stock option tax deductions.

In 2008, at the request of the Subcommittee, the IRS updated its data to provide analysis for a full year of stock option book-tax differences. The IRS determined that, for tax returns filed in 2004, the amount by which corporate stock option tax deductions exceeded the equivalent book expenses was \$49 billion, up from the \$43 billion announced at the hearing. In addition, the IRS determined that the excess stock option tax deductions for corporate returns filed in 2005 totaled \$61 billion.

As a result of the Subcommittee investigation, on Sept. 28, 2007, Senator Levin introduced legislation, S. 2116, to require stock option tax deductions to match, and not exceed, a corporation's book expense.

E. Excessive Speculation In The Natural Gas Market (June 25 and July 9, 2007)

In June and July 2007, the Subcommittee held two days of hearings and released a 400-page bipartisan staff report which found excessive speculation in the natural gas market, using the case history of Amaranth Advisors LLC, a hedge fund which the report found had distorted 2006 U.S. natural gas prices through large speculative trades, traded in both regulated and unregulated energy commodity markets, and played each type of market off the other.

The Subcommittee investigation detailed the reasons for relatively high prices and volatility in the natural gas futures markets in 2006, and demonstrated how excessive speculation by a single hedge fund had dominated the natural gas market and distorted natural gas futures prices. The investigation also examined the extent to which speculative trading on unregulated energy exchanges had contributed to the price distortions. The report presented landmark evidence demonstrating for the first time that regulated and unregulated energy commodity markets affected each other's prices and U.S. energy costs.

The report also contained bipartisan recommendations to reduce excessive speculation in commodity markets, including by enacting legislation to close "the Enron loophole." The Enron loophole, inserted at the request of Enron and others into U.S. legislation that was enacted into law, exempts from government oversight any electronic commodity exchange whose trading is limited to large traders of energy or metals commodities, on the theory that large traders have no need for government safeguards. As a result of this exemption, one of the largest U.S. energy exchanges, the Interconti-

mental Exchange (ICE), has operated without government oversight or regulation since its inception, even after it has become clear that its trades affect prices on regulated markets like the New York Mercantile Exchange (NYMEX). The report recommended eliminating this statutory exemption from government oversight.

The first day of hearings, on June 25, presented three panels. On the first panel, three industry experts testified about the natural gas market: Arthur Corbin, President and CEO of the Municipal Gas Authority of Georgia, who testified on behalf of the American Public Gas Association; Paul N. Cicio, President of the Industrial Energy Consumers of America; and Sean Cota, President of the New England Fuel Institute. Each stated that Amaranth's large positions in the 2006 natural gas commodity markets had driven up natural gas prices beyond the levels of supply and demand, urged transparency in the unregulated over-the-counter energy markets, and advocated for enhanced authority for the Commodity Futures Trading Commission (CFTC) to prevent price manipulation and excessive speculation in energy markets. All three stated that U.S. energy prices were affected by trades in both the regulated commodity markets like NYMEX and unregulated electronic markets like ICE, and called for closing the Enron loophole.

The second panel presented testimony from two academic experts, Professor Vince Kaminski, Jesse H. Jones Graduate School of Management at Rice University; and Professor Michael Greenberger, University of Maryland School of Law. Both supported the findings in the Subcommittee staff report, including the recommendation to close the Enron loophole.

The final witness was Shane Lee, a former natural gas trader at Amaranth, who testified about Amaranth's natural gas trading practices. He admitted that the volume of Amaranth's trading was very large and took place in both regulated and unregulated markets, but disagreed that Amaranth's trading drove prices, and instead opined that the company merely responded to market forces. He supported extending reporting requirements and limits to unregulated exchanges.

On July 9, 2007, the Subcommittee held the second day of hearings, focused on the role of market regulators to protect the public from commodity price manipulation and excessive speculation. The first panel heard from Dr. James Newsome, President and CEO of NYMEX, and Jeffrey C. Sprecher, Chairman of the Board and CEO of ICE. Dr. Newsome testified that the existing statutory framework was unworkable, because of the regulatory disparity between CFTC's authority over NYMEX, but not ICE. Mr. Sprecher agreed with the Subcommittee recommendations to increase the CFTC budget and enhance its access to trading information, but disagreed that new legislation was needed to fill a regulatory gap. The final witness was the CFTC, represented by the Hon. Walter L. Lukken, Acting Chairman, and the Hon. Michael V. Dunn, Commissioner. They explained the limitations on CFTC regulatory authority, including with respect to exempt commercial markets such as ICE, the absence of over-the-counter reporting obligations, and the CFTC's difficulty in detecting fraud and manipulation.

In response to the Subcommittee's investigative work, on September 17, 2007, Senator Levin introduced S. 2058, the Close the

Enron Loophole Act. In May 2008, legislation based upon the Levin bill was included in the 2008 farm bill and effectively closed the Enron loophole and subjected electronic commodity markets that affect prices to CFTC regulation and oversight. In late July 2007, both the CFTC and the Federal Energy Regulatory Commission filed civil complaints against Amaranth and its head energy trader Brian Hunter for manipulating prices in the natural gas market.

F. Dirty Bomb Vulnerabilities: Fake Companies, Fake Licenses, Real Consequences (July 12, 2007)

As part of the Subcommittee's continuing examination of nuclear and radiological threats to the United States, the Subcommittee initiated an investigation into certain aspects of the materials licensing policies and procedures of the Nuclear Regulatory Commission (NRC). To evaluate the effectiveness of these policies and procedures, GAO, in response to a Subcommittee request, agreed to establish a false company and test whether the NRC's licensing procedures were sufficient to guard against the aggregation and misuse of relatively low-grade radioactive materials, including efforts to include these materials in a so-called "dirty bomb." On July 12, 2007, the Subcommittee held a hearing and issued a bipartisan staff report on the results of the GAO exercise, the process by which parties obtain NRC materials licenses, the vulnerability of NRC materials licenses to counterfeiting and fraud, and recommendations to strengthen NRC safeguards.

At the hearing, GAO was the first witness and testified about NRC licensing procedures and GAO's efforts to test those procedures. GAO explained that the NRC and certain "Agreement States" to which the NRC has delegated authority are responsible for regulating the possession and use of low-grade radiological materials within U.S. borders. GAO disclosed that the NRC and Agreement States use different licensing policies and procedures to issue about 1,000 new licenses each year allowing specified entities to possess and use certain radiological materials in a variety of medical and industrial fields.

GAO then described how it used aliases and a dummy corporation to apply simultaneously for two materials licenses—one through an Agreement State and one from the NRC. GAO testified that the Agreement State, as part of its licensing process, insisted on interviews with company officials and a physical tour of the company's facilities. Satisfied with the Agreement State's safeguards, GAO withdrew its application. GAO reported that, in contrast, the NRC opted not to conduct a site visit or in-person interviews with company officials as part of its licensing procedure. According to the GAO, in less than 30 days, after exchanging a handful of phone calls and faxes with GAO's sham corporate executives, the NRC issued a materials license to its dummy corporation allowing it to take possession of radiological materials.

GAO also testified that NRC materials licenses were singularly susceptible to counterfeiting. GAO described how, using off-the-shelf computer software, it electronically scanned the NRC license it had received and created a near-identical facsimile. Using the counterfeit license, GAO then contracted with two different companies to purchase a number of radiological devices. GAO testified

that the aggregate amount of radioactive materials that it had contracted to buy vastly exceeded the quantity authorized on the original NRC license, met the NRC's definition of a "dangerous" quantity, and could have been sufficient to construct a dirty bomb. GAO testified that it could have used the counterfeit NRC licenses to purchase virtually unlimited amounts of radioactive material. GAO offered a number of recommendations to strengthen NRC licensing procedures and combat counterfeit materials licenses.

On the second hearing panel, Edward McGaffigan, Jr., NRC Commissioner, acknowledged that GAO had revealed flaws in the NRC's licensing procedures for possession and use of low-grade radioactive materials. He noted that applicants for these materials do not undergo the same degree of scrutiny as applicants for more dangerous radioactive materials. For example, he acknowledged that, when reviewing applications for low-grade radioactive materials, NRC licensing officers were authorized to exercise judgment on whether pre-licensing site visits were necessary. Regarding the vulnerability of materials licenses to modification or counterfeiting, McGaffigan acknowledged that GAO's work provided "cause for concern."

In response to the Subcommittee's investigative work, the NRC proposed performing a retrospective examination of certain licenses issued by the NRC to verify that the licensees were legitimate; reevaluating NRC licensing procedures and guidance; examining options to combat counterfeit licenses; and reevaluating security measures. After the hearing, the NRC established an "Independent External Review Panel to Identify Vulnerabilities in the NRC's Materials Licensing Program," a "Materials Program Working Group," and a "Pre-Licensing Guidance Working Group." The Independent Review Panel and NRC staff embraced virtually all of the Subcommittee staff report's recommendations. Most notably, the NRC recognized the need to suspend its "good faith presumption" that new applicants seeking radioactive materials were honest and hasten implementation of a National Source Tracking System and a Web-Based Licensing System.

G. Medicaid Providers That Cheat on Their Taxes and What Should Be Done About It (November 14, 2007)

As part of the Subcommittee's continuing investigation into Federal contractors who are tax-delinquent, the Subcommittee examined the extent to which physicians and other health care providers who receive Medicaid payments from the 50 States, each payment of which includes some Federal funds, have unpaid Federal tax debt. As part of this investigation, the Subcommittee examined the complexity of the Medicaid payment system and how Medicaid payments could be screened to identify recipients with outstanding Federal tax debt and made subject to levies under the Federal Payment Levy Program (FPLP). The Subcommittee held a hearing on these issues on November 14, 2007.

At the request of the Subcommittee, GAO had initiated an evaluation of the unpaid Federal taxes owed by Medicaid health care providers. At the hearing, GAO testified that it had examined seven States accounting for 43 percent of Medicaid payments in FY 2006, and identified more than 30,000 providers, or about 5 percent

of the total, who owed more than \$1 billion in unpaid Federal taxes. GAO testified that more than half of the unpaid taxes were payroll taxes that employers had withheld from their employees and were required by law to remit to the Internal Revenue Service (IRS), but failed to do so. GAO estimated that, if the Federal Government had levied Medicaid payments in the seven selected States through the FPLP, it could have collected between \$70 and \$160 million in unpaid taxes.

GAO identified 25 specific instances of abusive or potentially criminal activity related to Medicaid health care providers with unpaid taxes. Those 25 cases included a nursing home facility that received more than \$39 million in Medicaid payments in FY 2006, while owing more than \$16 million in back taxes, primarily from unremitted payroll taxes; a hospital that received more than \$9 million from Medicaid, while owing nearly \$5 million in taxes; and a medical clinic that received nearly \$3 million, while owing nearly \$1 million in unpaid taxes.

GAO reported that, in addition to unpaid tax debt, Medicaid health care providers owed about \$31 million in unpaid child support, \$66 million in other Federal agency debt including delinquent student loans, and \$5 million in unpaid State taxes. GAO explained that these other types of debt were not being collected, because Medicaid payments are not processed through Federal payment systems.

The second hearing panel heard testimony from three Federal agencies: Linda Stiff, Acting IRS Commissioner; Kenneth R. Papaj, head of the Financial Management Service that operates the FPLP; and Dennis G. Smith, Director of the Center for Medicaid and State Operations at the Center for Medicare and Medicaid Services (CMS). Ms. Stiff and Mr. Papaj testified that Medicaid payments include both State and Federal components, are administered by the States under 50 different systems, and are currently not subject to the Federal Payment Levy Program (FPLP) because they are not considered "Federal payments." Mr. Smith described the procedures under which CMS makes quarterly payments to the States which, in turn, use those Federal funds in their Medicaid programs, including by making payments to health care providers. All three witnesses testified that incorporating Medicaid payments into the FPLP would be complex and difficult, and would likely require a change in law. They also pledged, as a result of the Subcommittee's investigative work, to examine the issues more closely.

In response to the Subcommittee's investigative work, in April 2008, Senators Coleman and Levin introduced S. 2843, the Medicaid Levy Enhancement Act, to authorize Federal tax levies on Medicaid payments to health care providers. The bill was referred to the Committee on Finance for further consideration.

H. Credit Card Practices: Unfair Interest Rate Increases (December 4, 2007)

On December 4, 2007 the Subcommittee held its second hearing of the year examining abusive credit card practices. The hearing focused on the problem of unfair interest rate increases, in particular the industry practice of increasing interest rates even for card holders who have paid their credit card bills on time, stayed below their

credit limits, and paid at least the minimum amount due. The hearing took testimony from both credit card holders and issuers.

The first panel took testimony from three consumers who described their experiences. Janet Hard of Freeland, Michigan, testified that, in 2006, Discover increased her credit card interest rate from 18 percent to 24 percent, even though she had made payments to Discover on time and paid at least the minimum amount due for over 2 years. Discover applied the 24 percent rate retroactively to her existing credit card debt of \$8,300, increasing her minimum payments and increasing the amount that went to finance charges instead of the principal debt. The result was that, despite making steady payments totaling \$2,400 over 12 months and keeping her purchases to less than \$100, Ms. Hard's credit card debt decreased by only \$350. According to Mrs. Hard, out of more than \$5,600 that she paid to Discover over a longer period of time, more than \$3,400 went solely to interest charges. Ms. Hard testified that the unilateral interest rate increase imposed on her by Discover, despite her record of on-time payments, had caused great hardship for her family.

Millard Glasshof of Milwaukee, Wisconsin, is a senior citizen on a fixed income. He testified that, for many years, he had made a \$119 monthly payment to Chase Bank to pay off a \$5,000 debt on a closed credit card account and was gradually reducing the amount owed. In December 2006, according to Mr. Glasshof, Chase suddenly increased his interest rate from 15 percent to 17 percent, and then hiked it again to 27 percent. He said that Chase applied the new 27 percent rate retroactively to his existing debt, which meant that, out of his \$119 payment, \$114 went to pay finance charges and only \$5 went to reducing his principal debt. Due to the new high interest rates as well as the imposition of excessive fees, Mr. Glasshof testified that, despite his making payments totaling \$1,300 over a 12-month period, his credit card debt did not go down at all.

Bonnie Rushing of Naples, Florida, described her experience with a Bank of America credit card that carried an interest rate of about 8 percent. She testified that, in April 2007, despite a history of timely payments on her credit card debt, Bank of America nearly tripled her interest rate to 23 percent. According to Ms. Rushing, she had received no prior notification of the rate hike. Ms. Rushing testified that a bank representative told her she had no recourse other than to accept the increased interest rate, pay off the account with another credit card, or try to renegotiate an interest rate higher than the prior 8 percent rate. Ms. Rushing testified that she asked to close the account and pay off the existing debt at the prior 8 percent rate, but was told it was not an option. Ms. Rushing testified that she closed the account and, after complaining to the Florida Attorney General, the Subcommittee, and her card sponsor, she was able to get Bank of America to restore the 8 percent rate she had been paying.

The second hearing panel heard from three leading credit card issuers: Bruce Hammonds, President of Bank of America Card Services; Roger Hochschild, President and Chief Operating Officer of Discover Financial Services; and Ryan Schneider, President for Card Services at Capital One. Mr. Hammonds described the bene-

fits that credit cards provide to consumers and the need to use risk-based pricing to ensure that credit is widely available and reduce costs for the least risky borrowers. Mr. Hammond testified that credit card issuers employ different risk-based pricing strategies, and consumers can make informed choices among them. Mr. Hochschild testified that Discover's ability to make risk-based and default-based price adjustments to annual percentage rates allows them to offer credit to a wider segment of the public, and price credit at a level appropriate for each borrower. According to Mr. Hochschild, many credit card users have seen the costs of credit come down. Mr. Hochschild testified that changes in interest rates occur for several reasons, including changes driven by a customer's payment behavior and changes reflecting credit costs and risks to an issuer's credit card portfolio.

Mr. Schneider testified that a flexible pricing structure is an essential tool in the safe and sound underwriting of open-ended, unsecured credit products. He testified that the ability to modify the terms of a credit card agreement to accommodate changes over time to the economy or the creditworthiness of consumers must be preserved as a matter of fiduciary responsibility. He testified that the consequences of imposing severe restrictions on the ability to reprice such loans in response to these changes could include significant reductions in the availability of credit to many and higher pricing for all, particularly for customers who pose a higher level of risk. Mr. Schneider testified that Capital One supported permitting consumers to reject a new interest rate in exchange for stopping the use of their card, and paying off their existing balance at their previous rate, and requiring a 45-day advance repricing notification.

In addition to the testimony of Ms. Hard, Mr. Glasshof, and Ms. Rushing, the hearing presented evidence that retroactive interest rate hikes on consumers with on-time payment histories were common in the credit card industry. Both Senator Levin's and Senator Dodd's credit card reform bills introduced in 2007 and 2008, as described earlier, included provisions to end this type of unfair credit card practice.

I. Speculation In the Crude Oil Market (Joint Hearing, Permanent Subcommittee on Investigations and the Subcommittee on Energy of the Committee on Energy and Natural Resources) (December 11, 2007)

In June 2006, the Subcommittee released a bipartisan staff report entitled, *The Role of Market Speculation In Rising Oil and Gas Prices: A Need To Put The Cop Back On The Beat*. It found that the traditional forces of supply and demand no longer fully accounted for rising prices and ongoing price volatility in the U.S. oil and gasoline markets. The report found that, in 2006, market speculation had also contributed to rising oil and gasoline prices, perhaps accounting for \$20 out of a \$70 barrel of oil. The report made a number of recommendations to increase market oversight and stop price manipulation and excessive speculation. In December 2007, the Subcommittee held a joint hearing with the Senate Subcommittee on Energy to examine further the reasons for rising U.S.

oil prices despite adequate U.S. supplies of oil, and the role of speculative trades in elevating energy prices.

The hearing focused on the role of speculators in driving up oil prices. Data was presented showing that, in recent years, the trading volume for oil futures contracts had increased dramatically, and the percentage of oil futures contracts held by speculators, as opposed to parties involved in the actual delivery of oil, had risen from approximately 15 percent to nearly 45 percent. Speculators were defined as traders seeking to profit from an increase in price as opposed to those seeking to hedge their position in order to assure a stable supply of oil at a set price. The hearing also examined evidence of the extent to which the Administration's policy for adding oil to the Strategic Petroleum Reserve (SPR), regardless of price, had contributed to rising oil prices by depleting market supplies. This issue had been explored in detail by the Subcommittee years earlier in a 2003 report prepared by Senator Levin's staff. In addition, the hearing looked at the disproportionate impact of sweet crude oil deliveries in Cushing, Oklahoma on U.S. oil prices overall. That particular type of sweet crude oil provides the benchmark price for U.S. crude oil in standard futures contracts on the New York Mercantile Exchange (NYMEX), which means that changes in its price can cause price swings across the entire U.S. oil market.

Four witnesses provided testimony about the likely cause of oil price increases. According to Guy F. Caruso, Administrator of the Energy Information Administration (EIA), research by EIA, CFTC, and other agencies indicated that recent oil price increases were caused by a confluence of multiple supply and demand factors: strong world economic growth, moderate supply growth from non-OPEC nations, OPEC production decisions, low spare production capacity, tight global commercial inventories, refining bottlenecks, and ongoing geopolitical risks. He discounted the role of speculative trades in producing rising oil prices.

The other three witnesses disagreed. Fadel Gheit, a Wall Street energy analyst, testified that, in his view, oil prices were inflated by as much as 100 percent from excessive speculation in the oil markets. He noted that this view was supported by the current Energy Secretary, most OPEC ministers, and the heads of major international oil companies. He urged regulation of oil trading to improve transparency, discourage excessive speculation, and prevent conflicts of interest by traders. Edward N. Krapels, Director of Financial Energy Market Services at Energy Security Analysis, Inc., concurred that financial speculators were driving up oil prices and that the government should respond by increasing disclosure and regulating the market. Dr. Philip K. Verleger, Jr., an oil expert and President of PK Verleger, LLC, likewise testified that speculation was responsible for driving up oil prices in commodity markets. He indicated that oil prices had also increased because of the increased demand fueled by the Administration's large purchase of sweet crude oil for the SPR.

In February 2008, Senator Levin joined Senator Dorgan and others in introducing legislation, S. 2598, to place a moratorium on purchases of high-priced oil for the SPR. A similar House bill, H.R. 6022, was enacted into law a few months later.

J. United Nations Development Program: A Case Study of North Korea (January 24, 2008)

In 2007, as part of an ongoing inquiry into management issues at the United Nations (UN), the Subcommittee commenced an examination into allegations of mismanagement and misconduct in the operations of the United Nations Development Program (UNDP) in the Democratic People's Republic of Korea (DPRK). Over the course of its investigation, the Subcommittee collected voluminous documents and interviewed dozens of individuals, including persons from the U.S. Mission to the United Nations, UNDP, other U.N. organizations, financial institutions, and the DPRK's Permanent Mission to the United Nations.

On January 24, 2008, the Subcommittee held a hearing and released a bipartisan staff report on its investigation. The report found that the UNDP had operated in North Korea with inappropriate staffing, questionable use of foreign currency instead of local currency, and insufficient administrative and fiscal controls. The report also showed how, in 2002, the DPRK government had used its relationship with the United Nations to execute deceptive financial transactions, moving over \$2.7 million of its own funds from Pyongyang to DPRK diplomatic missions abroad through a bank account intended to be used solely for UNDP activities and referencing UNDP in the wire transfer documentation. The report found that the UNDP also transferred U.N. funds to a company that, according to a letter from the U.S. State Department to UNDP, had ties to an entity involved in DPRK weapons activity. Additionally, the report found that, by preventing access to its audits and not submitting to the jurisdiction of the U.N. Ethics Office, the UNDP had impeded reasonable oversight and undermined its whistleblower protections.

The hearing heard from three panels of witnesses. The first panel featured the Hon. Zalmay Khalilzad, U.S. Ambassador to the United Nations, and the Hon. Mark Wallace, U.S. Ambassador to the United Nations for Management and Reform. The two ambassadors discussed a number of U.N. reform efforts, including establishment of the Independent Audit Advisory Committee (IAAC); extension of the U.N. ethics code to apply to the overall U.N. system, including U.N. Funds and Programmes; ongoing work by the U.N. Procurement Task Force; and the U.N. Transparency and Accountability Initiative (UNTAI) aimed at ensuring that Funds and Programme funds are delivered efficiently and effectively.

Both ambassadors discussed problems related to UNDP operations in North Korea. They noted that the UNDP operations had been shut down in March 2007, and a May 31, 2007 Board of Auditors preliminary inquiry had validated concerns that the UNDP acted in North Korea in violation of U.N. policies and rules by: (1) making payments in hard foreign currency; (2) utilizing staff provided by the North Korean government in core UNDP functions; and (3) failing to make adequate project site visits.

The second panel featured GAO which has conducted a number of studies over the years on issues related to the United Nations. GAO testified that recent events demonstrated the continuing need to reform and modernize the United Nations in such areas as management, ethics, procurement, and accountability. GAO attributed

the lack of progress in various budgetary, financial management, and administrative reforms to, in part, disagreements among member states about the priorities and importance of U.N. management reform efforts; the lack of comprehensive implementation plans for some management reform proposals; and administrative policies and procedures that complicate human resource reforms. GAO also testified that the governing bodies responsible for U.N. oversight, as well as member states, lacked full access to internal U.N. audit reports that identify and analyze critical issues.

The third panel featured four key U.N. officials: Frederick Tipson, Director of the UNDP Liaison Office; David Lockwood, Deputy Director of the UNDP Bureau for Asia and the Pacific; David Morrison, UNDP Director of Communications; and Robert Benson, Director of the U.N. Ethics Office. The Subcommittee acknowledged the privileges and immunities of the United Nations and expressed appreciation that the U.N. witnesses had voluntarily agreed to brief the Subcommittee. The UNDP officials discussed the UNDP operations in DPRK, noting that the North Korean development projects presented a host of management and administrative challenges. Mr. Tipson noted that, contrary to some allegations, the evidence showed that the UNDP had not transferred hundreds of millions of dollars in hard currency to the North Korean Government. He stated that the objective of the UNDP as an organization must be to satisfy the standards of their major government supporters, and that the organization was sufficiently transparent and accountable to provide confidence in its operations. He agreed, however, to communicate to UNDP management concerns about the existing restrictions on access to UNDP and other U.N. audit reports.

Mr. Benson briefed the Subcommittee on the establishment and jurisdiction of the U.N. Ethics Office of the United Nations Secretariat and its ability to review cases of retaliation against whistleblowers working at U.N. Funds and Programmes, such as UNDP. He noted that the U.N. Ethics Office had been established as a new and independent office within the U.N. Secretariat reporting directly to the Secretary-General. According to Mr. Benson, the new U.N. Ethics Office's jurisdiction was limited to the U.N. Secretariat, did not reach the U.N. Funds and Programmes, and could not protect UNDP whistleblowers. He noted that the heads of the U.N. Funds and Programmes had agreed to establish a single ethics code and oversight system, but that was outside his office.

K. Medicare Vulnerabilities: Payments for Claims Tied to Deceased Doctors (July 9, 2008)

As part of an ongoing investigation into waste, fraud, and abuse in the Medicare and Medicaid programs, on July 9, 2008, the Subcommittee held a hearing and released a bipartisan staff report on the payment by Medicare of durable medical equipment (DME) claims using identification numbers belonging to deceased physicians. Using Medicare data from 2000–2007, the report estimated that nearly half a million payments, totaling about \$76 million, had been provided to medical equipment suppliers submitting claims using the identification numbers of 17,000 deceased doctors, which is about half of the deceased doctor population.

For many years, Medicare had required all medical claims to include an identifier for the prescribing physician. The identifier, until recently, was called the Unique Physician Identification Number (UPIN). In 2001, the Inspector General (IG) of the U.S. Department of Health and Human Services (HHS) issued a report alerting the Centers for Medicare and Medicaid Services (CMS) to failures in the UPIN system after finding that, in 1999 alone, over \$90 million had been paid for medical equipment claims with invalid UPINs. In response, CMS instructed the contractors that maintained the UPIN registry to review the UPIN database, eliminate UPINs for deceased physicians, and keep the registry updated going forward. The contractors were also told to modify the claims process to bar payment of claims with invalid UPINs. CMS reported to the HHS IG that the needed UPIN reforms had been completed, but neither CMS nor its contractors ever tested them to ensure they worked. The Subcommittee's investigation showed that, despite the 2001 reform effort, CMS continued to pay millions of dollars of Medicare claims referencing deceased physicians.

The hearing took testimony from three agency officials about the problem: Herb Kuhn, CMS Deputy Administrator; Robert Vito, Regional HHS IG; and William E. Gray, Deputy Commissioner at the Social Security Administration (SSA). Mr. Vito discussed three consecutive HHS IG reports that had identified problems with inaccurate UPIN data, the most recent of which, in 2003, found that 52 percent of medical providers in the UPIN database had inaccurate information in at least one of the practice settings. Mr. Vito noted that CMS had decided to replace the UPIN system and was in the process of converting to a new National Provider Identifier (NPI) system, with stronger controls, including Social Security number verifications. He voiced concerns, however, that initial IG work had already identified invalid physician identifiers in the new NPI system and that additional studies were needed. Mr. Gray described SSA's procedures for providing death information to CMS on an electronic and automated systems, to facilitate contractor efforts to update the NPI system and remove identifiers for deceased physicians. Mr. Kuhn described CMS' efforts to ensure that invalid provider numbers are not used to perpetrate Medicare fraud, including its intent to work with the IG and SSA to ensure the NPI system was effective. CMS also committed to instituting software changes to bar payment of Medicare claims with invalid physician identifiers, and to testing those changes once they were in place to make sure they worked.

L. Tax Haven Banks and U.S. Tax Compliance (July 17 and 25, 2008)

Since 2001, the Subcommittee has devoted investigative resources to exposing tax haven and tax shelter abuses that are undermining the integrity of the Federal tax system, diverting tens of billions of dollars each year from the U.S. Treasury, and shifting the tax burden from high income corporations and individuals onto the middle class. The Subcommittee has determined that offshore tax abuses alone result in an estimated revenue loss of \$100 billion in unpaid taxes each year. In July 2008, the Subcommittee held two days of hearings and released a bipartisan staff report dem-

onstrating how two offshore banks, UBS and LGT, had facilitated tax dodging by U.S. taxpayers and used offshore secrecy laws to hide the actions of both their clients and their own personnel.

UBS AG is one of the largest financial institutions in the world, with headquarters in Switzerland and banking branches across the United States and other countries. LGT Bank is the leading private bank in Liechtenstein and is owned by the Liechtenstein royal family. The report released by the Subcommittee detailed how both banks opened accounts for U.S. clients and deliberately helped them hide assets, dodge taxes, and duck creditors and courts. At the hearing, UBS admitted helping over 19,000 U.S. taxpayers open Swiss bank accounts with about \$18 billion in assets that were not disclosed to the IRS. UBS promised to close those accounts and no longer offer Swiss accounts to U.S. taxpayers without notifying the IRS of the account openings. With respect to LGT, the report presented seven case histories of U.S. persons who opened LGT accounts and used the services of the bank and its affiliates to conceal assets and engage in tax evasion. The hearing also presented a list of some of the deceptive practices used by the two tax haven banks and offered recommendations to stop the abuses.

On the first day of hearings, a half dozen witnesses appeared before the Subcommittee. The opening panel took testimony from two U.S. Government officials involved in the fight against offshore tax abuse: Hon. Douglas H. Shulman, IRS Commissioner, and the Hon. Kevin O'Connor, Associate Attorney General at the U.S. Department of Justice (DOJ). Mr. Shulman discussed some of the tools used by the IRS to stop offshore tax evasion, including requests for information about foreign bank accounts made under tax treaties and tax information exchange agreements. He also discussed use of so-called "John Doe summons," which are summons that request information related to a class of U.S. taxpayers who may be violating tax laws but cannot be identified by name. Mr. O'Connor discussed DOJ's role in combating offshore tax evasion through civil and criminal tax cases. He described DOJ efforts to pursue professionals who help create and promote offshore tax evasion schemes, including tax attorneys, accountants, and bankers. He also described DOJ's use of tax treaties, tax information exchange agreements, and Mutual Legal Assistance Treaties to obtain evidence.

The hearing next accepted sworn testimony from Henrich Kieber, a former LGT employee who had provided over 12,000 pages of internal LGT documents detailing accounts opened by U.S. persons. Because Mr. Kieber was in a witness protection program, the Subcommittee presented a video recording of his statement. In it, he described some of the tactics used by LGT to help clients keep assets out of the reach of tax authorities, such as transferring funds through shell corporations or foundations in an effort to confuse audit trails tracing wire transfers; requiring LGT bankers to use pay phones to contact clients; using pre-established code words for clients or accounts; and retaining account statements in Liechtenstein.

On the next panel, two witnesses invoked their right to remain silent under the Fifth Amendment of the U.S. Constitution. The witnesses were Shannon Marsh, the son of a Florida construction

company owner who had opened accounts in the names of four Liechtenstein foundations with combined deposits of nearly \$50 million; and William Wu, a New York resident who established two Liechtenstein foundations at LGT, transferred substantial sums to them, and conducted a sham sale of his New York residence to an offshore company he secretly controlled. A third witness was Steven Greenfield, a New York toy importer with \$30 million in offshore funds that LGT sought to have transferred to an LGT account. Mr. Greenfield attempted to assert his Fifth Amendment rights at the hearing through a letter from his lawyer, but was instructed of his need to appear in person at a subsequent hearing. A fourth witness, Peter S. Lowy, a California resident associated with a \$68 million LGT account held in the name of a Liechtenstein foundation and the subject of a Subcommittee subpoena, also committed to appear at the later hearing.

The next witness was Martin Liechti, a Swiss citizen who was the head of UBS Wealth Management Americas in Switzerland and who had been detained in Florida for some weeks by DOJ as a material witness to UBS' activities in the United States. He had been subpoenaed by the Subcommittee to testify at the hearing, but also asserted his right to remain silent under the Fifth Amendment.

The final witness was Mark Branson, the Chief Financial Officer of UBS Global Wealth Management and Business Banking in Switzerland. As a Swiss citizen residing outside of the United States, Mr. Branson was not subject to the Subcommittee's subpoena authority and appeared on a voluntary basis. Mr. Branson began his statement with an apology on behalf of UBS for its compliance failures and committed the bank to operating in the United States within the law. He stated that UBS intended to close all Swiss accounts that had been opened for U.S. accountholders without alerting the IRS, and that UBS would no longer open such accounts. He testified that UBS was working with U.S. authorities to identify the names of the U.S. accountholders who may have been engaged in tax fraud.

The Subcommittee had also invited LGT to appear, but LGT was outside the reach of the Subcommittee's subpoena authority and chose not to attend the hearing.

A week later, on July 25, the Subcommittee reconvened the hearing to take testimony from the two witnesses who had not appeared in person on July 17: Steven Greenfield and Peter Lowy. Both made appearances and asserted their rights to remain silent under the Fifth Amendment.

M. Payroll Tax Abuse: Businesses Owe Billions and What Needs To Be Done About It (July 29, 2008)

Consistent with the Subcommittee's ongoing interest in exposing schemes involving tax evasion, on July 29, 2008, the Subcommittee held a hearing on the problem of unpaid payroll taxes. Payroll taxes require businesses to withhold certain amounts from employee paychecks and remit those amounts to the IRS to pay individual Social Security and Medicare taxes. Businesses are also required to remit employer matching amounts. At the hearing, the Subcommittee released a GAO report, *Tax Compliance: Businesses Owe Billions in Federal Payroll Taxes* (GAO-08-617), which had

been prepared at the request of the Subcommittee and which found that over 1.6 million businesses owed in excess of \$58 billion in unpaid Federal payroll taxes.

At the hearing, the Subcommittee heard from two witnesses. The first witness was GAO which summarized its report. GAO stated that the total amount of unpaid payroll taxes had grown from \$49 billion in 1998, to \$59 billion in 2007, but estimated that more than half of the debt was uncollectible. GAO testified that much of the debt was attributable to repeat offenders, as the number of businesses with over 5 years of unpaid taxes had increased nearly three-fold, and the number with over 10 years of unpaid taxes had increased five-fold. GAO explained that, to collect the tax, the IRS had two primary enforcement tools, filing liens against the business and filing personal claims against the business' officers or owners, but often failed to utilize these tools in a timely or effective manner. GAO noted, for example, of the cases awaiting assignment to an IRS agent, 80 percent did not have a tax lien filed. In addition, of the individuals who were subject to a personal claim, 43 percent never made a payment. GAO noted that the failure to collect these payroll taxes gave tax-delinquent businesses a competitive advantage over honest companies, and also forced tax compliant taxpayers to pick up the tab.

The next witness was Linda Stiff, IRS Deputy Commissioner for Services and Enforcement. She discussed the IRS' enforcement efforts and future plans to collect payroll taxes. She noted the collections problems posed by old debt and by businesses that were bankrupt or out of business. She announced the agency's intention to establish a new task force to better focus enforcement efforts on payroll tax collection and launch new research efforts to identify cost effective enforcement strategies.

Senators Coleman and Levin made several recommendations to strengthen payroll tax collection. They included developing an expedited process to impose automatic tax liens and personal penalties against businesses and business officers who are repeat offenders; supporting the Levin-Coleman Tax Lien Simplification Act, S. 1124, to establish an electronic tax lien registry at the Federal level, which would save \$570 million over 10 years; and establishing performance metrics to measure payroll tax collection efforts.

N. Dividend Tax Abuse: How Offshore Entities Dodge Taxes on U.S. Stock Dividends (September 11, 2008)

In continuation of its efforts to combat offshore tax abuse, on September 11, 2008, the Subcommittee held a hearing and released a staff report on how major U.S. financial institutions have been helping offshore hedge funds and other non-U.S. persons dodge payment of U.S. taxes on U.S. stock dividends. The hearing showed how these financial institutions enabled their offshore clients to use complex derivative and stock loan transactions to recharacterize their taxable U.S. stock dividends as allegedly tax-free dividend equivalents or substitute dividend payments. According to the GAO, in 2003, \$42 billion in U.S. stock dividend payments were sent abroad, but less than 5 percent, or \$2 billion was paid as tax. The general tax rate for non-U.S. stockholders is 30 percent, unless

their country of residence has a lower negotiated rate with the United States, usually 15 percent, which indicates that billions of dollars in tax revenue were being lost each year due to dividend tax abuses. To illustrate how this was happening, the report presented six case histories of large U.S. financial institutions engaging in such “dividend enhancement” practices. In addition, the report showed that the offshore hedge funds benefiting from these practices were, in large part, offshore in name only, while their main offices, key decision makers, and investment professionals were located in the United States.

The hearing took testimony from four panels of witnesses. On the first panel, an international tax law expert, Professor Reuven S. Avi-Yonah from the University of Michigan School of Law, explained different dividend payment structures and how, despite the equivalent financial character among them, they are treated differently for tax purposes. He testified that, where there are multiple ways to achieve the same economic result, there is an open invitation for abuse by taxpayers to avoid taxation.

The next panel featured witnesses from three offshore hedge funds: Joseph M. Manogue, Treasurer of Maverick Capital, Ltd.; Richard Potapchuck, Director of Treasury and Finance at Highbridge Capital Management; and Gary Wolfe, Managing Director of Angelo, Gordon and Co. All three acknowledged that their hedge funds had engaged in derivative transactions and stock loans to avoid payment of U.S. stock dividend taxes. Mr. Manogue testified that Maverick Capital had engaged in tax-free dividend transactions until 2007, when the financial institutions with whom they did the transactions suspended them, because the IRS was reviewing their legitimacy. Mr. Potapchuck testified that if the 30 percent withholding tax were to be applied to U.S. stock dividends, it would likely diminish the volume of stock dividends paid to non-U.S. investors who would shift to other tax-free dividend-paying securities investments. Mr. Wolfe testified that the swap transactions were carried out to maximize returns for investors, and that the tax benefits associated with swaps for non-U.S. investors were a significant factor in evaluating the overall return. All three witnesses also acknowledged that their offshore hedge funds had no employees or physical offices in the Cayman Islands where they were registered, and instead had all of their key decisionmakers in the United States.

The next panel featured representatives from three large financial institutions engaged in tax-free dividend transactions with non-U.S. investors: John DeRosa, Managing Director and Global Tax Director at Lehman Brothers Inc.; Matthew Berke, Managing Director and Global Head of Equity Risk Management at Morgan Stanley and Co.; and Andrea Leung, Global Head of Synthetic Equity Finance at Deutsche Bank AG. All three testified that they believed their usage of swaps and stock loans that referenced dividend amounts was in compliance with U.S. tax laws. In their view, investors engaged in those transactions in order to gain leverage, obtain operational and other efficiencies, and execute strategies hidden from the scrutiny of competitors. Mr. Berke also acknowledged that the tax benefits were an attractive reason for engaging in the swap transactions.

The final panel took testimony from the Hon. Douglas H. Shulman, IRS Commissioner. Mr. Shulman acknowledged that the IRS had observed swaps and stock loan transactions that were not being conducted for bona fide business purposes, but failed to issue guidance or take strong enforcement actions. He noted that the IRS had recently initiated an extensive review of the transactions to identify and put an end to abusive practices. He also stated that IRS was working with the Treasury Department to review, and modify if necessary, IRS Notice 97-66, the primary guidance that permits investors to avoid withholding on the payment of dividends in certain securities lending deals, given that companies have been able to circumvent the original purpose of the notice.

III. LEGISLATIVE ACTIVITIES DURING THE 110TH CONGRESS

The Permanent Subcommittee on Investigations does not have legislative authority, but because its investigations play an important role in bringing issues to the attention of Congress and the public, the Subcommittee's work frequently contributes to the development of significant legislative initiatives. The Subcommittee's activity during the 110th Congress was no exception, with Subcommittee hearings and Members playing prominent roles in the development of a number of legislative initiatives.

A. Credit Card Accountability Responsibility and Disclosure Act (S. 3252)

On May 15, 2007, Senator Levin introduced S. 1395, the Stop Unfair Practices in Credit Cards Act, to put an end to the credit card abuses examined during the Subcommittee's hearings. In 2008, Senator Chris Dodd, Chairman of the Committee on Banking, Housing, and Urban Affairs, joined with Sen. Levin and others to introduce an even stronger bill, S. 3252, the Credit Card Accountability Responsibility and Disclosure Act. This Dodd-Levin bill incorporated almost all of the provisions from the Levin bill and added additional provisions from an earlier Dodd bill, resulting in the strongest consumer protections of any credit card reform bill in Congress.

Among other provisions, the Dodd-Levin bill would prohibit interest charges on any portion of a credit card debt which the card holder paid on time during a grace period; prohibit interest rate hikes for cardholders who pay on time and meet their credit card obligations; require increased interest rates to apply only to future credit card debt, and not to debt incurred prior to the increase; prohibit the charging of interest on credit card transaction fees, such as late fees and over-the-limit fees; prohibit the charging of repeated over-the-limit fees for a single instance of exceeding a credit card limit; require card issuers to offer consumers the option of operating under a fixed credit limit that cannot be exceeded; prohibit charging a fee to allow a credit card holder to make a payment on a credit card debt, whether payment is by mail, telephone, electronic transfer, or otherwise; and require payments to be applied first to the credit card balance with the highest rate of interest, and in a manner that would minimize finance charges.

The bill was referred to the Banking Committee for further consideration.

B. Stop Tax Haven Abuse Act (S. 681)

On February 17, 2007, Senators Levin, Coleman, and Obama introduced the Stop Tax Haven Abuse Act, a comprehensive bill to eliminate offshore tax haven and tax shelter abuses. This legislation arises from Subcommittee's 4 years of investigation into offshore tax havens, abusive tax shelters, and the professionals who design, market, and implement these tax dodges. The loss to the Treasury from offshore tax evasion alone approaches an estimated \$100 billion per year, including \$40 to \$70 billion from individuals and another \$30 to \$50 billion from corporations engaging in offshore tax evasion.

Among other measures, the bill would strengthen penalties on tax shelter promoters; authorize the Treasury to take special measures against foreign jurisdictions and financial institutions that impede U.S. tax enforcement; establish rebuttable presumptions in tax enforcement cases that offshore companies and trusts are controlled by the U.S. persons who send or receive assets from them; and stop offshore trusts from claiming they can buy jewelry, artwork, or real estate for use by U.S. beneficiaries on a tax-free basis. It would also strengthen detection of offshore misconduct by requiring U.S. financial institutions to report certain offshore activities to the IRS; and require hedge funds and company formation agents to understand the identity of their offshore clients and report suspicious activity to U.S. law enforcement.

In addition, Section 303 of the bill marked the first time that legislation had been introduced in Congress to prohibit the U.S. Patent and Trademark Office from issuing patents for "inventions" to avoid taxes. The Patent Office has already issued numerous tax patents, and is considering hundreds more. Unscrupulous tax shelter promoters could claim a patent represents an official endorsement of an abusive tax product and use the patent to generate income. Tax patents issued for legitimate tax avoidance strategies could require taxpayers to pay a royalty fee to minimize their taxes, even though all persons ought to be able to use legal means to reduce their tax burden. Companies could even patent a legal method to minimize taxes and refuse to license the patent to competitors in order to prevent them from lowering their operating costs. Such tax patents could end up hindering productivity and competition. A companion bill was introduced in the House (H.R. 2136), and a prior bill was introduced in the last Congress (S. 2210). The bill was referred to the Senate Finance Committee for further consideration.

C. Tax Lien Simplification Act (S. 1124)

On April 17, 2007, Senators Levin and Coleman introduced S. 1124, the Tax Lien Simplification Act, to simplify and modernize the Federal tax lien system. The bill would create an electronic Federal tax lien registry on the Internet, available to the public at no cost, replacing the current antiquated system requiring Federal tax liens to be filed on paper in more than 4,000 locations across the country. According to the IRS, moving to this electronic registry would save taxpayers an estimated \$570 million over 10 years.

Tax liens are the principal means used by the IRS to collect funds from tax delinquents. Tax lien notices must be made public,

and current law requires the IRS to file public notices on paper in more than 4,000 local recording offices, each with its own formatting requirements. An electronic national tax lien registry would simplify and standardize the filing process, reduce the incidence of lost and misfiled tax liens, make it easier for taxpayers to review their liens and fix errors, reduce staffing needs, allow the public to search the registry through the Internet at no cost, and enable the IRS to eliminate tax liens more quickly once they are paid. The bill would give the Treasury 2 years to establish the registry, but also allow continued use of the old system during a transition period.

The bill was referred to the Finance Committee for further consideration.

D. The Medicare Improvements for Patients and Providers Act (Public Law 110-275)

In response to a 2007 Subcommittee hearing revealing that over 30,000 Medicare health care service providers owed unpaid taxes exceeding \$1 billion, on May, 3, 2007, Senators Coleman and Levin introduced S. 1307, the Medicare Provider Accountability Act. The Subcommittee hearing disclosed that, despite a legal requirement to do so, the Federal Government's lead agency in the Medicare program, the Centers for Medicare and Medicaid Services (CMS), had failed to subject Medicare payments to the Federal Payment Levy Program, which screens Federal payments and, if the recipient is tax-delinquent, takes a portion of the payment to reduce the recipient's outstanding tax debt. The Coleman-Levin bill sought to require CMS to meet certain deadlines for bringing Medicare payments into the levy program.

In 2008, Congress enacted the Medicare Improvements for Patients and Providers Act to avert a payment reduction to physicians in Medicare. To help pay for the costs of this legislation, the bill included a provision based upon the Coleman-Levin bill. The enacted law requires Medicare, over a 4-year period, to establish systems to apply the tax levy program to all Medicare payments, screen those payments to determine whether the recipients owe U.S. taxes, and retain a portion of the payments to be applied to recipients' outstanding tax debt. The resulting tax levies are expected to produce at least \$335 million in tax revenues over 10 years.

E. Medicaid Levy Enhancement Act (S. 2843)

On April 10, 2008, in response to a November 2007 Subcommittee hearing revealing that over 30,000 Medicaid health care providers owed more than \$1 billion in unpaid Federal taxes, Senators Coleman and Levin introduced S. 2843, the Medicaid Levy Enhancement Act.

The Subcommittee hearing disclosed that Medicaid payments, which contain a mixture of Federal and State dollars, are currently not subject to the Federal Payment Levy Program which screens Federal payments and, if the recipient is tax-delinquent, takes a portion of the payment to reduce the recipient's outstanding Federal tax debt. At the hearing, GAO testified that if tax levies had been applied to Medicaid payments in the seven States reviewed

for the Subcommittee, the Federal Government could have collected between \$70 and \$160 million in unpaid taxes in 2006 alone.

The Coleman-Levin bill would amend the Federal tax levy law to authorize tax levies on Medicaid payments to health care providers. The bill was referred to the Committee on Finance for further consideration.

F. Ending Corporate Tax Favors For Stock Options Act (S. 2116)

On September 28, 2007, after a Subcommittee investigation and hearing showing that, each year, corporations are claiming tens of billions of dollars in stock option tax deductions in excess of the stock option expenses shown on their books, Senator Levin introduced S. 2116, the Ending Corporate Tax Favors For Stock Options Act, to limit stock option tax deductions to the amounts recorded on company books as an expense.

The bill would amend Section 83 of the tax code to require that corporate tax deductions for stock option compensation match, and not exceed, the stock option expenses shown on a corporation's financial statements. It would allow corporations to deduct stock option compensation in the same year it is recorded on the company books, without waiting for the options to be exercised; ensure research tax credits use the same stock option deduction when computing the "wages" eligible for that tax credit; and create a transition rule to phase in the new tax treatment. The bill would also eliminate favored treatment of corporate stock options under Section 162(m) of the tax code by making executive stock option deductions subject to that section's existing \$1 million cap on allowable corporate tax deductions for compensation paid to the top executives of publicly held corporations.

The bill was referred to the Finance Committee for further consideration.

G. Close the Enron Loophole Act (S. 2058) and 2008 Farm Bill (Public Law 110-246)

On September 17, 2007, Senator Levin introduced S. 2058, the Close the Enron Loophole Act, to eliminate an existing statutory provision that bars government regulation and oversight of key energy commodity exchanges. The legislation was a response to a Subcommittee investigation showing that commodity trades on unregulated markets like the Intercontinental Exchange (ICE) were affecting energy prices on regulated markets like the New York Mercantile Exchange (NYMEX), and that the lack of oversight invited price manipulation, excessive speculation, and inflated energy prices for U.S. consumers and businesses.

The bill's key provision would close the so-called "Enron loophole," a measure that was inserted at the behest of Enron and other large energy traders into the Commodity Futures Modernization Act of 2000 and enacted into law. Since 2000, the Enron loophole in Section 2(h)(3) of the Commodity Exchange Act has exempted from government oversight the electronic trading of energy commodities by large traders. Using as an example the Amaranth case history in which a single hedge fund dominated the 2006 U.S. natural gas market and inflated natural gas prices, the Subcommittee investigation demonstrated how the exemption created by the

Enron loophole made it impossible for government regulators to prevent traders from distorting energy prices through large trades on unregulated exchanges. The bill would close the loophole and require any trading facility that functions as an energy exchange to be subject to CFTC oversight to prevent price manipulation and excessive speculation.

The bill would also require the currently unregulated energy exchanges to comply with the same standards as the regulated futures exchanges, like NYMEX; require them to establish trading limits to prevent price manipulation and excessive speculation; provide a comprehensive new definition of energy commodities; and impose large-trader reporting requirements for trades of U.S. energy commodities on foreign exchanges so that U.S. regulators could monitor those trades for price manipulation and excessive speculation.

In May 2008, provisions based upon the Levin bill and the Subcommittee's investigative work were included in the 2008 farm bill, H.R. 6124, and enacted into law. These provisions, in Sections 13201–04 of the farm bill, effectively closed the Enron loophole, by making commodity trades that affect prices subject to CFTC regulation and oversight when made on an exempt electronic exchange, and by requiring the electronic exchanges that handle such trades to comply with the same key operating standards as regulated future exchanges.

H. Strategic Petroleum Reserve Fill Suspension and Consumer Protection Act (S. 2598/H.R. 6022, Public Law 110–232)

On February 6, 2008, Senators Dorgan, Bingaman, Levin, Collins, and others introduced S. 2598, the Strategic Petroleum Reserve Fill Suspension and Consumer Protection Act. In 2003, at Senator Levin's request, the Subcommittee issued a Minority staff report showing that an Administration policy of buying oil for the Strategic Petroleum Reserve (SPR) regardless of price was taking millions of barrels of oil off the market for the SPR, reducing private sector supplies, and pushing oil prices higher.

On December 11, 2007, the Subcommittee held a joint hearing with the Subcommittee on Energy of the Committee on Energy and Natural Resources on rising crude oil prices and, again, raised questions about the Administration's SPR fill policy.

In 2007 and 2008, crude oil prices had become very volatile and reached a record high of \$126 per barrel, which led, in turn, to record high prices for fuels produced from crude oil, including gasoline, heating oil, diesel fuel, and jet fuel. These rising prices created new concerns about buying higher-priced oil for the SPR and placing additional pressure on private sector supplies and U.S. oil prices. To relieve this pressure, the bill proposed a moratorium on filling the SPR until U.S. oil prices dropped below a specified level.

On May 19, 2008, a similar companion House bill, H.R. 6022, was approved by Congress and became Public Law 110–232. The moratorium placed on SPR oil purchases remained in place for the rest of the year.

I. Oil Trading Transparency Act (S. 2995), and Close the London Loophole Act (S. 3129)

In mid-2008, Senator Levin introduced two additional bills with Senator Feinstein to address energy price manipulation and excessive speculation problems that were not resolved by the energy commodity provisions in the 2008 farm bill. Both of these bills focused on the issue of U.S. energy commodities, such as futures to buy or sell U.S.-produced crude oil and gasoline, that were traded on foreign exchanges outside the regulatory reach of the CFTC.

The Subcommittee's investigative work had found that U.S. crude oil and gasoline futures were traded primarily on two exchanges, one in New York and the other in London. While the CFTC had clear authority to stop trading abuses on the New York exchange, its authority was less clear regarding U.S. energy futures traded on the London exchange. In addition, the Subcommittee's work showed that, under existing law, the CFTC obtained the information it needed to detect price manipulation and excessive speculation involving U.S. futures on foreign exchanges only through voluntary data-sharing agreements arranged with the relevant foreign regulators. In many instances, the CFTC could take an enforcement action against a U.S. trader on a foreign exchange to prevent manipulation or excessive speculation only with the cooperation and consent of the foreign regulator. The Levin-Feinstein bills were designed to close this "London loophole" by ensuring the CFTC had the same authority to detect, prevent, and punish price manipulation and excessive speculation for traders in the United States who traded energy commodities on foreign exchanges as the CFTC had for traders who traded on U.S. exchanges.

On May 8, 2008, the first Levin-Feinstein bill, S. 2995, the Oil Trading Transparency Act, was introduced. This bill sought to require the CFTC to ensure that any foreign exchange operating a trading terminal in the United States for the trading of a U.S. energy commodity met two regulatory requirements that already applied to U.S. exchanges: (1) imposition of speculative trading limits to prevent price manipulation and excessive speculation; and (2) daily publication of trading information from the exchange to ensure market transparency. The bill would also require the CFTC to obtain information from the foreign exchange to enable it to determine how much trading in U.S. energy commodities was due to speculation.

A month later, on June 12, 2008, the second Levin-Feinstein bill, S. 3129, the Close the London Loophole Act, was introduced. This legislation was more extensive than the first bill. In addition to requiring the CFTC to obtain agreements with foreign exchanges to impose position limits on U.S. energy commodities trades and provide daily trading information, the bill sought to strengthen the CFTC's oversight and enforcement capabilities by providing the CFTC with clear legal authority over U.S. traders directing trades through foreign exchanges. For example, the bill would make it clear that the CFTC had the authority to impose its own record-keeping requirements on U.S. traders conducting trades on foreign exchanges, to direct those U.S. traders to reduce their holdings on a foreign exchange when those holdings exceeded applicable position limits, and to prosecute U.S. persons who manipulate or at-

tempt to manipulate the price of a commodity in interstate commerce through trading on a foreign exchange.

The two Levin-Feinstein bills sought to ensure that the U.S. Government had the information, authority, and enforcement tools needed to protect American markets from price manipulation and excessive speculation carried out through foreign exchanges. They also sought to ensure that U.S. energy traders would no longer be able to avoid CFTC oversight and enforcement authority by routing their trades through a foreign exchange. Both bills were referred to the Committee on Agriculture, Nutrition, and Forestry for further consideration.

J. Over-The-Counter Speculation Act (S. 3255)

On July 10, 2008, Senators Levin and Feinstein introduced S. 3255, the Over-The-Counter Speculation Act, to give the CFTC oversight authority to stop price manipulation and excessive speculation in the currently unregulated over-the-counter (OTC) markets for commodity trades.

The 2008 farm bill later enacted into law included provisions to impose CFTC regulation and oversight for the first time on electronic exchanges used by large commodity traders. Those provisions did not, however, apply to the rest of the OTC market, which involves commodity trades conducted through voice brokers, swap dealers, direct party-to-party negotiations, or other non-electronic means. Many of these OTC trades involve swap contracts that reference specified commodity prices and, due to the swaps close resemblance to futures contracts, have raised concerns that they might affect commodity prices on regulated futures markets.

The bill would authorize the CFTC for the first time to gather and analyze OTC trading information, conduct inquiries into particular OTC trades, and, if appropriate, require traders to reduce their holdings to prevent price manipulation or excessive speculation. The bill would, in effect, enable the CFTC to police all types of OTC trades in a manner similar to futures trades, and ensure that traders could not avoid CFTC reporting requirements or trading limits by using swaps in the unregulated OTC market instead of futures on a regulated exchange.

The bill was referred to the Committee on Agriculture, Nutrition, and Forestry for further consideration.

K. Prevent Excessive Speculation Act (S. 3577)

On September 25, 2008, Senator Levin introduced S. 3577, the Prevent Excessive Speculation Act, together with Senator Harkin, Chairman of the Agriculture Committee, and Senator Bingaman, Chairman of the Energy Committee. This legislation represented their collective efforts to present the strongest and most workable measures to prevent excessive speculation and price manipulation in U.S. energy markets. The bill incorporated a number of measures from prior Levin-Feinstein bills and other legislation, while also adding new provisions. The bill's objectives were to close loopholes in the U.S. commodities laws that impeded U.S. oversight of U.S. energy trades on foreign exchanges and in the OTC markets; ensure that large commodity traders could not use those markets to avoid CFTC oversight or trading limits; and strengthen disclo-

sure, oversight, and enforcement in all aspects of U.S. commodity markets to restore the financial regulation crucial to protecting American consumers, businesses, and economy from further energy and other pricing shocks.

The bill proposed four sets of provisions. First, it would require the CFTC, rather than individual exchanges, to set position limits on the amount of futures contracts any trader can hold on regulated exchanges to prevent excessive speculation and price manipulation. Second, it would close the “London loophole” by giving the CFTC the same authority to police traders in the United States who trade U.S. futures contracts on a foreign exchange as it has to police trades on U.S. exchanges, and by requiring foreign exchanges that want to install trading terminals in the United States to impose comparable position limits as the CFTC imposes on domestic exchanges to prevent excessive speculation and price manipulation. Third, the bill would close the “swaps loophole” by requiring traders in the over-the-counter energy markets to report large trades to the CFTC, and it would authorize the CFTC to set trading limits in the OTC markets to prevent excessive speculation and price manipulation. Finally, it would require the CFTC to revise the standards that allow certain traders who use futures markets to hedge their holdings so that those traders are bound by the same speculation limits that apply to everyone else.

The Levin-Harken-Bingaman bill was referred to the Committee on Agriculture, Nutrition, and Forestry for further consideration.

L. Incorporation Transparency and Law Enforcement Assistance Act (S. 2956)

On May 1, 2008, Senators Levin, Coleman, and Obama introduced S. 2956, the Incorporation Transparency and Law Enforcement Assistance Act, to address inadequate State incorporation practices that allow criminals to form new U.S. corporations without disclosing their identities and use those corporations to commit crimes, including terrorism, drug trafficking, money laundering, tax evasion, financial fraud, and corruption.

The legislation was based upon a 2006 Subcommittee investigation as well as two GAO reports requested by the Subcommittee examining the problem of U.S. corporations with hidden owners. The Subcommittee investigation found that the 50 States establish nearly two million U.S. companies each year without knowing who is behind them, inviting money laundering, tax evasion and other misuse of U.S. companies. During the Subcommittee’s 2006 hearing, the Department of Justice, IRS, and Department of Treasury’s Financial Crimes Enforcement Network each testified that the failure of States to collect beneficial ownership information for the legal entities they form has impeded Federal efforts to investigate and prosecute terrorism and other crimes.

In response to the concerns expressed at the hearing, the National Association of Secretaries of State developed a proposal to strengthen State incorporation practices, but it fell far short of the needed reforms. Because the States appeared unable to resolve the problem on their own, S. 2956 was introduced to set minimum standards for the States to acquire beneficial ownership information for the corporations or limited liability companies they form,

and to provide that information to law enforcement in response to a subpoena or summons. The bill was referred to the Committee on Homeland Security and Governmental Affairs for further consideration.

IV. REPORTS, PRINTS, AND STUDIES

A. *Excessive Speculation in the Natural Gas Markets, June 25, 2007*
(Report Prepared by the Majority and Minority Staffs and released in conjunction with the Subcommittee Hearing on June 25, 2007) (Printed in June 25th and July 9th hearing record.)

Since 2001, the Subcommittee has been examining the structure, operation, and pricing mechanisms of U.S. energy markets. In June 2006, the Subcommittee issued a report, *The Role of Market Speculation in Rising Oil and Gas Prices: A Need to Put the Cop Back on the Beat* analyzing the extent to which the increasing amount of financial speculation in energy markets had contributed to the steep rise in energy prices over the past few years. The report concluded, "Speculation has contributed to rising U.S. energy prices," but also that "gaps in available market data" made quantification of the speculative component problematic.

Shortly after the Subcommittee issued its report in 2006, the natural gas market entered a period of extreme price volatility punctuated by the collapse in September 2006 of Amaranth LLC ("Amaranth"), one of the largest hedge funds in the natural gas market. From the last week in August to the middle of September 2006, Amaranth's natural gas positions lost over \$2 billion in value, precipitating the liquidation of the entire portfolio of the \$8 billion fund.

The collapse followed a period in late summer when natural gas prices began falling. For example, the price of the NYMEX futures contract to deliver natural gas in October 2006 fell from a high of \$8.45 per MMBtu in late July to just under \$4.80 per MMBtu in September, the lowest level for that contract in over 2 years. Throughout this period, despite the price change, the market fundamentals of supply and demand were largely unchanged. Natural gas supplies were plentiful, and the amount of natural gas in storage remained higher than average throughout the summer and into the early fall.

In October 2006, the Subcommittee began its investigation into the falling prices for natural gas and Amaranth's collapse. The Subcommittee analyzed millions of natural gas transactions from trading records obtained from NYMEX and ICE, the two principal exchanges for energy commodities, and from Amaranth and other traders. In addition, the Subcommittee conducted numerous interviews of natural gas market participants, including natural gas traders, producers, suppliers, and hedge fund managers, as well as exchange officials, regulators, and energy market experts. NYMEX, ICE, Amaranth and many traders cooperated with detailed inquiries. The Subcommittee also reviewed commodity market statutes and regulations, and researched a variety of legal issues.

This investigation culminated in a hearing and the release of a 400-page bipartisan staff report on June 25, 2007. The trading records examined by the Subcommittee disclosed that, from early

2006 until its September collapse, Amaranth had dominated trading in the U.S. natural gas financial markets. Amaranth had held as many as 100,000 natural gas contracts in a single month, representing 1 trillion cubic feet of natural gas, or 5 percent of the natural gas used in the entire United States in a year. At times Amaranth controlled 40 percent of all of the outstanding contracts in the NYMEX exchange for natural gas in the winter season (October 2006 through March 2007), including as much as 75 percent of the outstanding contracts to deliver natural gas in November 2006.

The report found that Amaranth's large positions and trades caused significant price movements in key natural gas futures prices and price relationships. For example, Amaranth's purchases of contracts to deliver natural gas in the winter months, in conjunction with Amaranth's sales of natural gas contracts for delivery in the summer months, drove winter prices far above summer prices. These differences between winter and summer prices, called "price spreads," were far higher in 2006 than in previous years—until the collapse of Amaranth, when the price spreads returned to more normal levels. On several specific dates, Amaranth's massive trades were responsible for large jumps in the price differences between the futures contracts for March and April 2007. Traders interviewed by the Subcommittee said that during the spring and summer of 2006 the differences between winter and summer prices were "clearly out-of-whack," at "ridiculous" levels, and unjustified by supply or demand.

The report found that many market participants were harmed by Amaranth's massive speculative trading. For example, utilities that provide gas-powered electricity or heating to homes, schools, and hospitals, and some industries that use natural gas in manufacturing paid inflated prices. Many of their costs were passed onto consumers.

The report also found that the current regulatory system was unable to prevent Amaranth's excessive speculation in the 2006 natural gas market. Under current law, NYMEX is required to monitor the positions of its traders to determine whether a trader's positions are too large. If a trader's position exceeds pre-set "accountability levels," the exchange may require a trader to reduce its positions. The Amaranth case history demonstrated two critical flaws. First, NYMEX had no routine access to information about a trader's positions on ICE, the other principal commodity exchange, in determining whether a trader's positions were too large. It was therefore impossible under the current system for NYMEX to have a complete and accurate view of a trader's position in determining whether it was too large.

Second, the case history showed that, even if NYMEX ordered a trader to reduce its positions on NYMEX, that trader could simply shift its positions to ICE where no limits applied. The case history showed that is precisely what Amaranth did after NYMEX finally told Amaranth, in August 2006, to reduce its positions in two contracts nearing expiration. NYMEX's instructions to Amaranth did nothing to reduce Amaranth's size, but simply caused Amaranth's trading to move from a regulated market to an unregulated one.

The evidence provided in the report showed that NYMEX and ICE were functionally equivalent markets. Natural gas traders used both markets, employing coordinated trading strategies. In many instances the trading volumes on ICE were comparable to or greater than the volumes on NYMEX. Traders used the natural gas contract on NYMEX, called a futures contract, in the same way they used the natural gas contract on ICE, called a swap, for risk management and economic purposes. The data also showed that prices on one exchange affected the prices on the other. Given their equivalence, the report concluded there was no sound basis for one exchange to be regulated and the other not.

The report also explained that the disparity in regulation between NYMEX and ICE was a result of the so-called “Enron Loophole” in the Commodity Exchange Act. The Enron Loophole, which was inserted into the law in 2000 at the request of Enron and others, exempts electronic energy exchanges such as ICE from CFTC oversight and regulation. Unlike NYMEX, there are no limits on the trading on ICE, and no routine government oversight. The Amaranth case history demonstrated that the disparity in regulation of the two markets prevented the CFTC and the exchanges from fully analyzing market transactions, understanding trading patterns, and compiling accurate pictures of trader positions and market concentration; it required them to make regulatory judgments on the basis of incomplete and inaccurate information; and it impeded their authority to detect, prevent, and punish market manipulation and excessive speculation.

The report’s landmark analysis of NYMEX and ICE trades demonstrated the interconnectedness of the two markets, and the inherent problems with regulating one of them but not the other. To repair the broken regulatory system, the report offered a number of recommendations. First, the report recommended that Congress close the Enron Loophole to require unregulated exchanges, such as ICE, to comply with the same statutory obligations as regulated markets, such as NYMEX. The report also recommended that the CFTC, if given additional legal authority, monitor both ICE and NYMEX and conduct oversight of aggregate trading positions in both markets. Third, the report recommended that Congress increase the CFTC budget and authorize user fees on the commodity traders to provide the additional staff and technology needed to conduct stronger oversight and put a stop to price manipulation and excessive speculation in the commodity markets.

B. Dirty Bomb Vulnerabilities, July 12, 2007 (Report Prepared by the Majority and Minority Staffs and released in conjunction with the Subcommittee’s Hearing on July 12, 2007) (Printed in July 12th hearing record.)

On July 12, 2007, as part of its ongoing examination of nuclear and radiological threats to the United States, the Subcommittee released a bipartisan report prepared by the Majority and Minority staffs summarizing the Subcommittee’s investigation into certain vulnerabilities related to the materials licensing policies and procedures of the Nuclear Regulatory Commission (NRC) and offering several recommendations to strengthen NRC safeguards. This re-

port was released in conjunction with a Subcommittee hearing on the same date.

The report focused on the process by which parties obtain NRC materials licenses, the vulnerability of NRC materials licenses to counterfeiting and fraud, and several long-standing weaknesses in the NRC licensing procedures. The report also described a GAO effort, undertaken at the request of the Subcommittee, to test whether the NRC's licensing procedures were sufficient to guard against the aggregation and misuse of relatively low-grade radioactive materials, including efforts to include these materials in a so-called "dirty bomb"—a conventional bomb used to disburse radioactive materials.

The report explained that the NRC and certain "Agreement States" to which the NRC has delegated authority are responsible for regulating the possession and use of low-grade radiological materials within U.S. borders. The report detailed the procedures used by the NRC and Agreement States to issue licenses allowing applicants to possess and use certain radiological materials available in a variety of medical and industrial fields. The report also described how GAO used aliases and a sham corporation to test the effectiveness of those procedures. The sham corporation applied simultaneously for two materials licenses—one through an Agreement State and one from the NRC. Because the Agreement State, as part of its licensing process, insisted on interviews with company officials and a physical tour of the company's facilities, GAO withdrew its application. In contrast, because the NRC opted not to conduct a site visit or in-person interviews with the sham company's officials, GAO's sham corporation was able in less than 30 days to obtain an official NRC license to take possession of radiological materials. The report described how GAO then used off-the-shelf computer software to electronically scan the NRC license, create a near-identical facsimile, and use that counterfeit license to contract with two different companies to purchase radiological devices. The report showed how GAO used the counterfeit license to circumvent restrictions on the quantity of radioactive materials it was permitted to purchase, and concluded that GAO could have purchased enough radioactive materials to meet the NRC's definition of a "dangerous" quantity—enough to build a dirty bomb.

The report also detailed past reports from GAO, the NRC Inspector General, and this Subcommittee which identified problems and made recommendations to strengthen the NRC licensing procedures to prevent abuses. The report analyzed the NRC's response to those recommendations as well as ongoing licensing vulnerabilities. The report offered several recommendations to further strengthen NRC licensing procedures, including urging the NRC to: (1) reevaluate the apparent good-faith presumption that pervades its licensing process; (2) regulate Category 3 sources more stringently by physically inspecting applicants' facilities before the issuance of a Category 3 materials license, and considering including Category 3 sources in the proposed National Source Tracking System; and (3) acting quickly to establish a Web-Based Licensing System to ensure that source materials can be obtained only in authorized amounts by legitimate users.

In response to the Subcommittee's hearing and report, the NRC proposed performing a retrospective examination of certain licenses issued by the NRC to verify that the licensees were legitimate; reevaluating NRC licensing procedures and guidance; and examining options to combat counterfeit licenses; and reevaluating security measures. The NRC also established an "Independent External Review Panel to Identify Vulnerabilities in the NRC's Materials Licensing Program," a "Materials Program Working Group," and a "Pre-Licensing Guidance Working Group." The Independent Review Panel and NRC staff embraced virtually all of the report's recommendations. Most notably, the NRC recognized the need to suspend its "good faith presumption" that new applicants seeking radioactive materials were honest and hasten the implementation of a National Source Tracking System and a Web-Based Licensing System.

C. United Nations Development Program: A Case Study of North Korea, January 24, 2008 (Report Prepared by the Majority and Minority Staffs and released in conjunction with the Subcommittee's Hearing on January 24, 2008) (Printed in January 24th hearing record.)

Since 2004, the Subcommittee has conducted a bipartisan investigation into evidence of waste, fraud, and mismanagement in United Nations programs and operations. The first phase of that investigation examined the United Nations Oil-for-Food Program and resulted in four Subcommittee hearings and five staff reports disclosing widespread problems with that program. In 2007, the Subcommittee commenced an examination into allegations of mismanagement and misconduct in the operations of the United Nations Development Program (UNDP) in the Democratic People's Republic of Korea (DPRK). On January 24, 2008, the Subcommittee released a bipartisan staff report summarizing its investigation. That report was released in conjunction with a Subcommittee hearing on the same day.

The report contained a number of findings of fact and recommendations. It found, for example, that the UNDP had operated in North Korea with inappropriate staffing, questionable use of foreign currency instead of local currency, and insufficient administrative and fiscal controls. The report found that the UNDP's DPRK office was staffed in large part with North Korean nationals who were selected by the DPRK, contrary to UNDP policy; and that the UNDP had paid the salaries of local staff directly to the North Korean government without ensuring that the monies were disbursed to the workers and despite suspicions that the DPRK was, in the words of one UNDP official, "skimming" money from the payments. The report also found that the UNDP paid salaries and other expenses in convertible currencies, such as U.S. Dollars or Euros, rather than in the local currency, contrary to UNDP's best practices; and UNDP was allowed to conduct on-site project visits only with prior notice and in the company of North Korean officials, again contrary to UNDP's best practices.

In addition, a Subcommittee review of a UNDP internal audit revealed that nearly half of the UNDP projects in North Korea were conducted under a National Execution Strategy that ostensibly re-

quired direct payments to the host government for the implementation of UNDP projects. The Subcommittee learned, however, that by agreement with North Korea, UNDP maintained control of most of the projects' financing and management. UNDP officials explained to the Subcommittee that, by directly controlling funds that were ostensibly slated to be managed nationally, UNDP accomplished two objectives: it respected sensitivities about national sovereignty and formal control over projects within a country's borders, and it executed the projects using UNDP management and controls. In the case of the UNDP program in North Korea, however, this strategy also led to confusion over the amount of direct payments actually made to North Korea. In sum, UNDP operations in North Korea were carried out under significant constraints that undermined its standard administrative, fiscal, and program controls.

The report also showed how, in 2002, the DPRK government had used its relationship with the United Nations to execute deceptive financial transactions, by moving over \$2.7 million of its own funds from Pyongyang to DPRK diplomatic missions abroad through a bank account intended to be used solely for UNDP activities and by referencing UNDP in the wire transfer documentation. UNDP has stated that the wire transfers were wholly unrelated to its development projects, and North Korean officials have confirmed that the funds originated with the DPRK Ministry of Foreign Affairs and were not related to the UNDP. North Korean officials explained to the Subcommittee that these transfers occurred soon after President George Bush's 2002 State of the Union address in which he described North Korea as part of an "axis of evil," that they expected sanctions against their country; and used the UNDP-related account as a more secure channel to fund their embassies abroad. The report also found that the UNDP had transferred U.N. funds to a company that, according to a letter from the U.S. State Department to UNDP, had ties to an entity involved in DPRK weapons activity.

Finally, the report found that, by preventing access to its audits and not submitting to the jurisdiction of the U.N. Ethics Office, the UNDP had impeded reasonable oversight and undermined its whistleblower protections. The UNDP had commissioned four audits of its North Korean operations in 1999, 2001, 2004, and 2007. Problems were identified in all four. The first three audits were non-public and, in accordance with UNDP policy, unavailable for review even by nations serving on the UNDP Executive Board. After repeated requests, UNDP made an exception to this policy and, in 2007, showed the audit reports to the U.S. Mission to the United Nations, whose personnel were allowed to read but not copy them. The Subcommittee obtained copies from other sources and found the audits to be of great assistance in examining UNDP operations in North Korea. In addition, the Subcommittee spoke with Artjon Shkurtaj, former Operations Manager of the UNDP office in Pyongyang, who had raised concerns about management and operational deficiencies. After raising these concerns, Mr. Shkurtaj's UNDP employment contract was not renewed. He filed a complaint with the U.N. Ethics Office claiming retaliation. The U.N. Ethics Office determined that, although Mr. Shkurtaj had established "a

prima facie case of retaliation,” it lacked jurisdiction to decide his claim and the UNDP declined a request to voluntarily submit the Shkurtaj matter for a U.N. Ethics Office review. The report found that these actions had undermined confidence among U.N. employees that U.N. whistleblowers who speak out about U.N. mismanagement would be protected from retribution. In November 2007, the U.N. Secretary General issued a bulletin requiring each U.N. agency to establish its own ethics office or submit to the jurisdiction of the U.N. Ethics Office within the Secretariat.

The report offered several recommendations to strengthen UNDP management. First, the report recommended that the UNDP provide U.N. member states with unfettered access to UNDP audit reports. The report recommended that UNDP approve a pending proposal to grant routine access to UNDP Executive Board members to UNDP audit reports, and broaden the proposal to allow access to past audit reports, photocopying of the reports, and release of audit information to the public, absent exceptional circumstances. Second, the report recommended that the UNDP ensure that whistleblowers do not face retaliation for disclosing improper conduct. Third, the report recommended that the UNDP take steps to ensure that its name and resources are not used as cover for non-U.N. activities. In particular, UNDP should require host countries to establish a bank account designated for exclusive use on UNDP development projects, prohibit the deposit of any other funds in the account, and mandate, as a condition precedent for the receipt of development aid, that the host country designate UNDP as a secondary account signatory and authorize the financial institution to grant UNDP access to all account documentation so that UNDP can monitor the account activity. Finally, the report recommended that, prior to making payments to a vendor, UNDP take steps to ensure the vendor is not associated with illicit activity, including by checking U.N. lists of suspect entities. The report also recommended that Congress and the U.S. State Department press for each of the suggested reforms.

D. Medicare Vulnerabilities: Payments for Claims Tied to Deceased Doctors, July 9, 2008 (Report Prepared by the Majority and Minority Staffs and released in conjunction with the Subcommittee’s Hearing on July 9, 2008) (Printed in July 9th hearing record.)

As part of its continuing efforts to uncover waste, fraud, and abuse in the Medicare and Medicaid programs, on July 9, 2008, the Subcommittee released a bipartisan staff report on the payment by Medicare of durable medical equipment (DME) claims using identification numbers belonging to deceased physicians. Using Medicare data from 2000 to 2007, the report estimated that nearly half a million Medicare payments, totaling at least \$76 million, had been provided to medical equipment suppliers submitting DME claims that used identifiers for at least 17,000 deceased doctors, which is about half of the deceased doctor population. The Subcommittee held a hearing on the same day.

The report explained that Medicare regulations require DME claims to contain certain information in order to qualify for payment, including the identification number of the prescribing med-

ical provider. That identifier, until recently, was called the Unique Physician Identification Number (UPIN). In 2001, the Inspector General (IG) of the U.S. Department of Health and Human Services (HHS) issued a report alerting the Centers for Medicare and Medicaid Services (CMS) to failures in the UPIN system after finding that, in 1999 alone, over \$90 million had been paid for medical equipment claims with invalid UPINs. In response, in 2002, CMS instructed the contractors that maintained the UPIN registry to review the UPIN database, eliminate UPINs for deceased physicians, and keep the registry updated going forward. The contractors were also told to modify the claims process to bar payment of claims with invalid UPINs. CMS reported to the HHS IG that the needed UPIN reforms had been completed, but neither CMS nor its contractors ever tested them to ensure they worked. The Subcommittee's investigation showed that, despite the 2002 reforms, CMS continued to pay millions of dollars of Medicare claims referencing UPINs for deceased physicians.

The report summarized the Subcommittee's investigation, and offered a number of findings and recommendations. The report estimated that, from 2000 to 2007, Medicare paid between \$76 million and \$92 million for hundreds of thousands of DME claims that contained identification numbers assigned to an estimated 16,500 to 18,200 deceased physicians. About 51,000 of those claims, or 16 percent of the total, valued at roughly \$4 million, contained UPINs for doctors who had died ten or more years before the service date on the claims. The report cited one instance in which a UPIN belonging to a deceased physician in Florida was used for 484 claims between November 2005 and November 2006, totaling more than \$544,000, even though the corresponding physician had died in 1999. In another instance, the UPIN assigned to a doctor who died in 2001, was used on more than 3,800 claims submitted between 2002 and 2007, resulting in Medicare payments of more than \$354,000.

The report noted that these problems were not new to CMS, which had been alerted to them in the HHS IG's 2001 report. The report found, however, that the 2002 procedures put into place by CMS to ensure that DME claims with UPINs of deceased physicians would be rejected, were ineffective in resolving the problem, and HHS and CMS personnel failed to perform the reviews or audits needed to ensure the procedures were working. In fact, 63 percent of the claims identified by the Subcommittee as using deceased physician UPINs were paid with dates of service after April 1, 2002, the date after which Medicare was supposed to reject such claims. The report also found that, as of May 2008, the UPINs of an estimated 2,000 to 2,900 deceased physicians remained active, and the continuing inability of CMS payment systems to reject claims containing deceased physician identifiers rendered Medicare vulnerable on a continuing basis to millions of dollars in improper claims each year.

The report offered several recommendations to stop the abuses. First, it recommended that CMS strengthen its procedures to deactivate physician identifier numbers after a physician died, and develop a quality control program to ensure those deactivations are taking place within a specified period of time after CMS receives

notice of a physician's death, such as 90 days. Second, the report recommended initiating periodic audits of the Medicare physician registry to test whether identifiers assigned to deceased physicians have been deactivated and of Medicare payment records to test whether claims containing deceased physician identifiers were rejected. Third, the report recommended that CMS consider instituting additional procedures and audits to ensure the prompt deactivation of identifiers assigned to Medicare service providers who have stopped providing services for other reasons than death, such as licensure revocation or retirement, including automatic deactivation of any identifier that has not been used in a Medicare claim within a specified time period, such as 12 months.

E. Tax Haven Banks and U.S. Tax Compliance, July 17, 2008 (Report Prepared by the Majority and Minority Staffs and released in conjunction with the Subcommittee's Hearing on July 17, 2008) (Printed in the July 17th and 25th hearing records.)

As part of its ongoing efforts to combat offshore tax abuse, on July 17, 2008, the Subcommittee released a staff report showing how two tax haven banks, LGT Bank in Liechtenstein and UBS in Switzerland, helped U.S. clients evade U.S. taxes by opening offshore accounts, concealing their assets, and using financial services in ways that did not alert U.S. authorities to the existence of their foreign accounts. The Subcommittee released the report in conjunction with two days of hearings.

The report summarized the Subcommittee's investigation and offered a number of findings and recommendations. First, it highlighted eight case histories of U.S. clients with offshore accounts at LGT or UBS. It described, for example, the Marshes of Florida who hid \$49 million in four Liechtenstein foundations over 20 years; William Wu who concealed ownership of his assets, including his New York residence, using an elaborate offshore structure; the Lowys of California who used shell companies and a Delaware corporation to hide their beneficial interest in a Liechtenstein foundation with \$68 million in assets; a father and son who met LGT private bankers, including a Liechtenstein Prince, to discuss transferring \$30 million in offshore funds from the Bank of Bermuda to LGT; and Igor Olenifcoff, a California real estate magnate who worked with a UBS private banker to hide \$200 million in assets in Switzerland and Liechtenstein.

The report found that offshore bank secrecy laws and practices were serving as a cloak, not only for client misconduct, but also for misconduct by banks colluding with clients to evade taxes, dodge creditors, and defy court orders. The report found that, from at least 2000 to 2007, LGT and UBS employed banking practices that could facilitate, and did result in, tax evasion by their U.S. clients, including assisting those clients to open accounts in the names of offshore entities; advising clients on complex offshore structures to hide ownership of assets; using client code names; and disguising asset transfers into and from accounts. In addition, the report found that, since 2001, LGT and UBS had collectively maintained thousands of U.S. client accounts with billions of dollars in assets that had not been disclosed to the IRS. UBS alone had admitted maintaining accounts in Switzerland for an estimated 19,000 U.S.

clients with assets valued at \$18 billion, while the IRS has identified at least 100 accounts with U.S. clients at LGT.

Finally, the report found that LGT and UBS had assisted their U.S. clients in structuring their foreign accounts to avoid required reporting to the IRS under the so-called Qualified Intermediary (QI) Program, which requires participating foreign financial institutions to report and withhold tax on U.S. source income paid to foreign bank accounts. The report described how the banks had allowed U.S. clients who sold their U.S. securities to continue to hold undisclosed accounts or to open new accounts in the name of offshore shell corporations which they secretly owned. The report found that the banks used these banking practices to keep accounts secret from the IRS and thereby facilitated tax evasion by their U.S. clients.

The report contained numerous recommendations to stop tax haven banks from facilitating U.S. tax evasion. Those recommendations included penalizing tax haven banks that impeded U.S. tax enforcement by terminating their QI status; enacting legislation allowing the Treasury to bar such banks from doing business with U.S. financial institutions; and enacting legislation extending from 3 years to 6 years the amount of time the IRS has after a tax return is filed to assess additional tax if the case involves an offshore tax haven with secrecy laws. The report also recommended strengthening the QI reporting program by requiring QI participants to file 1099 Forms with the IRS for: (1) all U.S. persons who are clients (whether or not the client has U.S. securities or receives U.S. source income); and (2) accounts beneficially owned by U.S. persons, even if the accounts are held in the name of a foreign corporation, trust, foundation, or other entity. In addition, the report recommended closing the “QI-KYC Gap” by expressly requiring QI participants to apply to their QI reporting obligations all information obtained through their Know-Your-Customer procedures, including the identification of all beneficial owners of an account.

F. Dividend Tax Abuse: How Offshore Entities Dodge Taxes on U.S. Stock Dividends, September 11, 2008 (Report Prepared by the Majority and Minority Staffs and released in conjunction with the Subcommittee’s Hearing on September 11, 2008) (Printed in Sept. 11th hearing record.)

As part of its ongoing efforts to combat offshore tax abuse, on September 11, 2008, the Subcommittee released a staff report exposing practices at nearly a dozen financial institutions showing how U.S. financial institutions knowingly developed, marketed, and implemented a wide range of transactions aimed at enabling their non-U.S. clients to dodge payment of U.S. dividend taxes. The Subcommittee released the report in conjunction with a hearing held the same day.

Foreigners who invest in the United States are exempt from many U.S. taxes—they do not pay taxes on interest earned on money deposited in a U.S. bank, nor do they pay taxes on capital gains. However, if they invest in a U.S. company and the stock pays a dividend, U.S. law requires the foreign investor to pay a tax on the dividend. Dividends sent abroad are subject to tax at a rate of 30 percent in most countries, and 15 percent in countries having

a tax treaty with the United States. The report found that many non-U.S. clients escape paying the required tax through the assistance of U.S. financial institutions.

The report summarized the Subcommittee's investigation and offered a number of findings and recommendations. It first described six case histories of dividend tax abuse, involving Lehman Brothers, Morgan Stanley, Deutsche Bank, UBS, Merrill Lynch, and Citigroup. Using a variety of complex financial instruments, primarily involving equity swaps and stock loans, these U.S. financial institutions structured transactions to enable their non-U.S. clients to enjoy all of the economic benefits of owning shares of U.S. stock, including receiving dividends, without paying the tax applicable to those dividends. These structured transactions increased the amount of dividend returns obtained by some of their non-U.S. clients by 30 percent or more.

Additionally, the report found that U.S. financial institutions frequently cooperated with offshore hedge funds to negotiate and carry out abusive dividend tax transactions. Offshore hedge funds actively sought these abusive transactions, negotiated the terms of the arrangements with the financial institutions, and at times played one financial institution against another to elicit the largest possible tax reduction. The report also found that many of the offshore hedge funds benefiting from these tax dodges did not maintain physical offices or investment professionals in their offshore locations, and instead operated primarily under the control of U.S. persons serving as the fund's general partner or investment manager. In these cases, U.S. hedge fund managers and their employees often played key roles in facilitating the offshore dividend tax abuse.

The report found that, as a result of the offshore dividend tax abuses, billions of dollars in U.S. taxes that should have been paid into the Treasury were lost. For example, the report cited Morgan Stanley data indicating that, over a 7-year period from 2000–2007, its dividend tax transactions enabled clients to escape payment of U.S. dividend taxes totaling more than \$300 million. In another example, the investment manager of a group of related offshore hedge funds, Maverick Capital Management, calculated that over an 8-year period, from 2000 to 2007, it had entered into "U.S. Dividend Enhancements" with a variety of firms that enabled it to escape paying U.S. dividend taxes totaling nearly \$95 million.

The report also found that the responsible Federal agencies, the Treasury Department and the IRS, had failed to prevent or punish dividend tax abuse. The agencies had failed to publish for 10 years final regulations to address abusive stock loans, failed to clarify existing regulations related to abusive equity swaps, and failed to take enforcement actions against participating financial institutions or their clients. The report found that, while the instances of abuse multiplied, the silence and inaction of the Treasury Department and the IRS encouraged the spread of offshore dividend tax abuse.

The report offered several recommendations to end dividend tax abuses, including by enacting legislation to make it clear that non-U.S. persons cannot avoid U.S. dividend taxes by using a swap or stock loan to disguise dividend payments, and by eliminating the

different tax rules for U.S. stock dividends, dividend equivalent payments, and dividend substitute payments, and making them all equally taxable as dividends. The report also recommended that the IRS complete its ongoing review of dividend-related transactions and take civil enforcement action against taxpayers and U.S. financial institutions that knowingly participated in abusive transactions aimed at dodging U.S. taxes on stock dividends. In addition, to stop misuse of equity swap transactions to dodge U.S. dividend taxes, the report recommended that the IRS issue a new regulation to make dividend equivalent payments under equity swap transactions taxable to the same extent as U.S. stock dividends. To stop misuse of stock loan transactions to dodge U.S. dividend taxes, the report recommended that the IRS issue a new regulation to make clear that inserting an offshore entity into a stock loan transaction does not eliminate U.S. tax withholding obligations for stock dividends.

G. Medicare Vulnerabilities: The Use of Diagnosis Codes in DME Claims (Report Prepared by the Minority Staff of the Permanent Subcommittee on Investigations on September 24, 2008 and released in conjunction with the Subcommittee's Hearing on July 9, 2008) (Printed in July 9th hearing record.)

As part of its ongoing efforts to uncover waste, fraud, and abuse in the Medicare and Medicaid programs, on September 24, 2008, the Subcommittee released a Minority staff report on the use of diagnosis codes in claims for durable medical equipment (DME). Medicare DME claims include diagnosis codes identifying the ailment of the Medicare beneficiary purchasing the medical equipment. In order to determine if those diagnoses codes could be used to prevent waste, fraud or abuse, the Subcommittee examined data related to millions of DME claims. This review uncovered numerous claims using invalid diagnosis codes and diagnosis codes that, while valid, appeared unrelated to the claimed medical equipment.

The report summarized the Subcommittee's investigation and offered several findings and recommendations. The report described the Subcommittee's examination of DME claims data from 1995 to 2006. This review found \$4.8 billion in Medicare payments for 60 million DME items in which the claims contained diagnosis codes that were invalid, blank, or impossible to process. To further test these DME claims, the Subcommittee conducted a detailed review of a subset of 2,000 claims, in which the Subcommittee could verify only 30 percent of the claims as legitimate. The report noted that many of the unverified claims contained indicators of fraudulent activity, such as the identification number of a doctor who had died years earlier or of doctors who denied that they had prescribed the indicated items or treated the indicated patients. The review also uncovered DME claims that paid for medical equipment or supplies that appeared wholly unrelated to the listed ailment. For example, the Subcommittee reviewed hundreds of thousands of claims paid by Medicare for blood glucose test strips, which are used by diabetics to test their blood-sugar levels, and found many with diagnosis codes unrelated to diabetes, listing such ailments as chronic airway obstruction, bubonic plague, leprosy, or cholera.

In addition to these findings, the report identified a number of procedural and regulatory issues. It found, for example, that Medicare rules governing the use of diagnostic codes on DME claims had been inconsistent over time, and that some of the Medicare claims data on diagnosis codes was incorrect or outdated. The report also found that Medicare had not used diagnosis codes effectively in the claims review process. The report noted that Medicare limited its analysis to the presence of a valid diagnosis code, and failed to use the diagnosis codes to evaluate the validity or medical necessity of the claim being presented. The report found that diagnosis codes could be used in many instances to detect and prevent fraudulent, wasteful, or abusive claims.

The report provided several recommendations to CMS in light of the Subcommittee's findings. First, the report recommended that CMS strengthen its claims review process to ensure that all diagnosis codes submitted on claims be not only valid, but medically related to the claimed DME supplies, and that claims with invalid or incorrect codes are rejected and returned to the biller for correction. The report also recommended that CMS consider developing procedures to link diagnosis codes with medical procedures to prevent and reject improper payments. The report recommended that CMS also consider developing procedures to link DME claims with corresponding claims for doctor visits and medical treatment. Finally, the report recommended that CMS strengthen its oversight of its payment contractors, including by imposing penalties for making improper payments or failing to maintain reliable data.

V. REQUESTED AND SPONSORED REPORTS

In connection with its investigations, the Subcommittee makes extensive use of the resources and expertise of the Government Accountability Office (GAO), the Offices of Inspectors General (OIGs) at various Federal agencies, and other entities. During the 110th Congress, the Subcommittee requested a number of reports and studies on issues of importance to Congress and to U.S. consumers. Most of these reports have already been described in connection with Subcommittee hearings. Several additional reports that were of particular interest, and that were not covered by Subcommittee hearings, are the following.

A. *Highway Bridge Program: Clearer Goals and Performance Measures Needed for a More Focused and Sustainable Program (GAO-08-1043), September 10, 2008*

The August 1, 2007, collapse of a Minnesota bridge raised urgent questions about bridge safety nationwide, as well as efforts by the U.S. Department of Transportation (DOT) to prioritize resources to address varying bridge safety problems. The Subcommittee and the Senate Committee on Environment and Public Works made a joint request to GAO to evaluate how Federal, State, and local transportation officials carry out the Highway Bridge Program (HBP), the primary source of Federal funding for bridges. GAO's report examined: (1) how the HBP addresses bridge conditions, (2) how States use HBP funds and select bridge projects for funding, (3) what data indicate about bridge conditions and the HBP's impact, and (4) the extent to which the HBP aligns with principles GAO developed,

based on prior work and Federal laws and regulations, for re-examining surface transportation programs.

GAO found, based on information gathered during bridge inspections that are generally conducted every 2 years, that the HBP classifies bridge conditions as deficient or not; assigns each bridge a sufficiency rating reflecting its structural adequacy, safety, serviceability, and relative importance; and uses that information to distribute funding to States. While each State's HBP apportionment amount is largely determined by bridge conditions and bridges generally must be below a certain condition threshold to qualify for HBP funding, other bridges are also eligible for HBP funds because States may use the funds for a broad array of other purposes, such as bridge systematic preventive maintenance projects. States have discretion in how they choose to spend HBP funds and select bridge projects in a variety of ways.

GAO found that bridge conditions, as measured by the number of deficient bridges and average sufficiency rating, improved from 1998 through 2007. However, the impact of the HBP on that improvement was difficult to determine, in part, because (1) the program provides only a share of what States spend on bridges and there are no comprehensive data for State and local spending on bridges, and (2) HBP funds can, in some cases, be used for a variety of bridge projects without regard to a bridge's deficiency status or sufficiency rating.

GAO determined that the HBP lacks focus, performance measures, and sustainability. For example, the program's statutory goals are not focused on a clearly identified Federal or national interest, but rather have expanded from improving deficient bridges to supporting seismic retrofitting, preventive maintenance, and many other projects, thus expanding the Federal interest to potentially include almost any bridge in the country. In addition, GAO found that the program lacks measures linking funding to performance and is not financially sustainable, given the anticipated deterioration of the Nation's bridges and the declining purchasing power of funding currently available for bridge maintenance, rehabilitation, and replacement.

B. Tax Administration: Comparison of the Reported Tax Liabilities of Foreign- and U.S.-Controlled Corporations, 1998–2005 (GAO–08–957), July 24, 2008

The Subcommittee has a longstanding interest in tax abuse issues involving U.S. corporations, including corporations that use transfer pricing strategies to shift profits offshore to avoid the payment of U.S. taxes. In three prior reports, GAO examined U.S. corporations that reported paying little or no tax, and examined differences in those corporations that were U.S. versus foreign-controlled. Subcommittee Chairman Levin, Senator Dorgan, and the Joint Committee on Taxation asked GAO to update its previous reports by comparing: (1) the tax liabilities of U.S.-controlled corporations (USCC) and foreign-controlled domestic corporations (FCDC)—including those reporting zero tax liabilities for 1998 through 2005 (the latest available data); and (2) the characteristics of those USCCs and FCDCs such as age, size, and industry.

The data collected by GAO indicated that the majority of corporations reviewed had reported no tax liability for the years 1998 to 2005. During this 8-year period, GAO found that over 1.2 million USCCs paid no tax (67 percent of returns), despite total gross receipts of \$2.1 trillion; and that over 38,000 FCDCs that paid no tax (65 percent of returns) despite total gross receipts of \$435 billion. In addition, GAO found that about 72 percent of large FCDCs versus 55 percent of large USCCs had reported no tax liability for at least 1 year over the 8 years studied.

GAO also found that, by most measures in the report, FCDCs reported lower tax liabilities than USCCs. A greater percentage of large FCDCs reported no tax liability in a given year from 1998 through 2005. For all corporations, a higher percentage of FCDCs reported no tax liabilities than USCCs through 2001, but differences after 2001 were not statistically significant. Most large FCDCs and USCCs that reported no tax liability in 2005 also reported that they had no current-year income. A smaller proportion of these corporations had losses from prior years and tax credits that eliminated any tax liability. By another measure, large FCDCs were more likely to report no tax liability over multiple years than large USCCs. In 2005, comparisons of FCDCs and USCCs based on ratios of reported tax liabilities to gross receipts or total assets showed that FCDCs reported less tax than USCCs.

GAO found that FCDCs and USCCs differed in age, size, and industry. FCDCs were younger than USCCs in that a greater percentage had been incorporated for 3 years or less from 1998 through 2005. In 2005, FCDCs were larger on average than USCCs in that they reported higher average gross receipts and assets than USCCs. A comparison by industry in 2005 showed that large FCDCs were relatively more concentrated in manufacturing and wholesale trade, while large USCCs were more evenly distributed across industries. GAO did not attempt to determine the extent to which these factors and others, such as transfer pricing abuses, explained the differences in tax liabilities.

C. Tax Compliance: Federal Grant and Direct Assistance Recipients Who Abuse the Federal Tax System (GAO-08-31), November 16, 2007

Since 2004, the Subcommittee has conducted an ongoing investigation into Federal contractors who bid for and receive Federal dollars for their work, while simultaneously owing substantial unpaid taxes. To expand the focus of this investigation, the Subcommittee, as well as the full Committee, asked GAO to examine noncompliant taxpayers who simultaneously did business with or received benefits from the Federal Government through Federal Grant programs. The resulting GAO report was the latest in a series of GAO reports examining weaknesses in the Federal Payment Levy Program and other Federal programs and controls that have allowed tens of thousands of Federal contractors and Medicare providers to receive government money while owing billions of dollars in unpaid taxes. The Subcommittee asked GAO to examine the extent of this problem for entities who receive Federal Grants or direct assistance, including by providing the magnitude of taxes owed, examples of grant recipients involved in abusive or poten-

tially criminal activity, and the efforts being made to prevent delinquent taxpayers from participating in such programs.

GAO determined that while most recipients of Federal Grant and direct assistance payments pay their Federal taxes, as of September 30, 2006, tens of thousands of recipients collectively owed about \$790 million in unpaid Federal taxes. GAO's data included over 2,000 individuals and organizations that received \$124 billion of payments directly from the Federal Government and who owed more than \$270 million of unpaid taxes (almost 6 percent of such recipients) and about 37,000 landlords participating in HUD's Section 8 tenant-based housing program who owed an estimated \$520 million of unpaid taxes (almost 4 percent of such landlords). GAO indicated that the \$790 million estimate is likely substantially understated, because GAO's analysis excluded the 80 percent of Federal Grants that are directly given to State and local governments which, in turn, disburse the grants to the ultimate recipients.

GAO presented 20 cases of grant and direct assistance recipients who had high tax debt and who appeared to be engaged in abusive or potential criminal activity related to the Federal tax system, including failure to remit individual income taxes or payroll taxes to the IRS. Willful failure to remit payroll taxes is a felony under U.S. law, and GAO provided evidence that some of the individuals associated with some of the recipients had diverted payroll tax money to their personal use or to help fund their businesses. GAO referred the 20 cases to the IRS for additional investigation and enforcement action, as appropriate.

GAO also recommended that the Office of Management and Budget consider requiring Federal agencies that issue grants or make direct assistance payments take affirmative steps to determine whether any of their applicants have unpaid tax debt.

D. Tax Compliance: Some Hurricanes Katrina and Rita Disaster Assistance Recipients Have Unpaid Federal Taxes (GAO-08-101R), November 16, 2007

In further support of the Subcommittee's ongoing investigation into persons who do business with or receive benefits from the Federal Government while owing Federal taxes, the Subcommittee and full Committee asked GAO to examine the extent to which tax delinquent persons received benefits from the Individuals and Households Program (IHP) operated by the Federal Emergency Management Agency (FEMA) following Hurricanes Katrina and Rita. IHP is a Federal direct assistance program authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). GAO agreed to determine, to the extent practical, the estimated magnitude of Federal taxes owed by individuals receiving IHP disaster assistance benefit payments following Hurricanes Katrina and Rita; and provide examples of abusive or criminal activity related to the Federal tax system by IHP recipients with unpaid Federal taxes.

GAO conducted its estimate by cross referencing IRS tax debts in excess of \$100 as of September 30, 2005 with IHP disaster assistance benefit payments for Hurricanes Katrina and Rita. It found that about 80,000 of the 1.5 million individuals (about 5 percent) who received disaster assistance benefits for Hurricanes

Katrina and Rita owed over \$700 million in unpaid Federal taxes prior to those hurricanes. GAO reported that FEMA officials stated that they do not screen disaster applicants for existing tax debts because there is no legal requirement to do so.

GAO also presented five IHP recipient case histories of abusive and criminal activity. These recipients had tax debts ranging from about \$400,000 to over \$2 million, and several had a history of failing to file tax returns for several years prior to the hurricane disasters. GAO also identified instances in which IHP recipients attempted to transfer property to avoid IRS seizure. For example, one IHP recipient in the oil and gas industry had forged a third party's signature to illegally transfer land. Another IHP recipient, a lawyer, transferred a large quantity of stock to a family member while the IRS was taking collection actions against the lawyer.

E. Medicare: Covert Testing Exposes Weaknesses in the Durable Medical Equipment Supplier Screening Process (GAO-08-955), July 3, 2008

In connection with the Subcommittee's ongoing investigation into waste, fraud, and abuse in the Medicare and Medicaid programs, the Subcommittee asked GAO to examine vulnerabilities in Medicare's enrollment process for suppliers of durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS). Due to weaknesses in the DMEPOS enrollment and inspection process, CMS has found that sham companies have been able to enroll in the program and fraudulently bill Medicare for unnecessary or nonexistent supplies. CMS has estimated that, from April 2006 through March 2007, Medicare has made \$1 billion in improper payments for DMEPOS supplies, in part due to fraud by the enrolled suppliers.

GAO tested CMS's processes by creating two fictitious DMEPOS suppliers, applying for Medicare billing numbers, and completing electronic test billings. GAO reported that it was able easily to establish two fictitious DMEPOS companies using undercover names and bank accounts. GAO reported that its fictitious companies applied for and were able to win approval for Medicare billing privileges despite having no clients or inventory. GAO reported that CMS had initially denied the applications in part because of a lack of inventory, but undercover GAO investigators then fabricated contracts with nonexistent wholesale suppliers to convince CMS and its contractor, the National Supplier Clearinghouse (NSC), that the companies had access to DMEPOS items.

As a result of these simple methods of deception, both fictitious DMEPOS companies obtained Medicare billing numbers. After requesting an electronic billing enrollment package and obtaining passwords from CMS, GAO was then able to successfully complete Medicare's test billing process for the Virginia office. GAO was unable to complete test billing for the Maryland office, however, because CMS has not sent the necessary passwords. However, if real criminals had been in charge of the fictitious companies, they would have been clear to bill Medicare for potentially millions of dollars worth of nonexistent supplies.

After concluding the test, GAO recommended that CMS and associated contractors initiate procedures beyond the current paper-

work reviews to conduct more rigorous oversight of DMEPOS suppliers to ensure their legitimacy.

F. Premium Class Travel: Internal Control Weaknesses Governmentwide Led to Improper and Abusive Use of Premium Class Travel (GAO-07-1268), September 28, 2007

In conjunction with its work to uncover waste, fraud, and abuse in the Federal Government, the Subcommittee has conducted an ongoing inquiry into problems with Federal travel programs and expenses. Previous GAO reports undertaken at the request of the Subcommittee disclosed improper premium class travel at the Department of Defense (DOD) and the Department of State (State). In this report, the Subcommittee asked GAO to examine whether similar improper travel existed in the rest of the Federal Government. In response, GAO undertook a study to determine the magnitude of premium class travel government-wide, and the extent to which such travel was improper; the existence of internal control weaknesses that contributed to improper and abusive premium class travel; and specific examples of improper and abusive premium class travel.

GAO found that Federal employees on official government travel were expected to follow published guidelines related to when and how premium (first and business) class travel should be undertaken. Due to the high cost of premium class travel, Federal Travel Regulations (FTR) issued by the General Services Administration (GSA) provide specific guidelines to restrict premium class use. GAO reported that, according to GSA data, the government fare for business class travel is typically more than 5 times the price of coach class travel for comparable routes, with some tickets costing more than 10 times as much.

GAO reported that the Federal Government spent over \$230 million on about 53,000 premium class tickets from July 1, 2005, through June 30, 2006. GAO determined that breakdowns in internal controls and a weak controlled environment resulted in at least \$146 million in improper first and business class travel government-wide. Based on statistical sampling, GAO estimated that 67 percent of premium class travel was not properly authorized, justified, or both. While business class travel accounted for 96 percent of all premium class travel, GAO found that many agencies did not track, and thus did not know the extent of, business class travel. GAO noted that Office of Management and Budget (OMB) and GSA also did not require reporting of business class travel. GAO also found large differences in premium class guidance government-wide, with some agencies issuing less restrictive guidance that were tailored for executive travel.

GAO made two recommendations to prevent improper premium travel. GAO recommended that agencies: (1) improve internal controls to properly authorize and justify premium class travel, including prohibiting subordinates or the travelers themselves from authorizing premium class travel, and (2) establish procedures to require compiling government-wide data and monitoring of the extent of premium class travel, including business class.

G. Governmentwide Purchase Cards: Actions Needed to Strengthen Internal Controls to Reduce Fraudulent, Improper, and Abusive Purchases (GAO-08-333), March 14, 2008

In conjunction with its work uncovering waste, fraud, and abuse in the Federal Government, the Subcommittee requested that GAO analyze credit card transactions at certain agencies to (1) determine whether internal control weaknesses existed in the government purchase card program; and (2) if so, identify examples of fraudulent, improper, and abusive activity. To conduct this review, GAO asked agencies to provide documentation on selected transactions to establish that the purchase had been properly authorized and that when the good or service was delivered, an individual other than the cardholder received and signed for it. Using a statistical sample of purchase card transactions from July 1, 2005, through June 30, 2006, GAO estimated that nearly 41 percent of the transactions failed to meet either of these basic internal control standards. Using a second sample of transactions over \$2,500, GAO found a similar failure rate—that agencies could not demonstrate that 48 percent of these large purchases met standards for proper authorization, independent receipt and acceptance, or both.

GAO also presented case studies showing how the breakdowns in these internal controls resulted in fraudulent, improper, or abusive purchase card use. These examples included instances in which government cardholders used government purchase cards to subscribe to Internet dating services, buy video iPods for personal use, and pay for lavish dinners. In one case, a cardholder used the government purchase card program to embezzle over \$642,000 over 6 years from the Department of Agriculture's Forest Service fire-fighting fund. This cardholder was sentenced to 21 months in prison and ordered to pay full restitution. GAO also determined that agencies were unable to locate 458 items of 1,058 total accountable and pilferable items totaling over \$2.7 million that GAO selected for testing. These missing items, which GAO considered to be lost or stolen, included computer servers, laptop computers, iPods, and digital cameras. For example, the Department of the Army could not adequately account for 256 items making up 16 server configurations, each of which cost nearly \$100,000.

H. Information Security: Protecting Personally Identifiable Information (GAO-08-343), January 25, 2008

In May 2006, a laptop computer containing the personal data of millions of veterans was stolen from the home of an employee of the Department of Veterans Affairs (VA). This incident raised a host of concerns regarding the security of personal information on Federal systems compromised by the loss or theft of equipment or by unauthorized access. The Subcommittee's Ranking Member Senator Coleman and Representative Susan Davis made a joint request that GAO: (1) identify the Federal laws and guidance issued to protect personally identifiable information from unauthorized use or disclosure; and (2) describe agencies' progress in developing policies and procedures under recent Office of Management and Budget guidance to protect personally identifiable information that is either accessed remotely or physically transported outside an agency's secured physical perimeter.

The loss of personally identifiable information can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. Prior GAO evaluations had exposed weaknesses in the Federal Government's efforts to protect personally identifiable information. In this evaluation, GAO found that of the 24 major agencies, 22 had developed policies requiring personally identifiable information to be encrypted on mobile computers and devices. Fifteen of the agencies had policies to use a "time-out" function for remote access and mobile devices requiring user reauthentication after 30 minutes of inactivity. Eleven agencies had established policies to log computer-readable data extracts for databases holding sensitive information and erase the data within 90 days after extraction.

At the conclusion of GAO's review, OMB announced in November 2007, that agencies that did not complete certain privacy and security requirements had received a downgrade in their scores for progress in electronic government initiatives. According to OMB, it will continue working with agencies to help them strengthen their information security and privacy programs, especially as they relate to the protection of personally identifiable information.

I. Combating Nuclear Smuggling: DNDO Has Not Yet Collected Most of the National Laboratories' Test Results on Radiation Portal Monitors in Support of DNDO's Testing and Development Program (GAO-07-347R), March 9, 2007

As part of its effort to evaluate U.S. safeguards against nuclear and radiological threats, the Subcommittee has examined government efforts to prevent a nuclear weapon or radiological dispersal device (a "dirty bomb") from being smuggled into the United States. The Department of Homeland Security (DHS), through its Domestic Nuclear Detection Office (DNDO), has lead responsibility for conducting the research, development, testing, and evaluation of radiation detection equipment that can be used to detect smuggled nuclear or radiological materials. As of 2007, most of DNDO's work on radiation detection equipment has focused on the development and use of radiation detection portal monitors, which are larger-scale equipment that can screen vehicles, people, and cargo entering the United States. Current portal monitors, made of polyvinyl toluene plastic (PVTs), can detect the presence of radiation but cannot distinguish between benign radiological materials (NORM) such as ceramic tile, and dangerous materials such as highly enriched uranium (HEU). DNDO plans to replace PVTs with the next generation of portal monitors, known as Advanced Spectroscopic Portals (ASP), with the hope that ASPs will be able to more specifically identify radiological and nuclear materials within a shipping container. Given that this plan would require a multibillion dollar investment and coordination with State and local governments, the Subcommittee, the full Committee, the House Committee on Energy and Commerce, and the House Committee on Homeland Security made a joint request to GAO to assess the advantages and disadvantages of this planned approach.

GAO's report examined the extent to which DNDO has: (1) compiled previous test results from the national laboratories on com-

mercially available portal monitors, and (2) provided State and local authorities with information on the technical performance characteristics and operation of radiation detection equipment. GAO reported that DNDO was in the process of planning how to develop a database with PVT test reports to gauge how well they detect radiological and nuclear material and how environmental conditions and other factors may affect PVT performance. GAO reported that DNDO was also improving its efforts to provide technical and operational information about radiation portal monitors to State and local authorities. For example, DNDO recently helped to establish a Website that, among other features, includes information for State and local officials on radiation detection equipment products and performance requirements. GAO reported that some State representatives, particularly those from States with less experience conducting radiation detection programs, would like to see DNDO provide more prescriptive advice on what types of radiation detection equipment to deploy and how to use it.

J. Nuclear Security: NRC and DHS Need to Take Additional Steps to Better Track and Detect Radioactive Materials (GAO-08-598), June 19, 2008

As part of its effort to evaluate U.S. safeguards against nuclear and radiological threats, the Subcommittee has devoted resources to evaluating the government's ability to detect and track nuclear materials in the United States, including low-grade radioactive materials that could be used to build a "dirty bomb" a device using conventional explosives to disperse radioactive material. During the 110th Congress, the Subcommittee and the House Committee on Energy and Commerce made a joint request to GAO to assess certain policies and practices of the Nuclear Regulatory Commission (NRC) and Department of Homeland Security (DHS) related to tracking and detecting nuclear materials, including: (1) the NRC's progress in implementing recommendations, made by GAO in 2003, to strengthen U.S. capabilities in this area; (2) other steps the NRC has taken to improve its ability to detect and track nuclear materials; (3) the capability of the DHS Customs and Border Protection (CBP) to detect radioactive materials at land ports of entry, and (4) the capability of the CBP to verify that such materials were appropriately licensed prior to entering the United States.

GAO determined that NRC had implemented three of the six recommendations from GAO's 2003 report. GAO reported that the NRC had worked with the 35 States to which it has ceded primary authority to regulate radioactive materials to: (1) identify sealed sources (radioactive materials sealed in a capsule) of greatest concern; (2) enhance requirements to secure radioactive sources; and (3) ensure security requirements are implemented. GAO reported that, in contrast, NRC had made only limited progress toward implementing recommendations to: (1) modify its process for issuing licenses to ensure that radioactive materials cannot be purchased by those with no legitimate need for them; (2) determine how to effectively mitigate the potential psychological effects of malicious use of such materials; and (3) examine whether certain radioactive sources should be subject to more stringent regulations.

Beyond acting on GAO's recommendations, GAO reported that the NRC had taken four additional steps to improve its ability to track radioactive materials. First, NRC created an interim national database to monitor the licensed sealed sources containing materials that pose the greatest risk of being used in a dirty bomb. Second, NRC is developing a National Source Tracking System to replace that interim database and provide more comprehensive, updated information on potentially dangerous sources. GAO also reported, however, that this system has been delayed by 18 months and is not expected to be fully operational until January 2009. Third, NRC is developing a Web-Based Licensing System that will include more comprehensive information on all sources and materials that require NRC or State approval to possess. Finally, NRC is developing a license verification system that will draw information from the other new systems to enable officials and vendors to verify that those seeking to bring radioactive materials into the country or purchase them are licensed to do so. GAO noted, however, that the various systems are more than 3 years behind schedule and initially may not include the licensing information on radioactive materials regulated by Agreement States—which represent over 80 percent of all U.S. licenses for such materials. GAO reported that the delays in the development and deployment of these systems are especially consequential because NRC has identified them as key to improving the control and accountability of radioactive materials. Finally, GAO reported that, while the CBP has a comprehensive system in place to detect radioactive materials entering the United States at land borders, some equipment that is used to protect CBP officers is in short supply.

K. Supply Chain Security: Examinations of High-Risk Cargo at Foreign Seaports Have Increased, but Improved Data Collection and Performance Measures Are Needed (GAO-08-187), January 25, 2008

The Container Security Initiative (CSI) of the Customs and Border Protection (CBP) aims to identify and examine high-risk U.S.-bound cargo through inspections at foreign seaports. GAO reported in 2003 and 2005 that CSI helped to enhance homeland security, and recommended actions to strengthen the program. The Subcommittee, full Committee, the Senate Committee on Commerce and the House Committee on Energy and Commerce made a joint request to GAO to update its prior work and assess how CBP has: (1) contributed to strategic planning for supply chain security, (2) strengthened CSI operations, and (3) evaluated CSI operations.

GAO determined that CBP reached an important target of operating CSI in 58 foreign seaports, and thereby having 86 percent of all U.S.-bound cargo containers pass through CSI seaports in fiscal year 2007. Also, CBP has increased CSI staffing levels closer to those called for in its staffing model and in prior GAO recommendations. GAO reported, however, that CBP still faces staffing challenges because of its partial dependence on a temporary workforce and inability to identify sufficient numbers of qualified staff. Also, while CBP has been able to reach most foreign seaports, hurdles to cooperation remain at some of them, such as restrictions on CSI teams witnessing examinations. GAO reported that CBP re-

efined overall CSI performance measures, but has not fully developed performance measures and annual targets for core CSI functions, such as the examination of high-risk containers before they are placed on vessels bound for the United States. GAO concluded that these weaknesses in CBP's data collection and performance measures potentially limit the information available on overall CSI effectiveness.

L. Supply Chain Security: U.S. Customs and Border Protection Has Enhanced Its Partnership with Import Trade Sectors, but Challenges Remain in Verifying Security Practices (GAO-08-240), April 25, 2008

The Customs and Border Protection (CBP) is responsible for ensuring the security of cargo containers shipped into the United States. To strike a balance between security and commerce, CBP oversees the Customs-Trade Partnership Against Terrorism (C-TPAT) program. C-TPAT aims to secure the flow of goods bound for the United States by developing a voluntary antiterrorism partnership with stakeholders of the international trade community comprised of importers; customs brokers; air, sea, and land carriers; and other logistics service providers such as freight consolidators and nonvessel common carriers. Member companies agree to allow CBP to validate their security practices and, in exchange, they are awarded benefits, such as reduced scrutiny of their cargo. CBP gained additional responsibility for the C-TPAT program when the Security and Accountability For Every Port (or SAFE Port) Act of 2006 established a statutory framework for it and added new components to it.

A prior review by GAO of the C-TPAT program found multiple managerial and operational weaknesses. The Subcommittee, full Committee, Senate Committee on Commerce, and House Committee on Energy and Commerce made a joint request that GAO assess CBP's progress in overcoming those weaknesses, including progress in: (1) improving its benefit award policies for C-TPAT members, (2) addressing challenges in validating members' security practices, and (3) addressing management and staffing challenges.

GAO found that CBP had taken steps to improve the C-TPAT program, but challenges remained. GAO reported that CBP had strengthened its policies for granting benefits to importers, C-TPAT's largest member sector, but is working to improve its policies for members in other trade sectors. With regard to the C-TPAT security validation process, GAO reported that CBP was unable to verify that partnership members had security practices that met the minimum criteria. For example, CBP did not have internal controls to consistently ensure that when security specialists made recommendations in validation reports, appropriate actions were taken to follow up those recommendations. As a result, CBP could not be certain that the C-TPAT member companies who were shipping containers under reduced security agreements were using adequate security practices. Finally, GAO reported that CBP had embarked on plans to improve managing and staffing.

GAO made recommendations for specific improvements which CBP agreed to implement.

M. Supply Chain Security: CBP Works with International Entities to Promote Global Customs Security Standards and Initiatives, but Challenges Remain (GAO-08-538), August 15, 2008

As part of the responsibility of the Customs and Border Protection (CBP) to ensure the security of cargo containers shipped into the United States, CBP is involved with efforts to establish an international system of mutual recognition of customs security practices based on the adoption of uniform, international standards. The Subcommittee, full Committee, Senate Committee on Commerce, and House Committee on Energy and Commerce made a joint request to GAO to evaluate: (1) actions taken by CBP to develop and implement international supply chain security standards, (2) actions taken by CBP with international partners to achieve mutual recognition of customs security practices, and (3) issues CBP and foreign customs administrations anticipate in implementing 100 percent scanning of U.S.-bound container cargos.

GAO reported that, to develop and implement international supply chain security standards, CBP has taken a lead role in working with foreign customs administrations and the World Customs Organization (WCO). Through the Container Security Initiative (CSI), CBP places staff at foreign seaports to work with host nation customs officials to identify high-risk container cargo bound for the United States, and through the Customs-Trade Partnership Against Terrorism (C-TPAT), CBP forms voluntary partnerships to enhance security measures with international businesses involved in oceangoing trade with the United States. GAO reported that, in collaboration with 11 other members of the WCO, CBP has developed the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework). The SAFE Framework was adopted by the 173 WCO member customs administrations in June 2005; and as of July 2008, 154 had signed letters of intent to implement the standards. More specifically, CBP has signed mutual recognition arrangements with New Zealand, Jordan and Canada, and anticipates an agreement in 2009 with the European Commission, which represents the 27 member nations of the European Union.

GAO reported that recent U.S. laws, such as The Implementing Recommendations of the 9/11 Commission Act of 2007 (9/11 Act)—requiring that 100 percent of U.S.-bound container cargo be scanned at foreign seaports—may affect worldwide adoption of international standards. CBP and some foreign partners have stated that, unless additional resources are made available, 100 percent scanning could not be met. GAO reported that CBP and European custom administration officials have said that 100 percent scanning may result in a lower level of security if customs officers are diverted from focusing on high-risk container cargo. Under the current risk-management system, for example, the scanned images of high-risk containers are to be reviewed in a very detailed manner. However, according to WCO and industry officials, if all containers are to be scanned, the reviews may not be as thorough. Further, a European customs administration reported that 100 percent scanning could have a negative impact on the flow of commerce and also would affect trade with developing countries disproportionately.

N. United Nations Organizations: Oversight and Accountability Could Be Strengthened by Further Instituting International Best Practices (GAO-07-597), June 18, 2007

As part of the Subcommittee's ongoing investigation into United Nations management issues, the Subcommittee's Ranking Minority Member, Senator Coleman, and the House Committee on Foreign Affairs' Ranking Minority Member, Representative Ileana Ros-Lehtinen, asked GAO to examine the progress of the United Nations in implementing a range of management, oversight, and accountability reforms designed, in part, to ensure that resources are used effectively and efficiently. In particular, GAO examined the extent to which: (1) selected U.N. internal audit offices had implemented professional standards for performing audits and investigations; (2) selected U.N. evaluation offices had implemented U.N. evaluation standards; and (3) selected U.N. governing bodies were provided with information about the results of U.N. oversight practices.

GAO reported that the six U.N. internal audit offices reviewed had made progress in implementing international auditing standards, they had not fully implemented key components of the standards. GAO reported that the audit offices lacked completed organization wide risk-management frameworks, which are essential in identifying the areas with the greatest vulnerability to waste, fraud, and abuse, and three audit offices lacked sufficient staff to cover high-risk areas of the organization. GAO also reported that some of the audit offices had not fully implemented quality assurance processes, which include activities such as external peer reviews; and some did not have professional investigators.

GAO reported that the six U.N. evaluation offices reviewed were working toward implementation of U.N. evaluation standards, but had not fully implemented them. GAO reported that most of the evaluation offices lacked sufficient resources and expertise to manage and conduct evaluations, especially at the country level, which impacted their ability to conduct high-quality and strategically important evaluations. In addition, GAO reported that most of the evaluation offices had not fully implemented quality assurance processes relating to areas such as evaluation methodology, scope, evidence, and findings. GAO also reported that all of the evaluation offices were working toward fully establishing mechanisms that systematically follow up and report on the status of their recommendations.

GAO reported that the U.N. governing bodies responsible for oversight of the audit and evaluation offices lacked full access to internal audit reports and most lacked direct information from the audit offices about the sufficiency of their resources and capacity to conduct their work. GAO noted that access to that information would provide greater insights into the offices' operations and help identify critical systemic weaknesses. In addition, GAO reported that, with one exception, the audit committees that GAO examined were generally not accountable to their governing bodies, and some were composed of senior U.N. management officials.

O. United Nations: Progress on Management Reform Efforts Has Varied (GAO-08-84), November 14, 2007

As part of the Subcommittee's ongoing investigation into United Nations management issues, the Subcommittee asked GAO to update a 2006 GAO report which had found that United Nations management reforms were progressing slowly. In response, GAO evaluated U.N. management reform initiatives in five areas—ethics, oversight, procurement, management operations of the Secretariat, and management of U.N. programs and activities (known as mandates); and also identified factors that had slowed the pace of reform efforts.

Overall, GAO found mixed progress in U.N. management reform efforts. In the area of ethics, GAO found that the U.N. Ethics Office had made substantial progress in staffing its office and implementing a whistleblower protection policy, as well as some progress in developing ethics standards and collecting and analyzing financial disclosure forms. In the area of oversight, GAO found that member states had made some progress when they created an Independent Audit Advisory Committee, which is expected to be operational by January 2008. Additionally, the Office of Internal Oversight Services (OIOS) had improved the oversight capacity of individual divisions, including through internal audit and investigations. GAO noted, however, that U.N. funding arrangements continue to constrain the independence of OIOS and its ability to audit high-risk areas.

In the area of procurement, GAO found that some progress had been made, noting the development of a comprehensive training program for procurement staff. GAO also noted, however, that the U.N. had made little or no progress in establishing an independent bid protest system. GAO found that some progress had been made in reforming management operations at the U.N. Secretariat, highlighting improvements to human resource functions and information technology. In contrast, GAO found little or no progress had been made in reforming the U.N.'s internal justice system for resolving and adjudicating staff grievances and safeguarding the rights of staff members, certain budgetary and financial management functions, and the delivery of certain services. Finally, GAO found that, despite some limited initial actions, the U.N.'s review of U.N. programs and activities had not advanced, due in part to a lack of support by many member states.

GAO reported that various factors had slowed the pace of U.N. management reforms, and predicted that a number of reforms would be unable to move forward until those factors were addressed. GAO identified four main factors slowing reforms: (1) disagreements among member states on the priorities and importance of U.N. management reform efforts, (2) the lack of comprehensive implementation plans for some management reform proposals, (3) administrative policies and procedures that continue to complicate the process of implementing certain complex human resource initiatives, and (4) competing U.N. priorities, such as the proposal to reorganize the Department of Peacekeeping Operations, that limit the capacity of General Assembly members to address management reform issues.

P. Selected Agencies Use of Criminal Background Checks for Determining Responsibility (GAO-07-215R), January 12, 2007

As part the Subcommittee's ongoing interest in uncovering and preventing contractor waste and fraud affecting the Federal Government, the Subcommittee asked GAO to research certain agency policies and practices for making responsibility determinations before awarding contracts, including any agency use of criminal background checks. Responsibility determinations for Federal contractors include an assessment of a number of specific elements including a contractor's technical capability, past performance, financial capability, and business ethics and integrity. In its report, GAO sought to (1) identify agency policies and practices for making contractor responsibility assessments, and the conditions under which agencies conduct criminal background checks; (2) determine how contracting officers use the Excluded Parties List System (EPLS) to make responsibility assessments and identify any planned improvements to the EPLS; and (3) determine the number of fraud investigations in which the contractor or its principals had a prior criminal background.

GAO found that Federal agencies base their policies and practices for making contractor responsibility determinations on the Federal Acquisition Regulation (FAR) and their own supplements to the FAR. The FAR specifies a number of factors to consider in making responsibility determinations, but does not require a criminal background check. GAO reported that contracting officers also used the EPLS system to determine if a particular contractor was excluded from eligibility to bid on a contract. GAO reported that contracting officers said they generally searched the EPLS by using (1) an identifying number such as the Data Universal Numbering System (DUNS) or a Taxpayer Identification Number, or (2) the name of either the firm or an individual.

GAO described how the EPLS list was compiled. GAO reported that officials said their agencies received allegations of irregularities from many sources including contracting officers, oversight organizations such as the Defense Contract Management Agency, agency or contractor employees, competitors, other Federal agencies, whistleblower cases, and hotlines. Agencies assigned investigations of fraud to internal criminal investigative units, such as the Office of Inspector General, which coordinate with their General Counsel offices to report indictments or evidence to initiate suspensions and convictions to initiate debarment proceedings.

GAO reported that, according to agency officials, information on whether investigations included company employees or principals with a prior criminal history may be contained in the case files if it is a part of the information collected in developing the investigation. For example, at DOJ, prior criminal history checks are a routine part of case development. However, the case files are narrative in nature and, therefore, obtaining the information would require a case-by-case analysis. GAO was thus unable to determine the number of fraud investigations in which the contractor or its principals had a prior criminal background.

Q. Terrorist Watch List Screening: Opportunities Exist to Enhance Management Oversight, Reduce Vulnerabilities in Agency Screening Processes, and Expand Use of the List (GAO-08-110) October 11, 2007

The Terrorist Screening Center (TSC) of the Federal Bureau of Investigation (FBI) maintains a consolidated watch list of known or suspected terrorists and sends records from the list to agencies to support terrorism-related screening. Because the list is an important tool for combating terrorism and because there have been complaints and criticisms about its effectiveness, the Subcommittee, the full Committee, and the House Committee on Homeland Security made a joint request to GAO to examine: (1) the standards for including individuals on the list, (2) the outcomes of encounters with individuals on the list, (3) potential vulnerabilities and efforts to address them, and (4) actions taken to promote effective terrorism-related screening.

To conduct this work, GAO reviewed documentation obtained from and interviewed officials at TSC, the FBI, the National Counterterrorism Center, the Department of Homeland Security (DHS), and other agencies that perform terrorism-related screening. GAO found that the FBI and intelligence community use standards of reasonableness to evaluate individuals for nomination to the consolidated watch list. GAO reported that agencies generally list individuals with known links to terrorism as well as individuals who are reasonably suspected of having possible links to terrorism. Because the list includes individuals with possible, but not known, links to terrorism, being on the list does not automatically prohibit the issuance of a visa or entry into the United States. Instead, agency officials are required to assess the threat that a particular person poses to determine what action to take, if any.

GAO reported that, as of May 2007, the consolidated watch list contained approximately 755,000 records. GAO found that, from December 2003 through May 2007, screening and law enforcement agencies encountered individuals who were positively matched to watch list records approximately 53,000 times. Many of the same individuals were matched multiple times. The encounters resulted in a wide array of actions, including arrests, denials of entry into the United States, and, most often, questioning and release. GAO reported that, within the Federal community, there is general agreement that the watch list has helped to combat terrorism by (1) providing screening and law enforcement agencies with information to help them respond appropriately during encounters, and (2) helping law enforcement and intelligence agencies track individuals on the watch list and collect information about them for use in conducting investigations and in assessing threats.

Regarding potential vulnerabilities, GAO reported that TSC sends records daily from the watch list to screening agencies. GAO noted, however, that some records are not sent, partly because screening against them may not be needed to support the respective agency's mission or may not be possible due to the requirements of various computer programs used to check individuals against watch list records. GAO reported that some listed persons had passed undetected through agency screening processes and were not identified, for example, until after they had boarded and

flew on an aircraft or were processed at a port of entry and admitted into the United States. TSC and other Federal agencies have ongoing initiatives to help reduce these potential vulnerabilities, including efforts to improve computerized name-matching programs and the quality of watch list data.

GAO reported that, although the Federal Government has made progress in promoting effective terrorism-related screening, additional screening opportunities remain untapped within both the Federal and private sectors. GAO found that the government lacked an up-to-date strategy and implementation plan for optimizing use of the terrorist watch list, and clear lines of authority and responsibility. GAO concluded that an up-to-date strategy and implementation plan, supported by a clearly defined leadership or governance structure, would provide a platform to establish government-wide screening priorities, address privacy and civil liberties issues, identify problems, implement reforms, and assess progress.

R. Additional GAO reports that assisted the Subcommittee during the 110th Congress include the following, which have already been described in connection with the Subcommittee's hearings.

- Thousands of Medicaid Providers Abuse the Tax System (GAO-08-17), November 14, 2007
- Medicare: Thousands of Medicare Providers Abuse the Federal Tax System (GAO-08-618), June 13, 2008
- Tax Compliance: Businesses Owe Billions in Federal Payroll Taxes (GAO-08-617), July 27, 2008

S. Additional GAO reports that assisted the Subcommittee during the 110th Congress include the following, which were requested by multiple parties and which lie within the primary jurisdiction of other committees.

- Nuclear Nonproliferation: Progress Made in Improving Security at Russian Nuclear Sites, but the Long-term Sustainability of U.S.-Funded Security Upgrades Is Uncertain (GAO-07-404), February 28, 2007
- Oil and Gas Royalties: Royalty Relief Will Cost the Government Billions of Dollars but Uncertainty Over Future Energy Prices and Production Levels Make Precise Estimates Impossible at this Time (GAO-07-590R), April 12, 2007
- Global Nuclear Energy Partnership: DOE Should Reassess Its Approach to Designing and Building Spent Nuclear Fuel Recycling Facilities (GAO-08-483), April 22, 2008

AD HOC SUBCOMMITTEE ON STATE, LOCAL, AND
PRIVATE SECTOR PREPAREDNESS AND INTEGRATION

CHAIRMAN: MARK L. PRYOR

RANKING MINORITY MEMBER: JOHN E. SUNUNU

I. HEARINGS

*1. Private Sector Preparedness—Part I: Defining the Problem and
Proposing Solutions (June 21, 2007)*

Witnesses: Mr. Alfonso Martinez-Fonts, Assistant Secretary, Private Sector Office, U.S. Department of Homeland Security (DHS); Mr. Marko Bourne, Director, Policy and Program Analysis, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Duane Ackerman, Chair, Task Force on Business Response, Business Executives for National Security; Honorable John Breaux, Former Senator, Co-Chair, Task Force on Business Response, Business Executives for National Security; Dr. Richard Andrews, Senior Advisor for Homeland Security, National Center for Crisis and Continuity Coordination.

The purpose of this hearing was to examine the status of public-private collaboration in preparing for and responding to national catastrophes. For economic reasons, businesses have long had their own contingency plans in place. Similarly, Federal, State, and local governments have long operated emergency management agencies to cope with hazardous material accidents, disasters caused by extreme weather, and terrorist incidents. However, the September 11, 2001 terrorist attacks, combined with Hurricanes Katrina and Rita of 2005, shined a spotlight on the fact that the private sector and public disaster management agencies rarely coordinate their actions. These tragedies revealed problems ranging from an inability of potential donor companies to find a government point of contact to accept donated materials, to logistics management that stopped privately-owned trucks from delivering goods to disaster zones, to private sector technicians denied access to the critical infrastructure they were sent to disaster zones to repair.

A number of post-September 11, 2001, bills have briefly mentioned the topic of private sector preparedness. Most of these references instruct DHS or FEMA to “work with the private sector” on projects without providing any guidance on the specific goals that public-private cooperation should achieve. The only piece of legislation, at the time of the hearing, with a specific private sector title was S. 4, Implementing the 9/11 Commission Recommendations, now Public Law 110–53. The 9/11 Commission recommended that Congress provide a set of voluntary preparedness and contingency planning standards that companies could choose to adopt. Public Law 110–53 instructs the private sector on how to meet

standards set by the government. However, the law does not instruct the government on how to cooperate with the private sector to improve logistics, contracting, training exercises, or point of contact authorities.

In June 2006, the non-partisan Business Executives for National Security (BENS) formed a task force to address public-private coordination. The task force identified the factors that hindered public-private cooperation in preparedness and response, and analyzed them in a report entitled, "Getting Down to Business: An Action Plan for Public-Private Disaster Response Coordination." The three main findings of this report are: (1) that the private sector must be integrated systematically into national preparedness and response efforts, (2) that commercial supply chains can provide a wider range of goods and services than government entities, and (3) that businesses require more predictable regulatory and legal regime to be effective in contributing to government response efforts. The findings of this report have sparked debate and increased interest in public-private partnerships.

The Subcommittee received testimony from five witnesses, each providing a different perspective. DHS discussed the activities of its private sector outreach office. FEMA offered testimony on the steps it has taken to improve coordination with the private sector on logistics and on FEMA's adoption of some private sector best practices. The BENS witnesses discussed the findings and recommendations of their report. Finally, a representative of the National Center for Crisis and Continuity Coordination presented a State and local government perspective.

The sole panel consisted of five witnesses. Mr. Alfonso Martinez-Fonts discussed DHS's outreach activities and relationship with private sector advisory councils. Mr. Marko Bourne explained a number of new initiatives such as efforts with the private sector. FEMA was implementing to better coordinate response activities with the private sector. Mr. Duane Ackerman discussed the main criteria that must be satisfied to re-establish continuity of community in the wake of a disaster, including effective communication methods, logistics, and regulatory authority. He also recommended some steps that could be taken to coordinate Emergency Operations Centers (EOCs) that exist at all levels of government, and Business Operations Centers (BOCs) of large corporations such as Wal-Mart and Home Depot. Hon. John Breaux, representing Business Executives for National Security, discussed the regulatory and legislative steps that the government can take to improve coordination with the private sector. He highlighted some recommendations that have already been incorporated into policy by FEMA or DHS, and identified additional action steps that could further national preparedness efforts. The fifth witness was Dr. Richard Andrews who recently completed a survey of States' activities to integrate the private sector into planning and response councils. He discussed his findings, including the factors that facilitate public-private cooperation at the State level and those that hinder it.

2. Private Sector Preparedness—Part II: Protecting Our Critical Infrastructure (July 12, 2007)

Witnesses: Colonel Robert Stephan, Assistant Secretary for the Office of Critical Infrastructure Protection, U.S. Department of Homeland Security (DHS); Ms. Eileen Larence, Director of Homeland Security and Justice Issues Division, U.S. Government Accountability Office (GAO); Colonel Kenneth Watson, Vice President, Partnership for Critical Infrastructure Security and Senior Manager, Critical Infrastructure Insurance Group, Cisco Systems.

The purpose of this hearing was to examine the state of public-private collaboration in identifying, prioritizing, and protecting our country's critical infrastructure.

Critical infrastructure is defined as the array of physical assets, functions, information, and systems that support activities that are crucial to the day-to-day functioning and security of our country. It includes socioeconomic functions ranging from the transportation of goods and people, to communications, financial services, and electricity distribution. These functions are often so interconnected that an attack or accident affecting one could have ramifications for many. However, for purposes of protection and risk analysis, they have been divided into 17 individual sectors.

The 17 sectors and their lead Federal coordinating agencies include: Sector and Department/Agency

Ag/food/farming, Agriculture; Banking and Finance, Treasury; Drinking Water/Water Treatment, EPA; Public Health and Healthcare, HHS; Defence Industrial Base, Defence; National Monuments and Landmarks, Interior; Energy (includes both electricity and oil/natural gas), Energy; Transportation (includes rail, highways, maritime, air, and public mass transit), Postal and Shipping, Information Technology, Telecommunications, Nuclear reactors, Material, and Waste, Chemical, Emergency Services, Dams, Commercial Facilities, and Government Facilities, all under DHS.

A variety of Congressional statutes and Presidential Directives have placed the responsibility of coordinating the Nation's critical infrastructure protection efforts with DHS. In response, DHS issued the National Infrastructure Protection Plan (NIPP) on June 30, 2006. The NIPP is a base plan that serves as a road map for how DHS and other relevant stakeholders should use risk management principles to prioritize protection activities within and across various sectors. It required government agencies and corresponding private sector leaders in each of 17 critical sectors to form advisory councils to direct preparedness efforts and submit a sector-wide plan to DHS.

This hearing focused on both the general issue of public-private coordination for Critical Infrastructure Protection, and on how well the sector specific plans contribute to a broader strategy for critical infrastructure protection. The sole panel consisted of three witnesses. Colonel Robert Stephan discussed the activities of DHS Critical Infrastructure Protection Office. He also gave an overview of his Department, the NIPP, and the Department's relationship with the 17 sectors. GAO representative Ms. Eileen Larence presented the results of its recent investigation into the NIPP and 17 sector-specific plans. Third, Colonel Kenneth Watson, a representative of the Partnership for Critical Infrastructure Security, the

body coordinating the efforts of all 17 sector-specific coordinating councils, testified and identified strengths and weaknesses in the public-private relationship.

3. Pandemic Influenza: State and Local Efforts to Prepare (October 3, 2007)

Witnesses: Hon. Rear Admiral W. Craig Vanderwagen, Assistant Secretary for Preparedness and Response, U.S. Department of Health and Human Services (DHHS); Dr. Tilman Jolly, Associate Chief Medical Officer, U.S. Department of Homeland Security (DHS); Dr. Paul Halverson, Director and State and Health Officer, Arkansas Department of Health; Mr. Christopher Pope, Director of Homeland Security and Emergency Management, New Hampshire Department of Safety; Ms. Yvonne Madlock, National Association for County and City Health Officials.

The purpose of this hearing was to determine whether and how the Federal Government can help facilitate State and local preparedness for pandemic flu. Although the avian flu strain has not yet achieved the ability to transmit through person-to-person contact, increased transmission among poultry populations has raised concerns that a mutation could cause a human flu pandemic. It is critical that we identify in advance the problems State and local partners would face in responding to this crisis.

Panel one consisted of two Federal witnesses. Rear Admiral Craig Vanderwagen discussed the progress of the DHHS Office of Preparedness and Response, as well steps his office is taking to coordinate public health preparedness across all levels of government. Dr. Tilman Jolly reported on the progress of the new DHS Office of Health Affairs in coordinating with relevant departments within DHS (such as FEMA, the Private Sector Office, the Office of Critical Infrastructure Protection, the Homeland Security Advisory Council, etc.) as well as with other Federal agencies, and State and local agencies.

Panel two consisted of State and local witnesses. Dr. Paul Halverson, from the Arkansas Department of Health, discussed a variety of State pandemic flu planning concerns. Mr. Christopher Pope, from the New Hampshire Department of Health, commented on the considerations of State and regional emergency planners in planning for pandemic flu. As a former fire chief, he has a unique perspective on the role of first responders in a health crisis. Ms. Yvonne Madlock, from the National Association for County and City Health Officials, described the pandemic flu planning considerations from the county perspective.

4. Not a Matter of "If," But of "When": The Status of U.S. Response Following a RDD Attack (November 15, 2007)

A joint hearing was held with the Oversight of Governmental Management, the Federal Workforce, and the District of Columbia Subcommittee and the Ad Hoc Subcommittee on State, Local, and Private Sector Preparedness and Integration.

Witnesses: Mr. Eugene E. Aloise, Director, Natural Resources and Environment, U.S. Government Accountability Office (GAO); Mr. Glenn M. Cannon, Assistant Administrator for Disaster Operations, Federal Emergency Management Agency (FEMA), U.S. De-

partment of Homeland Security (DHS); Dr. Steven Aoki, Ph.D., Deputy Undersecretary of Energy for Counterterrorism, Department of Energy/National Nuclear Security Administration (NNSA), U.S. Department of Energy (DOE); Dr. Kevin Yeskey, M.D., Deputy Assistant Secretary for Preparedness and Response, U.S. Department of Health and Human Services (DHHS), accompanied by: Dr. Richard J. Hatchett, MD, Associate Director for Radiation Countermeasures Research and Emergency Preparedness, National Institute for Allergy and Infectious Disease (NIAID), National Institute of Health (NIH), U.S. Department of Health and Human Services (DHHS); Mr. Thomas P. Dunne, Associate Administrator for Homeland Security, Environmental Protection Agency (EPA); Mr. Kenneth Murphy, Director, Oregon Department of Emergency Management; Mr. Wayne Tripp, Program Manager, Domestic Preparedness Equipment Training Assistance Program; Dr. Thomas Tenforde, National Council on Radiation Protection and Measurements.

The hearing examined our national level of preparedness to respond to a terrorist attack using a radiological dispersion device (RDD) or “dirty bomb.” The hearing looked specifically at how DHS coordinates with other agencies within the Federal Government, such as DOE and DHHS, and the capabilities these and other agencies have to address the health and environmental consequences of such an attack. The hearing examined the ability of regional, State, and local governments to respond to a dirty bomb attack.

The first panel was comprised of representatives from Federal agencies that have responsibility under the “Nuclear/Radiological Incident Annex” of the National Response Plan for radiological preparedness and response. In its September 2006 report entitled “Federal Efforts to Respond to Nuclear and Radiological Threats and to Protect Emergency Response Capabilities Could be Strengthened,” the GAO examined the capabilities of one of those agencies, the DOE. GAO concluded that physical security measures in place at DOE’s two key emergency response facilities may not be adequate to protect them against a terrorist attack. Further, GAO found that key tools that could be used to help detect radiological threats in U.S. cities more quickly and to measure radiation levels after a radiological attack to assist in, and reduce the costs of cleanup efforts are not being used because neither agency charged with radiological response, DOE and DHS, has mission responsibility for funding and conducting such surveys.

First, Mr. Eugene Aloise discussed GAO’s findings of the report, NNSA’s response, and relevant developments since the report was issued in 2006. Next, Mr. Glenn Cannon discussed how DHS would coordinate the Federal response to a RDD attack, using as examples the results of the recent TOPOFF IV national exercise, and other means to ensure that the Federal response is well coordinated. He also explained what capabilities DHS maintains to conduct the requisite analyses, including dose reconstruction for medical interventions for victims of the attack, and technical nuclear forensics to determine the origin of material used in the attack, in line with the National Planning Scenario #11, Radiological Attack—Radiological Dispersal Device. Mr. Glenn Cannon ended his testimony with how DHS coordinates with State and local level en-

tities in the aftermath of a RDD attack. Third, DOE representative Dr. Steven Aoki discussed the capabilities that NNSA has to respond to a radiological attack, measures it has taken to implement the recommendations of the September 2006 GAO report, and how it would coordinate with DHS, the EPA, and State and local governments in the aftermath of such an attack. Also, he explained the capabilities NNSA has to perform analyses to help identify doses received by individuals to facilitate appropriate medical intervention, and to help identify the source of radioactive material used in such an attack. The fourth witness, Dr. Kevin Yeskey accompanied by Dr. Richard Hatchett, testified on DHHS's preparedness specific to radiation events and the initial observations by DHHS through its participation in the TOPOFF IV exercise, which involved several simulated attacks using Radiologic Dispersal Devices. Fifth, Mr. Thomas Dunne discussed the capabilities EPA has to take over a site that has been contaminated by radiation following such an attack, how it would handle the turnover from DOE, and how EPA would coordinate with State and local entities to ensure that the public is aware of such clean-up activities. He also discussed the technologies EPA has available to conduct such a cleanup, using as examples the results of the recent TOPOFF IV national exercise, in line with the National Planning Scenario #11, Radiological Attack—Radiological Dispersal Device.

The second panel included implementers of preparedness and protection plans who gave their views on the successes and continuing challenges of RDD response at the State and local levels. Critical infrastructure owner/operators have worked closely with local law enforcement officials to increase perimeter security. The hearing looked at "hard protections" as well as advances in technology, employee screening, and medical response procedures. It also examined the training programs in place to ensure that first responders can identify and respond quickly to an RDD detonation site.

On the second panel, Mr. Kenneth Murphy, representing Oregon Department of Emergency Management, testified on the coordination of response efforts between local, State, and private sector entities and the Federal Government during the recent TOPOFF IV exercise. He also discussed lessons learned related to first responders as well as recommendations for improving the participation of the private sector in RDD preparedness and response efforts. Next, Mr. Wayne Tripp, representing the Domestic Preparedness Equipment Technical Assistance Program, discussed the types of radiological detection equipment available, the proficiency of responders, and community and hospital decontamination programs that could help prevent the spread of radiological materials in the aftermath of a RDD attack. Finally, Dr. Thomas Tenforde discussed the findings of NCRP's landmark 2001 report "Management of Terrorist Events Involving Radioactive Material" and subsequent work in this area, including the psychosocial effects of a radiological terrorist incident, public communication in the aftermath of such an incident, and any regional, State, and local level coordination of public outreach and preparedness efforts.

5. *The New Madrid Seismic Zone: Whose Fault Is It Anyway? (December 4, 2007)*

Witnesses: Mr. Glenn M. Cannon, Assistant Administrator for Disaster Operations, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Dr. Jack Hayes, Director, National Earthquake Hazard Reduction Program (NEHRP), National Institute of Standards and Technology (NIST); Dr. David Applegate, Senior Science Advisor for Earthquakes and Geological Hazards, U.S. Geological Survey (USGS); Mr. David Maxwell, Director, Arkansas Department of Emergency Management; Mr. Callen Hayes, Crisis Management Coordinator, Memphis Light, Gas, and Water.

The purpose of this hearing was to assess mitigation and response plans in the event of an earthquake along the New Madrid fault line. The hearing focused on the predicted outcome of a significant earthquake in this region and the efforts of Federal, State, and local officials to prepare for such an event. The hearing also examined Federal Guidance to State and local officials as well as the ways in which States were forming regional partnerships in advance of this situation.

In the first panel, Mr. Glenn Cannon testified about FEMA's development and execution of interagency plans, policies, and procedures for response operations to an earthquake along the New Madrid fault line. He offered information about coordination among the relevant Federal agencies that are involved in the mitigation, planning and response efforts in regard to an earthquake along the New Madrid fault line as well as coordination with State and local governments. Next, Dr. Jack Hayes spoke about the state of coordination between Federal agencies and improvements NIST has made since taking on primary responsibility for NEHRP. He also discussed the division of responsibilities in regard to planning, mitigation, and response efforts of an earthquake along the New Madrid fault line. Third, Dr. David Applegate, from the USGS, gave an overview of his work in monitoring and notification of seismic activity. He testified about the differences between the New Madrid fault line and other fault lines around the country—especially those physical differences in geology and the psychosocial differences in communities.

In the second panel, Arkansas Department of Emergency Management Director, Mr. David Maxwell, offered information about preparedness efforts at the State level and coordination of those efforts with local first responders and government officials. He also testified about regional efforts to mitigate the risk posed by a major earthquake along the New Madrid fault line. Next, Mr. Callen Hayes spoke about the work that Memphis Light, Gas and Water has done in terms of preparing for, mitigating the effects of and responding to an earthquake along the New Madrid fault line. As a critical infrastructure representative he offered information about the risks posed by the earthquake hazard and how those risks have influenced Memphis, Light, Gas and Water's business plan.

6. *Is Housing Too Much to Hope For?: FEMA's Disaster Housing Strategy (Mar. 4, 2008)*

A joint hearing was held with the Ad Hoc Subcommittee on Disaster Recovery and the Ad Hoc Subcommittee on State, Local, and Private Sector Preparedness and Integration.

Witnesses: Admiral Harvey E. Johnson, Jr., Deputy Administrator, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Dr. Howard Frumkin, Director, National Center for Environmental Health Agency for Toxic Substances and Diseases, Center for Disease Control (CDC); Mr. Milan Ozdinec, Deputy Assistant Secretary, Public Housing and Voucher Programs, U.S. Department of Housing and Urban Development (HUD).

This hearing examined FEMA's progress towards the completion of the National Disaster Housing Strategy, which was required by Public Law 109-295, the Post Katrina Emergency Management and Reform Act (PKEMRA). The hearing looked at the strategy itself, the Disaster Housing Assistance Program's (DHAP) transition progress, the formaldehyde testing and evaluation of FEMA temporary housing units, and other post-disaster housing options.

In panel one Admiral Harvey Johnson addressed FEMA's overarching plan to provide emergency and long-term recovery housing to victims of natural and man-made disasters, particularly the timeframe for resolving the question of travel trailer use, as well as how this and other issues have delayed production of the National Disaster Housing Strategy. Second, Dr. Howard Frumkin discussed CDC's collaboration with FEMA to complete the formaldehyde testing of 519 travel trailers, park models, and mobile homes, as well as the timeframe for applying the findings beyond the initial test cases. Third, Mr. Milan Ozdinec addressed HUD's involvement in providing disaster related housing, including the progress of the current activities, HUD's future roles and responsibilities in disaster housing, and HUD's involvement in the development and implementation of the National Disaster Housing Strategy.

7. *Focus on Fusion Centers: A Progress Report (April 17, 2008)*

Witnesses: Captain Charles Rapp, Director, Maryland Coordination and Analysis Center; Mr. Matthew Bettenhausen, Homeland Security Advisor, State of California; Mr. Russell Porter, Director, Iowa Intelligence Fusion Center; Ms. Eileen Larence, Director, Homeland Security and Justice, U.S. Government Accountability Office (GAO); Mr. Vance Hitch, Chief Information Officer, U.S. Department of Justice (DOJ); Mr. Jack Tomarchio, Principal Deputy Assistant Secretary, Office of Intelligence and Analysis, U.S. Department of Homeland Security (DHS).

The purpose of this hearing was to assess the role of the Federal Government in coordinating with and providing guidance to fusion centers. It examined the successes of fusion centers in facilitating information sharing between various Federal and State partners as well as remaining challenges to fusion center missions, collaboration, or sustainability.

In panel one Maryland Coordination and Analysis Center representative Captain Charles Rapp testified on day-to-day manage-

ment, benchmarks for success, coordination between satellite fusion centers within States and between centers across the country, as well as next steps for fusion centers. Mr. Matthew Bettenhausen testified about achievement of coordinated Federal support for the Nation's fusion centers, his evaluation of cooperation between local and State fusion centers as well as inter-state information sharing, and the integration of critical infrastructure concerns and private sector partners into the intelligence gathering process. He also assessed the factors that contribute to a successful fusion center and offered recommendations on improving the network of fusion centers. Mr. Russell Porter discussed day-to-day management at the Iowa Intelligence Fusion Center as well as next steps for fusion centers.

In panel two, GAO's Ms. Eileen Larence assessed the factors that contribute to a successful fusion center and those that inhibit fusion center creation or maintenance. She also spoke about whether and how the Federal Government should continue to assist fusion center development. DOJ's Mr. Vance Hitch and DHS's Mr. Jack Tomarchio both testified on how to best achieve coordinated Federal support for State and local fusion centers. They spoke specifically of the factors that contribute to a successful information sharing center that enhances law enforcement priorities.

8. It Takes a Village: Community Preparedness (June 5, 2008)

Witnesses: Mr. Dennis Schrader, Deputy Administrator, National Preparedness Directorate, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Russell Decker, Director, Office of Homeland Security and Emergency Management and First Vice President of the International Association of Emergency Managers; Ms. Suzy DeFrancis, Chief Public Affairs Officer, American Red Cross.

The purpose of the hearing was to assess the ability of various Federal and non-Federal outreach programs to prepare our citizens and communities for natural or man-made disasters. The Subcommittee was interested in determining whether additional communications and outreach programs are necessary, and if so, what types of approaches best achieve the goal of enabling private citizens to contribute to an overarching homeland security strategy.

FEMA's Mr. Dennis Schrader gave an overview of Ready.gov and the Citizen Corps programs. Second, from the International Association of Emergency Managers, Mr. Russell Decker gave an overview of local preparedness programs. Third, Ms. Suzy DeFrancis gave an overview of the American Red Cross preparedness programs. All the witness testified about the factors that contribute to successful community preparedness programs and their recommendations for continued improvement of the network of programs.

9. Mission Possible: FEMA's Future Preparedness Planning (September 24, 2008)

Witnesses: Mr. Marko Bourne, Director, Policy and Program Analysis, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Ms. Nancy Dragani, President, National Emergency Management Association (NEMA);

Mr. Larry Gispert, President, International Association of Emergency Managers (IAEM); Ms. Jane Bullock, Former Chief of Staff, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS).

The purpose of this hearing was to assess FEMA's planning as it relates to preparedness programs. The hearing focused on FEMA's mission plans and processes as well as the agency's efforts to involve State and local partners in policy changes.

Mr. Marko Bourne testified on FEMA's coordination with State and local preparedness partners. He discussed the role of the 10 FEMA Regional offices and their outreach to State and local governments. Mr. Marko Bourne spoke of the ability of FEMA and State and local emergency managers to respond and coordinate response efforts in the event of a natural disaster during periods of political change. Next, Ms. Nancy Dragani testified on behalf of NEMA about State-level preparedness planning and coordination of efforts with stakeholders at all levels of government. She also discussed the ways in which FEMA can continue to support its State and local partners over the coming year. Third, Mr. Larry Gispert testified on behalf of IAEM on local-level preparedness planning and coordination of efforts with stakeholders at all levels of government. Fourth, former FEMA chief of staff, Ms. Jane Bullock, discussed best practices in remaining prepared for disasters during periods of political change. She discussed how FEMA, along with State and local partners, could adapt preparedness programs and activities to any potential changes in policy, regional coordination, and organization.

II. LEGISLATION

S. 47—Law Enforcement Assistance Force Act of 2007 or the “LEAF Act”

Senator John Ensign (R-NV) introduced S. 47 on January 4, 2007. The bill was referred to the Senate Homeland Security and Governmental Affairs Committee. S. 47 aimed to establish a Law Enforcement Assistance Force in the Department of Homeland Security to facilitate the contributions of retired law enforcement officers during major disasters. It was referred to the Subcommittee on State, Local, and Private Sector Preparedness and Integration on March 30, 2007.

AD HOC SUBCOMMITTEE ON DISASTER RECOVERY

I. HEARINGS

1. *GAO's Analysis of the Gulf Coast Recovery: A Dialogue on Removing the Obstacles to the Recovery Effort, April 12, 2007 (Printed, 134 pp. S. Hrg. 110-292.)*

Witnesses: Mr. Stanley Czerwinski, Director of Strategic Issues, U.S. Government Accountability Office (GAO); Chairman Donald Powell, Federal Coordinator for Gulf Coast Rebuilding, U.S. Department of Homeland Security (DHS); Ms. Donna Fraiche, Chairman, Long-Term Community Planning Task Force, Louisiana Recovery Authority; Hon. John Thomas Longo, Mayor, City of Waveland, Mississippi; Dr. Edward J. Blakely, Executive Director for Recovery Management, City of New Orleans; Mr. Ernie Broussard, Executive Director, Cameron Parish Planning and Development Authority.

The Subcommittee's first hearing featured GAO's preliminary findings on Gulf Coast Recovery efforts. GAO's significant findings are that:

- (1) A relatively small portion of Federal Gulf Coast assistance is targeted to long-term rebuilding, while estimates of loss suggest great need;

- (2) Two key Federal programs (Public Assistance and Community Development Block Grants (CDBG)) that provide long-term rebuilding resources use different approaches;

- (3) Louisiana and Mississippi target the majority of their CDBG funds to homeowners, but differ in policies and procedures;

- (4) Louisiana's homeowner assistance program aims to restore a displaced population;

- (5) Mississippi's homeowner assistance program aims to compensate losses;

- (6) Louisiana and Mississippi are engaged in planning activities, while the Federal Government has assumed a coordination role.

The first panel highlighted several key rebuilding issues and challenges facing the Gulf Coast. The Federal Coordinator responded to these issues and described his office's efforts to coordinate and lead rebuilding efforts, including measuring progress and providing oversight.

The second panel provided the Subcommittee with information on how States and localities have developed and implemented policies regarding rebuilding issues, such as the use of CDBG funds for housing. The Director of Disaster Recovery for the Mississippi Development Authority accepted an invitation to attend, but was unable to join the hearing due to an unforeseen work obligation. Because the Mississippi Emergency Management Agency (MEMA) and the Mississippi Governor's Office of Recovery and Renewal were unable to provide a replacement, the Subcommittee accepted

a statement from Mr. Bryan McDonald, Executive Director of the Mississippi Governor's Office of Recovery and Renewal, and was placed on the record.

The second half of this panel provided the Subcommittee with a range of local government, non-profit, and other perspectives. Specifically, these panelists shared first-hand knowledge of rebuilding issues, including the Federal Emergency Management Agency's Public Assistance Program, local planning efforts, and challenges facing local decisionmakers such as mayors and parish presidents.

2. *Beyond Trailers: Creating a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program, April 24, 2007* (Printed, 165 pp. S. Hrg. 110-302)

Witnesses: Mr. David E. Garratt, Acting Director of Recovery, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Robert Hebert, Director of Hurricane Recovery, Charlotte County, Florida; Ms. Sheila Crowley, President and Chief Executive Officer, National Low Income Housing Coalition; Colonel William Croft (Retired), Director of Response and Recovery, The Shaw Group, Inc.; Mr. Matthew Jakacki, Inspector of Gulf Coast Recovery, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Gil Jamieson, Deputy Director for Gulf Coast Recovery, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Major General John R. D'Araujo, Jr. (U.S. Army Retired), Primary Selection Officer, Alternative Housing Pilot Program; Mr. Andres Dunany, Founding Principa, Dunany, Plater-Qyberk and Company, Architects and Town Planners; Mr. John Badman III, Chief Executive Officer, RE: Formed Systems, Inc.

The hearing examined the Stafford Act's disaster housing program.

The first panel addressed the Alternative Housing Pilot Project grant. The panel focused upon the Katrina Cottage program, Congress' original intent in creating it, program implementation by FEMA, and the award allocations, of which there are questions as to whether it satisfies Congressional intent. As a result of some of the challenges FEMA faced while delivering disaster housing assistance, Congress created the Alternative Housing Pilot Program in the fourth emergency supplemental appropriations bill last year to better serve housing needs and spur new alternatives to the traditional trailers. This pilot program received \$400 million for the "hardest hit areas" from the 2005 hurricanes. The program's goals were to provide immediate housing to evacuees and to prompt FEMA to look beyond its existing model, which only permits temporary housing projects.

The second panel addressed problems with trailers and rental assistance provided under the Stafford Act through FEMA. The panel focused on Section 408 assistance, which is also referred to as the Individual and Households Program (IHP). In the first year after Hurricanes Katrina and Rita, FEMA's attempts to transition people from the 403 Sheltering Program to the 408 Housing Program caused significant problems. Many individuals were forced out of their disaster housing when FEMA determined that their homes

did not meet Section 408's damage requirements, although a subsequent lawsuit reversed many of these evictions.

Louisiana has 56,668 disaster victims in trailers and 9,412 receiving rental assistance. Mississippi has 27,198 victims living in trailers and 557 receiving rental assistance. These are very high numbers for events that occurred nearly two years ago. Problems with FEMA's trailer program include locating sites for multi-trailer "parks," park maintenance, utility hookup difficulties, and trailer procurement/storage/distribution. Inefficiencies in the latter category led to thousands of trailers wasting away, as evidenced by the situation in Hope, Arkansas.

3. *The Road Home? An Examination of the Goals, Costs, Management, and Impediments Facing Louisiana's Road Home Program, May 24, 2007 (Printed, 232 pp. S. Hrg. 110-249.)*

Witnesses: Mr. Donald E. Powell, Federal Coordinator for Gulf Coast Rebuilding, U.S. Department of Homeland Security (DHS); Mr. Nelson Bregon, Assistant Deputy Secretary, U.S. Department of Housing and Urban Development (HUD); Mr. David Maurstad, Mitigation Directorate, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Walter Thomas, Resident, Lower 9th Ward; Ms. Connie Uddo, Administrator, St. Paul Beacon of Hope Organization; Ms. Debbie Gordon, President, Chimneywood Homeowner's Association; Mr. Frank Silvestri, Co-Chairman, Citizens' Road Home Action Team, Frank Trapani, President, New Orleans Metropolitan Association of Realtors; Mr. Andy Kopplin, Executive Director, Louisiana Recovery Authority; Ms. Suzie Elkins, Executive Director, Office of Community Development; Isabel Reiff, Senior Vice President, Social Programs and Strategic Communications, ICF

The hearing examined problems caused by the use of project worksheets by FEMA's Public Assistance Program. We heard from FEMA, as well as from State officials and parish leaders. The panels discussed concerns and frustrations directly from program applicants, as well as the shortcomings of Federal and State governmental actors charged with administering the program. The Subcommittee examined issues ranging from underestimated rebuilding costs to delays caused by the requirement of numerous documents. The hearing highlighted the impact of these problems on the Gulf Coast recovery as well as recoveries from past storms.

The first panel addressed problems that FEMA has identified with the Project Worksheets process as well as steps FEMA has taken to address the related concerns of State and local applicants. This DHS panel also indicated the time needed to complete appeals of FEMA decisions as well as the time needed to complete project worksheets and allocate money to the State.

The second panel addressed problems that their parishes experienced with the Public Assistance Program and its use of project worksheets. They discussed the impact of project worksheets on local recovery efforts and on overall allocations of public assistance dollars. They also highlighted the most pressing problems with the program as they see them, and made recommendations that they believe could improve the administration of the program and make it easier to navigate.

The third panel discussed their roles as State-level administrators of the Public Assistance Program. They addressed the impact of project worksheets on rebuilding and repairing State-run public buildings and critical infrastructure. This panel also focused on the role they play in the administrative process and the difficulties presented by project worksheets in disbursing Federal funds to local entities.

4. *FEMA's Project Worksheets: Addressing a Prominent Obstacle to the Gulf Coast Rebuilding, July 10, 2007. (Printed, 92 pp. S. Hrg. 110-404)*

Witnesses: Hon. C. Ray Nagin, Mayor, City of New Orleans; Kevin Davis, President, St. Tammary Parish, Louisiana; Colonel Jeff Smith, Acting Director, Governor's Office of Homeland Security and Emergency Preparedness; Mr. Bryan McDonald, Executive Director, Mississippi Governor's Office of Recovery and Renewal; Mr. Mark Merritt, Senior Vice President of Response and Recovery, James Lee Witt Associates; Mr. James Walke, Director, Public Assistance Division, Disaster Assistance Directorate, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS)

The purpose of this hearing was to hear testimony on FEMA's administration of its Public Assistance Program, which focused on project worksheets that by all accounts have become a major obstacle to Gulf Coast rebuilding efforts and rebuilding efforts of past disasters. Many issues ranging from underestimated rebuilding projects to the requirement to produce huge numbers of documents, have resulted in enormous delays in reimbursements from the Public Assistance Program to localities working feverishly to rebuild important public infrastructure. The hearing highlighted the impact of this problem on the Gulf Coast Recovery, as well as recoveries from past storms.

The first and second panel addressed problems that the parishes experienced with FEMA's Public Assistance Program and its use of project worksheets. The witnesses discussed the impact of project worksheets on Gulf Coast recovery efforts and on overall allocations of public assistance dollars.

Panel three discussed issues that FEMA had identified with the Project Worksheets process as well as steps FEMA has taken to address the related concerns of State and local applicants. Mr. Walke also addressed the timeline it takes to complete appeals of FEMA decisions, and the average time it takes to complete project worksheets and allocate money to a State.

5. *The State and Federal Response to Storm Damage and Erosion in Alaska's Coastal Villages, Oct. 11, 2007. Field Hearing in Anchorage, Alaska. (Printed, 140 pp. S. Hrg. 110-486)*

Witnesses: Brigadier General John W. Peabody, Commander, Pacific Ocean Division, U.S. Army Corps of Engineers; Mr. John Madden, Director, Division of Homeland Security and Emergency Management, State of Alaska; Ms. Susan Reinertson, Regional Administrator, Federal Emergency Management Agency Region X (FEMA), U.S. Department of Homeland Security (DHS); Ms. Colleen E. Swan, Tribal Administrator, Kivalina Alaska; Stanley Tom,

Tribal Administrator, Newtok, Alaska; Mr. Tony Weyiouana Sr., Village Transportation Planner, Shishmaref, Alaska; Mr. Steve Ivanoff, Village Transportation Planner, Unalakleet, Alaska

This field hearing's purpose was to discuss State and Federal efforts to prevent and respond to the massive storm damage and erosion that Alaska's coastal villages are suffering at an alarming rate. The Army Corps of Engineers and a 2003 Government Accountability Office (GAO) report found that flooding and erosion impact an estimate of 184 out of 213, or 86 percent, of Alaska Native villages are threatened by erosion, and have found that Kivalina, Shishmaref and Newtok must be relocated within the next 10 years due to the severity of the damage in those villages. The cost of relocating these villages ranges from \$100 million to \$400 million.

Federal, State and local entities share responsibility for protecting these areas from flooding and erosion. The U.S. Army Corps of Engineers is responsible for planning and constructing stream bank and shoreline erosion protection and flood control structures. Most recently, they have supplied Kivalina with super sacs to protect their shoreline during large storms. The Army Corps has also built an erosion mitigation wall along the shore in Shishmaref. Other Federal agencies such as the Department of Transportation and Housing and Urban Development have the responsibility to protect certain infrastructure from flooding and erosion.

The State Division of Emergency Services responds to State disaster declarations when communities require assistance. Local governments such as the North Slope Borough have also funded erosion and flood protection projects. Alaska Native villages have traditionally faced difficulties qualifying for assistance under some Federal programs because of the cost/benefit analysis. The cost of construction in remote Alaska villages is very high, making it more difficult for these areas to meet the Corps' cost/benefit requirements.

The GAO report offers several alternatives for Congress to consider when responding to the needs of these villages.

1. Expand the Role of the Denali Commission by directing that Federal funding for flood and erosion projects go through the commission. The commission could set priorities and establish programs for flood and erosion projects that would otherwise not qualify for funding under the Corps. Additional funding for the Denali Commission may be required for this alternative. The Denali Commission has been hesitant to take on this role for fear that it would stretch their funds too thin, making it difficult to respond to other needs in rural Alaska such as health clinics.

2. Direct the Corps to include social and environmental factors in their cost/benefit analysis for flooding and erosion projects in Alaska Native villages, including subsistence living. This alternative could have an impact on the amount of fund and resources that the Corps has available for these projects, depending on the number of villages that may qualify for a study or project under this alternative.

3. Waive the Federal cost-sharing requirement for flooding and erosion projects in Alaska native villages. This is done in some

cases already, but not all. In cases where cost sharing is not exempt, it is usually 50–50.

4. Authorize the bundling of funds from various agencies. This would reduce administrative costs by consolidating administrative functions.

All the witnesses discussed the problems of erosion in Alaska, as well as actions currently being taken to curtail the effects of erosion. All suggested possible solutions for the future.

6. *Post-Catastrophic Crisis: Addressing the Dramatic Need and Scant Availability of Mental Health Care in the Gulf Coast, Oct. 31, 2007. (Printed, 176 pp. S. Hrg. 110–481)*

Witnesses: Ms. Kathryn Power, M.Ed., Director, Center for Mental Health Services, Substance Abuse and Mental Health Services; Dr. Anthony Speier, Director, Disaster Mental Health Operations, Louisiana Office of Mental Health; Dr. Jan Kasofsky, Executive Director, Capital Area Human Services District; Dr. Kevin U. Stephens, M.D., J.D., Director, New Orleans Health Department; Dr. Ronald Kessler, Professor of Health Care Policy, Harvard Medical School; Dr. Howard Osofsky, M.D., Ph.D., Chairman, Department of Psychiatry, LSU Health Sciences Center; Dr. Mark Townsend, M.D., Director of Psychiatry, Medical Center of Louisiana at New Orleans.

The purpose of this hearing was to examine the ongoing mental health crisis in the Gulf Coast region. As communities struggle to recover, survivors continue to suffer with mental health problems ranging from slight depression to suicidal thoughts. In the time since Hurricanes Katrina and Rita, mental illness rates have steadily increased as the long-term realities of the recovery become part of everyday life for survivors. The traumatic events of Hurricane Katrina—loss of homes, jobs, death of loved ones, separating of families—took a heavy toll on survivors, resulting in Post-Traumatic Stress Disorder (PTSD), nightmares, and other immediate symptoms of distress. Furthermore, the frustratingly slow pace of recovery combined with inadequate mental health resources has resulted in a growing, unparalleled public mental health crisis among the survivors. This lack of mental health infrastructure has emerged as among the most critical issues facing the recovery, rebuilding, and restoration of lives. Harvard professor of health care policy Dr. Ronald Kessler recently told the *Washington Post*, “It’s really stunning in juxtaposition to . . . other disasters, or after people have been raped or mugged.” Typically, “people have a lot of trouble the first night and the first month afterward. Then you see a lot of improvement. However, with the rebuilding process in New Orleans going slowly, residents are in this stage of where there are a lot of people just kind of giving up.”

The first panel was Ms. Kathryn Power who discussed studies Substance Abuse and Mental Health Services Administration (SAMHSA) has undertaken to document the extent and severity of mental health illness in the Gulf Coast, as well as the steps SAMHSA has taken to improve the situation. She also discussed funding, legal, and regulatory obstacles that have prevented the mental health needs of survivors from being met.

Witnesses on the second panel discussed problems from the State and local perspective. Dr. Anthony Speier discussed obstacles he encountered with funding and related challenges. Dr. Jan Kasofsky highlighted the impact of personnel shortages on the quality of mental health care in the affected region. She also discussed the ways in which her organization has struggled to meet mental health challenges head-on. Last, Dr. Kevin Stephens discussed the overall mental health situation in Louisiana, including the lack of facilities, beds, and physicians. He also discussed the emotional impact of the hurricanes on first responders.

The last panel addressed the mental impact of the hurricanes on survivors from a provider perspective. Each of the witnesses on this panel had studied the effect of catastrophes on mental health. Dr. Ronald Kessler discussed the work of the Hurricane Katrina Advisory Group and shared his findings. He also addressed the issue of how this catastrophe differs from other catastrophes of similar force. Dr. Howard Osofsky discussed the overall lack of resources and its impact on survivors and on children in particular. He shared the difficulty he had in navigating the Federal system, and discussed how the lack of funding impacts recovery in the short and long term. Last, Dr. Mark Townsend addressed the ability of the existing medical infrastructure and personnel to meet the mental health needs of hurricane survivors. He gave his perspective as a practitioner and administrator of a mental health facility.

7. *Host Communities: Analyzing the Role and Needs of Communities That Take in Disaster Evacuees in the Wake of Major Disasters and Catastrophes, Dec. 3, 2007. Field Hearing in Baton Rouge, Louisiana. (Printed, 104 pp. S. Hrg. 110-487.)*

Witnesses: Mr. Melvin “Kip” Holden, Mayor-President, City of Baton Rouge, Louisiana; Mr. Randy Roach, Mayor, Lake Charles, Louisiana; Mayson Foster, Mayor, City of Hammond, Louisiana; Ms. Mary Hawkins Butler, Mayor, City of Madison, Mississippi; Mr. Sid Hebert, Sheriff, Iberia Parish, Louisiana; Mr. Robert Eckels, County Judge, Harris County, Texas; Mr. Raymond Jetson, Chief Executive Officer, Louisiana Family Recovery Corps; Ms. Kim Boyle, Chair, Louisiana Recovery Authority Health Care Committee; Mr. Greg Davis, Commissioner, Cajundome.

This hearing focused on host communities that received mass influxes of evacuees fleeing Hurricanes Katrina and Rita, and examined how Congress could provide adequate assistance to meet these communities’ needs. Cities, localities, and States who accept large numbers of evacuees face short-term and long-term challenges, and the Subcommittee explored the toll that a host community bears after a catastrophic event.

The first panel was mayors who discussed how their cities, parishes and towns were impacted by the large number of Hurricanes Katrina and Rita evacuees.

The second panel consisted of witnesses from organizations and groups that provided services to evacuees and helped transition evacuees into their new communities.

8. *Is Housing Too Much to Hope For?: FEMA's Disaster Housing Strategy, Mar. 4, 2008 (Printed, 76 pp. S. Hrg. 110-681)*

A joint hearing was held with the Ad Hoc Subcommittee on Disaster Recovery and the Ad Hoc Subcommittee on State, Local, and Private Sector Preparedness and Integration.

Witnesses: Admiral Harvey E. Johnson, Jr., Deputy Administrator, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Dr. Howard Frumkin, Director, National Center for Environmental Health Agency for Toxic Substances and Diseases, Center for Disease Control (CDC); Mr. Milan Ozdinec, Deputy Assistant Secretary, Public Housing and Voucher Programs, U.S. Department of Housing and Urban Development (HUD).

This hearing examined FEMA's progress towards the completion of the National Disaster Housing Strategy, which was required by P.L. 109-295, the Post Katrina Emergency Management and Reform Act (PKEMRA). The hearing looked at the strategy itself, the Disaster Housing Assistance Program's (DHAP) transition progress, the formaldehyde testing and evaluation of FEMA temporary housing units, and other post-disaster housing options.

In panel one Admiral Harvey Johnson addressed FEMA's overarching plan to provide emergency and long-term recovery housing to victims of natural and man-made disasters, particularly the timeframe for resolving the question of travel trailer use, as well as how this and other issues have delayed production of the National Disaster Housing Strategy. Second, Mr. Howard Frumkin discussed CDC's collaboration with FEMA to complete the formaldehyde testing of 519 travel trailers, park models, and mobile homes, as well as the timeframe for applying the findings beyond the initial test cases. Third, Mr. Milan Ozdinec addressed HUD's involvement in providing disaster related housing, including the progress of the current activities, HUD's future roles and responsibilities in disaster housing, and HUD's involvement in the development and implementation of the National Disaster Housing Strategy.

9. *Major Disaster Recovery: Assessing FEMA's Performance Since Katrina, July 17, 2008. (Printed, 104 pp. S. Hrg. 110-704.)*

Witnesses: Major General Tod Bunting, Kansas Adjutant General, Director, Kansas Emergency Management and Homeland Security; Mr. Stephen Sellers, Deputy Director, Regional Operations Division, California Governor's Office of Emergency Services; Mr. David Maxwell, Director, Arkansas Department of Emergency Management; Mr. James Bassham, Director, Tennessee Emergency Management Agency; Admiral Harvey E. Johnson, Jr., Deputy Administrator, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS)

The objective of this hearing was to get a direct post-disaster assessment of FEMA's efforts in key areas of post disaster operations, ranging from their initial response to the recovery activities that are in some cases still under way. We heard from the emergency managers who handled the State response for the following disasters: (1) the May 4, 2007 F-5 tornado in Greensburg, Kansas; (2) the October 2007 California wildfires; (3) the February 5, 2008 tor-

nadoes in Arkansas; and (4) the February 5, 2008 tornadoes in Tennessee. These were some of the largest disasters to have occurred in the United States since Hurricane Katrina. Each storm required a significant Federal response as a result of the States being overwhelmed.

The hearing highlighted FEMA's progress or lack of progress with respect to the initial recovery activities. We also heard about any new and innovative recovery approaches taken by the impacted States and FEMA, including ideas for further improvement in Federal-State response to disasters.

Witnesses on the first panel analyzed FEMA's performance during the response and recovery from the State and local perspective. These emergency managers highlighted three areas where they thought FEMA's performance and collaboration was particularly successful and three areas FEMA's efforts were weak. They highlighted FEMA's performance with regard to coordination and support, disaster housing assistance, and the Public Assistance Program which replaces damaged public infrastructure. Included in each testimony were detailed damage assessments, numbers of evacuees, and dollar figures for the declared disasters. The witnesses described unique challenges between their office and FEMA with regard to coordination and communication between the agency throughout the process.

Major General Bunting discussed the experiences of the EF-5 tornado that hit Kansas on May 4, 2007. This severe storm wiped out the city of Greensburg so his testimony focused on FEMA's recovery efforts. Mr. Stephen Sellers highlighted the October 2007 California wildfires and the evacuation of nearly a half million people. He also discussed the lengthy waiting period for FEMA mobile homes. Mr. David Maxwell addressed the February 5, 2007 tornado in Arkansas and the extensive damage. He focused on FEMA's recovery effort on the 500 homes that were destroyed and the 938 families that were displaced nationwide. Last, Mr. James Bassham discussed the February 5, 2007 tornadoes in Tennessee resulting in 33 deaths.

The second panel was Admiral Johnson of FEMA. He discussed specific challenges faced during recently declared disasters and unique improvements the agency has made since Hurricane Katrina. He also discussed the challenges that lie ahead for FEMA.

10. Planning for Post-Catastrophe Housing Needs: Has FEMA Developed an Effective Strategy for Housing Large Numbers of Citizens Displaced by Disaster? July 30, 2008. (Printed, 76 pp. S. Hrg. 110-749)

Witnesses: Admiral Harvey E. Johnson, Jr., Deputy Administrator, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. David Garratt, Acting Director of Recovery Efforts, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Jan Oppen, Associate Deputy Assistant Secretary for Disaster Policy and Management, Department of Housing and Urban Development (HUD).

The objective of this hearing was to determine whether FEMA's National Disaster Housing Strategy complies with the legal re-

quirements imposed by the Post-Katrina Emergency Reform Act of 2006 and to answer the question in the hearing's title, which is whether the strategy is an effective post-catastrophic disaster housing plan.

We also considered whether the Hurricane Pam simulation in 2004 led to efforts to develop a catastrophic disaster housing strategy. Second, we inquired as to whether such a strategy was in place when Hurricanes Katrina and Rita struck in 2005, and, if not, what the consequences did the absence of such a strategy have. Third, if no catastrophic disaster housing strategy was in place when the 2005 hurricanes struck, we asked whether an effort was made to develop and implement such a strategy in the immediate aftermath of the hurricanes.

Admiral Johnson made up panel one and he discussed whether FEMA and other agencies have developed a strategy that would successfully meet housing needs following a disaster that displaces large numbers of people.

The second panel discussed the drafting and editing of the strategy. Mr. Garratt has been identified as the key FEMA housing official responsible for drafting the strategy. Mr. Opper has been produced by HUD as the key official for that department's editing and contribution to the strategy.

Mr. Garratt was questioned on missing information from the strategy including seven programs and planning descriptions legally required by PKEMRA. He was also questioned on detailed funding proposals called for in PKEMRA and by Senator Landrieu at the March 4, 2008 SDR hearing. Mr. Garratt was asked to discuss how the strategy's emphasis on individual, State and local responsibility workable in catastrophic disasters which overwhelm their capacities severely enough to require Federal leadership.

Mr. Opper was questioned on how the strategy addresses and plans for HUD programs such as the Disaster Housing Assistance Program and affordable housing for low income citizens. Both were asked questions regarding timing and preparation of the strategy.

11. Lessons Learned: Ensuring the Delivery of Donated Goods to Survivors of Catastrophes, July 31, 2008. Joint hearing with House Committee on Homeland Security Subcommittee on Emergency Communications, Preparations and Response. (Printed, 86 pp. Serial No. 110-134)

Witnesses: Mr. Eric Smith, Assistant Administrator for Logistics Management, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Carlos Castillo, Assistant Administrator for Disaster Assistance, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Barney Brasseux, Deputy Commissioner of Federal Acquisition Service, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Mr. Paul Rainwater, Executive Director, Louisiana Recovery Authority; Mr. Bill Stallworth, Executive Director, East Biloxi Coordination and Relief Center; Ms. Valerie Keller, Chief Executive Officer, The Acadiana Outreach Center; Mr. Ollie Davidson, Member of Donations Management Committee, National Voluntary Organizations Active in Disaster

The purpose of this hearing was to consider testimony from FEMA, State officials, and nonprofit relief organizations involved in the distribution of donated goods to disaster victims. CNN reported on June 11, 2008, that FEMA had transferred approximately \$18.5 million worth of goods originally intended for victims of Hurricanes Katrina and Rita to other Federal agencies and several States outside the hurricane-affected region. This happened after FEMA classified the supplies as “surplus” and turned them over to U.S. General Services Administration (GSA) for re-distribution according to the Federal Government’s process for disposition of excess property.

A significant number of hurricane victims along the Gulf Coast have an ongoing need for cookware, bedding, cleaning supplies, and other household items of the type that were given away. After they were classified as surplus, GSA contacted Louisiana’s State Agency for Surplus Property, which declined the supplies. They were subsequently re-distributed. Upon learning what had happened, the Louisiana Recovery Authority contacted FEMA to express its desire for the goods on behalf of nonprofits operating in the State. Many of these supplies have been voluntarily re-directed to nonprofits in Louisiana and Mississippi since then.

This hearing examined breakdowns that occurred in the communications system and supply chain at the Federal and State levels, as well as the method of interaction between Federal, State, and voluntary agencies involved in recovery. We heard from Federal agencies about the supplies they offered to the States, and how they went about informing the States that supplies were available to disaster victims in the wake of the storms. We also heard from witnesses representing State recovery agencies and nonprofit organizations about their roles in the process and the impact these delays in aid delivery have had on disaster victims. Last, we examined the procedure by which FEMA goes about offering and delivering these supplies to States in need.

FEMA witnesses on the first panel were respectively responsible for managing and distributing donated goods, overseeing FEMA assistance to disaster victims, and disposing of surplus Federal property.

Witnesses on the second panel described conditions on the ground for disaster victims and highlighted their efforts to gain access to these supplies.

12. After Action: A Review of the Combined Federal, State, and Local Activities to Respond and Recover from Hurricanes Gustav and Ike, Sept. 23, 2008. (Printed, 153 pp. S. Hrg. 110–827)

Witnesses: Mr. Reggie Dupre, Jr., Louisiana State Senate District 20; Ms. Lyda Ann Thomas, Mayor of Galveston, Texas; Mr. Cedric Glover, Mayor of Shreveport, Louisiana; Mr. Bill White, Mayor of Houston, Texas; Lieutenant Governor Mitch Landrieu, Louisiana Lieutenant Governor; Lieutenant Governor David Dewhurst, Texas Lieutenant Governor; Admiral Harvey E. Johnson, Jr., Deputy Administrator, Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security (DHS); Chief Ed Hecker, Chief of Engineers and Commanding General, Homeland Security Division, U.S. Army Corps of Engineers

The objective of this hearing was to assess the joint response and recovery efforts to Hurricanes Gustav and Ike. We heard from FEMA, the Army Corps of Engineers, and State and local officials about their efforts before and after these storms made landfall. The hearing evaluated the effectiveness of the Federal programs that were used, coordination between Federal, State, and local officials, and the impact of the storms on the lives of the citizens who lived through them and their aftermath. We learned about the areas where government was effective as well as those where it fell short.

Witnesses on the first panel analyzed Federal performance during the response and recovery phases from the local perspective. They were asked to highlight three areas where they thought FEMA and the Corps' performance and collaboration was particularly successful and three areas where those efforts were relatively weak. Senator Dupre represented Lafourche and Terrebonne Parishes in Louisiana, where Hurricane Gustav made landfall and where Hurricane Ike's storm surge flooded tens of thousands of homes. Mayors Thomas and Mayor White discussed the damage their communities experienced from Hurricane Ike and the response measures undertaken to mitigate loss of life and property. Shreveport opened several shelters for Hurricane Gustav evacuees from Louisiana and Hurricane Ike evacuees from Louisiana and Texas. Mayor Glover spoke on behalf of host communities.

Witnesses on the second panel analyzed FEMA and the Corps' performance during the response and recovery from the State perspective. They were also asked to highlight three successes and three failures during the response and recovery phases. Particular attention was devoted to intergovernmental coordination and communication throughout these emergencies.

The third panel consisted of Admiral Johnson and Chief Ed Hecker. Admiral Johnson discussed specific challenges faced during Hurricanes Gustav and Ike, ongoing performance improvements, and the challenges that lie ahead for FEMA. Chief Ed Hecker addressed the role of the Corps in flood protection and emergency response, including construction and maintenance of levees and infrastructure, generator supply during power outages, and the Blue Roof Program which sends Corps-contracted work crews to disaster victims' homes to repair roof damage.

13. *Assessing the Effectiveness of Agricultural Disaster Assistance Programs in the Wake of the 2008 Midwest Floods, Hurricane Gustav, and Hurricane Ike, Sept. 24, 2008. Joint hearing with the Senate Agriculture Committee. (Printed, 149 pp. S. Hrg. 110-798)*

Witnesses: Mr. Chuck Conner, Deputy Secretary, U.S. Department of Agriculture; Dr. Mike Strain, Louisiana Agriculture Commissioner, Louisiana Department of Agriculture; Ms. Barb Prather, Executive Director, Northeast Iowa Food Bank; Mr. Lyle Asell, Special Assistant to the Director on Agriculture, Iowa Department of Natural Resources, Mr. Dickie Ellender, Southwest Louisiana Sugarcane Farmer; Ms. Natalie Jayroe, Director, Second Harvest Food Bank; Mr. John Harkwick, Northeast Louisiana Cotton Farmer

This joint hearing's purpose was to hear testimony from the U.S. Department of Agriculture (USDA), and State and local emergency managers to assess the effectiveness of the joint response to and recovery from the 2008 Midwest floods, and Hurricanes Gustav and Ike. The goal was to assess the activities USDA and its State and local partners took prior to and after landfall of these storms. We analyzed the effectiveness of the Federal programs that were used, the coordination between Federal, State, and local officials, and the impact on the lives of the citizens who lived through the storms and their aftermath. It is estimated that Hurricane Gustav has caused an estimated \$700 million in lost revenue damage to Louisiana's agriculture farm gate value. Louisiana's fisheries suffered an estimated \$100 million in lost revenue.

The USDA has five permanent disaster programs to provide a payment to farmers when an agricultural natural disaster is declared by the Secretary of Agriculture: The Livestock Indemnity Program; the Livestock Forage Disaster Program; Emergency Assistance for Livestock, Honey Bees and Farm Raised Fish; the Tree Assistance Program and the Supplemental Revenue Assistance Payments (SURE) program. These five programs and crop insurance are the only two mechanisms farmers can rely on to help them. In Louisiana, most farmers only purchase catastrophic insurance, which is the lowest coverage of crop insurance provided. This is because crop insurance is based on historical losses and unfortunately, Louisiana has a high loss record which makes premiums high and out of economically justified reach for Louisiana farmers. For instance, it is estimated that to cover soybeans at the same rate, it is 4 times as expensive in Louisiana than in Iowa. It is double the cost to purchase crop insurance at the same rate for cotton and corn as well.

The recently enacted Farm Bill included for the first time in over 25 years a permanent agriculture disaster program to help move Congress away from ad-hoc disaster packages. The SURE program ties a farmer's disaster payment to the level of crop insurance a farmer purchased. This is to provide an incentive for farmers to purchase high levels of insurance. However, in Louisiana, with most of our farmers purchasing the lowest level of insurance, the SURE program will be of limited or no help. The SURE payment cannot exceed \$100,000.

Panel one discussed USDA's response to these disasters through nutrition programs, conservation programs, and commodity programs, including crop insurance and credit programs. The witnesses gave a review of USDA's actions and performance in disaster response and recovery. Panel one gave information about damage assessments and dollar figures for the declared disasters.

Panel two discussed the experiences with the USDA's disaster relief programs including Federal crop insurance, food and nutrition services, disaster food stamps, and the disaster housing relief. Both panels described challenges regarding coordination and communication among Federal, State, and local agencies throughout the process.

II. LEGISLATION REFERRED TO THE AD HOC SUBCOMMITTEE ON
DISASTER RECOVERY FOR REVIEW

S. 87: A bill to permit the cancellation of certain loans under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Introduced on 1/4/2007 by Senator Vitter. This bill amends the Community Disaster Loan Act of 2005 to permit the cancellation of certain loans under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. (Makes this Act effective as if enacted as part of the Community Disaster Loan Act of 2005.)

S. 253: Disaster Loan Fairness Act of 2007. Introduced on 1/10/2007 by Senator Landrieu. This bill will permit the cancellation of certain loans under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and for other purposes.

S. 664: Local Government Disaster Relief Act of 2007. Introduced on 2/16/2007 by Senator Landrieu. This bill will provide adequate funding for local governments harmed by Hurricanes Katrina or Rita of 2005.

S. 925: A bill to provide for funding assistance under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172) to a State or local government for the acquisition of real property for the purpose of the replacement of certain public facilities based on reasonable reliance of cost estimates provided by the Federal Emergency Management Agency. Introduced on 3/2/2007 by Senator Landrieu.

S. 2006: Rate Payer Recovery Act of 2007. Introduced on 8/3/2007 by Senator Landrieu. This bill is designated to provide for disaster assistance for power transmission and distribution facilities, and for other purposes.

S. 2335: Case Management Services Improvement Act of 2007. Introduced on 11/13/2007 by Senator Landrieu. This bill will amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to provide adequate case management services.

S. 2789: A bill to amend the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 to authorize the Federal Emergency Management Agency to provide additional assistance to State and local governments for utility costs resulting from the provision of temporary housing units to evacuees from Hurricane Katrina and other hurricanes. Introduced on 3/31/2008 by Senator Landrieu.

S. 3176: Disaster Recovery Substance Abuse Mental Health Treatment Act of 2008—Amends the Robert T. Stafford Disaster Relief and Emergency Assistance Act to authorize the President to provide mental health and substance abuse services to individuals affected by a major disaster to relieve or prevent mental health or substance abuse problems caused or aggravated by that disaster or its aftermath. Introduced on 6/23/2008 by Senator Landrieu.