[COMMITTEE PRINT]

105TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | PRINT 105–D

INTERIM REPORT

OF THE

ACTIVITIES

OF THE

HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

1997

MARCH 1998

Printed for the use of the Committee on Government Reform and Oversight

U.S. GOVERNMENT PRINTING OFFICE

46–663 CC WASHINGTON : 1998

For sale by the Superintendent of Documents, U.S. Government Printing Office
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[4] Elected to committee on November 13, 1997.

PREFACE

This report outlines the Committee on Government Reform and Oversight's activities for the first session of the 105th Congress. A separate and final report covering activities during both sessions will be published at the conclusion of the 105th Congress in accordance with House Rule XI, 1(d).

As the primary investigative body of the U.S. House of Representatives, my committee's jurisdiction encompasses the responsibility of ferreting out waste, fraud and abuse to make government smaller and smarter. In addition, the full committee investigation into illegal campaign fundraising showed and continues to show the American people the infiltration of foreign funds to American political candidates during the 1996 election cycle.

DAN BURTON, *Chairman*

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INTERIM REPORT OF THE ACTIVITIES OF THE HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, 105TH CONGRESS, 1ST SESSION, 1997

PART ONE. GENERAL STATEMENT OF ORGANIZATION AND ACTIVITIES

I. Jurisdiction, Authority, Powers, and Duties

The Rules of the House of Representatives provide for election by the House, at the commencement of each Congress, of 19 named standing committees, 1 of which is the Committee on Government Reform and Oversight.[1] Pursuant to House Resolutions 12 and 13 (adopted January 7, 1997), and House Resolution 14 (adopted January 7, 1997), establishing the membership at 44, with 6 vacancies. Subsequent membership was set at 45 pursuant to House Resolution 32 (adopted January 21, 1997), membership was decreased to 44 pursuant to communication to the Speaker on February 5, 1997, House Resolution 36 (adopted February 5, 1997) filled the vacancies of the membership, on March 21, 1997, membership was decreased to 43 pursuant to communication to the Speaker, House Resolution 108 (adopted April 9, 1997) increased the membership to 44, on April 17, 1997, membership was decreased to 43 pursuant to communication to the Speaker, membership increased to 44 pursuant to House Resolution 120 on April 17, 1997, membership was decreased to 43 pursuant to communication to the Speaker on November 13, 1997, and on November 13, 1997, membership was increased to 44 pursuant to House Resolution 331.

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

RULE X

ESTABLISHMENT AND JURISDICTION OF STANDING COMMITTEES

THE COMMITTEES AND THEIR JURISDICTION

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

* * * * * * *

[1] Rule X.

(g) Committee on Government Reform and Oversight

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

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

(3) Federal paperwork reduction.

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

(5) Holidays and celebrations.

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

(7) National archives.

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

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

(10) Public information and records.

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

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

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

* * * * * * *

GENERAL OVERSIGHT RESPONSIBILITIES

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

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

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

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

(b)(1) Each standing committee (other than the Committee on Appropriations and the Committee on the Budget) shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee, and the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof, in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the Congress and whether such programs should be continued, curtailed, or eliminated. In addition, each such committee shall review and study any conditions or circumstances which may indicate the necessity or desirability of enacting new or additional legislation within the jurisdiction of that committee (whether or not any bill or resolution has been introduced with re-

spect thereto) and shall on a continuing basis undertake future research and forecasting on matters within the jurisdiction of that committee. Each such committee having more than twenty members shall establish an oversight subcommittee, or require its subcommittees, if any, to conduct oversight in the area of their respective jurisdiction, to assist in carrying out its responsibilities under this subparagraph. The establishment of oversight subcommittees shall in no way limit the responsibility of the subcommittee with legislative jurisdiction from carrying out their oversight responsibilities.

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

* * * * * * *

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

* * * * * * *

ADDITIONAL FUNCTIONS OF COMMITTEES

4. * * *

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

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

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

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

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

* * * * * * *

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

RULE XI

RULES OF PROCEDURE FOR COMMITTEES IN GENERAL

1. * * *

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

* * * * * * *

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

* * * * * * *

COMMITTEE RULES

* * * * * * *

Power to sit and act; subpoena power

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

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

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

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

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

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

Use of committee funds for travel

(n)(1) Funds authorized for a committee under clause 5 are for expenses incurred in the committee's activities; however, local cur-

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

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

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

(2) In carrying out the committee's activities outside of the United States in any country where local currencies are unavailable, a member or employee of the committee may not receive reimbursement for expenses (other than for transportation) in excess of the maximum per diem set forth in applicable Federal law, or if the member or employee is reimbursed for any expenses for such day, then the lesser of the per diem or the actual, unreimbursed expenses (other than for transportation) incurred, by the member or employee during any day.

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

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

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

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

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

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

5 U.S.C. § 2954

Information to committees of Congress on request

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

18 U.S.C. § 1505

Obstruction of proceedings before departments, agencies, and committees

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

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

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

---

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

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

31 U.S.C. § 712

Investigating the use of public money

The Comptroller General shall—

* * * * * * *

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

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

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

31 U.S.C. § 719

Comptroller General reports

* * * * * * *

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

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

II. Historical Background

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

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

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

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

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

POWERS AND DUTIES OF COMMITTEES

* * * * * * *

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

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

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

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

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

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

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

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

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

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

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

The 1946 Act contained the following proviso:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

* * * * * * *

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

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

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

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

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

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

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

In addition to the committee's oversight responsibilities, the Government Reform and Oversight Committee has pursued an active, ambitious agenda throughout the first session of the 105th Congress with its ongoing investigation of suspected illegal activities during the 1996 elections. The committee's and its seven subcommittees conducted 129 hearings during the first half of the 105th Congress. Hearings covered an incredibly diverse range of subjects including the year 2000 computer crisis, the Federal employee health benefit program, and the Persian Gulf war veterans illnesses. The committee staff developed a web site (www.house.gov/reform) to post up-to-minute witness testimonies and reports for quick availability.

III. Organization

A. SUBCOMMITTEES [12]

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

In order to perform its functions and to carry out its duties as fully and as effectively as possible, the committee under the leadership of its chairman, the Honorable Dan Burton of Indiana, at the beginning of the 105th Congress, established seven standing subcommittees, which cover the entire field of executive expenditures and operations. The names, chairpersons, and members of these subcommittees are as follows:

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

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

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY, Stephen Horn, *Chairman;* members: Pete Sessions, Thomas M. Davis, Joe Scarborough, Marshall "Mark" Sanford, John E. Sununu, vacant, Carolyn B. Maloney, Paul E. Kanjorski, Major R. Owens, Rod R. Blagojevich, and Danny K. Davis.

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

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

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE, J. Dennis

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

Hastert, *Chairman;* members: Mark E. Souder, Christopher Shays, Steven Schiff, Ileana Ros-Lehtinen, John M. McHugh, John L. Mica, John B. Shadegg, Steven C. LaTourette, Bob Barr, Thomas M. Barrett, Tom Lantos, Robert E. Wise, Jr., Gary A. Condit, Rod R. Blagojevich, Carolyn B. Maloney, Elijah E. Cummings, and Jim Turner.

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

B. RULES OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

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

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

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

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

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

Rule 1.—Application of Rules

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

[See House Rule XI, 1.]

Rule 2.—Meetings

The regular meetings of the full committee shall be held on the second Tuesday of each month at 10 a.m., when the House is in session. The chairman is authorized to dispense with a regular meeting or to change the date thereof, and to call and convene additional meetings, when circumstances warrant. A special meeting of the committee may be requested by members of the committee following the provisions of House Rule XI, 2(c)2. Subcommittees shall meet at the call of the subcommittee chairmen. Every member of the committee or the appropriate subcommittee, unless prevented by unusual circumstances, shall be provided with a memorandum at least three calendar days before each meeting or hearing explaining (1) the purpose of the meeting or hearing; and (2) the names, titles, background and reasons for appearance of any witnesses. The ranking minority member shall be responsible for providing the same information on witnesses whom the minority may request.

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

Rule 3.—Quorums

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

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

Rule 4.—Committee Reports

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

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

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

Rule 5.—Proxy Votes

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

the committee or any subcommittee.

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

Rule 6.—Roll Calls

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

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

Rule 7.—Record of Committee Actions

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

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

Rule 8.—Subcommittees; Referrals

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

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

Rule 9.—Ex Officio Members

The chairman and the ranking minority member of the committee shall be ex officio members of all subcommittees. They are authorized to vote on subcommittee matters; but, unless they are regular members of the subcommittee, they shall not be counted in determining a subcommittee quorum other than a quorum for taking testimony.

Rule 10.—Staff

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

Rule 11.—Staff Direction

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

Rule 12.—Hearing Dates and Witnesses

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

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

Rule 13.—Open Meetings

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

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

Rule 14.—Five-Minute Rule

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

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

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

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

Rule 15.—Investigative Hearings; Procedure

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

Rule 16.—Stenographic Record

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

Rule 17.—TV, Radio, and Photographs

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

Rule 18.—Additional Duties of Chairman

The chairman of the full committee shall:

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

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

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

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

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

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

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

Rule 19.—Commemorative Stamps

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

Rule 20.—Interrogatories and Depositions

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

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

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

A deposition shall be conducted by any member or committee staff attorney designated by the chairman or ranking minority member. When depositions are conducted by committee staff attorneys, there shall be no more than two committee staff attorneys of the committee permitted to question a witness per round. One of the committee staff attorneys shall be designated by the chairman and the other shall be designated by the ranking minority member. Other committee staff members designated by the chairman or the ranking minority member may attend, but are not permitted to pose questions to the witness.

Questions in the deposition will be propounded in rounds. A round shall include as much time as is necessary to ask all pending questions. In each round, a member or committee staff attorney designated by the chairman shall ask questions first, and the member or committee staff attorney designated by the ranking minority member shall ask questions second.

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

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

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

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

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

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

Rule 21.—Letters Rogatory and International Government Assistance

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

IV. Activities, 1st Session, 105th Congress

SUMMARY

1. In the 105th Congress, first session, the committee approved and submitted to the House of Representatives 2 investigative reports. In addition, the committee issued 4 committee prints.

2. In the 105th Congress, first session, 288 bills and resolutions were referred to the committee and studied. Of these, the committee reported 21. In addition, 11 Memorials, 2 Petitions, and 5 Presidential messages were referred to the committee.

3. Pursuant to its duty of studying reports of the Comptroller General, the Congress received officially 986 such reports during the first session, 105th Congress, and the committee studied 88. In addition, 889 executive communications, were referred to the committee under clause 2 of Rule XXIV of the House of Representatives.

4. The full committee met 24 days during the 105th Congress, first session, while the subcommittees met a total of 128 days in public hearings, markups, and meetings.

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

A. INVESTIGATIVE REPORTS

During the first session, 105th Congress, the Committee on Government Reform and Oversight approved and submitted to the Congress 2 reports of an investigative nature. A number of other reports were in preparation and a number of investigations were underway. These will be considered by the subcommittees and the full committee during the second session of the 105th Congress.

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

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

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

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

B. LEGISLATION

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

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

During the first session of the 105th Congress, the committee studied 288 bills and resolutions referred to it and reported 21 to the House. The measures reported or ordered reported are discussed more fully in part two below. However, they are listed with the name of the subcommittee that initially considered them:

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

H.R. 240, to amend title 5, United States Code, to provide that consideration may not be denied to preference eligibles applying for certain positions in the competitive service, and for other purposes. (Subcommittee on the Civil Service; H. Rept.

105–40, Pt.1; passed House amended on April 9, 1997; received in Senate on April 10, 1997; referred to Senate Committee on Governmental Affairs.)

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

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

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

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

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

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

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

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

H.R. 1553, to amend the President John F. Kennedy Assassination Records Collection Act of 1992 to extend the author-

ization of the Assassination Records Review Board until September 30, 1998. (Subcommittee on National Security, International Affairs, and Criminal Justice, H. Rept. 105–138, Pt. I; passed House June 23, 1997; passed Senate June 27, 1997; Public Law 105–25.)

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

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

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

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

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

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

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

H.R. 2610, to amend the National Narcotics Leadership Act of 1988 to extend the authorization for the Office of National Drug Control Policy until September 30, 1999, to expand the responsibilities and powers of the Director of the Office of National Drug Control Policy, and for other purposes. (Subcommittee on National Security, International Affairs and Criminal Justice; passed House amended under suspension of rules on October 21, 1997; received and referred to the Senate

Committee on the Judiciary; reported with amendment November 6, 1997; no written report.)

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

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

OTHER LEGISLATIVE ACTION

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

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

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

H.R. 852 (H. Res. 88), to amend chapter 35 of title 44, United States Code, popularly known as the Paperwork Reduction Act, to minimize the burden of Federal paperwork demands upon small businesses, educational and nonprofit institutions, Federal contractors, State and local governments, and other persons through the sponsorship and use of alternative information technologies. (Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs; H. Rept. 105–7, Pt. 1; passed House; received in the Senate.)

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

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

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

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

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

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

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

H. Con. Res. 95, recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and fortitude. (Subcommittee on the Civil Service; passed House on September 16, 1997, under suspension of the rules; received and referred to the Senate Committee on the Judiciary on September 17, 1997.)

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

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

H.R. 3025 (H.R. 497), to repeal the Federal charter of Group Hospitalization and Medical Services, Inc., and for other purposes. (Subcommittee on the District of Columbia; passed House November 13, 1997; passed Senate November 13, 1997; Public Law 105–149.)

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

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

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

"Oversight Plans for all House Committees," (H. Rept. 105–44). (Full Committee)

C. REORGANIZATION PLANS

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

D. COMMITTEE PRINTS

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

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

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

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

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

E. COMMITTEE ACTION ON REPORTS OF THE COMPTROLLER GENERAL

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

In discharging this responsibility, each report of the Comptroller General received by the committee is studied and analyzed by the staff and referred to the subcommittee of this committee to which has been assigned general jurisdiction over the subject matter involved. The committee has received a total of 986 General Accounting Office Reports to the Congress for processing during the first session of the 105th Congress. After preliminary staff study, these reports were referred to subcommittees of this committee as follows:

Subcommittee on the Civil Service	6
Subcommittee on the District of Columbia	2
Subcommittee on Government Management, Information, and Technology	18
Subcommittee on Human Resources	19
Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs	20
Subcommittee on National Security, International Affairs, and Criminal Justice	9
Subcommittee on the Postal Service	10
Total	84

Furthermore, in implementation of section 236 of the Legislative Reorganization Act of 1970, the committee now regularly receives GAO reports that are not addressed to Congress but contain recommendations to heads of the Federal agencies. These are generally reports to the agency heads their written statements of actions taken with respect to such recommendations, as required by section 236. The committee received a total of 986 such GAO reports to Federal agencies or other committees and Members within the legislative branch.

Periodic reports are received from the subcommittees on actions taken with respect to individual reports, and monthly reports are made to the chairman as to reports received. During the session, the committees used the reports to further specific investigations and reviews. In most cases, additional information concerning the findings and recommendations of the Comptroller General was requested and received from the administrative agency involved, as well as from the General Accounting Office. More specific information on the actions taken appears in part two below.

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

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

PART TWO. REPORT OF COMMITTEE ACTIVITIES

I. Matters of Interest, Full Committee

A. GENERAL

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

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

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

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

RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

OVERSIGHT PLANS OF THE COMMITTEES OF THE HOUSE

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

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

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

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

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

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

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

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

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

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

CHIEF FINANCIAL OFFICERS ACT

One of the underlying historical impediments to better management of Government programs has been the lack of reliable financial information. With passage of the CFO Act, the Congress has said that this must change and change quickly. The long-needed fiscal accountability that the act is designed to bring about is essential to effective program management and congressional oversight.

Agencies, which represent organizations larger than the Nation's largest private corporations, have typically not been able to perform even the most rudimentary bookkeeping functions. Agency financial management systems are badly deteriorated—OMB reports that most do not meet standards and almost all agencies have been unable to pass the test of an independent financial statement audit.

A primary element of the Chief Financial Officers Act, as expanded by the Government Management Reform Act of 1994, is the requirement for all 24 major agencies to have audited financial statements. (The act also calls for governmentwide financial statements, audited by GAO, by fiscal year 1997.) Also, agencies must now have

- financial information that is linked with program and budget data for use in both management control and planning;
- reports on program cost trends and other performance indicators from which managers can make informed decisions on running government operations effectively and efficiently

Since passage of the initial legislation in 1990, the CFO Act has already provided:

- significantly more accurate information on the Government's financial status and operations, as well as an understanding of how unreliable the financial information being provided to the Congress and program managers has been;
- a better understanding of the pervasiveness of management control problems; and
- substantial savings from recoveries and better use of funds.

Annual financial statement audits, which are done by the agency Inspectors General [IGs] or by GAO, continue to provide valuable information on the results of program operations and the current financial condition of agencies. This information can be of great use to committees in their oversight efforts. Audits, for example, have identified

- Despite over $400 billion in adjustments needed to correct errors in Defense's financial data over the last 3 years, Defense is still unable to render an accurate accounting of its hundreds of billions of dollars in assets. This unreliable data has traditionally served as the basis for Defense's reports to the Congress.
- Duplicate, erroneous, and even fraudulent payments to Defense contractors totaling billions of dollars.
- Unneeded Defense inventories of almost $40 billion.
- The IRS being unable to effectively collect or accurately account for $1.25 billion in annual revenues; audits show that

only a fraction of over $100 billion in recorded tax receivables was collectible.

GAO's ongoing financial audit work includes the IRS, the Bank Insurance Fund, the Resolution Trust Corporation, and the Pension Benefit Guaranty Corporation, all for fiscal year 1994, and the Department of the Navy for fiscal year 1995. IGs are conducting (in some instances with contracted assistance from accounting firms) fiscal year 1994 audits in the Departments of Education, HHS, Army, Air Force, NASA, Veterans Affairs, EPA, Labor, Agriculture, HUD, Interior, and other agencies.

GOVERNMENT PERFORMANCE AND RESULTS ACT

Effective implementation of the Chief Financial Officers Act is also a vital element to the success of the Government Performance and Results Act [GPRA]. GPRA seeks to change the focus of Federal management and accountability from a preoccupation with inputs, such as the amount of program appropriations, to measured results and outcomes of Federal programs. Successful implementation of the act will help address the question: What are the American people getting for their investment in the Federal Government? Information on performance in relation to agency goals can also be helpful to the Congress.

Experiences of State governments and foreign countries that are leaders in public management show that GPRA's three key elements: strategic planning; performance measurement; and public reporting and accountability could influence the basic culture of the government so that is more results-oriented. Accurate results-oriented information will greatly assist the Congress in its efforts to oversee current programs and in making informed decisions for the future.

But making the major changes in the way Federal agencies are managed and held accountable called for under GPRA will require agencies to develop the capacity to manage for results. This will not be accomplished quickly or easily. Therefore, the act's provisions are being phased in with a series of pilot projects over the next several years.

Already, 70 pilots have been designated ranging in size from small programs to entire agencies, including the IRS, SSA, and the Defense Logistics Agency. As agencies implement the act, oversight committees should have opportunities to work with agencies in improving performance by providing managers freedom to experiment and find innovative ways to improve program results, while increasing accountability for achieving those results.

2. Investigations.

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

the information to better inform authorizing and budgetary decisionmaking.

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

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

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

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

Mr. Koskinen, the last witness for this hearing, testified on behalf of OMB that the agencies had been encouraged to consult with Congress on their strategic plans for over a year (although at the

time of the hearing, no consultations had occurred). He discussed OMB's guidance which had been issued 18 months earlier on the preparation and submission of strategic plans. He indicated his belief that the draft agency strategic plans OMB had reviewed allowed them to conclude that the final plans due in the fall of 1997 would be useful and informative strategic plans.

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

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

Others scheduled to testify included Franklin Raines, Director, Office of Management and Budget, James Hinchman, Acting Comptroller General, General Accounting Office, and the Honorable Maurice McTigue, distinguished visiting scholar, Center for Market Processes at George Mason University. Unfortunately, the schedule of end-of-session votes made it impossible to conclude this hearing. It is likely that it will be re-scheduled for early in the second session.

b. The Campaign Fundraising Investigation.—On January 20, 1997, Chairman Dan Burton issued the Committee on Government Reform and Oversight's first request for documents to the White House, regarding its investigation into potentially illegal campaign fundraising practices, including illegal foreign fundraising, during the 1996 campaign and prior campaign cycles. Chairman Burton was compelled by substantial allegations in the media, an accumulating body of evidence, and the ensuing public outcry to undertake a thorough investigation of potential campaign fundraising illegalities, including the following areas:

- whether United States' domestic and foreign policy was affected by illegal, foreign donations, foreign interests, and foreign governments;
- possible breaches of national security resulting from possible improper access given to political donors;
- possible misuse of classified information;
- the activities of John Huang, including his business and political activities in Arkansas, his relationship with the Lippo Group, his contacts with foreign officials and the White House and his fundraising activities on behalf of the Democratic National Committee;
- the activities of Yah Lin "Charlie" Trie including his business and political activities in Arkansas, Washington, DC, China, Macau, Hong Kong, and Taiwan; his contacts with foreign governments; his relationship with Ng Lap Seng, Antonio Pan, and Keshi Zahn, his fundraising activities for the DNC and the President's Legal Expense Trust; his appointment by President Clinton to the Commission on United States Pacific

Trade and Investment Policy, and all activities since he left the United States;

• the activities of the Riady family and the Lippo Group and its related companies in Arkansas, California, Indonesia, Hong Kong and China and the Riady family's contacts with President Clinton, Mrs. Clinton and other current and former administration officials;

• the activities of other major donors with foreign ties, including Pauline Kanchanalak, Johnny Chung, Ted Sioeng, and others;

• matters pertaining to Webster Hubbell, including his activities in Arkansas and Washington, DC; his employment by the Rose Law Firm and his employment after resigning from the Department of Justice, including a $100,000 contract with the Lippo Group;

• matters pertaining to fundraising abuses by any political party or campaign from 1992 to the present, including the funneling of foreign money into campaigns and political organizations, misuse of Government resources for political purposes, and the development and use of the White House database, and,

• the activities of Secretary of the Interior Bruce Babbitt and other Government officials regarding the possible trading of political contributions in return for specific Government action in the matter of the proposed Indian casino in Hudson, WI.

Chairman Burton was concerned about serious questions of national policy and national security involving the Clinton administration, especially as daily revelations disclosed more troubling facts about the unusual access that questionable individuals had with high-ranking White House and administration officials in private meetings, fundraising "coffees" and other political events, and official functions. According to one published report, "[t]he FBI has obtained substantial evidence that top Chinese officials approved plans in 1995 to buy influence with American politicians, and that the scheme continued through the 1996 elections and is ongoing . . ."[13] Testifying before a Senate subcommittee in March 1997, FBI Director Louis Freeh stated that the FBI Task Force investigating the fundraising matter would scrutinize as one of its top priorities whether there was a direct threat to our national security by a deliberate plan by a foreign government to influence our political process. Freeh told the subcommittee, "One of the subjects that the . . . task force is going to be investigating are allegations with respect to not just illegal political activities and contributions, but also the national security aspects of that . . . [and] whether the funding or attempted funding or planning was originated not by individuals per se, but by a foreign government or state sponsor or ministry."[14]

The investigation also followed the flow of money once it entered the United States and scrutinized whether and to what extent illegal actions or money influenced Government officials and official Government policies or actions. In doing so, the committee was de-

[13] Washington Post, April 25, 1997.
[14] Pittsburgh Post-Gazette, March 21, 1997.

termining whether there was a definable pattern of illegal activity and whether there was a commonality of purpose involved.

The activities of former Commerce Department official and DNC fundraiser John Huang, who raised at least $3 million for the DNC during the 1996 election cycle, raised many potential illegalities, including the misuse of an official Government position at the Department of Commerce, the illegal disclosure of classified information, and questions about the true source of the money that he raised and whether White House and DNC officials had any knowledge or role in the systematic transfer of funds from foreign sources to the Democratic party.

John Huang had strong ties to the Indonesia-based Lippo Group and worked for banks affiliated with Lippo since the early 1980's. The Lippo Group is controlled by the Riady family and has large investments in Hong Kong, Taiwan, China, and Vietnam. Riady companies and the Riady family, who were permanent residents in the United States at the time, contributed substantially to the DNC, affiliated State parties, and soft money venues during the 1992 election. The Riadys subsequently returned to Indonesia following the election. Upon leaving the Lippo Group in 1994 to work at Commerce, Huang received a bonus package worth hundreds of thousands of dollars.

A published report implicated Huang as having deliberately funneled political contributions to the DNC and affiliated organizations using a number of sham corporations and ineligible individual contributors. Another report contained the information that Huang had an unusually high number of classified briefings while he was an official at the Commerce Department. In just 18 months, Huang attended 146 briefings at which he had access to classified information. At the same time, Huang was also making telephone calls to his old employer, the Lippo Group. Huang also managed to obtain his top secret clearance 5 months before he started his employment at Commerce and kept it for a year after he left the department to move to the DNC.[15] Huang visited the White House at least 23 times between February and October 1996 and regularly met with high level White House officials, such as Bruce Lindsey and Harold Ickes. On 4 days, June 21–24, 1994, Huang and James Riady of the Lippo Group entered the White House on five separate occasions. At the same time, Riady met with Webster Hubbell at least two times during the same 4 days. On June 27, 1997, a Lippo Group subsidiary, Hong Kong China Ltd., paid Hubbell $100,000.[16]

John Huang is a central figure in this investigation, who, along with Webster Hubbell, Charlie Trie, the Riady family, Mark Middleton and Pauline Kanchanalak, had chosen not to cooperate with the investigation. By asserting his fifth amendment rights, Huang forced the committee to utilize other means, such as document subpoenas, depositions of witnesses and foreign discovery, to proceed with its investigation.

DNC Fundraiser Charlie Trie, who first met President Clinton in the late 1970's or early 1980's as a Little Rock, AR, restaurant owner raised over $300,000 for the DNC, much of which the DNC

[15] Washington Times, May 15, 1997.
[16] New York Times, March 20, 1997.

has pledged to return. Trie also tried to contribute more than $600,000 to the President's legal defense fund, all of which was eventually returned, because of its doubtful origins. According to published reports, Trie "received a series of substantial wire transfers in 1995 and 1996 from a bank operated by the Chinese government." [17] Trie visited the White House at least 38 times and met with high level officials, such as Mark Middleton. In January 1996, President Clinton issued an Executive order to increase the size of the U.S. Pacific Trade and Policy Commission from 15 to up to 20 members. He thereafter added only Charlie Trie's appointment to the Commission. The White House released the names of the appointees, including Trie on April 17, 1996, only weeks after the Presidential Legal Expense Trust's Executive Director Michael Cardozo informed Mrs. Clinton and Harold Ickes of Trie's delivery of questionable funds to the fund.

DNC contributor Ted Sioeng and his daughter contributed more than $355,000 to the DNC since 1993. He and his associates also made substantial contributions to the National Policy Forum and other candidates. According to published reports, Sioeng is under investigation by the Department of Justice for "allegedly working as a [Chinese] political operative in the United States . . . [and seeking] to acquire influence for China through his family's political donations, including $250,000 to the Democratic National Committee during last year's presidential campaign." [18] Sioeng is now rumored to be in Hong Kong.

In another case, unfavorable information obtained by staff on the National Security Council about a potential White House visitor, California businessman Yogesh Gandhi, prevented him from meeting the President at the White House. However, "Democratic fundraisers arranged for the meeting to take place on May 13, 1996, at the Sheraton Carlton hotel, two blocks [from the White House] . . . [where] Gandhi met with President Clinton and donated $325,000 to the Democratic National Committee." [19]

The committee investigated the use of official White House resources in the creation of a database, which included political contributors. Reportedly, White House officials merged a list of the President's social contacts with a larger list of political contributors, despite a warning from the White House Counsel's office that the database could be used only for official, not political, purposes.[20] There were also reports published that DNC contributor lists were found in official Commerce Department files.[21]

In another case of alleged misuse of Government agencies, the Department of Justice announced on April 28, 1997, that its Inspector General was launching an investigation of allegations of "mismanagement, misconduct and illegality" [22] at the Immigration and Naturalization Service regarding the operation of the Citizenship USA program. "The probe will delve into charges that the program . . . was misused for political purposes and ended up naturalizing criminals in a rush to create as many new citizens as pos-

[17] Wall Street Journal, April 1, 1997.
[18] Los Angeles Times, May 18, 1997.
[19] Wall Street Journal, June 10, 1997.
[20] Washington Times, May 16, 1997.
[21] Washington Post, June 1, 1997.
[22] Washington Post, April 29, 1997.

sible in time for last year's elections . . . [and] will cover allegations that the office of Vice President Gore played a key role in promoting the program in hopes of reaping a Democratic electoral windfall."[23] The Subcommittee on National Security, International Affairs, and Criminal Justice has done extensive investigative work in this area.

The committee amassed a large body of documents that contain troubling information regarding the conduct of senior Government officials and donors with highly unusual access. Of great significance were the allegations that this administration may have solicited money from foreign and other sources to obstruct the workings of justice and protect various officials from further investigation and possible prosecution. Reported payments to Webster Hubbell of $100,000 by the Lippo Group[24] raised serious questions about whether there was a coordination of payments by persons close to the President from entities in the United States and abroad to Hubbell in order to influence his cooperation with the investigation of Whitewater and related matters. The interrelationships of the billionaire Riadys, John Huang, Webster Hubbell and other senior administration figures is a central focus of the inquiry into alleged misuse of Government resources and/or obstruction of ongoing criminal investigations.

To demonstrate the seriousness of these charges, which possibly involve senior officials, and the degree to which the public consternation has been aroused, it is useful to note a few editorial quotes taken from newspapers across the political spectrum:

> Americans are now fully aware of the disclosures and allegations that the law was broken by operatives of Mr. Clinton's re-election campaign. Of particular interest is the allegation that money was solicited and accepted from foreign sources. Every informed account of the campaign, including many from insiders, says that senior officials in the White House and the campaign, as well as Mr. Clinton himself, were involved in the most intricate details of fund-raising.[25]
>
> The fund-raising disclosures have blown up into the biggest political scandal in the United States since Watergate. It is paralyzing the President, preoccupying Congress, and fueling public cynicism about our political system.[26]
>
> We've commented before on the selective way in which this White House dispenses—and—doesn't dispense—the truth when it is in trouble. They put up a series of false fronts; you knock one down only to be confronted by another. Then they complain about the fact that they are not believed. They're dead right about that.[27]
>
> It gets progressively easier to see why . . . [there] may be the makings of an obstruction of justice case in the

[23] Ibid.
[24] New York Times, October 12, 1996.
[25] New York Times, May 2, 1997.
[26] New York Times, April 16, 1997.
[27] Washington Post, May 9, 1997.

> White House treatment of Webster Hubbell. . . . [T]he circumstantial case is already weighty.[28]

Unavailability of Key Witnesses

From the beginning of its investigation, Chairman Burton's investigation was hampered by scores of key witnesses, eventually totaling 70 persons, who refused to cooperate with the committee's investigation by either being out of the country, pleading the fifth amendment, or refusing to be interviewed. These uncooperative witnesses included former Associate Attorney General Webster Hubbell, former White House aide Mark Middleton, former Commerce Department and Democratic National Committee official John Huang, and prominent Democratic fundraisers Yah Lin Charlie Trie, Pauline Kanchanalak, Ted Sioeng, Nora and Gene Lum, Arief and Soraya Wiriadinata, James Riady, and John H.K. Lee.

In response to this lack of cooperation from such an overwhelming number of key witnesses, the committee issued 385 subpoenas related to the investigation in 1997.

The following is a list of the committee witnesses who refused to cooperate with the investigation in 1997:

46 House & Senate Witnesses Asserting Fifth Amendment:

John Huang	Nora Lum	Gin F.J. Chen
Mark Middleton	Gene Lum	Hsin Chen Shih
Nolanda Hill	Seow Fong Ooi	Jou Sheng
Jane Huang	Bin Yueh Jeng	Judy Hsu
Duangnet Kronenberg	Hsiu Chu Lin	Jane Dewi Tahir
Maria L. Hsia	Jen Chin Hsueh	Maria Mapili
Webster Hubbell	Chi Rung Wang	Jie Su Hsiao
Yogesh Ghandi	Yumei Yang	Hsiu Luan Tseng
Cheyenne Indians	Arapaho Indians	Mark Jimenez
Gilbert Colon	Larry Wong	Michael Brown
Irene Wu	Na-chi "Nancy" Lee	Steven Hwang
Mike Lin	Hueutsan Huang*	Man Ya Shih*
Zie Pan Huang*	Yue Chu*	Keshi Zhan*
Shu Jen Wu*	Man Ho*	Yi Chu*
David Wang*	Manlin Foung*	Joseph Landon*
Siuw Moi Lian*		

*Granted Immunity after pleading 5th Amendment

12 Witnesses Have Left the Country:

Charlie Trie	John H.K. Lee	Dewi Tirto
Pauline Kanchanalak	Agus Setiawan	Subandi Tanuwidjaja
Ming Chen	Arief Wiriadinata	Soraya Wiriadinata
Antonio Pan	Ted Sioeng	Felix Ma

12 Foreign Witnesses Have Refused to be interviewed by Investigative Bodies:

Ng Lap Seng	Stephen Riady	Roy Tirtadji
Ken Hsui	John Muncy	James Lin
Eugene Wu	Mochtar Riady	Stanley Ho
Suma Ching Hai	James Riady	Daniel Wu

[28] New York Times, May 6, 1997.

In 1997, Chairman Burton wrote letters to President Clinton asking for his help in locating Charlie Trie and Pauline Kanchanalak. After an interview with Mr. Trie in Shanghai, China, was broadcast on NBC's "Nightly News," Chairman Burton wrote to President Clinton regarding Charlie Trie on June 27, 1997:

> Mr. Trie is an American citizen and, reportedly, a longtime friend of yours. He is a former member of the DNC's national finance board of directors, and in April 1996 was appointed by you to the Commission on U.S. Pacific Trade and Investment Policy. Mr. Trie is also a central figure in this Committee's investigation into allegations that foreign governments and persons may have attempted to unlawfully influence our electoral process.
>
> Recent media reports have asserted that Mr. Trie received more than $1 million in foreign wire transfers during the campaign and that some or all of that money may have found its way into your legal defense fund and the Democratic National Committee. In February, this Committee issued a subpoena to Mr. Trie for documents related to his fundraising activities. As confirmed by the NBC News story, he has no intention of producing the documents called for by the subpoena or of otherwise cooperating with the Committee's investigation.
>
> In view of the very serious allegations concerning Mr. Trie, and his recently corroborated presence in the People's Republic of China, the Committee requires your assistance and that of the State Department in obtaining evidence from Mr. Trie. I accordingly request that you instruct the Secretary of State to contact the appropriate officials of the People's Republic of China and formally petition the PRC to help facilitate the return of Charles "Yah Lin" Trie to the United States for questioning or, at a minimum, make him available for deposition by the Committee and its staff.[29]

Chairman Burton wrote a similar letter to the President regarding Pauline Kanchanalak on July 11, 1997, and also sent letters to the Ambassadors of China and Thailand asking for their assistance. As of December 1997, Trie and Kanchanalak has still not cooperated with the investigation.

White House Non-Compliance with Committee Subpoenas

The committee was also hampered by the White House's refusal to fully comply with document requests first issued by the chairman on January 20, 1997. After several weeks of non-cooperation by the White House, Chairman Burton issued document subpoenas to the White House on March 4, 1997. On April 10, 1997, in response to White House demands for a formal procedure for the handling, storage and release of documents, the committee adopted a document protocol. The White House proceeded to release some documents in a desultory manner and withheld other documents subject to claims of executive, attorney-client, and work-product

[29] Letter to President William Clinton from Chairman Dan Burton, June 27, 1997.

privileges. Because of the failure of the White House to fully comply with the subpoenas or to formally assert a privilege over the sequestered documents, Chairman Burton scheduled a contempt hearing for May 21, 1997, calling on White House Counsel Charles F.C. Ruff to explain the White House's refusal to comply with the subpoenas.

After substantial negotiations between the White House and the committee, Mr. Ruff avoided the necessity of a contempt hearing by agreeing to release to Chairman Burton all relevant documents in its possession by June 13, 1997, with the exception of 40 documents it listed on a privilege log it submitted to the committee. On June 27, 1997, the White House formally certified that it had released all documents responsive to the subpoenas.

Despite this certification, the White House continued to make productions to the committee over the next 6 months, including a substantial number of video and audio tapes containing the White House Communications Agency's taping of fundraising activities of President Clinton. Committee staff reviewed approximately 300 hours of videotapes and over 100 hours of audiotapes, belatedly produced by the White House. In all, the White House made 26 additional productions through December 11, 1997, despite having certified on June 27, 1997, that all responsive documents had already been produced to the committee.

As early as January 1997, the Washington Post wrote an editorial denouncing the White House's pattern of obfuscation, stating:

> It puts up a false front, offers a misleading version of events. If and when that fails, as often occurs, it puts up another, and another—as many as it takes. Then Administration officials bemoan the cynicism with which what they have to say is so often greeted and wonder aloud, or pretend to wonder, why they are not believed . . . The dispensing of truth in reluctant dribs and drabs does indeed have the corrosive effect that the White House itself periodically deplores . . .[30]

Campaign Fundraising Investigation Hearings

The committee held four hearings in 1997 related to its investigation of possible campaign fundraising improprieties and illegalities. The committee held its first 2 days of hearings on October 8–9, 1997, on the issue of whether illegal conduit payments using "straw donors" had been made to Democratic National Committee campaign coffers during the 1996 Presidential election cycle. The witnesses at this hearing were Manlin Foung, sister of Democratic fundraiser Yah Lin Charlie Trie, and her friend, Joseph Landon. Also present as a witness was Los Angeles businessman David Wang. Foung and Landon testified that Charlie Trie reimbursed them for $35,000 in illegal donations they made to the Democratic National Committee. David Wang testified that DNC official John Huang had asked him to donate $10,000 to the DNC, for which Huang reimbursed him. This hearing demonstrated that two prominent Democratic fundraisers, one a DNC official, Charlie Trie and John Huang, had indeed violated the law prohibiting a person

[30] Washington Post, January 17, 1997.

making contributions in the name of another person (2 U.S.C. § 441f), according to the testimony of the witnesses. Chairman Burton stated at this hearing that the next obvious step was to call Trie or Huang to testify, but unfortunately Huang had pled the fifth amendment and Trie had fled the country.

The committee's next hearing was on November 6–7, 1997, on "White House Compliance with Committee Subpoenas," especially concerning the belated disclosure by the White House of videotapes containing filmed segments of Presidential fundraising coffees and other fundraising events. White House counsels, Charles F.C. Ruff, Cheryl Mills, Lanny Breuer, and Dimitri Nionakis were witnesses. Despite pointed questions from Chairman Burton and other committee members about the innumerable delays of producing key information related to the committee's subpoenas of March 4, 1997, Mr. Ruff and his subordinates claimed that there were only "innocent mistakes" on the White House staff's part for the delays in producing documents, including the 25 additional productions after the Mr. Ruff had certified on June 27, 1997, that:

> . . . to the best of my knowledge, the White House has produced all documents responsive to the Committee's subpoenas.[31]

At this hearing, it was disclosed that the White House Counsel's office had withheld for over a year a document that was clearly to the committee's investigation of the White House database. The document in question was a page of handwritten notes indicating President Clinton's interest in integrating the White House database with the database at the Democratic National Committee. When asked about this, White House Deputy Counsel, Cheryl Mills, testified that "she could not recall the reasoning that led her and Jack Quinn, then the White House Counsel, to withhold the documents. "I cannot today re-create our decision-making," she said in a statement to reporters.[32] Members of the committee were highly critical of the White House's conduct.

The committee's third hearing was held on November 13–14, 1997, on the activities of Democratic fundraiser Johnny Chung. Witnesses for this hearing included Maggie Williams, former chief of staff to First Lady Hillary Clinton, Nancy Hernreich, director of White House Oval Office operations, Kelly Crawford, White House aide, Carol Khare, former aide to DNC Chairman Donald Fowler, Ceandra Scott, DNC staffer, and Brooke Darby and Robert Suettinger, who both worked for the National Security Council.

Mr. Chung, who contributed hundreds of thousands of dollars to the DNC and the President's legal defense fund, pled the fifth amendment after initially agreeing to testify. In lieu of public testimony before the committee, Chung met with the chairman and other members of the committee privately. In open hearing, Carol Khare testified that she had received a telephone call from Chung for then-DNC Chairman Fowler which she referred to an assistant, Ceandra Scott. Scott stated that she called Kelly Crawford in Mrs. Clinton's office to obtain a meeting for Chung and a group of Chi-

[31] Letter from White House Counsel Charles F.C. Ruff to Chairman Dan Burton, June 27, 1997.

[32] Los Angeles Times, November 7, 1997.

nese businessmen with President Clinton, which occurred on March 11, 1995. Nancy Hernreich testified that President Clinton rebuked her immediately after the Chung Oval Office meeting, saying, "You should not have done that."

Hernreich then stated that she contacted Melanie Darby at the National Security Council to determine whether photographs of President Clinton with Chung and his entourage ought to be released. Darby testified that she contacted NSC Asian affairs specialist Robert Suettinger, who then admitted in his testimony that he sent Darby and e-mail describing Johnny Chung as a "hustler."

Maggie Williams admitted in her testimony that 2 days before the Oval Office meeting, she had accepted a $50,000 check from Johnny Chung at the White House, although she claimed that she did not look at the amount of the check.

The committee held its fourth hearing on December 9–10, 1997, on the current implementation of the independent counsel statute, especially in light of Attorney General Janet Reno's decision not to seek an independent counsel to investigate allegations concerning President Clinton and Vice President Gore. Attorney General Janet Reno, FBI Director Louis Freeh, and Independent Counsel Donald Smaltz were witnesses.

On December 2, 1997, Attorney General Reno announced that she would not appoint an independent counsel to pursue an investigation of President Clinton, Vice President Gore or former Energy Secretary Hazel O'Leary. Chairman Burton called Ms. Reno before the committee the following week to explain why she had declined to appoint independent counsels in these matters. Burton also called FBI Director Freeh to explain a memo he had sent to Reno on November 25, 1997, urging her to appoint an independent counsel. Chairman Burton issued a subpoena for the memo on December 5, 1997, with which Attorney General Reno refused to comply, citing "the need to protect the confidentiality and independence of an ongoing investigation and our prosecutorial decision making."[33]

At the hearing, Freeh testified that he believed "'very strongly' that an independent counsel should be appointed to investigate the campaign fundraising scandal."[34] He stated that his recommendation to Reno that she should appoint an independent counsel was based on his reading of the independent counsel statute, in which there are only two grounds for the appointment:

- when there is specific information from a credible source that the President, Vice President or other high-ranking officials may have violated a Federal criminal law and
- when the Attorney General determines that having the Justice Department investigate the matter might result in a personal, financial or political conflict of interest.

When Chairman Burton asked Mr. Freeh if had ever experienced any investigation in which over 65 people have invoked the fifth amendment or fled the country, Freeh responded that the only time that he had had this problem was when he was investigating "organized crime."

[33] New York Times, December 9, 1997.
[34] Washington Post, December 10, 1997.

In open hearing, Independent Counsel Smaltz testified that his investigation of former Secretary of Agriculture Mike Espy "had been impeded by Justice Department officials who tried for months to prevent him from examining Mr. Espy's former chief of staff, [Ronald Blackley]."[35] Mr. Smaltz later obtained a conviction of Mr. Blackley.

[35] New York Times, December 11, 1997.

II. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

Hon. Stephen Horn, *Chairman*

1. "A Citizen's Guide on Using the Freedom of Information Act and The Privacy Act of 1974 to request Government Records," House Report No. 104–37, March 20, 1997, First Report by the Committee on Government Reform and Oversight.

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

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

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

c. Hearings.—None.

SUBCOMMITTEE ON HUMAN RESOURCES

Hon. Christopher Shays, *Chairman*

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

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

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

The subcommittee investigation and hearings found that the VA and DOD had not listened to veterans since the Gulf war ended in 1991. Veterans suspected and reported exposure to toxic agents in the Gulf war theater—to chemical and biological warfare agents, environmental hazards, and experimental drugs and vaccines. Any one, or any combination, of these toxins may have produced the illnesses among some veterans. Yet, the VA and DOD ignored veterans' concerns, continued to maintain there were no toxic exposures and therefore no health effects, and attributed any illnesses to battlefield stress.

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

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

The subcommittee believes current approaches by the VA and DOD to research, diagnosis and treatment of Gulf veterans are

flawed and unlikely to yield answers to veterans' ailments in the foreseeable, or even far distant, future.

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

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

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

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

The committee report contained 18 major oversight findings:

Diagnosis

1. VA and DOD did not listen to sick Gulf war veterans as to possible causes of their illnesses.
2. The presence of a variety of toxic agents in the Gulf war theater strongly suggests exposures have a role in causing, triggering or amplifying subsequent service-connected illnesses.
3. Gulf war troops were not trained to protect themselves from the effects of exposure to depleted uranium dust and particles.
4. Pyridostigmine bromide [PB] can have serious side effects and interactions when taken in combination with other drugs, vaccines, chemical exposures, heat and/or exercise.
5. VA and DOD health registry diagnostic protocols relied on the unfounded conclusion there were no chemical, biological or other toxic exposures to United States troops in the Gulf war theater.
6. VA and DOD health registry diagnosis protocols continue to be based on the unwarranted conclusion that, unless there is an immediate and acute reaction, exposures to chemical weapons and other toxins do not cause delayed or chronic symptoms.
7. Prematurely ruling out toxic exposures as causative, VA and DOD doctors relied on diagnoses of somatoform disorder and Post-Traumatic-Stress-Disorder [PTSD] to explain Gulf war veterans' illnesses.
8. There is no credible evidence that stress or PTSD causes the illnesses reported by many Gulf war veterans.
9. Accurate diagnosis of veterans' illnesses remains difficult due to inadequate or missing personal medical records, missing toxic detection logs, and unreleased classified documents.

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

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

Treatment

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

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

Compensation

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

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

Research

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

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

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

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

Diagnosis

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

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

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

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

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

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

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

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

Treatment

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

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

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

Compensation

12. Denials of Gulf war veterans' compensation claims attributable in any way to missing medical records should be reviewed and veterans given the benefit of any doubt regarding the presumptive role of toxic exposure in causing post-war illnesses and disability.

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

Research

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

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

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

17. VA, in collaboration with NIH, CDC, FDA and other public health agencies should establish an interdisciplinary research and

clinical program on the identification, prevention and treatment of environmentally induced neuropathies.

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

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

c. Hearings.—The subcommittee convened the following oversight hearings on Gulf war veterans' illnesses in 1997: "Gulf War Syndrome: To Examine New Studies Suggesting Links Between Gulf Service and Higher Rates of Illnesses," January 21, 1997; "Status of the Department of Veterans Affairs to Identify Gulf War Syndrome," April 24, 1997; "Oversight of NIH and FDA: Bioethics and the Adequacy of Informed Consent," May 8, 1997; "Status of Efforts to Identify Persian Gulf War Syndrome: Recent GAO Findings," June 24, 1997; and "Gulf War Syndrome: Multiple Toxic Exposures," June 26, 1997. (In the 104th Congress, the subcommittee convened the following hearings: "The Status of Efforts of Identify Persian Gulf War Syndrome," March 11 and 28, June 25, and September 19, 1996; and "Persian Gulf Veterans' Illnesses," December 10 and 11, 1996.)

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

B. OTHER INVESTIGATIONS

GOVERNMENT REFORM AND OVERSIGHT COMMITTEE

1. Review of the Federal Government's Acquisition Strategy Regarding the Federal Telecommunications System 2001 Program.

The Federal Telecommunications System 2000 [FTS2000] is the Government's current long distance telecommunications service. The multi billion dollar program provides telecommunications services to approximately 1.7 million users across the Federal Govern-

ment. The FTS program was largely successful leveraging the emerging competition in the long distance markets to save billions of dollars over the General Services Administration's [GSA] prior Federal Telecommunications Service network. The current FTS2000 contracts were awarded in 1988, will expire in December 1998, with the awarding of the FTS2001 contracts anticipated in the summer of 1998.

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

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

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

The committee held two hearings to receive testimony from Robert J. Woods, Commissioner of the Federal Telecommunications Service; Frank E. Lalley, Associate Deputy Assistant Secretary for Telecommunications, Department of Veteran's Affairs and chair, Interagency Management Council for Telecommunications; other witnesses included representatives of the long distance carriers, systems integrators, and the Regional Bell Operating Co.'s.

2. Elimination of Section 1555 of the Federal Acquisition Streamlining Act of 1994 [FASA] (Public Law 103–355).

a. Summary.—The committee strongly supported the complete repeal of Section 1555 of FASA. This measure was repealed, as part of the House and Senate Treasury Postal Appropriations Conference Report, which was signed into law on October 19, 1997.

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

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

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

SUBCOMMITTEE ON THE CIVIL SERVICE

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

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

b. Benefits.—This investigation provided an opportunity to review the President's budget proposals affecting Federal employees and retirees in light of the savings targeted to be achieved through changes in pay and benefits. These deliberations provided a basis for Congress to reject the administration's proposed delay in Federal retirees' cost of living adjustments when it enacted the Balanced Budget Enforcement Act of 1997. They also opened the door to exploring options to ensure more equitable treatment of Postal

Service employees and FERS employees, whose retirement programs are currently funded on a "full normal cost" basis. The investigation underscored the need to modify the formula used to calculate the Government's share of the FEHB premiums. The formula was subsequently changed in the Balanced Budget Enforcement Act of 1997.

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

Mr. Mica noted that the administration had submitted similar proposals for each of the 2 previous fiscal years, and that none of these proposals had been enacted during that period. He observed that Federal agencies would have to reduce their current spending by $3 billion to comply with these increased payments into retirement systems, and that Federal jobs might have to be eliminated to pay for these expenditures. Mr. Mica also noted that the administration's proposal would have allowed the current formula for calculating Federal employees' health insurance premiums to shift from a calculation based on the former "Big Six" plans to an average based on the five largest plans remaining in the program. This shift would have led to higher insurance premiums for Federal employees, and Mr. Mica proposed to address this issue in a subsequent hearing. Mr. Mica stressed the importance of achieving the overall savings, noting that the Budget Committee has acted to realize savings from these programs when the subcommittee could not enact its own solutions in previous years.

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

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

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

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

Mr. James Cunningham, national president of the National Federation of Federal Employees, expressed severe disappointment with the President's budget. He claimed that Federal employees should receive a 6.6 percent increase instead of the 2.8 percent that the President proposed. He observed that the increased pay to employees will increase the compensation costs of Federal agencies, and generate pressure for other spending cuts that might impede agencies' operations. He questioned the propriety of the administration's championing of its workforce reductions, and emphasized that his organization was interested in the National Partnership Council's work only to the extent that it contributed to more effective agency performance.

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

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

Mr. Mica provided a copy of a letter from Office of Personnel Management Director James B. King acknowledging that, if his proposal to cap the Federal payment for health insurance premiums at a fixed dollar amount had been adopted, Federal employees would have saved $820 million in health insurance premiums during the past 2 years. This would have averaged $200 per en-

rollee in the FEHBP. He also demonstrated that the amount of money needed to pay Federal annuities is growing annually. Whereas Civil Service retirement outlays from the Treasury exceeded receipts by $24 billion in 1992, this year the retirement accounts will require $30 billion in support from the taxpayers. This shortfall is projected to increase to $107 billion per year within 20 years, and continue to grow for the foreseeable future. Mr. Mica commented that he considered singling out Federal civilian retirees for the delayed COLA was blatantly unfair, and sought the panel's suggestions for options to address the Budget Committee's targets.

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

Mr. William Brennan, president of the National League of Postmasters, testified that the League also opposes requiring Federal employees and annuitants to assist efforts to balance the budget. He noted that the Postal Service already pays a per capita share of Federal retirement programs that is larger than other Federal agencies, because the Postal Service is required by law to make payments that are not required of other agencies. Mr. Mica observed that, where the Postal Service currently provides 54 percent of the cash in the Federal retirement funds, by 2015 the Postal Service will provide 81 percent of this funding. He noted that, since Postal employees must already pay the full normal costs of their retirement, as calculated by the Office of Personnel Management, postal employees already pay a fair share toward retirement benefits, and that the President's proposal could be considered unfair to them.

2. Federal Hiring From the Welfare Rolls.

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

ees who consider this initiative particularly ill-timed in light of their agencies' workforce reduction efforts. Private scholars and analysts were afforded an ability to demonstrate that different approaches are working more effectively in several States than the targets indicated by the administration.

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

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

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

Mr. King, Director, Office of Personnel Management, described the interagency efforts used to develop and implement the administration's initiative. The Office of Personnel Management has provided written guidelines to agencies that describe optional hiring procedures available under current law. Most of the effort will involve providing additional information about opportunities in the Federal sector in new formats and in a more timely manner. OPM has established a target of 25 positions. The Bureau of the Census, which will soon begin hiring in preparation for the 2000 Census, has committed to hire nearly 4,000 welfare recipients, or 40 percent of the governmentwide target. Most of the positions would be

temporary, and provide introductory work experience during planning stages of the operation. Mr. King stressed that this initiative is not directed at career positions, but at providing entry-level opportunities. He reaffirmed his belief that the objectives could be accomplished consistent with merit system principles and veterans preference. In response to questions, Mr. King confirmed that employees hired as a result of this initiative would not get benefits other than those available to similarly-situated Federal employees.

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

Mr. Brickhouse, Assistant Secretary for Human Resources, Department of Veterans Affairs, described the Department of Veterans Affairs' efforts to hire 800 applicants from the welfare rolls during the next 2 years. He noted that most of the opportunities would be in GS–1 and GS–2 positions that are temporary, but could provide important initial experience. He noted that in these positions, annual turnover rates average almost 20 percent. He stressed that the Department's targeted recruitment efforts would pay particular attention to veterans, and mentioned programs that are already in place to assist veterans in conversion to civilian employment. He affirmed that this target could be achieved without compromising veterans preference and while adhering to re-employment opportunities for former Federal employees.

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

Mr. Rector, senior policy analyst, welfare and family issues, the Heritage Foundation, described the policy as, at best irrelevant, and at worst a very foolish policy that has nothing to do with reducing welfare dependence. He noted that the administration had failed to consult with States that had implemented successful programs when it developed its initiative. He described this effort as "more a press release than an actual mechanism for helping the poor." He noted that Wisconsin's welfare case load had dropped by 55 percent in the previous 4 years. By instituting effective work requirements, and counseling applicants about the dangers of welfare dependence, initial applications drop. Both Wisconsin and Oregon

use "pay for performance" programs through which welfare recipients must work to earn their benefits. When such requirements are enforced, welfare recipients often find better-paying jobs. Rather than radical increases in poverty, States administering work-based programs have experienced substantial economic growth and increased self-sufficiency among former welfare dependents. These programs have contributed most to the 20 percent drop in welfare caseloads during the past 2 years, the biggest drop since the Korean war. He noted that child care has not proven to be a substantial obstacle, and that the funds freed from the reduced caseload provide ample resources for supporting child care initiatives, if necessary. Although funding for day care has gone up in Wisconsin, for example, it still amounts to less than 5 percent of the savings from the initiative. He emphasized that the most important step in the program is the follow-up; making certain that, once involved in work, the recipient remains in a position to earn any benefits that are acquired. Most employment will inevitably come from the private sector.

Mr. Riccio, Manpower Development Research Corp., described welfare recipients as a diverse group, but generally a group that is lacking in traditional employment skills. Nonetheless, most welfare recipients have some work history, and nearly all are capable of securing and maintaining employment. However, not even the most successful welfare-to-work programs have developed effective strategies to counter the high turnover rates in positions occupied by welfare recipients in their first employment. Of California welfare recipients who left jobs, 41 percent reported quitting to seek better employment opportunities than the low-paid entry positions.

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

Mrs. Eddie Bernice Johnson of Texas testified that she had introduced legislation that would provide a 3 percent addition to the test scores of applicants for Federal employment who were seeking jobs while on welfare rolls. She believes that this advantage would provide additional incentives to employing agencies to take the chance on reaching beyond the normal applicant pool. She added that initial employment efforts had failed before because of the difficulties of getting to work in low-wage positions. She noted that her bill was structured to avoid giving advantages over people who

faced RIF situations. In response to Mr. Cummings question, however, she conceded that, as written, her bill would provide an advantage to welfare recipients over those whom he termed the "working poor." She emphasized the importance of the first experience, of getting one's foot in the door.

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

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

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

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

tee efforts to propose different funding mechanisms to address pension obligations facing the District government in light of the $35 billion long-term costs that will result from the President's proposal to assume the District's current pension liabilities.

c. Hearings.—A hearing entitled, "D.C. Retirement System: Coping with Unfunded Liabilities" was held on April 29, 1997. At the hearing Subcommittee Chairman Mica recognized that the District needs relief from its mounting pension obligations, but he observed two fatal flaws in the President's proposal. First, by assuming the District's pension debts, the Federal Government incurs significant new long term obligations. These outlays are offset in the short term by enabling the U.S. Treasury to raid over $3.5 billion of hard assets from the District Retirement Board. Second, when those future obligations come due, the District's employees would join Federal employees at the mercy of the annual appropriations process. Where the District's unfunded accrued actuarial liability is $4.8 billion, the future obligations owed to Federal annuitants amount to more than $900 billion, of which only $380 billion is "funded" but with nonmarketable certificates of indebtedness. Within 20 years, the cost of redeeming the pension promises in the Federal cookie jar will surpass $100 billion annually. In 2041, those annual pension shortfalls are projected to exceed $220 billion. Mr. Mica foresees Federal pensions as becoming more vulnerable throughout that period in the absence of an adequate funding mechanism.

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

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

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

Mr. James Blum, Deputy Director, Congressional Budget Office, observed that the President's proposal takes advantage of the cash-

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

In response to questions, Mr. DeSeve conceded that there were alternative approaches to funding future liabilities for pension benefits, but claimed that the principal should be that the District provide for its employees' benefits. This proposal would freeze the current liabilities, and new proposals to address future coverage would be formulated consistent with the District's ability to pay. That ability would be enhanced by having the Federal treasury assume the current actuarial obligations. He also noted that the legislation created a new trustee for the retirement funds to enable the Secretary of the Treasury to manage the assets assumed under the bill.

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

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

$52 million to $104 million. She questioned whether the Congress would be willing to meet the projected $700 million annual costs in 10 years.

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

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

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

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

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

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

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

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

Mr. William E. Flynn, Associate Director for Retirement and Insurance, Office of Personnel Management, testified that the FEGLI program was instituted in 1954, and has been a "one size fits all" program. It has developed to include optional benefits, including coverage for spouses and dependents, incremental coverage in six levels, and coverage during retirement as well as accelerated coverage for the terminally ill. OPM has conducted six open seasons to enable enrollment after initial hiring, two of those open seasons have occurred since 1993. That open season resulted in coverage expanding from 88.4 to 89.9 percent of the Federal workforce. A 1995 open season was conducted following passage of the Living Benefits Act, and 1301 applications for benefits have been approved under that program. He reported that the Civil Service Commission had initiated the contract with MetLife, and that contract had been sustained since the program began. MetLife incurred some risk at the outset of the program because the fund had no reserves. Today, the fund has accumulated a balance that would probably cover all claims. OPM saw no need for a basic restructuring of the program.

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

Under questioning, Mr. Flynn acknowledged that there had been no recompetition of the contract in 43 years, but claimed that, in this case, "doing better" "can only mean we can operate more efficiently administratively." He observed that MetLife currently re-

ceives good reviews from program users. He reported that OPM has an initiative under way to review the benefit design of this program, perhaps to include universal life insurance or variable universal life insurance, which would add a cash value component to the current term insurance benefits.

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

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

5. Erroneous enrollments in the Federal retirement system.

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

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

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

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

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

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

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

Mr. Alan White reported that he was hired by the Department of the Air Force as a criminal investigator in August 1984, and had remained in CSRS through his transfer to the Inspector General's office in the Department of Defense. The mistake in his retirement enrollment was detected when he requested an estimate of the cost of buying CSRS credit for his military service (an option that is not available under FERS). His personnel office changed his retirement

enrollment to FERS on February 28, 1996, retroactive to his entry on duty in 1984. He learned about the change by mail on a Saturday, when his leave and earnings statement reported a drop in his CSRS account from $51,000 to $103. His personnel office did not notify him of the change until April, and both his agency and OPM proved unresponsive in providing guidance.

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

Mr. David Mangam of the Army War College had completed a military career when he accepted an overseas limited appointment from the Department of Defense in 1983. In 1984, he gained a career-conditional appointment at the Army War College, and was enrolled in CSRS when hired. He indicated that he would not have accepted the position unless he was able to benefit from the coverage of the CSRS, because he was interested in converting his military service under that system. The agency changed his enrollment in November 1996 and OPM's review fully supported the agency's action. He reported that the complete transition between the systems would require 257 pay periods—or nearly 10 years. He estimated that the mistake would cost him $30,000 per year, assuming retirement after 35 years of service. He also reported suffering aggravation of a diabetic condition that his doctors associated with the stress of the transition.

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

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

require the agencies that made the mistakes to make employees whole, and submitted a letter from the Department of Energy attorney which claimed that the Department lacks the authority to compensate employees for these errors under current law.

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

Mr. William E. Flynn of the Office of Personnel Management noted that the resolution of this problem would require actions of OPM, the Thrift Investment Board, the Internal Revenue Service, the Social Security Administration, and the Treasury Department. He reported that these agencies are conducting discussions, but that they had not agreed on a solution to the problems associated with enrollment errors. He added that a comprehensive solution is desirable to address concerns of employees, former employees, annuitants, and survivors who have been affected by these concerns. Under questioning from Representatives Mica and Cummings, Mr. Flynn agreed to submit a proposal to resolve these problems to the subcommittee no later than September 10, 1997. Mr. Flynn admitted that OPM has no idea of the number of individuals affected by these enrollment errors, and that he could not estimate the cost of correcting the errors throughout the Federal service.

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

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

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

6. Employment discrimination in the Federal workplace.

a. Summary.—Employment discrimination in the Federal workforce is a serious and continuing concern of the Congress. The subcommittee has received numerous reports of discriminatory practices by Federal agencies, as well as extensive information that demonstrates that the appeals procedures intended to resolve allegations of employment discrimination are not working. Data compiled by the Equal Employment Opportunity Commission and provided to the subcommittee indicate that, among non-Postal Federal agencies, complaints about employment discrimination have been filed at increasing rates since 1993. EEOC data indicated that white employees are filing more cases alleging race discrimination, and that age discrimination and religious discrimination cases are being filed more frequently. Filings of new cases increased even though the portion of complaints that are sustained after investigation has declined. The subcommittee received testimony in 1995 that reported that Federal employees file grievances at a rate five times higher than comparable private sector employees. Other testimony claimed that many Federal employees file grievances as a method of deterring Federal managers from acting to address performance problems among employees.

b. Benefits.—The investigation provided an opportunity to document deficiencies in appeals processes from the perspective of Federal employees with Federal discrimination complaints. The subcommittee received impassioned testimony alleging mistreatment from Federal managers, describing apparent conflicts of interests as agencies investigate charges leveled against senior managers by employees, and reinforced information about delays averaging more than 2 years facing employees who work through the EEOC procedures. Representative Martinez was provided an opportunity to explain his bill, the Federal Employees' Fairness Act (H.R. 2441), that would address some deficiencies in these procedures.

c. Hearings.—A hearing entitled, "Employment Discrimination in the Federal Workplace, Part I" was held on September 10, 1997. The hearing provided an opportunity to receive statements from three panels of witnesses to describe difficulties that they have encountered in working with the dispute resolution procedures available to Federal employees. Witnesses on the first panel included the Hon. Albert Wynn of Maryland, the Hon. Steny Hoyer of Maryland, and the Hon. Matthew Martinez of California. The second panel consisted of Mr. Oscar Eason, president, Blacks in Government; Mr. A. Baltazar Baca, president, National IMAGE, Inc.; Mr. Thomas Tsai, chairman, Federal Asian-Pacific-American Council; and Ms. Dorothy Nelms, president, Federally Employed Women.

The third panel included Mr. Howard L. Wallace, author, Federal Plantation: Affirmative Inaction Within Our Federal Government; Mr. Lawrence Lucas, Coalition of Federal Employees at the Department of Agriculture; Ms. Romella Arnold, National Association for the Advancement of Black Federal Employees; Ms. LaVerne Cox, Library of Congress Class Action Plaintiffs; and Mr. Sam Wright, Federal Aviation Administration employee.

In his opening statement Subcommittee Chairman Mica emphasized that there is no place for discrimination in the Federal workplace, and affirmed his commitment to improving the appeals procedures available to Federal employees. He noted that his efforts to reform the procedures were defeated in the previous Congress, but observed that the testimony heard in this session demonstrated beyond a doubt that those procedures desperately need reform.

Mr. Cummings reported that the Equal Employment Opportunity Commission is aware of difficulties in its Federal case processing procedures, and that the agency is developing recommendations to revise those procedures within the limits of its administrative discretion. He added that he was also concerned about reports from the Merit Systems Protection Board that indicated that minorities remain concentrated in lower grades of the Federal workforce, and that Federal agencies do not adequately understand that employment discrimination affects every aspect of the employee's life.

Ms. Norton claimed that the EEOC's jurisdiction has been expanded by the Civil Rights Act of 1991 and the Americans With Disabilities Act, and questioned whether the Commission has resources adequate to perform the associated responsibilities. She indicated dissatisfaction with the budget levels proposed by the President. She interpreted statistics available to her as showing relative stability, and noted that the statistics weren't where she had wanted them in the first place. She hypothesized that the combination of buyouts, early retirements, and optional retirements used to achieve downsizing should have resulted in more opportunities for minorities to advance within the Federal workforce. She believes that the current system of addressing employee disputes, which includes investigations by agencies of charges filed against them, involves an inherent conflict of interest.

Mr. Barrett described employment discrimination charges filed against senior officials of the Internal Revenue Service's [IRS] Milwaukee District Office. Even after the charges were confirmed by an EEOC administrative judge, the District Director announced that the discriminating supervisors would be allowed to retire "with dignity" rather than be disciplined. The victim of the illegal activities, however, continues to work, and has claimed retaliation in regard to the agency's response to her successful claims.

Mr. Wynn described the problem of employment discrimination in the Federal workplace as a "long-festering sore." He has concluded, after receiving complaints from numerous agencies, that the problem is systemic rather than a series of isolated incidents. He argued that the Federal service lacks diversity at the GS–13 to GS–15 senior management level. He considers the Federal experience to include "a chronic pattern of abuse, misuse, and manipulation of personnel laws." In particular, he claimed that minority employees frequently receive arbitrary personnel evaluations, and

that complaints often result in retaliation. He also claimed that the EEO process is under funded and ineffective.

Mr. Hoyer asserted that Congress has a moral and legal responsibility to ensure that Federal workplaces recognize discrimination as both immoral and contrary to principles of sound management. He conceded that there are invalid charges in the system, but claimed that the vast majority of these claims merit redress.

Mr. Martinez reported that he had previously served as chair of a subcommittee overseeing the EEOC. In hearings across the country, he reported numerous accounts of charges that had been rejected when agencies reviewed their own operations, only to have courts overturn the nondiscrimination findings when cases were taken to judicial channels. He contended that few employees have the resources to take agencies to court. He believes that the Federal Employee Fairness Act, which he had reintroduced, provided a suitable vehicle for streamlining the appeals process. He argued that administrative remedies are inadequate to address the problems that he has seen in the dispute resolution process. He noted that the Office of Management and Budget projected that his bill would save $25 million. He noted that his bill would remove EEO jurisdiction that currently rests within agencies.

Mr. Eason claimed that African Americans are being discriminated against in Federal employment, and that this discrimination has resulted in a decline in the percentage of African American men in Federal employment. (EEOC data indicate that the percentage of black men in the Federal workforce has declined from 8.41 percent in 1987 to 8.04 percent in 1996. Black men constitute 4.9 percent of the Civilian Labor Force.) He alleged that the process for addressing discrimination complaints has not been effective, but claimed that this process was the primary method of securing senior executive service promotions for minority employees.

Mr. Baca testified that Hispanic Americans are the fastest growing minority in the United States, but the only minority group that is under represented in the Federal workforce. He asserted that downsizing should not be used as a pretext for discrimination. He noted that Hispanic employees have successfully sued the Federal Bureau of Investigation, and that similar suits are pending against other agencies, including the Postal Service. He noted that the Bureau of Land Management has been successful in its efforts to recruit Hispanic employees. He agreed that many of the problems could be addressed by improving the appeals procedures available to employees. He argued that effective enforcement of current laws is necessary to progress.

Mr. Tsai alleged that discrimination has impaired the morale of Asian-Pacific-Americans, and contended that the two types of discrimination that are most commonly encountered by Asian Americans are nonselection and "work environment harassment." He recommended revising the "EEO program plan of each agency with specific goals to meet the needs and have the management involved in development of the program plan." He further asserted that managers should be held accountable for new efforts to achieve a diverse workforce.

Ms. Nelms asserted that the Federal Government, as the largest employer in the country, "has failed to establish a model workplace,

and has allowed discrimination to continue rampant." She reported that 72 percent of federally-employed women are in jobs rated between GS–1 and GS–8.5. Women comprise 42 percent of the GS–9 to 12 Federal workforce, 25 percent of its GS–13 to 15 workforce, and 19 percent of the Senior Executive Service. She claimed that federally employed women are subjected to both sexual harassment and sex discrimination. She praised cultural diversity efforts at different agencies, but asserted that the time needed to process complaints is too long, and that employees need additional training in the rights and obligations of Federal employees and agencies under the law.

Mr. Wallace claimed that systemic discrimination is rampant throughout the Federal sector. He asserted that, at every agency that he examined, minorities are the last hired and first fired, disciplined more often and more severely, and given much smaller awards. He agreed that the EEO process is broken, in part because "there is no incentive for managers to negotiate in good faith." He added, "Most EEO officers, counselors, and other EEO personnel are part of the problem. They are rewarded for discouraging employees from filing and making the process so difficult to understand that many complainants withdraw . . . out of frustration. Findings of discrimination are virtually nonexistent, yet billions are being wasted on processing paper work that amounts to . . . an exercise in futility." He recommended immediate dismissal for the most egregious managers, and a "three-strikes-and-you're out" law for repeat discriminators. He agreed that EEO processing should be removed from agencies and placed within the jurisdiction of the EEOC.

Mr. Lucas contended that the President's initiative on race cannot proceed until he has confronted discrimination in the Federal agencies. He asserted that the Department's proposal would "grandfather" county employees who have a history of discrimination and sexism into the Department. He noted that Secretary Glickman's Civil Rights Action Team [CRAT] had submitted 92 recommendations to address the problems at the Department of Agriculture, but Mr. Lucas described the Secretary's "zero tolerance of discrimination" initiative as a "paper tiger." He commented, "You all have created this dinosaur at the other end of Pennsylvania Avenue, and you are responsible for . . . the racism and sexism that exists in these Federal bureaucracies."

Ms. Arnold opened by announcing that her organization's first choice as a witness, a senior employee with the Department of the Interior, had been informed that "her career would be over" if she testified. Ms. Arnold appeared even though she feared reprisals as a result of testimony that she would provide. She commented that the Department has been the subject of numerous hearings and reports over the years, all indicating that the Department's employment practices systematically excluded African Americans as a class, and that the Department is ill-prepared to enter a more diverse century. She noted that blacks are 6.1 percent of the Department's employees, but 10.4 percent of the Civilian Labor Force. Interior has only four black males among its 365 attorneys. She recounted a history of incidents of inequitable treatment, including more than 700 discrimination complaints filed in 1996. She noted

that the Department averages 565 days to process such cases, more than three times the 180 day statutory limit.

Ms. Cox reported that the Library of Congress had been in the process of resolving the Cook class action lawsuit since 1975. Although the EEOC had found no discrimination in 1981, the U.S. District Court ruled in favor of the plaintiffs, and awarded $8.5 million in damages. She claimed that the Library continues to resist implementation of the Cook settlement, but information provided from the Library indicated that the Library was in compliance with the terms of the settlement. The class action plaintiffs had withdrawn four of five outstanding complaints in court action the previous week.

Mr. Wright reported that he has been employed by the Federal Aviation Administration since 1976, and involved in the EEO process since 1977. He contended that executive branch agencies fail to obey the law with regard to discrimination complaints, and that they are unwilling to investigate seriously claims of wrong-doing. When appellate agencies rule against Federal agencies, the agencies fail to take appropriate corrective actions. Federal officials, he alleged, incur no sanctions when found responsible for discrimination. He asserted that the Department of Justice and their agencies work to defend managers who are accused of discrimination. He described the nondisclosure clauses frequently included in settlement of discrimination complaints as "depriving employees of their first amendment rights." He recommended that the EEOC be granted the same adjudicatory powers over agencies as the Merit Systems Protection Board. He concluded that additional laws defining discrimination are unnecessary; the challenge is to get the agencies to comply with laws already on the books.

7. Employment discrimination in the pursuit of diversity.

a. Summary.—Federal agencies have devoted more than 30 years to efforts to eliminate illegal discrimination from Federal workplaces. Although agencies devote millions of dollars annually to training in the requirements of fair employment laws and other civil rights and diversity initiatives, the subcommittee has learned that complaints of employment discrimination based on race, gender, age, ethnicity, and related causes have increased in the past 5 years. The subcommittee has learned that at least one agency advertises positions for "unqualified applicants . . . ." The rise in the number of complaints filed, however, is not consistent with the decline in the number of cases where discrimination is found. Statistics provided by the Equal Employment Opportunity Commission indicated that the portion of cases where discrimination is found has declined, whether this is reflected in settlements with corrective actions and/or agency and appeals decisions. This investigation brought to light cases where agencies are responsible for unlawful discrimination.

b. Benefits.—The investigation augmented the subcommittee's record on employment discrimination in the Federal workforce by demonstrating the adverse consequences of diversity programs at several agencies. A hearing provided evidence that the Forest Service's hiring practices included advertising developmental assignments that sought "unqualified applicants" for firefighter positions.

It also provided an alternative perspective from scholars who conclude that the implementation of proportional goals inevitably conflicts with both merit principles and the free choices of individual applicants and employees. The subcommittee had the opportunity to review the intentions and effects of Representative Canady's bill (H.R. 1909) that would eliminate race and gender preferences in Federal employment and set asides in Federal procurement.

c. Hearings.—A hearing entitled, "Employment Discrimination in the Federal Workplace, Part II" was held on September 25, 1997. In efforts to implement diversity programs, agencies have been faced with claims of discrimination from employees who believe that merit staffing procedures have been violated. Witnesses testified that they continued to encounter agency resistance and bureaucratic delays after successfully prosecuting discrimination claims in Federal courts. Three panels of witnesses included the Hon. Charles Canady of Florida, the Hon. Wally Herger of California, Ms. Lynn Cole, attorney, Mr. Angelo Troncoso, Internal Revenue Service, Mr. Edward Drury, Federal Aviation Administration, Mr. Ronald Stewart, Deputy Chief for Programs and Legislation, U.S. Forest Service, Mr. G. Jerry Shaw, general counsel, Senior Executives Association, and Mr. John Fonte, adjunct scholar, American Enterprise Institute.

Subcommittee Chairman Mica noted that abuses of equal employment opportunity requirements can often be traced to excessive efforts to implement "diversity" programs, often through numerical goals or quotas. He emphasized that the Federal affirmative employment program was intended to work in the context of a merit system, not in conflict with it. He asserted, "Affirmative action in the Federal Government should never have been about anything other than hiring the most qualified employees." He indicated that he and Mr. Cummings would be working with agency heads to address some of the more egregious complaints raised during the subcommittee's hearings on this topic. He also reported his intention to develop appropriate legislative measures for passage by the subcommittee in 1998.

Mr. Herger reported that his office had encountered numerous incidents of discrimination practiced by the U.S. Forest Service in his district. He submitted documents advertising positions open only to applicants who do not meet minimum qualifications as well as a memorandum indicating that the Forest Service failed to fill firefighting positions when it could not get a sufficiently "diverse" pool of applicants, thus increasing risks of forest fires in communities adjacent to the forests where more than 800,000 acres burned last summer. Additional documentation showed that the Forest Service had received legal advice that these practices were in violation of the law, but continued them anyway.

Mrs. Morella agreed that she found the Forest Service's actions in these instances to be simply outrageous.

Mr. Canady reported that the Judiciary Committee's Subcommittee on the Constitution, which he chairs, has held nine hearings on Federal affirmative employment programs, and concluded that "it has become increasingly clear that it is exceptionally difficult to defend, as a matter of legal or moral principle, the government practice of granting preferences on the basis of race or sex." He recog-

nized that the United States has a history of unequal practices, but noted that the Nation has made great strides toward overcoming racism, and contended that "the answer . . . is not to be found in Federal policies that classify, sort, and divide the American people on the basis of their race and gender." He contended that, rather than end affirmative action, his proposed legislation would reaffirm the original purpose of affirmative action as an initiative based on outreach and recruitment, coupled with nondiscrimination in selection and contract awards.

Ms. Norton argued that the Supreme Court has already addressed Mr. Canady's concerns, that the President's "mend it, don't end it" approach has weakened affirmative action, and that many of the problems being addressed in this hearing are actionable under Title VII of the Civil Rights Act. Mr. Canady reported that, in spite of these remedies, Federal agencies continue to hire and promote, and award contracts based on quotas, and that we should establish solid nondiscriminatory policies as the legal standard, rather than rely on the courts to act for the Congress.

Ms. Cole reported that her clients have increasingly concluded that personnel decisions within their agencies are being made on bases other than merit, and that the remedies available through EEOC procedures are inadequate to resolve their growing dissatisfactions within the system. In response to questions, she indicated that when agencies face discrimination complaints, they act both as adjudicators and those accused, inevitably resulting in conflicts of interests. She advocated a stronger role for mediation within the EEO process. Mr. Troncoso, one of Ms. Cole's clients, is a Cuban-born immigrant who was denied promotions by the Internal Revenue Service [IRS] on three occasions, even though he was rated well-qualified every time and was the highest-rated applicant on two occasions. His efforts to seek redress through the agency's personnel procedures were rebuffed within personnel offices, which he characterized as defensive of management. He expressed concern that, even though he intended to make the IRS a career, he would experience retaliation as a result of this testimony. Mr. Drury is an air traffic control manager with the Federal Aviation Administration. After 26 years of service, he was removed from his position as an airport tower manager as a result of pressures generated by the National Black Coalition of Federal Aviation Employees. He subsequently filed complaints through the Department of Transportation, but that case was not considered on its merits. He reported that it required 2 additional years to get his case to trial, where the Government's litigation strategy appeared to be to defeat him on legal technicalities rather than address the merits of the case. When the jury heard the evidence, it awarded $500,000 in punitive damages, an amount subsequently reduced by the judge to the $300,000 statutory ceiling. He noted that a subsequent complaint that addressed retaliation concerns was pending within the EEOC, and had been there for 725 days.

Mr. Stewart claimed that his experience as a regional forester in California had provided first-hand perspective about the ways in which discrimination undermines agency morale, and asserted that the Chief (Michael Dombek) had taken significant initiatives to eliminate discrimination in the Forest Service. He also noted the

importance that Secretary of Agriculture Dan Glickman attaches to implementing his Civil Rights Action Team's recommendations. He noted a 37 percent reduction in open EEO cases as an indicator of the success of these efforts.

Mr. Shaw predicted that promotions within the Federal service are likely to become increasingly contentious as downsizing continues. He reported substantial increases in the numbers of minorities and women holding positions in the Senior Executive Service, even in the face of the administration's efforts to reduce both SES and GS–13 to GS–15 positions. He reported that a 1992 survey of Senior Executive Association members found that 92 percent believed that employees abuse the complaints procedures to intimidate managers and agencies from taking actions against poor performers. Further, 56 percent of his members believe that non-legitimate complaints are filed in ways that deter the filing of well-founded grievances. He concluded that managers have little grounds for confidence in the current EEO system. Even when agencies settle cases, they do not reflect intentional discriminatory actions. He recommended that employees should be required to make stronger cases before having them processed, and that once complaints are recognized as meritorious, they should be heard by a single outside agency.

Mr. Fonte argued that two visions of civil rights are in conflict. The traditional equal opportunity principles enshrined in civil rights laws and merit system principles have a different philosophical and legal foundation than the diversity principles being promoted recently. The diversity agenda, he demonstrated, rests on a theory of proportional representation that was rejected at the founding of the republic and has proved disastrous in any country that has attempted to implement it. He cited studies of people distributed in different occupations with different racial, ethnic, and gender compositions. Distributions reflected chosen avenues of opportunity rather than the result of discriminatory actions. He forecast that increased efforts to promote proportionalism would only increase dissatisfaction, because such a result can be realized only through heavy regulation in a command economy. He asserted, "We will never arrive at a right percentage for all groups in all positions and at the same time remain a free society." In response to questions, he cited reports that, rather than an effort to redress historical discrimination, 75 percent of recent immigrants are eligible for preference programs. The difficulty with diversity programs is that, once numbers are defined, they trump all other factors, especially merit.

8. Oversight of contracting out practices.

a. Summary.—The subcommittee conducted this investigation to provide additional information and to address changes since two previous hearings on contracting out that were conducted in 1995. In 1996, the Office of Management and Budget [OMB] published a revision of OMB Circular A–76, the policy document that establishes standards for conducting cost comparisons in Federal agencies. Although the subcommittee has heard charges that agencies have reduced budgets and converted numerous functions to contract in order to redesign processes and save money, OMB reported

that the Government's expenditures on contracting decreased to $111.7 billion in 1996, or $2.4 billion below 1995 levels. A hearing provided an opportunity for employee organizations to voice concerns about contracting practices.

b. Benefits.—The investigation provided an opportunity for the Office of Management and Budget and Defense agencies, which have the greatest experience managing competition for government services, to introduce recent data that documents the reduction in service contracting since GAO's last report in 1997. They entered into the record data demonstrating that 30 percent aggregate savings have been realized over a 10-year period from contracting for services. The long-term data provide a useful contrast to the anecdotal evidence that frequently shapes the discussion.

c. Hearings.—A hearing entitled, "Contracting Out—Successes and Failures" was held October 1, 1997. This hearing fulfilled the chairman's commitment to employee organizations that they would have an opportunity to describe some of the difficulties that they have encountered in dealing with contractors who perform services for Federal agencies. Witnesses included Mr. Christopher Donellan, legislative director, National Association of Government Employees, Mr. James Cunningham, national president, National Federation of Federal Employees, Ms. Patricia Armstrong, chapter president, Federal Managers Association, Cherry Point, NC, Mr. G. Edward DeSeve, Acting Deputy Director for Management, Office of Management and Budget, Mr. John Goodman, Deputy Undersecretary, Department of Defense, and Mr. Samuel Kleinman, Center for Naval Analyses.

Ms. Norton alleged that service contracting is driven by cost concerns alone, without adequate attention to the quality of work being performed. She has introduced legislation that would require cost comparisons, claiming that a 1994 General Accounting Office report concluded that agencies do not consistently save when they convert to contract. She has also sponsored legislation that would require OMB to develop an inventory of the number of people employed by service contractors, so that we could know whether, in converting employees, the number of people required to perform the work actually increased. She further proposed legislation that would reduce by $5.7 billion the amount of service contracting done by Federal agencies annually. The revenues would be directed to pay increases for civil servants.

Mr. Donellan claimed that contracting out of services inevitably reduces support, and accused contractors of poor performance and dishonest practices. He cited the example of a laundry services contractor at Ft. Leonard Wood, MO, who allegedly abandoned the installation owing employees $23,000 in back pay and with utility bills unpaid. The company also failed to pay employees taxes before declaring bankruptcy. Although the Department of Labor will intervene, employees are slated to receive only 22 cents on the dollar owed to them.

Mr. Cunningham asserted that any contracting out should be done only if all Circular A–76 procedures are followed, only if it can be demonstrated that there will be no decline in work quality, that a significant cost savings will be realized through the life of the contract, and that the contractor will be monitored extensively to

prevent abuses. He reported that members' requests for assistance in addressing issues related to contracting have increased tenfold in the past year, notably within the Department of Defense. He cited an example of a service contract for maintenance of Navy airplanes that purportedly places limits on the amount of rust required to be removed from bolts on airplanes, resulting in contractors' work failing to pass quality inspections. Federal employees wind up having to complete the work.

Ms. Armstrong reported that Congress wants to contract out $1 billion of the Navy work currently performed at the Cherry Point, NC, depot. She averred that under the revised Circular A–76, Federal managers have lost discretion to supplement their efforts with Federal employees; complete functions must be contracted. She noted that the Department of the Navy has 40,000 positions currently under review, and plans to review 80,000 positions over the next 5 years. Savings of $1.4 billion that will result from these cost comparisons have already been projected into future agency budgets. She also claimed that the Department of Defense is not able to monitor contracts adequately, resulting in overpayments and duplicate payments that are costly to taxpayers. She also observed that contract employees are allowed to strike, an option that is not available to Government employees. She cited a recent strike against the McDonnell-Douglas aircraft manufacturing division as one where contractor strikes allegedly affected Federal operations. She contended that competition, rather than contracting, is the key to savings, and that Federal employees have competed successfully for major contract awards.

Mr. DeSeve testified that the administration is incorporating competition into budget as part of its efforts to improve service delivery. Contracting is merely one element of the endeavor to improve the business practices of Government agencies to achieve effective operations in the context of a balanced budget. He stated that the goal is not simply to contract for more services, but to optimize the use of both private and public resources by selecting the most cost-effective providers. He declared, "We have no evidence that suggests that contractors are reducing their costs or otherwise developing an unfair competitive advantage by reducing pay and benefits to their employees." He cited the Clinger-Cohen Act as one of the legislative improvements that enable agencies to make more effective and efficient use of the marketplace. He noted that the administration opposed the Freedom from Government Competition Act (H.R. 716), which it views as unnecessarily restricting Federal employees from competing when contracts are under consideration. He also opposed H.R. 885, which would prohibit agencies from contracting when Federal employees can provide services at a lower cost, describing the bill as "unnecessary and administratively burdensome." He opposed legislation that would reduce contracting funds to pay for a Federal employee pay increase, commenting, "Reducing contract dollars without regard to the disruption of service requirements or the competitive costs of services could lead to significant inefficiencies and limit an agency's ability to respond to changing conditions, emergencies, and other requirements."

Mr. Goodman affirmed that the Department of Defense must improve the performance and reduce the costs of support provided to

the Nation's fighting forces. The Quadrennial Defense Review forecast that the Nation is likely to require more agile fighting forces in the future, and that maintaining those forces will require increased capital expenditures on weapons systems. In the absence of funding increases, productivity efficiencies are essential. Contracting is merely one element of a broad array of efforts to achieve that objective. He noted improvements in the Defense Logistics Agency's efforts to provide more direct shipments of goods acquired from private manufacturers, resulting in substantial improvements in force readiness. He described the Department's approach as "a clear and measured approach of introducing competition into our support activities," rather than wholesale outsourcing. The Department saves more than $1.5 billion annually as a result of 2,000 competitions conducted between 1978 and 1994, and claimed that competitions reduce costs by an average of 30 percent, regardless of whether private contractors or public employees win. Half of the competitions did not result in outsourcing. He noted that the General Accounting Office had confirmed these findings in a March 1997 report. He noted several recent competitions that did bring functions in-house after contractors lost to teams of Federal employees. He emphasized the continuing partnership with the Department's workforce, and described placement efforts associated with workforce reductions.

Mr. Kleinman noted that the Defense Department's review of competitions showed that savings averaged 20 percent when functions are retained in-house, and 40 percent when they are converted to private contractors. These figures include the 3 to 10 percent of costs required to monitor contractors' performance. He attributed these savings to the efficiencies resulting from competition. Although Federal employees have right of first refusal to positions with contractors, most prefer to remain with the Government, and only 3 percent accept contractors' offers of employment. He refuted assertions that costs increase after contracts are awarded, noting that the functions are subject to recompetition, and that there are always additional bidders eager for the business if costs rise. He acknowledged a couple of defaults, but reported that in most cases costs were contained and quality maintained.

In response to questions, Mr. DeSeve emphasized that the important information needed to assess performance is data about the costs of production and the level of services provided. He asserted that he does not need to know the number of employees working on any particular contract, and that he would not have any use for the information if it were collected. He pointed out that, in many cases, the important factor is the method of providing services, a concern that frequently requires differing technologies rather than additional people. He noted that, when OPM eliminated its training workforce, it resulted in no significant change in training for Federal employees. He also observed that the change to contract investigations has resulted in sustained quality and the creation of a successful new business.

9. Review of Premiums Under the Federal Employees Health Benefits Program [FEHBP].

a. Summary.—Approximately 9 million Federal employees and retirees and their dependents obtain health insurance through the FEHBP. Following 5 years of relative stability in FEHBP premiums, including 2 years in which average premiums declined, OPM announced that 1998 premiums would increase by an average of 8.5 percent. The subcommittee conducted an investigation to examine the factors contributing to these increases.

The subcommittee's examination revealed that the 8.5 percent average premium increase masked wide variations in individual plan experiences. The employees' share of the premium increased, on average, by 15.4 percent. While premiums for a number of plans remained unchanged or actually decreased, the total premium for two employee-organization plans rose over 20 percent, causing the employees' share to soar as much as 75 percent.

b. Benefits.—The subcommittee determined that the increases generally reflected rising health care costs and decreased plan reserves. Although the most recent Government mandates did not appear to add appreciably to the 1998 increases, the subcommittee was warned that government-imposed mandates drive up costs and can contribute to significant increases in future premiums. For example, Blue Cross-Blue Shield testified that the cumulative effect of the 27 mandates imposed by OPM since 1990 was to increase its 1998 premiums by about $100 million. Likewise, the subcommittee learned that Maryland-based HMOs have been placed at a competitive disadvantage in the National Capital Area because State-mandated benefits have driven up their premiums. The increased costs caused by mandates are, of course, borne by the employees and retirees who participate in the FEHBP and by the taxpayers. The subcommittee was also cautioned against overregulation of FEHBP premiums.

The subcommittee's investigation also demonstrated that employees would have paid less for health insurance if either the "Fair Share Formula," enacted in the Balanced Budget Act of 1997, or the "Fixed Dollar Formula" proposed by Subcommittee Chairman Mica in 1995 had been in effect. Under the "Fair Share Formula," the average employees' share would have risen by 10 percent rather than 15.4 percent; the increase under the "Fixed Dollar Formula" would have been only 11.6 percent.

c. Hearings.—A hearing entitled, "FEHB Rate Hikes—What's Behind Them" was held October 8, 1997.

10. Suspension of affirmative action at the IRS.

a. Summary.—In a May 1997, decision in *Byrd* v. *Rubin,* a U.S. District Court for the Western District of Louisiana ruled that the Internal Revenue Service's affirmative employment program was unconstitutional because it could not meet the strict scrutiny standards that the Supreme Court determined to be appropriate in *Adarand Construction* v. *Pena.* Rather than contest the Byrd case on its merits, the Government settled the case with Mr. Byrd and his three fellow plaintiffs. As was reported in previous subcommittee hearings on employment discrimination, that settlement included a nondisclosure agreement which cloaked the terms of the

settlement from congressional oversight. The Department of Justice secured a modification of the settlement agreement that permitted informing Congress of the terms of the settlement, but redacting the amount of compensation paid to the litigants. On August 19, 2 days before the settlement agreement was signed, acting IRS Commissioner Michael Dolan issued a memorandum suspending two elements of employees' performance appraisals and two elements of the agency's business plan so that those elements could be revised to comply with constitutional requirements. On September 22, IRS' National Personnel Director, Mr. James O'Malley (who accompanied Mr. Fowler to the hearing) issued a memorandum revising the standards that had been suspended the previous month.

The IRS had been identified in both of the subcommittee's previous hearings on employment discrimination in the Federal workforce. Although the Office of Personnel Management has responsibility for governmentwide personnel policies, the IRS testified that it had not consulted with OPM in acting to address its affirmative employment program. IRS also stated that it had consulted with the Department of Justice, which issued guidance to Federal agencies on compliance with *Adarand* on February 29, 1996. Justice not only had initiated legal guidance in the area, but it would also have responsibility for defending any modified standards in subsequent litigation. IRS reported that its workforce is 67 percent female and 35 percent minority, so continued application of affirmative employment standards raised questions about whether the agency was applying "diversity" criteria improperly.

b. Benefits.—This investigation continued the subcommittee's efforts to understand the full effects of race and gender preferences in Federal human resource management operations. The IRS faces continuing scrutiny because of abuses of taxpayers and employees documented in recent reports, and reflects several challenges facing all Federal agencies in their efforts to "mend" affirmative employment practices consistent with the Department of Justice's guidelines issued after the *Adarand* v. *Pena* decision. The hearing provided the foundation for additional oversight activities that will be continued in the next session.

c. Hearings.—A hearing entitled, "IRS' Suspension of Its Affirmative Action Program" was held on October 28, 1997. The witness testifying at the hearing was Mr. Charles D. Fowler, National Director, Equal Employment Opportunity and Diversity Program, Internal Revenue Service.

Subcommittee Chairman Mica affirmed in his opening statement that the subcommittee has a responsibility to ensure that important issues of public policy are not being decided through settlement agreements that are not subject to congressional review. He also emphasized the importance of ensuring that every Federal employee is hired, evaluated, and terminated on an equitable basis.

Mr. Cummings was reassured by the IRS' implementation of revised performance elements and its renewal of its commitment to affirmative action.

Ms. Norton stressed the importance of implementing affirmative action programs consistent with the law, and observed that Title VII of the Civil Rights Act of 1964 favors settlements over litigation. She believes that consistency is important so that agencies

are not vulnerable to litigation based on any perceived inconsistencies.

Mr. Charles Fowler, who was accompanied by Mr. Dennis Ferrara of the General Counsel's office and Mr. James O'Malley, the IRS' National Personnel Director, had emphasized the principle of equitable treatment for all employees as a way of doing business since assuming his responsibilities (within 6 weeks before this hearing). He claimed that the Service remains committed to both its diversity program and the concept of equitable treatment of all its employees. In response to questions, he expressed hope that the revised standards would encourage agency managers not to undertake actions that might be in violation of the law. The September 22, 1997, memo eliminated language included in previous standards that might have been interpreted as approving numerical targets. He added that the performance elements in place are temporary and subject to revision as the agency develops better ways to describe its managers' appropriate responsibilities.

Mr. Fowler asserted that the agency has no numerical goals at present, and even the document on managing the workforce that had been a source of concern in the Byrd case, ERR–16, concentrated on positions of national level. Mr. Fowler indicated that outreach strategies would be used to address concerns about the diversity of upper management in the agency.

Mr. Cummings indicated that he had encountered criticisms that the IRS was acting without adequate explanation of its decisions in selecting personnel for "acting" and "developmental" assignments. These are opportunities that employees consider important in terms of career development. Mr. Fowler responded that review of these selections is an important element of his efforts in this position. He also added that he would make appropriate contacts with OPM and EEOC to endeavor to develop a consistent strategy to the concerns raised about these programs.

11. The merits of holding a CSRS to FERS open season.

a. Summary.—The Treasury-Postal and General Government Appropriations Act of 1997 (Public Law 105–61) included a provision that would have allowed civil servants enrolled in the Civil Service Retirement System [CSRS] to switch their enrollment to the Federal Employees Retirement System [FERS]. Section 642 of the law would have authorized an open season between July 1 and December 31, 1998. This provision, however, was the subject of an item veto exercised by President Clinton on October 16, 1997. Mr. Mica reported that the item, with costs estimated at $2.1 billion over 5 years, was the single largest item veto exercised by the President to date. In vetoing this provision, the President had noted that the provision was introduced by the Senate during conference, and that the measure had not had adequate opportunity for hearings and public discussion.

b. Benefits.—This investigation provided an opportunity for the subcommittee to review the President's use of the item veto on the measure having the largest cost and potential impact on Federal employees. It enabled a comparison of different bases of estimating the cost of this action, and dispelled impressions that an open season allowing for additional numbers of employees to shift from

CSRS to FERS might provide a method of reducing the Government's long-term pension obligations under the older Federal retirement system.

c. Hearings.—A hearing entitled, "CSRS–FERS Open Season—What are the Merits?" was held on November 5, 1997. Witnesses included William E. Flynn, Associate Director, Retirement and Insurance Services, Office of Personnel Management, Michael Brostek, Associate Director, Federal Workforce and Management Issues, General Accounting Office, and Paul Van de Water, Assistant Director, Budget Analysis Division, Congressional Budget Office.

As chairman of the authorizing subcommittee, Mr. Mica called the hearing to examine the merits of the issue and consider the appropriateness of enacting separate authorizing legislation. Federal employees had an opportunity to switch their enrollment into the newer retirement system when FERS was established in 1987. At the time, only 4 percent of the eligible employees took advantage of the open season to switch enrollment, although the Congressional Budget Office had estimated that approximately 10 percent of CSRS employees would do so. With 10 years' experience in the Thrift Savings Plan, supporters of the open season believe that a different dynamic might affect employees' decisions about retirement enrollment. Mr. Mica noted that the unfunded liability of the Civil Service Retirement and Disability Fund had increased during the previous 2 years, and that those obligations now constitute the fourth largest government debt being transferred to future generations. He also noted that, in light of the difficulties that the Office of Personnel Management [OPM] encountered managing the previous transition, and the importance of correcting enrollment mistakes already in the system, that the agency might have difficulty administering another open season.

Mr. William E. Flynn of OPM testified that the administration had estimated that approximately 5 percent of the eligible employees, or about 60,000 individuals, would switch if an open season were held during 1998. He indicated that employees interested in switching might delay normal retirements to gain exemption from Government pension offset and windfall elimination provisions of Social Security law, and that agencies with unique demographic mixes might experience some human resource management challenges as a consequence of the new incentives that would be provided to employees. He estimated that the transfers would reduce the CSRDF's net actuarial unfunded liability by less than $2 billion, but when added costs for FERS funding and Thrift Savings Plan [TSP] contributions are included, the result would probably increase the long term costs to the Government. He stressed that many factors could affect individual decisions about retirement system enrollment, so that there are no sure methods of projecting the level of interest in such an open season.

Mr. Michael Brostek of the General Accounting Office noted that participation in the TSP has risen substantially since its inception, and that more than half of lower-graded employees and nearly all higher-grade employees now participate. By transferring from CSRS to FERS, employees would become eligible for matching funds for current contributions, a factor that could increase incen-

tives to enter the newer system at considerable cost to the Government. Agencies' retirement costs would increase for each employee who transferred to FERS. GAO provided estimates that the additional costs of such transfers could be projected at a rate of $32 million per year for each 1 percent of the Federal workforce that switched to the newer system.

Mr. Paul Van de Water of the Congressional Budget Office [CBO] reported that his agency had estimated that only 1 percent of the CSRS employees would switch to the new system if provided another open season. This projection was based upon previous experience, adjusted for the reduced portion of the Federal workforce that remains in CSRS. CBO projected that these switches would raise net Federal costs by $250 million over the next 10 years, with most of the additional expense attributable to increased agency payments to the TSP accounts of employees. He indicated that employees who had already reached the maximum CSRS benefit would benefit from such a switch, as would employees with minimal CSRS coverage who would desire to avoid public pension offset provisions of the Social Security law. Both groups would impose additional costs on the Government.

Mr. Brostek indicated that differences between the cost of living adjustment provisions in CSRS and FERS contribute to the continuing escalation of CSRS projected costs. Mr. Van de Water emphasized that, despite differences in details, all three projections indicated that the open season would cost Government in the aggregate. He added, that when each of the estimating models use comparable assumptions to project future costs, they reach similar conclusions. Given the difficulties of projecting switch rates, these variations are inevitable.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

1. Blue Plains Wastewater Treatment Plant.

a. Summary.—The purpose of this subcommittee investigation is to review the significance of the Wastewater Treatment facility in the city of Washington, DC, and the immediate region. Most all Federal facilities, in all 3 branches of government, plus approximately 2 million residential users in Virginia, Maryland, and the District, depend upon Blue Plains. It treats an average 325 million gallons a day on 154 acres in Southwest Washington. A collapse of Blue Plains, which seemed possible last year, would be an ecological catastrophe.

As recently as September 1995, the Environmental Protection Agency [EPA] warned of a very real possibility that raw sewage would flow into the Potomac because of serious shortcomings at Blue Plains. But since the new Water and Sewer Authority came into existence, on October 1, 1996, there have been no EPA violations. And there have been no more "boil water alerts."

Subcommittee Chairman Davis convened a hearing to enunciate the improvements as a result of the new Water and Sewer Authority on November 12, 1997.

b. Benefits.—In review of the current situation at Blue Plains under the new Water and Sewer Authority, existing concerns and practical solutions were explored. The new law, in place for 13

months at the time of the hearing, established an 11 member Authority, with 5 suburban representatives and a super-majority required for significant actions. Blue Plains was transferred to the Authority from the Public Works Department of the District of Columbia government. There is an orderly payback of $83 million dollars planned for the Authority from the District of Columbia government. Subcommittee Chairman Davis praised the role of the local, State, and Federal officials who worked together to make it possible for the Water and Sewer Authority to work very well. Additionally, Subcommittee Chairman Davis praised the role of the subcommittee and its bi-partisan fashion in which it conducted itself for helping to reverse many dangerous trends at Blue Plains.

c. Hearings.—On November 12, 1997, the subcommittee held an informational hearing on the "District of Columbia Water and Sewer Authority." The hearing followed just over the 1 year anniversary of the Water and Sewer Authority. Those testifying were, Michael McCabe, Region 3 Administrator, Environmental Protection Agency; Michael Rogers, chairman, Washington District of Columbia Water and Sewer Authority; Jerry N. Johnson, general manager, Washington District of Columbia Water and Sewer Authority; Honorable Douglas Duncan, county executive, Montgomery County, MD; Michael Errico, deputy chief administrative officer, Prince Georges County, MD; Anthony H. Griffin, alternate member, Washington District of Columbia Water and Sewer Authority, Fairfax County, VA.

2. Public Law 104–8, District of Columbia Financial Responsibility and Management Assistance Authority (D.C. Control Board).

a. Summary.—An oversight hearing was conducted to review the implementation of the management reforms required by the national Capital Revitalization and Self-Government Improvement Act of 1997 (Public law 105–33) by the D.C. Control Board. Legislation originating in this subcommittee and signed by the President on April 17, 1995 (Public Law 104–8) created the D.C. Control Board and conferred upon it responsibilities and authority. Since that time the underlying statute has been occasionally refined and the Control Board has participated in a significant number of hearings held by this subcommittee dealing with various significant issues affecting the District of Columbia.

The management reforms enacted as part of Subtitle B of Title XI of the Revitalization Act (Public Law 105–33) went into effect following the President's signature on August 5, 1997.

b. Benefits.—The management reforms were enacted in response to the exceptionally poor management practices which Congress noted in the District government. Almost without exception, the District lacked sound management and direction. It was manifestly clear to Congress that changes had to be made rapidly in order to avoid a complete breakdown of municipal services. These reforms were not motivated by desire to confer or remove specific power from existing government entities. Rather, the reforms were enacted by a strong belief that management issues are the long term keys to the best possible government and prosperity for the District. The management reforms directed the Control Board and the city to develop and implement management reform plans for 9

specified departments of the District government. All entities of the District government were directed to develop and implement management reform plans in the areas of asset management, information resources management, personnel, and procurement. The Control Board was required to enter into contracts with consultants to develop the management reform plans.

Management reform teams were established for each management reform plan. Department heads were directed to take any and all steps within their authority to implement the terms of the plan. In the case of a management reform plan covering the entire District government each member of the management reform team was instructed to take any and all steps within the member's authority to implement the terms of the plan, under the direction and subject to the instructions of the chairman of the control board. In carrying out any of the management reform plans the member of the management reform team was required to report to the Control Board. Such reports were required to be made solely to the Control Board.

During the control year, as defined by Public Law 104–8, the Mayor may appoint the head of each department following recommendations from and consultation with the Control Board and notification to the city council. Each nomination of a department head is subject to approval by the control board. Appointments may be made directly by the control board if the Mayor does not make a nomination within 30 days from the date any vacancy begins, or for a longer period as established by the Control Board upon notification to Congress.

A vacancy was deemed to exist in the head of each of the 9 departments mentioned upon enactment of Public Law 105–33. The Control Board was also given the power to remove any department head. Removal by the Mayor was made subject to approval by the Control Board.

Executive summaries of the initial consultant's reports were made available on October 16, 1997. These reports confirmed deep problems throughout city government. On December 5, 1997, the Control Board announced plans to implement a number of recommendations for improving city services. A reported 170 projects were listed for priority consideration. The Control Board also indicated an intention to submit a report to Congress in January 1998, regarding final decisions about management improvements. A new chief management officer, as required by the Revitalization Act, is expected to be appointed shortly. The recently enacted Budget for fiscal year 1998 (Public Law 105–100) signed by the President on November 19, 1997, provides the Control Board with great flexibility in these areas.

c. Hearings.—Subcommittee Chairman Davis convened a hearing on December 19, 1997, "Oversight Hearing on D.C. Control Board, Implementation of Public Law 105–33 and Police Matters."

Witnesses who gave testimony to answer concerns of the subcommittee were Dr. Andrew Brimmer, chairman of the District of Columbia Financial Responsibility Management Assistance Authority (D.C. Control Board); Mr. Stephen Harlan, vice chairman, D.C. Control Board; and Ms. Sonya T. Proctor, acting chief of police, Washington D.C. Metropolitan Police Department.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

1. GAO High-Risk Series.

a. Summary.—The General Accounting Office [GAO] High-Risk Series highlights programs, activities, or agencies particularly vulnerable to waste, fraud, and abuse. GAO compiled the first high-risk list in a letter dated January 23, 1990. The letter responded to a request from the chairmen of the House Government Operations Committee and the Senate Governmental Affairs Committee based on congressional concern that waste, fraud, and abuse were endemic throughout the Federal Government. GAO found that the Government was plagued by serious breakdowns in its internal control and financial management systems. If uncorrected, these breakdowns create an environment ripe for waste, fraud, and abuse. The January 23rd letter also found that these serious breakdowns in systems controls had been known, in several instances for many years, but had not been corrected by the agencies. The high-risk series was an attempt to ensure that areas likely to result in material losses are identified, and that appropriate corrective actions are undertaken to stem or minimize the losses. GAO decided to continue monitoring agencies progress in correcting the problems and, in 1993, changed the format from a letter to a series of reports, 17 in all. In 1995, GAO identified 20 high-risk problems. Now, with the issuance of the 1997 series, the number of areas considered particularly vulnerable to waste, fraud, and abuse has risen to 25, including 10 that were on the original list.

Subcommittee Chairman Horn convened a hearing to examine the substantive problems behind the programs on the high-risk series. The subcommittee heard testimony from Gene L. Dodaro, Assistant Comptroller General, Accounting and Information Management Division, accompanied by Keith O. Fultz, Assistant Comptroller General, Resources, Community and Economic Development Division, and Henry L. Hinton, Jr., Assistant Comptroller General, National Security and International Affairs Division, all from the U.S. General Accounting Office.

Mr. Horn opened the hearing by noting the challenges presented by both the areas that have been on the high-risk series since 1990 and the new areas that were added in 1997. He asked for analysis from GAO on the problems that land agencies on the high-risk series and the types of solutions that enable them to improve.

Gene L. Dodaro opened his testimony by focusing on the problems at the Department of Defense and the Internal Revenue Service. He noted that as of 1995, about half of the $70 billion in defense inventory, or $35 billion, was not needed. He further noted that no major component of the Department of Defense had received a positive audit opinion. In terms of the IRS, he noted that for the past 4 years, GAO has been unable to render an audit opinion at the IRS. The reason is that the IRS has been unable to substantiate the balances of $1.4 trillion in revenues collected with the account balances of individual taxpayers.

Mr. Dodaro also addressed the major information technology projects on the high-risk series, including the tax system modernization at the IRS and the air traffic control modernization ef-

fort. He noted the importance of the Clinger-Cohen Act for improving the record on these projects, as well as for addressing one of the major new additions to the high-risk series, the year 2000 problem. He stressed the importance of reform legislation in general, noting the importance of "fully and effectively implementing the legislative foundation established for broader management reforms." Mr. Dodaro emphasized the Chief Financial Officers Act of 1990 and the Government Performance and Results Act of 1993.

b. Benefits.—Publicity is one of the best cures for waste, fraud, and abuse in Government. The high-risk series brings much-needed congressional attention to areas where management is inadequate. Focus on the series and the issues outlined in it provide useful direction for implementation of important reform legislation. According to the General Accounting Office, areas of waste that can be substantially reduced include:

$6–$20 billion in fraudulent and abusive Medicare claims (1996),

$1 billion in SSI overpayments (annually),

$132 million in tax filing fraud (1995).

c. Hearings.—The subcommittee held a hearing entitled, "Oversight of the General Accounting Office's High-Risk Series," on February 13, 1997.

2. Year 2000 Computer Date Problem.

a. Summary.—Many computers that use two digit date fields will fail to recognize the century date change on January 1, 2000. After midnight on the last day of "99," computers around the world will automatically flash to "00"—and many will interpret these digits as the year 1900 instead of the year 2000. If left unchanged, affected computer systems will be unable to function or send correct and accurate information to multiple systems. This issue must be addressed promptly by industry and government.

The Subcommittee on Government Management, Information, and Technology held its initial hearing on the year 2000 problem on April 16, 1996. The specific focus was on what Federal agencies were doing to prevent a possible computer disaster on January 1, 2000. Kevin Schick of the Gartner Group, expressed concern that "there is no sense of urgency . . . [I]f [Federal agencies] are not already well into this project by October of 1997, [the Government] will be doing a disservice to the very constituents that depend on [it] to prevent something like this from happening to them . . .".

Alarmed by what the subcommittee learned at that hearing, Subcommittee Chairman Stephen Horn and Ranking Member Carolyn Maloney sent a joint congressional oversight letter on behalf of the subcommittee. The letter was addressed to each Cabinet department and 10 additional agencies. The April 29, 1996, letter asked 13 detailed questions intended to learn the status of each agency's preparation for the year 2000.

The overall response the subcommittee received was discouraging. Only 9 of the 24 agencies responded that they had a plan for addressing the problem. Five of the agencies had not even designated a specific official within the agency to be responsible for the problem. No agencies had complete cost estimates for fixing the problem. Only seven agencies even had partial estimates. Efforts at

the Departments of Energy and Transportation were so primitive that neither could answer any of the 13 questions posed by the April 29th letter. Many agencies with direct responsibilities for furnishing services to the public, such as the Departments of Labor and Veterans Affairs and the Federal Emergency Management Agency, had only the most limited year 2000 initiatives underway.

Appearing before the House Appropriations Subcommittee on Treasury, Postal Service and General Government on March 11, 1997, the Director of the Office of Management and Budget committed to furnishing Congress with a quarterly report on Federal progress toward correcting the year 2000 computer problem. The first quarterly report was transmitted to Congress on June 23, 1997. It was based on data provided to OMB by all major departments and agencies on May 15, 1997.

The subcommittee convened three hearings on this issue. The first hearing drew, in part, on agency responses to a January 14, 1997 oversight letter to each of the statutory department and agency Chief Information Officers. Witnesses included the following agency Chief Information Officers: Ms. Liza McClenaghan, Department of State; Assistant Secretary Emmett Paige, Department of Defense; Ms. Patricia Lattimore, Department of Labor; Mr. John J. Callahan, Department of Health and Human Services; Associate Deputy Secretary Michael Huerta, Department of Transportation; and Mr. Mark D. Catlett, Department of Veterans Affairs. In addition, Joel C. Willemssen, Director, Accounting and Information Management Division, General Accounting Office, testified about GAO's work on the topic.

Mr. Horn opened the hearing with reference to the January 14 letter that requested information from each agency on its year 2000 plans, noting that "the quality of the response varies widely." Mr. Horn outlined three questions every agency must answer:

1. Have you defined the size and scope of the problem?
2. Do you know how and when the fixes will be made?
3. Have you identified mission critical systems and set clear priorities for action?

Mr. Horn expressed grave concern that 12 of the 14 Federal Departments plan to implement their solutions in the final 3 months of 1999.

Joel C. Willemssen's testimony focused on GAO's newly-released report: "Year 2000 Computing Crisis: An Assessment Guide." The purpose of the report was to provide a useful framework for agency managers to use in planning and implementing their year 2000 programs. Ms. Liza McClenaghan, Chief Information Officer for the Department of State, testified that the Department of State had accurately defined the year 2000 problems if faced. She reported that 57 of the 85 mission-critical systems were not year 2000 compliant. She estimated the total cost of the year 2000 problem for the State Department at $135.2 million. She stated that the strategy included integrating year 2000 fixes into a larger plan for modernization of information technology infrastructure.

Assistant Secretary Emmett Paige, Department of Defense, testified that the DOD was "far down the road to completing" the assessment phase. He pointed to the Defense Integration Support Tools, or DIST, as a management tool to track essential informa-

tion regarding DOD systems. He also noted that the DOD was reprogramming resources from all areas for use in solving the year 2000 problem and asked that Congress reduce the drain on resources by lowering the number of special reporting requirements.

The subcommittee's second hearing on the year 2000 problem in 1997 extended the focus beyond standard computer systems to survey other affected technologies, including a variety of consumer products. Witnesses testified on the year 2000 risks associated with embedded microprocessors. Many critical technology systems depend on automated devices that control their operations. These can include security systems for badge readers, surveillance and home security systems, medical devices, factory machinery, and telephone systems. Problems associated with date calculations in these devices can result in various malfunctions or shutdown.

At the hearing, Bruce Hall, research director for the Gartner Group, explained the "time horizon to failure" issue. Ann Coffou, managing director, Giga Group, testified on the problems with embedded microchips. Vito Peraino, an attorney with Hancock, Rothert & Bunshoft, covered the potential for year 2000 liability claims. Harris Miller, president, Information Technology Association of America, testifying about his organization's certification program for the year 2000 software conversion process. Following the hearing, the chairmen and ranking members of the two subcommittees sent an oversight letter to department and agency heads to determine whether the agencies were assessing their vulnerability to the embedded chip problem.

The subcommittee's third hearing on the year 2000 problem in 1997, once again held jointly with the Technology Subcommittee, evaluated Federal department and agency progress on the basis of the quarterly progress report provided to Congress by the Office of Management and Budget. At this hearing, committee members called upon the executive branch to attach far greater priority to the year 2000 effort.

Subcommittee Chairman Horn opened the hearing by stressing the importance of high-level attention for progress on this problem. With the Office of Management and Budget as lead witness, he asked: "Has the President of the United States made this an issue? He is one of the great communicators of this century. We need him to awaken the Nation to this very serious situation." He also asked whether agency timetables were realistic and adequate to solve the problem before the unmovable deadline of midnight, December 31, 1999, and whether agencies have sufficient management processes in place to monitor their year 2000 efforts. He asked these questions in the context of the disappointing news reflected in OMB's quarterly report, which showed that some agencies with critical responsibilities for providing public services were stuck at the starting gate. As of May 15, noted Mr. Horn, fully 18 out of 24 agencies had yet to finish assessing the vulnerability of their computer systems to the year 2000 problem; 10 out of 24 agencies had yet to complete any testing of software changes. Mr. Horn stated that these were discouraging and worrisome statistics.

Sally Katzen, Administrator, Office of Information and Regulatory affairs, Office of Management and Budget, testified that the administration's estimate for governmentwide cost of preparing its

computers for the date change had risen to $2.8 billion, from $2.3 billion in February. Despite this, she insisted that the Government was on track to complete all necessary fixes before January 1, 2000. Her prepared testimony concluded that "the year 2000 computer problem will be a non-event." She testified that "we will all breathe a very happy sigh of relief on December 31st, 1999."

Joel Willemssen, Director of Accounting and Information Management Division, General Accounting Office, was much less optimistic. He testified that based on the latest information, Federal agencies simply did not have enough time to complete all necessary fixes. He strongly urged agencies to prioritize so that critical systems are fixed in time.

Joe Thompson, Chief Information Officer, General Services Administration, testified that the General Services Administration is working to raise awareness of the year 2000 problem throughout the government. He reported that GSA's Federal Supply Service has notified manufacturers and service and equipment providers that all products sold to the Government must be year 2000 compliant.

Kathleen Adams, chair of the Interagency Year 2000 Subcommittee of the Chief Information Officers Council and Assistant Deputy Commissioner for Systems, Social Security Administration, testified on the role of the Interagency Year 2000 Subcommittee. She reported that the year 2000 subcommittee is developing a database that will contain information regarding whether commercial-off-the-shelf software presently in use in Federal agencies will function properly after the date change. She stressed that although the efforts like this database can help, the responsibility for success or failure ultimately lies with the Chief Information Officer of each agency and with OMB.

b. Benefits.—The year 2000 problem is going to be expensive to the taxpayers, but how expensive depends on how quickly officials step up to the problem. Administration cost estimates are already nearing $4 billion, and figures in this range have been deemed dramatically low by a variety of experts. The ultimate cost depends to a great extent on how early and how efficiently the Government can address the problem. The costs associated with fixing this labor-intensive problem will rise significantly as the date change nears. Furthermore, failure to repair computers before the date change will bring a variety of costs of untold proportions. It is therefore critical that the fixes are made and made early. Effective efforts to expedite this process will save the taxpayers considerable amounts of money.

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

c. Hearings.—The Subcommittee on Government Management, Information, and Technology held three hearings on this issue in the first session of the 105th Congress: (1) "Will Federal Govern-

ment Computers Be Ready for the Year 2000?" February 24, 1997; (2) "Year 2000 Risks: What Are the Consequences of Information Technology Failure?" March 20, 1997, held jointly with the Subcommittee on Technology of the Science Committee; and (3) "Will Federal Government Computers be Ready for the Year 2000?" July 10, 1997, held jointly with the Subcommittee on Technology of the Science Committee.

3. Implementation of the Government Performance and Results Act.

a. Summary.—The American voters have made it clear that they think the Federal Government is too often ineffective, inefficient, and overly expensive. Real reform must involve fundamental changes in how the Government operates, beginning with the adoption of effective management techniques from the private sector. Outcome-oriented or results-driven performance management strategies adopted from the private sector are the driving force of the Government Performance and Results Act of 1993.

The Government Performance and Results Act is the centerpiece of Federal management reform in recent years. In essence, the act requires Federal agencies to ask and to repeatedly answer some very basic questions: What is the agency's mission? What are its goals and how will the agency achieve them? How can the agency's performance be measured? How should that information be used to make improvements? These questions are answered in Strategic Plans, required by the Results Act to be completed for the first time by September 30, 1997. The plans provide the framework for agency's management to examine activities throughout the organization, ensuring that all activities relate to the agency's basic mission. To Congress, this is an opportunity for a broad discussion about an agency's future direction and program priorities.

In preparation for this historic submission of the first Strategic Plans, the Subcommittee on Government Management, Information, and Technology consulted with the Office of Management and Budget [OMB], House Majority Leader Dick Armey, and a wide range of Federal agencies. The General Services Administration [GSA] was a particular focus of subcommittee efforts.

In August agencies submitted draft Strategic Plans. The plans were reviewed by Congress for legal compliance and quality. The subcommittee was the primary evaluator for GSA and participated with Mr. Armey's staff in the evaluation of all Federal agencies. A large number of agency Strategic Plans were not legally compliant. The quality of these plans ranged from a low of 11 to a high of 62 on a 105 point scale. The GSA Strategic Plan rated an unacceptable 35.

The final Strategic Plan submissions in September were reviewed and evaluated by the same process using the same criteria. Because of the congressional oversight the average score increased by 56 percent from 29.9 to 46.6, with a low of 28 and a high of 75 on a 100 point scale. GSA increased to 40.5 points.

In addition to GSA, the subcommittee paid particular attention to the Strategic Plan of OMB because of OMB's role in guiding the Results Act compliance of all other agencies. OMB's final plan was much improved in packaging and clarity but not in substance. OMB's Strategic Plan does not show the strategy and resources re-

quired for high quality Results Act Strategic Plans throughout the Federal Government.

The subcommittee held a series of four hearings on the Results Act in the first session of the 105th Congress. This series of hearings will continue in the second session. The Results Act provides a unique opportunity to view the Federal Government on a comprehensive basis. In this context, the executive branch should seek to identify and set the priorities for the services that must be provided, the activities that must be carried out, and the measurement of the results that are achieved.

The first subcommittee Results Act hearing of the session was held in two parts. In the first part, the subcommittee examined the status of the consultation process required by the Results Act. It anticipated the consultations between executive branch agencies and Congress that would take place during much of 1997 on the content of agency strategic plans. The objective was to take a closer look at what the consultation process would actually involve.

L. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division, testified for the General Accounting Office. Mr. Stevens stressed the importance of the consultation process. He pointed to the string of failed efforts to link results with resources in the Federal Government, including PPBS (the Planning Programming Budgeting System) and zero-based budgeting. The reason they failed, argued Mr. Stevens, was that they each ignored the need for constructive, candid communication and shared goals between branches of the Government. He advised the members of the subcommittee to pay particular attention to engaging the right people in the consultation discussions. Those with authority over operations need to be involved in the process, as do Members of Congress. He also suggested that strategic plans should be considered dynamic, subject to change and open to criticism by all participants.

The subcommittee also heard testimony from three agencies: the Department of Housing and Urban Development, the Social Security Administration, and the Forest Service. All three were early GPRA pilots. Representatives from these agencies discussed how they were preparing for full GPRA implementation. Dwight Robinson, Deputy Secretary, Department of Housing and Urban Development, testified that HUD has used performance reporting to monitor performance of programs since fiscal year 1994. He emphasized the role of technology by highlighting HUD's use of an application of Lotus Notes software to coordinate program and departmental efforts. He said the application facilitates communication among management levels. He also said it "allows for a system based on resource levels that may be utilized by program areas down to the process level."

The second part of the hearing took place on March 13, 1997. The subcommittee listened to a local government success story with an eye toward the Federal reform effort. The featured program was the substantial reinvention process undertaken by the city of New York under the leadership of Mayor Rudolph Giuliani. The reinvention has involved re-engineering and could extend to privatization of certain government activities. The subcommittee heard about how New York City dramatically improved its management prac-

tices and gained nationwide acclaim for its considerable crime-fighting accomplishments.

Mr. Horn opened this part of the hearing by observing that New York's achievement is part of a pattern of change from which the Federal Government should learn. In New Zealand, the Federal Government and local governments include performance measures in their annual financial reports, and in Great Britain the Audit Commission compiles and reports on a series of performance measures for local governments. They have improved the performance of their departments and lowered the cost of doing business. The approach is basic: carefully evaluate each activity, decide whether it furthers the agency's mission, drop it if it does not, and then decide how to perform the essential tasks more efficiently and at a lower cost.

State and local governments in the United States are using performance measures to improve the quality of their services. Several States and local governments in the United States also provide examples of the effective use of performance measurement for management of programs, including Oregon, Minnesota, North Carolina, Florida, and Texas. Prince William County in Virginia has a performance management system for all major areas of service delivery. The Board of Prince William County in Virginia uses performance data to annually update its current 5-year strategic plan and to formulate a new plan that will be more realistic. Portland, OR has a performance reporting system for the city's six largest programs: police, fire, parks, water, sewer, and streets.

Mayor Giuliani testified on the management reforms behind New York City's reduction in crime over recent years. He pointed to reorganization. Three separate police departments were merged into one, enabling the pooling of resources and efficiency of organization where jurisdictional disputes traditionally hindered action. Mr. Giuliani also pointed to the innovative use of technology in the form of the Compstat program. This program provides the police department with up-to-the-minute statistics on crimes in each of the city's precincts, allowing both immediate response to trends in crime as well as coordinated planning on overall patterns of crime.

The subcommittee's second hearing on the Results Act in 1997 focused on pilot projects required by the law in the early stages of implementation. The Results Act specifies that the Office of Management and Budget shall report on the benefits, costs, and usefulness of the plans and reports prepared by pilot agencies. These pilots are essential to effective implementation of the act. From them the Government will experiment with and learn about three aspects of Federal management reform: performance goals, managerial accountability and flexibility, and performance budgeting.

The law called for a minimum of 10 performance measurement pilot agencies. But instead of 10 or another relatively small, manageable number, OMB created 72. This is troublesome to the subcommittee. At the hearing, Subcommittee Chairman Horn expressed concern that it looks very much as though executive branch attention to this law is being spread too thin. The pilots were meant to provide concrete experiences with success and failure in the implementation of this act. Quantity appears to have become the enemy of quality.

John Koskinen, Deputy Director for Management at the Office of Management and Budget, testified on his Office's reviews of pilot agency efforts to implement the principles of the Results Act. He stated that no element of performance-based management is more important than the strategic plan. They are the foundation and framework for implementing all other parts of the Results Act. According to Mr. Koskinen, OMB issued strong guidance to Federal agencies supporting congressional consultation. Looking ahead, he further reported that OMB has prepared guidance on the preparation and submission of annual performance reports in fiscal year 1999.

L. Nye Stevens, Director of Federal Management and Workforce Issues at the General Accounting Office, testified that implementation of the Results Act had so far achieved mixed results. Mr. Stevens predicted highly uneven governmentwide implementation in the fall of 1997, noting that many agencies did not appear well positioned to provide in 1997 an answer to the fundamental Results Act question of whether programs have produced real results.

GAO found that agencies are confronting five key challenges that were limiting effective implementation of the Results Act: (1) establishing clear agency missions and strategic goals when program efforts are overlapping or fragmented; (2) measuring performance, particularly when the Federal contribution to a result is difficult to determine; (3) generating the results-oriented performance information needed to set goals and assess progress; (4) instilling a results-oriented organizational culture within agencies; and (5) linking performance plans to the budget process.

At the third Results Act hearing, the subcommittee heard testimony from the Office of Management and Budget and the General Accounting Office regarding the content of OMB's Strategic Plan. Gene Dodaro, Assistant Comptroller General, Accounting and Information Division, General Accounting Office, testified on the deficiencies in OMB's August draft Strategic Plan. He also testified on the improvement in OMB's final September Strategic Plan and the remaining deficiencies. Mr. Dodaro cited evidence within OMB's plan to make the distinction between relative strengths in budgeting and serious weaknesses in management. GAO continued to testify concerning the serious weaknesses in the strategy and resources for management tasks. GAO emphasized the lack of assurance that the planned method of coordinating agency efforts via councils would accomplish anything.

Mr. G. Edward DeSeve, Acting Deputy Director of Management at OMB, testified on the compliance and completeness of OMB's final Strategic Plan. He testified that a number of meaningful tasks were accomplished using the method of coordinating councils. He testified that the strategy and resources currently available to OMB were sufficient to accomplish all of OMB's responsibilities.

Subcommittee Chairman Horn questioned Mr. DeSeve concerning "management" as versus "budget" activities at OMB. In particular, he enumerated some of OMB's responsibilities and questioned OMB's capacity to handle all the work. Mr. DeSeve insisted that OMB's strategy of coordinating councils was not due to insufficient resources but a purposeful choice of the best way to achieve management improvement throughout the Federal agencies.

At the fourth and final subcommitee hearing on the Results Act in 1997, testimony was heard from the General Services Administration [GSA] regarding the content of GSA's Strategic Plan. Mr. Dennis J. Fisher, Chief Financial Officer at GSA, testified as to the completeness and quality of the GSA Strategic Plan. Mr. Fisher was personally in charge of the plan's development and attested to its alignment with GSA divisional plans and budgets. Mr. Horn questioned GSA building rental rates, overhead costs, and flexibility.

b. Benefits.—The quality of agency Strategic Plans and their derivative Performance Plans and Performance Reports affects the effectiveness and efficiency of the entire Federal Government. Without strategic plans and actual performance measures against those plans, it is impossible for any large organization to access its success. This is particularly true to Federal Departments and agencies because of the diverse nature of the programs they administer. For a large number of Federal programs it is very difficult to assess their success. It is especially difficult to compare the relative success of duplicate or overlapping programs. Consequently, it is difficult for Congress to determine which programs are worth the American taxpayer's investment; which programs should be expanded because they work well and which programs should be canceled because they do not deliver their intended result.

The subcommittee has conducted hearings to oversee the Government's implementation of GPRA. The subcommittee has made recommendations on how strategic plans should be developed. The subcommittee has made explicit the intentions and expectations of Congress for the content and quality of GPRA strategic plans. The subcommittee has worked with specific agencies such as GSA and OMB to review their draft strategic plans. Further, because of the special function of OMB in guiding other Federal agencies, the subcommittee has insisted that OMB set serious standards for all Federal agencies to deliver realistic strategic plans and meaningful performance measures.

The subcommittee worked closely with congressional leadership to evaluate the draft strategic plans submitted in August. The critiques provided to the largest 24 Federal Departments and agencies resulted in substantial quality and content improvements in the final strategic plans submitted for September fiscal year end. In fact, the average score for final strategic plans was almost double the score for draft plans.

The quality of agency Strategic Plans and their derivative Performance Plans and Performance Reports affects the effectiveness and efficiency of the entire Federal Government. Further, the quality of Results Act plans affects the ability of Congress to evaluate program adherence to policy, program effectiveness and efficiency, and program duplication, overlap, and waste. Similarly, the administration and the agencies themselves are affected by the quality of their Results Act plans. A small effort by the subcommittee has tremendous leverage in improving Results Act plans and, thereby, performance throughout the Federal Government.

c. Hearings.—The subcommittee held four hearings on the Government Performance and Results Act in 1997: (1) "Government Performance and Results Act Implementation: How to Achieve Re-

sults," March 10 and 13, 1997; (2) "Government Performance and Results Act: Status and Prospects of the Results Act," June 3, 1997; (3) "Oversight of OMB's GPRA Strategic Plan," October 6, 1997; and, (4) "Oversight of GSA's Government Performance and Results Act Strategic Plan," October 8, 1997.

4. Internal Revenue Service Management.

a. Summary.—The Internal Revenue Service has had difficulty adapting to the information and accountability demands of the late 20th century. The subcommittee held two hearings on financial management at the IRS in 1996. Those hearings focused on the IRS's revenue accounting system and the IRS's problems with collections, management of accounts receivables, filing fraud and fraudulent refunds, records retention, tax lien recovery, and unauthorized browsing of taxpayer records by IRS personnel. Despite promises for reform made at those hearings, a steady stream of press reports on feeble management, failed automation, and poor customer service at the IRS continued unabated into 1997.

The list of failed projects at the IRS includes:

- The Tax Systems Modernization project, a $4 billion attempt to modernize the IRS's decades-old computer systems;
- Cyberfile, a project that would have allowed taxpayers to prepare and electronically submit their tax returns from their personal computers;
- Integrated Case Processing, a program that would have allowed IRS representatives to access all the data needed in order to answer taxpayer questions over the telephone;
- the Document Processing System, a system that would have scanned paper documents and electronically captured data for subsequent processing and retrieval; and
- the Service Center Recognition/Image Processing System, the failed document-scanning program that the Document Processing System was designed to replace.

Several important questions must be answered. What does the IRS need to do to get its modernization project back on track? How is the Treasury going to ensure that the IRS embarks on a modernization plan that will work? What sort of milestones or benchmarks should a modernization plan have so that its progress can be monitored? How long do we have to wait to see results? Will the right people be held accountable? How can we overcome obstacles to change such as the organizational culture of the IRS? How do we modify it? How do we make sure that the IRS can manage multimillion-dollar information-technology development projects, even if such projects are given to outside contractors?

The IRS must be accountable. Americans have a right to know whether the agency that collects taxes from their hard-earned money is capable of managing its internal operations in an efficient, fair, and accountable way.

The subcommittee heard testimony from Lynda Willis, Director for Tax Administration and Policy of the General Accounting Office, who discussed the progress the IRS has made in acting on recommendations submitted by GAO to improve IRS operations. Robert Tobias of the National Treasury Employees Union, presented IRS employees' views on how to restore public and congressional

confidence in the IRS. Sheldon Cohen, former IRS Commissioner during the Johnson administration and a National Academy of Public Administration fellow, also testified on information technology challenges at the IRS. Mr. Cohen was Commissioner when the IRS first started to computerize its operations. Deputy Commissioner Michael Dolan provided testimony on the IRS's approach to modernization.

Mr. Horn noted at the hearing that the President was faced with the task of nominating a new IRS Commissioner. Mr. Horn advised the President that he should be judicious in his choice of the new IRS Commissioner. It should not be someone who is simply a CPA tax accountant, or a tax lawyer, but someone who has demonstrable management expertise in providing leadership to large, complex organizations. The President later followed Mr. Horn's advice by nominating Charles O. Rossotti, a technology executive, to the position.

b. Benefits.—Congressional attention to the troubles at IRS are essential if the agency is going to reform. At the heart of IRS's problems is poor management, including poor financial management and poor information technology management. The year 2000 computer software conversion problem is an issue that illustrates the importance of improving management at the IRS. Without serious attention, it may become necessary to add the year 2000 problem to the IRS failure list. This would be a catastrophe not only for the IRS but for all the other agencies and organizations that depend on IRS information.

c. Hearings.—"Internal Revenue Service Mismanagement and Ideas for Improvement" was held on April 14, 1997.

5. Debt Collection.

a. Summary.—The Debt Collection Improvement Act [DCIA] was signed into law on April 26, 1996, as a part of Public Law 104–134. The DCIA established new tools to assist agencies in collecting debts owed to the United States. It provides agencies incentives to increase collections of delinquent debts while protecting the rights of debtors. It also allows agencies to rely on the expertise of private-sector debt collectors.

The subcommittee held two hearings regarding the implementation of the Debt Collection. The first hearing was entitled "Implementation of the Debt Collection Improvement Act of 1996." Larry Summers, Deputy Secretary of the Treasury, described efforts to reform and modernize the Internal Revenue Service. Summers noted his opposition to an independent Internal Revenue Service and opposition to an oversight board. According to Mr. Summers, no other issue occupies more of his time than debt collection. John Koskinen, Deputy Director, Office of Management and Budget described the challenges, priorities, trends in the debt collection area, and the importance of interagency cooperation. Koskinen was questioned as to OMB's commitment to the debt collection function. Koskinen asserted that debt collection is a priority and that OMB is actively engaged, although the function occurs primarily at other agencies.

Mr. Gerald Murphy, Assistant Fiscal Secretary, Department of the Treasury described the activities within his Department to or-

ganize the Treasury Offset Program to intercept payments to delinquent debtors, provide for cross-servicing, draft regulations and other activities intended to promote debt collection. Mr. Steven McNamara, Assistant Inspector General, Department of Education, noted his office's work to identify benefit fraud in the Pell Grant program. According to McNamara, a confidential survey of tax returns was conducted that compared them against stated income. The survey revealed that nearly $200 million in Pell Grants went to ineligible individuals who had lied on their applications.

Mr. Mitchell Adams, commissioner, Massachusetts Department of Revenue, described the effort of the State of Massachusetts to collect delinquent debts including student loans and child support, through wage garnishment. Mr. Adams noted a technically advanced system designed to automate this process.

The subcommittee's second hearing on debt collection was entitled "Oversight of Federal Debt Collection Practices," and held on November 12, 1997. Jerry Hawke, Undersecretary, Department of the Treasury, and Gerald Murphy, Assistant Fiscal Secretary, Department of the Treasury, described the Department of the Treasury's efforts to implement the Debt Collection Improvement Act. The Department was criticized for poor progress and missteps. The Department was unable to produce a timetable for implementation.

David Longaknecker, Assistant Secretary for Postsecondary Education, Department of Education, noted his agency's improvements in debt collection. The department, with years of experience in the area and an excellent team in place, has improved its recoveries of delinquent debts.

John Gray, Deputy Administrator, Small Business Administration, described the SBA's program to collect delinquent debts. These efforts include a large loan sales program that has been the subject of some delays. Mr. Gray indicated that the SBA would begin referring delinquent accounts to the private collection agencies under contract with the Department of the Treasury by January 1998.

b. Benefits.—The role of the Federal Government in the credit markets is enormous. The Federal Government dominates the markets for student loans and housing loans, and has a strong impact on other sectors as well. Effective Federal debt collection practices is essential to protect the interests of the taxpayers, and strong congressional oversight is essential to effective debt collection practices. At this point, the Government is still in the process of implementing the DCIA. There are a variety of steps in the process of implementation that warrant heightened congressional attention.

c. Hearings.—Subcommittee Chairman Horn called two hearings regarding implementation of the Debt Collection Improvement Act, one on April 18, 1997 and the other on November 12, 1997.

6. Federal Measures of Race and Ethnicity.

a. Summary.—For the past two decades, the Federal Government had used four racial categories to measure the population: black, white, American Indian or Alaskan Native, and Asian or Pacific Islander. Separately, individuals have also been classified according to Hispanic ethnicity. Since the 1978, these categories have been set forth in the Office of Management and Budget's Directive

No. 15—Race and Ethnic Standards for Federal Statistics and Administrative Reporting. Race and ethnic classifications are used for implementation of numerous Federal laws on voting rights, lending practices, provision of health services, and employment practices. The data are also utilized by State and local governments for legislative redistricting and compliance with the Voting Rights Act.

Directive No. 15 has restricted designation of an individual to one of the four racial categories. The major concern with this requirement is that a growing segment of the population can claim multiple racial heritages. It is argued that forcing such individuals to choose just one heritage is unfair to them and an unnecessary inaccuracy in the measurement of race. Proposed solutions included creation of a new category called "multiracial," and, alternatively, allowing individuals to mark more than one of the four traditional categories.

Due to increasing pressure over the measure of multiracial status as well as a variety of other concerns, OMB conducted a 4-year review of Directive No. 15. The review involved four public hearings around the country and three sample surveys to measure the affect of proposed changes. The review was conducted by the Interagency Committee, a task force created by OMB with representation from 30 Federal agencies. The Interagency Committee completed its review of Directive No. 15 and submitted its recommendations to OMB in July 1997. The recommendations were published in the July 9, 1997, Federal Register. The Interagency Committee rejected the proposal for creation of a "multiracial" category but recommended that individuals be permitted to "select one or more" of the current categories of race whenever the Federal Government measures race.

The Interagency Committee argued for its "select one or more" recommendation by observing that the multiracial population is growing. Allowing individuals to identify with more than one race will help to measure the demographic changes more precisely. The Interagency Committee also pointed out that at least 0.5 percent of respondents already mark more than one race in spite of instructions to choose just one. Finally, there is a trend toward reporting more than one race at the State level. Currently five States allow individuals to select a multiracial category or to choose more than one race.

The Interagency Committee provided several reasons for rejecting a multiracial category. First, it found that there is no general consensus on the definition of "multiracial." Second and related, a multiracial category is more likely to be misunderstood by individuals responding to questions on race. Such misunderstanding would lead to inaccurate responses and therefore less reliable data on race. A third reason is that a multiracial category would require either more space or mode coding.

OMB accepted public comments on the Interagency Committee recommendation for approximately 2 months, after which time it announced its decision to adopt the recommendation with slight modifications. On the multiracial issue, it adopted the "select one or more" recommendation. The changes will be adopted by the Census Bureau during its dress rehearsal for the 2000 census in the spring of 1998.

The first hearing provided background on the issues involved in Federal measures of race and ethnicity. The subcommittee heard testimony from the Office of Management and Budget, the General Accounting Office, the Department of Education, and the Department of Health and Human Services.

The second hearing featured advocates and opponents of a multiracial designation, including Susan Graham, president, Project RACE; Ramona Douglass, president, Association of MultiEthnic Americans; Karen Narasaki, executive director, National Asian Pacific American Legal Consortium; Harold McDougall, director, Washington Bureau, National Association for the Advancement of Colored People; Eric Rodriguez, policy analyst, National Council of La Raza; and JoAnn Chase, executive director, National Congress of American Indians. The subcommittee heard arguments that the categories of Directive No. 15 did not accurately account for a particular group from U.S. Senator Daniel K. Akaka (D–HI) and Helen Hatab Samhan, executive vice president, Arab-American Institute. The hearing also featured demographic and sociological specialists: Dr. Mary Waters, Department of Sociology, Harvard University; Dr. Balint Vazsonyi, director, Center for the American Founding; and Dr. Harold Hodgkinson, Institute for Educational Leadership.

The third hearing featured testimony on the potential consequences of the Interagency Committee recommendation. Several witnesses focused on challenges presented by the variety of new data created by allowing individuals to select more than one race. The central issue is how this data will be tabulated. One major concern is whether the recommendation, if adopted by OMB, would lead to double counting of individuals who identify with more than one race. This could be a problem particularly in the enforcement of civil rights laws. The Acting Assistant Attorney General for Civil Rights, Isabelle Katz Pinzler, addressed this issue.

b. Benefits.—Federal measures of race and ethnicity are important to many people for a variety of reasons. The data gathered by the Census Bureau and other Federal agencies as well as by school districts and hospitals throughout the country provide essential information to governments, businesses, and a variety of other organizations. Professionals from statisticians to law enforcement officials rely on this data. Furthermore, all individuals have a firsthand experience with this data: they are the ones who provide it. The way the Federal Government decides to measure race and ethnicity therefore affects many people at many levels. The decision of whether to make changes to the current standards was a very important one. It was a decision that needed to be considered cautiously and openly. Although ultimately the decision was in the hands of OMB, it first needed the attention of Congress and the American people. The subcommittee's hearings on the issue both broadened and deepened deliberations on the issues involved in the decision.

c. Hearings.—The subcommittee held a series of three hearings on this issue. The series was entitled, "Federal Measures of Race and Ethnicity and the Implications for the 2000 Census." These hearings were held on April 23, May 22, and July 25, 1997.

7. The Post FTS–2000 Telecommunications Contract.

a. Summary.—The FTS2000 contract was first issued in 1988 by the General Services Administration. The contract governs Federal purchases of long-distance telephone services and other ancillary services. By most estimates, it has been successful in reducing Federal telecommunications costs. Prior to the FTS2000 contract, GSA operated a government-owned infrastructure that cost more than standard commercial rates offered by AT&T, MCI and Sprint, the three main long-distance firms. The FTS2000 contract reduced significantly the rate-per-minute charge paid by Federal agencies using the contract, which was awarded to Sprint and MCI.

GSA has worked with the Interagency Management Council [IMC], a group of agency telecommunications experts, in managing the FTS2000 program and planning for the follow-on contract. This planning process was initiated in March 1993. The IMC and GSA solicited input from agency users, industry, and academia for the follow-on contract (FTS2001).

Enactment of the Telecommunications Reform Act of 1996 [TRA] affected planning for the FTS2001 contract by promising to bring a new era of competition to telecommunications. This undermined the justification for a longer-term contract, since a long-term contract awarded now would not allow the Federal Government to benefit from industry consolidation and competition under TRA.

In September 1996, GSA released its then-current strategy for the FTS2001 contract. In response to congressional and industry interest, GSA released a revision of the strategy in February 1997 in the form of a statement of principles rather than a draft RFP. The revision created an opportunity for the eventual contractors in the FTS2001 and MAA programs to compete against each other. A refinement of these principles was issued on April 4, 1997. The refinement governs the contract duration, award process and means of competition, and the inclusion of optional services.

b. Benefits.—The FTS-2000 contract has benefitted taxpayers enormously. The follow-on contract will provide a contracting vehicle to allow Federal agencies to obtain better rates for local service. Congressional participation in guiding this process was crucial to achieving the best possible telecommunications deal for the taxpayers.

c. Hearings.—The subcommittee held a hearing on April 30, 1997, entitled, "Oversight of the Post-FTS2000 Telecommunications Contract."

8. White House Management Issues.

a. Summary.—The subcommittee addressed two concerns regarding management of the Executive Office of the President: the status of special Government employees and the lack of a chief financial officer in the White House. The issue of a chief financial officer in the White House was treated through legislation with H.R. 1962 (see Section III. A. Legislation, New Measures for more discussion.)

The continuing spate of allegations about mismanagement at the White House have been frequent reminders of the need for serious, statutory changes in the way the White House is run. H.R. 1966, the "Special Government Employee Act of 1997," updates the definition of a "special Government employee" to cover unpaid, infor-

mal advisors. Foremost is the need for accountability and adherence to conflict-of-interest and other disclosure requirements. The White House has a history of using informal associates and advisers who are present in the White House on an ongoing basis and regularly affect public policy, yet who are utterly unaccountable to the public. Americans have a right to know who is influencing policy decisions in the White House. Too often influential associates of the President wield power in the White House yet remain hidden in the shadows and unaccountable to the public. Hearings before the full Committee on Government Reform and Oversight in the last Congress demonstrated that certain associates of the President used their access to President Clinton, the First Lady, and the staff of the Executive Office of the President to promote their own business interests, even to the extent of encouraging the termination of career employees of the White House.

b. Benefits.—Redefining "special Government employee" will shine the light of publicity on back-room advisors. The proposed measure will expand the definition of "special Government employee" to cover unpaid, informal advisors to the President so that they come under the same conflict of interest and financial disclosure statutes as regular White House staff. This proposal would amend the current definition to make it completely clear who comes under conflict of interest and other disclosure requirements. This includes a functional test that focuses on what the advisors actually do and on whether they are involved in the Government's deliberative processes.

c. Hearings.—"Oversight of the 'Presidential and Executive Office Financial Accountability Act of 1997' and the 'Special Government Employee Act of 1997'" was held on May 1, 1997.

9. Executive Branch Information Dissemination.

a. Summary.—The Subcommittee on Government Management, Information, and Technology is a principle congressional guardian of access to executive branch information. The subcommittee's charter states that it "will ascertain the trend in the availability of Government information and will scrutinize the information practices of executive agencies and officials." The subcommittee oversees Federal information dissemination. Information dissemination programs at the Government Printing Office include the distribution of publications to Federal depository libraries nationwide, cataloging and indexing, and distribution to recipients designated by law. They also include distribution to foreign libraries designated by the Library of Congress, in return for which the Library receives governmental publications from those countries.

The Government Printing Office distributes about 100 million copies of Government publications per year. Approximately 75 percent of all its printing needs are contracted out to private printers. Of the work handled in-house, about half is for Congress. The Government Printing Office currently employs 3,674 employees, fewer than at any time in this century. There is concern that the administration has been reducing public access to information. Specifically, many executive branch agencies are not furnishing copies of the information they produce to the Government Printing Office for dissemination through the Federal depository libraries. Further-

more, there is concern that the administration is allowing many agencies to enter into restrictive distribution agreements that further limit the availability of agency information to the public.

b. Benefits.—Access to information—especially governmental information—is the foundation of an educated citizenry and hence a free society. The Government Printing Office plays an essential role in making governmental information available to the American people. In times of rapid technological advance, it is important that the Government keeps pace with changes—both to maintain availability and to take advantage of time and cost saving measures. Subcommittee oversight in the areas of both information and technology is crucial to this process.

c. Hearings.—"Oversight of the Government Printing Office and Executive Branch Information Dissemination" was held on May 8, 1997.

10. The Medicare Transaction System.

a. Summary.—In November 1995, the Subcommittee on Government Management, Information, and Technology and the Subcommittee on Human Resources held a joint hearing that considered, among other matters, how existing information technology processes could be incorporated into the Medicare claims system to more effectively identify fraud. Based on several reports from the General Accounting Office, the subcommittees had serious concerns at that time about the ambitious Medicare Transaction System or MTS. Congressman Horn feared that the Health Care Financing Administration [HCFA] was ill-equipped to manage such a massive and complex project, and that the costs would outweigh the benefits.

Unfortunately, the fears materialized. On April 4th, the Health Care Financing Administration announced that it was "exploring other options to develop MTS." Moreover, the subcommittees learned in 1997 that HCFA has a serious year 2000 problem. The General Accounting Office wrote a report that includes sharp criticism of HCFA's involvement in the year 2000 software conversion effort of its claims contractors and standard systems maintainers.

b. Benefits.—If the Medicare system is unable to process claims accurately in the year 2000, the impact on Medicare beneficiaries across the country, and indeed the entire health care system, could be catastrophic. Congressional oversight was necessary to get assurances for the American people about the future of Medicare transaction processing as well as the HCFA's management of the year 2000 problem.

c. Hearings.—"Status of the Medicare Transaction System" was held jointly with the Subcommittee on Human Resources on May 16, 1997.

11. Total Quality Management.

a. Summary.—Total Quality Management [TQM] is management philosophies that has helped many organizations become more efficient and effective in a very competitive environment. Government has many concerns other than the bottom line, but public and private sector services are inevitably compared in the consumer's mind—and in certain cases Government must compete directly

with private companies. It is no surprise that in recent years voters have made abundantly clear their desire for a more efficient and affordable government. TQM strives to achieve continuous improvement of quality through organization-wide efforts based on facts and data. Organizations use quality management principles to determine the expectations of all their customers—both external and internal—and to establish systems to meet those expectations. In recent years, both Federal and State governments have found that they could not attain high quality by using traditional approaches to managing service and product quality. The customer of the Federal Government is the American taxpayer. To satisfy its customer, the Government must design its programs, goods, and services for quality. Furthermore, application of quality management principles to the Government—an organization whose customers are also its owners—presents a unique set of challenges.

The subcommittee sought ideas on how quality management principles might be applied to the special case of the Government with the overall purpose of working toward a more efficient and effective Federal Government. The formal definition of a Total Quality Management company exists in the criteria for the Malcolm Baldrige National Quality Award. This annual award, given since 1988 by the Department of Commerce, recognizes companies that excel in managing for and achieving quality.

b. Benefits.—In our relentlessly competitive global economy, the only constant is rapid change. In this environment, organizations must adapt or perish. Competitiveness depends on management. The private sector has proven remarkably adept at organizational flexibility. The public sector has been distinctly less successful at changing with the times. The subcommittee has jurisdiction over management in the executive branch and is therefore responsible for examining management philosophies that could help to improve the efficiency and effectiveness of the Federal Government.

c. Hearings.—A hearing entitled, "Total Quality Management" was held on June 9, 1997.

12. Electronic Funds Transfer.

a. Summary.—The Debt Collection Improvement Act [DCIA] was signed into law as a part of Public Law 104–134 on April 26, 1996. The DCIA included provisions that will move Federal payments toward electronic funds transfer [EFT], which includes direct deposit, credit cards, and other forms of electronic payments. This will take place by 1999 unless the EFT requirement represents a hardship for the recipient. Prior to this law, Federal payees had the option of receiving EFT or a paper check in payment of salary, benefit, or other Federal payment due the individual from the Federal Government. Unfortunately, these checks are often forged, counterfeited, stolen, or fraudulent, and are sometimes delayed in the mail or lost.

During the subcommittee's hearing Mark Catlett, Chief Financial Officer, Department of Veterans Affairs, described the department's efforts to promote the use of electronic payments by the VA's vendors. Vendors have traditionally been reluctant to accept such electronic payments. Currently, governmentwide, only 16 percent of vendors are currently receiving electronic payments. However, the

VA has aggressively promoted the use of such payments, and the Department has achieved rates approaching 80 percent. This has eliminated 10 million paper transactions, thus reducing the burden on VA finance office staff.

Marcy Creque, volunteers director, American Association of Retired Persons, described her organization's efforts to ensure that senior citizens are not hurt by the EFT mandate. She noted a telephone survey performed by a contractor for the Financial Management Service. According to this survey, 18 percent of Federal check recipients do not have bank accounts. By way of comparison, 13 percent of all U.S. households do not have accounts with a financial institution. The reasons vary. Many of those without bank accounts said that they do not have enough money (47 percent), they do not need an account (21 percent), and that bank fees are too high (6 percent). This raises the question of whether financial institutions should provide accounts with no minimum balance amount, and with a large number of free ATM withdrawals and reasonable fees.

b. Benefits.—The EFT requirement to receive benefits electronically will affect millions of Americans in a number of ways in the coming years. It will bring individuals heretofore outside the financial system into the mainstream. It will modernize Federal payment methods. It will give new impetus to electronic smart card products. Above all, EFT will solve the problems of lost, stolen, and fraudulent checks, reduce check-cashing charges for Federal beneficiaries in the amount of $1.6 billion per year, and reduce Federal expenditures by $100 million per year, according to the Department of the Treasury. Congressional oversight of the implementation of EFT is necessary to ensure that these benefits are realized.

c. Hearings.—"Implementation of the Electronic Funds Transfer Provisions of the Debt Collection Improvement Act of 1996" was held on June 18, 1997.

13. Inspectors General.

a. Summary.—Inspectors General serve to protect the integrity of Federal programs and resources. Through their audits and investigations, Inspectors General seek to determine whether program officers, contractors, Federal workers, grantees, and others are conforming with regulations and laws. The Offices of Inspectors General were established by the Inspector General Act of 1978. To carry out their responsibilities, the Offices of Inspectors General have broad investigative authority. They have access to documents relating to programs and operations within their area of responsibility. They have the ability to administer oaths, affirmations or affidavits and the power of subpoena. Recently, questions have been raised about investigative techniques used by some Inspectors General. In particular, investigative practices by Inspectors General, especially communications with witnesses and witness access to counsel, have come under scrutiny lately.

b. Benefits.—In fiscal year 1995, the most recent year for which information is available, Inspector General investigations and audits led to $1.5 billion in "recoveries" (fines and reimbursements from individuals and companies that defrauded the Government). In addition, IG recommendations led agency managers to cancel or seek reimbursements of $2.3 billion from contractors or grantees in

1995. IG recommendations also inspired Federal managers to improve plans for spending $10.4 billion—maximizing the return on Federal dollars. In addition, IG accomplishments in fiscal year 1995 include 14,122 successful prosecutions, 2,405 personnel actions, and 4,234 suspensions and debarments of persons or firms doing business with the Government. The effectiveness of the Inspectors General is therefore of obvious interest to Congress and to the taxpayers.

c. Hearings.—"Oversight of Investigative Practices of Inspectors General" was held on June 24, 1997.

14. Performance-Based Organizations.

a. Summary.—In September 1995, Vice President Al Gore announced that a series of agencies would be transformed into performance-based, customer-oriented agencies. This transformation will build on existing initiatives that reorient Government agencies away from focusing on the resources they receive and toward their concrete accomplishments with those resources. Federal agencies need to change their incentives and internal cultures in order to focus on customers and achieving results. Agencies need to be more responsive to citizens at the same time that they account for program costs and safeguard broader public interests. According to the administration, this can be done by creating performance-based organizations that set forth clear measures of performance, hold the head of the organization clearly accountable for achieving results, and grant the head of the organization authority to deviate from governmentwide rules if this is necessary to achieve agreed-upon results.

A Performance-Based Organization is a discrete management unit with strong incentives to manage for results. PBOs commit to clear objectives, specific measurable goals, customer service standards, and targets for improved performance. Once designated, a PBO must have customized managerial flexibilities and a competitively hired chief executive. The chief executive signs an annual performance agreement with the Secretary and has his or her pay and tenure tied to the organization's performance. The British Government, on which the PBO concept is modeled, has found that such agencies improve performance while cutting administrative costs.

The President's 1998 Budget identifies nine PBO candidates. These candidates are in varying stages of preparing legislation and sending it to their respective authorizing committees in Congress. The administration has several prerequisites for becoming a PBO candidate: a clear mission, measurable services, and a performance measurement system in place or in development; a general focus on external, not internal, customers; operations that can be separated from policymaking with a clear line of accountability to an agency head; top-level support to transform the function into a PBO; predictable funding levels that correspond to their business operations. In a PBO, the policymaking and regulatory functions are split from their program operations. The PBO focuses on programmatic operations. However, not all Government agencies are suited to become PBOs. Operations that do not have clear, measurable results should be excluded.

The subcommittee received testimony from Mr. Christopher Mihm, Acting Associate Director, U.S. General Accounting Office, General Government Division, Federal Management and Workforce Issues, who described the conclusions of GAO regarding the British Next Step agencies, upon which the concept of PBO is based. Mr. Mihm stressed that (1) a lack of clarity in the relationship between agencies and their parent departments, (2) an uncertainty concerning who is accountable for performance, and (3) difficulties in developing and setting performance goals, have confronted the British, and may pose similar problems for the United States PBOs.

Mr. Edward Kazenske, Deputy Assistant Commissioner for Patents, Patent and Trademark Office, described the Patent and Trademark Office's [PTO] leadership in seeking a PBO designation. Mr. Kazenske outlined the recent troubled history of the PTO. The turnaround at PTO came in 1982, with the enactment of legislation to increase the agency's fees, gave the agency access to such fees, and paved the way for self-sufficiency. This set up a "compact" with inventors to: reduce the time required to examine and issue a patent to 18 months; reduce the time required to issue a trademark first action notice to 3 months and to register a trademark by 13 months; to automate the operations of the PTO by the 1990's; and to strengthen the world-wide protection of intellectual property. While David Sanders, Deputy Administrator, Saint Lawrence Seaway Development Corporation [SLSDC], described his agency's proposal to create a PBO by creating incentives to promote individual and agency performance. According to Mr. Sanders, this gives all employees a direct stake in the agency's future for the first time in history.

b. Benefits.—As proposals for converting Federal agencies into such PBOs increase, it is extremely important to examine the impact that such proposals will have on the procurement and civil service systems, and to determine the goal of such changes.

c. Hearings.—The subcommittee held a hearing entitled, "Performance Based Organizations," on July 8, 1997.

15. Governors Island.

a. Summary.—Located half a mile off the southern tip of Manhattan, Governors Island is Federal property that was recently declared surplus by the Federal Government. Governors Island consists of 204 acres, with 225 structures totaling 3 million square feet of space ranging from residential to office space. A portion of the island is historic; it includes Fort Jay and Castle Williams, which was built to protect New York harbor. As part of its reorganization plan, the Coast Guard streamlined its base structure and in 1995, announced it would close Governors Island.

As the property returns to civilian use, a number of disposal issues have surfaced, including how to pay for maintenance, and what type of access ought to be allowed. The 1997 balanced budget agreement requires the General Services Administration to sell the island at fair market value. The Congressional Budget Office estimated that the island would yield $500 million if it were sold for the estimated fair market value.

The subcommittee convened a hearing to examine what Federal actions would be necessary between now and year 2000, to ensure

that the island does not deteriorate and possible prospects for future projects. Congressman Jerrold Nadler, (D–NY), expressed his interest in seeing increased public space such as hospitals, parks and other public facilities. In addition, Karen Alder of the General Services Adminstration outlined GSA's internal system of property disposal. She described the various possible uses of the land, and stressed that GSA would follow legislation enacted by Congress; however, the ultimate choices for reuse lay with the local authorities. An official from the city of New York, criticized the "fictitious and unattainable $500 million" figure estimated by the CBO.

b. Benefits.—Governors Island is a historic landmark and played a key role in the defense of New York harbor in the War of 1812. The island played an important part in U.S. history and its preservation is an important responsibility of the Federal Government.

c. Hearings.—On July 14, 1997, the subcommittee convened a hearing entitled, "Governor's Island: Options for Reuse after Federal Government Departure."

16. Government-Sponsored Enterprises.

a. Summary.—The Federal Government established the first financial entity known as a Government Sponsored Enterprise in 1916. These entities were created to direct funds to particular sectors of society that seemed to be inadequately served by the private credit markets. Private parties own most of the stock in GSEs, whose traditional function has been to engage in business operations in the private sector to increase the flow of credit to home buyers, farmers, students, and colleges. Although GSEs are authorized or established by Congress, their activities are not included in the Federal budget totals on the grounds that they are privately owned. Due to their special relationship with the Federal Government, however, detailed statements of financial operations and conditions are presented in the President's budget to the extent such information is available. These statements are not reviewed by the President; they are presented as submitted by the GSEs.

There are currently 11 GSEs in operation. They were established by law between 1916 and 1989. Five enterprises operate in the housing area: the Federal Home Loan Banks; the Federal National Mortgage Association (Fannie Mae); the Federal Home Loan Mortgage Corporation (Freddie Mac); the Financing Corporation; and the Resolution Funding Corporation. Four enterprises operate in the agriculture area: the Federal Agricultural Mortgage Corporation (Farmer Mac); the Banks for Cooperatives; the Agricultural Credit Bank; and the Farm Credit Banks. Two enterprises operate in the education area: the Student Loan Marketing Association (Sallie Mae); and the College Construction Loan Insurance Association.

While private parties own all of the stock of most GSEs and they are managed by private individuals, GSEs have strong ties to the Federal Government. The enabling legislation of each GSE specifies its general purpose and authorized transactions. For example, Fannie Mae is chartered to increase housing credit availability by engaging in secondary market and other transactions. The enabling legislation also identifies Federal agencies responsible for prescribing overall policy and regulations for the GSEs and usually pro-

vides that a minority of their board members be appointed by the President or another Federal official.

GSEs typically receive their financing from private investors. They issue capital stock and short- and long-term debt instruments, sell asset backed securities (also known as mortgage-backed securities), and collect fees for guarantees and other services. Their principal source of financing is borrowing through the issuance of debt obligations or the sale of mortgage-backed securities. GSEs generally do not receive Federal appropriations.

As a result of the benefits conferred upon GSEs and the similarity between their debt securities and those of the U.S. Treasury, most GSE debt and mortgage-backed securities are perceived by the credit markets to be guaranteed by the Federal Government. This perception allows GSEs to borrow in the credit markets at interest rates only slightly higher than the rates paid by the Treasury on its borrowings. Furthermore, this perception by the credit markets was enhanced by the Government's 1987 rescue of the Farm Credit System, which at that time was composed of three GSEs. This rescue could ultimately cost the Federal Government $5 billion.

Subcommittee Chairman Horn convened the hearing to examine the evolving role of GSEs. Mr. Jim Bothwell, Chief Economist, U.S. General Accounting Office, described the five criteria for an effective regulator of GSEs: objectivity and arm's length status; prominence in government; consistency in regulation of similar markets; separation of the regulation of primary and secondary markets; and economy and efficiency. Mr. Bothwell noted past examples of regulatory failure, and noted that most GAO recommendations have gone unimplemented.

Mr. Thomas Woodward, Economist, Congressional Research Service, noted that the creation of special benefits or privileges for a GSE are themselves a form of market distortion. While this may be justified in order to ensure that a public purpose is accomplished, it may be wise to periodically review whether the GSEs need their privileges, according to Mr. Woodward.

Mr. Thomas H. Stanton, fellow, Johns Hopkins University, made three main point: (1) that safety and soundness rules must be designed before rather than after a GSE gains political power, since such political power could prevent later imposition of these sensible requirements; (2) the public benefits of a GSE depend upon the quality of ongoing public oversight, since in their markets, the GSE has an incentive to provide profitable services regardless of the presence of a public benefit; and (3) GSE legislation should contain an exit strategy and full disclosure of expenditure to influence the political process.

b. Benefits.—Federal legislation confers a number of benefits on GSEs that are not provided to private companies. Most enterprises have a direct line of credit with the U.S. Treasury, their securities are exempt from Securities and Exchange Commission registration requirements, and their investors' interest income is exempt from State and local taxation. In addition, GSE debt obligations and securities have characteristics that are common to U.S. Treasury obligations. These advantages, combined with their strong impact on credit markets generally, make effective oversight essential.

c. Hearings.—"Oversight of Government-Sponsored Enterprises" was held jointly with the Subcommittee on Capital Banking Markets, Securities and Government Sponsored Enterprises of the Banking and Financial Services Committee on July 16, 1997.

17. Metropolitan Statistical Areas.

a. Summary.—Metropolitan areas are geographic areas that have a large population center together with adjacent communities. The Office of Management and Budget designates and defines metropolitan areas following a set of official standards. Various categories of metropolitan areas include metropolitan statistical areas [MSAs], consolidated metropolitan statistical areas [CMSAs], and primary metropolitan statistical areas [PMSAs]. An MSA consists of one or more counties that contain a city of 50,000 or more inhabitants, or contain a Census Bureau-defined urbanized area that has a total population of at least 100,000 (75,000 in the six New England States).

Additional outlying counties are included in the MSA if they have large numbers (generally 15 percent) of commuters to the central counties and they meet requirements for population density, urban population, percentage growth in population between the two previous decennial censuses, and the number of inhabitants within the urban area that qualifies the MSA.

These designations are used as a framework for the Federal statistical system. They are also used for other reasons. For example, local community leaders use metropolitan area designation to promote the community as a business district. State governments use metropolitan areas to make communities eligible for programs that may be focused on urban or rural districts. The private sector uses metropolitan areas to develop sales territories and market new products. For example, according to USA Today, "having MSA status designation is like having money in the bank because it puts them on marketers "A" lists. Some restaurant chains and big retailers would not even consider coming to a city without MSA designation" (USA Today, August 22, 1996).

Testimony was received from Representatives Tim Holden (D–PA), Bill Remond (R–NM), Duncan Hunter (R–CA), and Maurice Hinchey (D–NY), described the problems communities they represent face in obtaining designation as an MSA. The Honorable Sally Katzen, Administrator, Office of Information and Regulatory Affairs, noted the process by which MSAs are designated and the review process for proposed changes. Mr. Ed Spar, executive director, Council of Professional Associations on Federal Statistics, noted that the private sector users of Federal statistical data ideally want data on the lowest possible geographic area so that it can be aggregated according to the needs of the data user. Finally, Mr. Alvin Marshall, member of the Board of Directors, Schuylkill Economic Development Corp., noted that Shuylkill County was unable to qualify for an MSA designation since heavy strip mining left scarred portions of the land which were unable to support housing, and therefore could not meet the contiguity requirements for the MSA.

b. Benefits.—Since so many private organizations and Government programs are based on the Federal MSA designation, it is im-

portant to periodically review this MSA designation process, especially in light of charges that some communities are unfairly affected by the current classifications.

c. Hearings.—The subcommittee held a hearing entitled, "Oversight of Metropolitan Statistical Areas" on July 29, 1997.

18. Statistical Proposals.

a. Summary.—The economic statistics gathered and analyzed by the Federal Government are integral to public and private decision-making. The financial markets rise and fall, Federal aid is determined and distributed, and businesses make a wide variety of decisions all based on the data provided by the Government. Although sound statistics and analysis do not by themselves produce sound public policy, they do provide a necessary foundation from which to identify problems, to evaluate options, and to monitor results. There is widespread concern that Federal statistical agencies could be working more efficiently. The solution may be to consolidate the three main statistical agencies into a single entity. Introduced last Congress as the Statistical Consolidation Act, this measure would create the Federal Statistical Service as an independent agency. The Service would incorporate the Bureau of the Census, the Bureau of Labor Statistics, and the Bureau of Economic Analysis. This proposal directly addresses the need for better coordination and planning among economic statistical agencies. The goal of this and other proposals is to improve the Federal statistical system by reducing the organizational and legal barriers to greater coordination.

b. Benefits.—Given the importance of Federal Government statistics, it is crucial that this data be gathered and processed in the most accurate and timely manner possible. Changes in the structure of the Federal statistical community are necessary if this goal is going to continue to be met in the near future. Substantial changes will require a broad consensus in Congress and throughout the Government. The subcommittee's efforts on this issue are meant to help forge this consensus in order to preserve and improve the integrity and Federal statistics.

c. Hearings.—The subcommittee held a hearing entitled, "Oversight of Statistical Proposals" on July 29, 1997.

19. Defense Surplus Equipment.

a. Summary.—Treatment of Federal surplus personal property is governed by the Federal Property and Administrative Services Act of 1949 [FPA]. There are two categories of surplus property—excess and surplus. Excess property is property that has been declared unnecessary by the owning agency. Once property is declared excess, it is screened for further reuse. If another agency determines that it can use the property, it is reused. If it cannot be used or is not desired by another Federal agency, the property is declared surplus. Once it is declared surplus, the property can be donated for any number of public purposes, such as education or drug interdiction or to municipalities. The FPA authorized State Agencies for Surplus Property to receive equipment as an intermediary for ultimate use by State governments and other entities within a State.

The State agencies are funded by charges on recipients of the donated property. Property not donated may be sold.

The Defense Reutilization and Marketing Service [DRMS] was established in 1972 and is part of the Defense Logistics Agency. Its purposes are: (1) to receive personal property (everything except real estate, from battleships to paper clips) from defense units that no longer need the property; (2) to inspect personal property to verify the condition code reported by the reporting agency, to determine whether it needs to be demilitarized (i.e., the military capacity of the item destroyed), and to identify any property needing special handling, such as hazardous waste; (3) to transfer the property, at no cost, to other organizations that can use it; and, (4) to sell the remainder of the property unless it has no value or is still a military item. Items with no value can be scrapped and military items need to be demilitarized prior to disposal.

The agency received $25 billion of property last year at its 148 facilities, and employs about 2,500 people. Approximately 50 percent of the property is unusable and must be demilitarized. About 60 facilities handle two-thirds of the volume. The amount of property declared surplus has increased due to base closure and the post-Cold war drawdown. Property sold in fiscal year 1996 by DRMS yielded 1.9 percent of the original acquisition cost.

The subcommittee heard from Representative Nick Smith (R–MI), Bob Liberman, Assistant Inspector General for Auditing, Department of Defense, and David Warren, Director, Defense Management Issues, General Accounting Office. Noting that the headquarters of the Defense Reutilization and Marketing Service is located in the district of Representative Smith, he asserted that the donation program is inherently unfair, since many States have very small military organizations within them and therefore do not generate substantial volumes of surplus property. Mr. Lieberman described the complexities of balancing the need for maximizing disposal sales and ensuring that dangerous military equipment does not get into the hands of purchasers. The Inspector General has assigned a high priority to logistics issues, and this has led to close scrutiny of the Defense Reutilization and Marketing Service, and Mr. Lieberman points out that many problem areas remain. GAO officials described the disposal process which the Defense Reutilization and Marketing Service follows. This process is governed by laws and regulations that require the Department of Defense to make the best property available to other DOD agencies, other Federal agencies, and a host of other eligible donees who represent State agencies, prior to the sale. This resulted in low market returns.

b. Benefits.—Between $20 and $30 billion in defense personal property is declared surplus each year. The use of this property by the subsequent owner should be a concern of all taxpayers, since the efficiency of the Defense Reutilization and Marketing Service can significantly affect the value of the property.

c. Hearings.—"Oversight of Defense Surplus Equipment and the Activities of the Defense Reutilization and Marketing Service" hearing was held on September 12, 1997.

20. U.S. Customs Service.

a. Summary.—The First Congress passed and President George Washington signed the Tariff Act of July 4, 1789, which authorized the collection of duties on imported goods. It was called "the second Declaration of Independence" by the news media of that era. Four weeks later, on July 31, the fifth act of Congress established the Customs Service and its ports of entry. For nearly 125 years, the Customs Service funded virtually the entire Government, and paid for the Nation's early growth and infrastructure. The territories of Louisiana and Oregon, Florida and Alaska were purchased with Customs revenue. By 1835, Customs revenues alone had reduced the national debt to zero. The Customs Service currently collects about $20 billion for the Federal Treasury with 19,000 employees.

The agency was restructured in 1995 as a three-tiered organization modelled of people, processes, and partnerships, with the emphasis on service delivery at ports of entry. The Commissioner of Customs, by authority delegated by the Secretary of the Treasury, establishes policy and supervises all activities from the Service Headquarters in Washington, DC. The Customs Service ensures that all imports and exports comply with U.S. laws and regulations. The Service collects and protects the revenue, guards against smuggling, and is responsible for the following: (1) assessing and collecting Customs duties, excise taxes, fees and penalties due on imported merchandise; (2) interdicting and seizing contraband, including narcotics and illegal drugs; (3) processing persons, baggage, cargo and mail, and administering certain navigation laws; (4) detecting and apprehending persons engaged in fraudulent practices designed to circumvent Customs and related laws; (5) enforcing U.S. laws intended to prevent illegal trade practices, including provisions related to quotas and the marking of imported merchandise; the Anti-Dumping Act; (6) enforcing import and export restrictions and prohibitions, including the export of critical technology used to develop weapons of mass destruction, and money laundering; and (7) collecting accurate import and export data for compilation of international trade statistics.

California has traditionally received fewer resources and personnel than ports of entry on the East Coast for the same workload. The North American Free Trade Agreement will bring increased trade with Mexico. The growing economies of the Pacific Rim will bring increased trade with Asia. This makes it more difficult to enforce trade laws and intercept illegal narcotics. When he testified before the subcommittee, Bob Trotter, Assistant Commissioner, Field Operations, U.S. Customs Services, Department of the Treasury, described the agency's strategic plan and its performance-based management initiatives. Mr. Trotter denied that there was a regional disparity in staffing at the Customs Service. John Heinrich, Director, Customs Management Center, U.S. Customs Services, Department of the Treasury, described the challenges to the trade services area from the growth in volume from the Asia-Pacific region and Latin America. Mr. Heinrich described the opportunities of the past few years to increase staffing at airports due to the Consolidated Omnibus Reconciliation Act fees. Ms. Judy Grimsman, president, Los Angeles Customs and Freight Brokers Association, described the need for additional resources in the

southern California area and the changes wrought by NAFTA in terms of promoting automation in the trade servicing area. This automation has placed additional duties on importers, according to Ms. Grimsman, but the Customs Service has not completed the automation process. Ms. Grimsman asserted that the Service must complete the automated bonding and air manifest processes in order for such automation to be fully implemented.

b. Benefits.—Given the rapid changes inherent in a globalizing economy and the vital role of the Customs Service, it is crucial that this agency is well-managed. Close congressional scrutiny is necessary at this point to ensure that the agency is prepared to adjust to important economic and demographic changes.

c. Hearings.—A field hearing was held in Long Beach, CA, entitled, "Oversight of the Management Practices of the U.S. Customs Service," on October 16, 1997.

21. U.S. Forest Service.

a. Summary.—In the last Congress, a pilot program was authorized for the Forest Service to allow visitors to pay a fee to use park amenities. This pilot is similar to the permanent authority which the National Perk Service possesses to charge fees for visits to National Parks. Previously, the Forest Service had argued that the large number of entry points to National Forests, in contrast to the more controlled National Parks, makes a program of fee collection administratively infeasible.

Representative Charlie Bass, (R–NH), testified that it is important to take into account the views of the local citizens, review services provided within the National Forests by State governments, and ensure that payment-in-lieu of taxes [PILT] are fully funded. Since PILT funds services in which there is a large Federal presence, including roads and fire protection, it is a key funding priority for States with a large Federal presence. However, according to Mr. Bass, PILT has not been fully funded.

Donna Hepp, Forest Supervisor, White Mountain National Forest, U.S. Forest Service, described her agency's implementation of the pilot fee program at the White Mountain National Forest, citizen comment and reactions to the fee. Generally, respondents to a poll support the notion of fees by a wide margin.

b. Benefits.—As Federal agencies move toward more funding through user fees, it is important to examine public accessibility, the use of proceeds, and accountability to taxpayers.

c. Hearings.—A field hearing was held in Conway, NH, on "Management Practices of the U.S. Forest Service: Review of the User Pilot Program" on October 20, 1997.

22. Clinger-Cohen Act.

a. Summary.—The Clinger-Cohen Act of 1996 [CCA] is now 1 year old and the subcommittee held the first congressional oversight hearing on its implementation. (CCA was originally passed as the Federal Acquisition Reform Act of 1996 and the Information Technology Management Reform Act of 1996. These acts are Divisions D and E, respectively, of Public Law 104–106.) The intention of CCA is to significantly improve the effectiveness and efficiency of Information Technology [IT] throughout the Federal Govern-

ment. CCA has several major components: (1) procurement reform for IT hardware and software acquisition; (2) the requirement for a set of IT plans including a business-driven IT strategic plans and an IT Architecture; and (3) the establishment of the Chief Information Officer [CIO] as a statutory position throughout the Federal Departments and agencies.

CCA procurement reform is moving forward and has been reflected in the Federal Acquisition Requirements that regulate all Federal purchases. Business-driven IT strategic plans and architecture have made little if any progress. The positions of CIO have in general been implemented, however, the quality of work produced by the various offices of CIO is inconsistent. This concern was the subject of a subcommittee hearing.

Further, there is a particular class of IT projects with tremendous potential benefit to the Federal Government that are not being utilized, specifically, cross-cutting IT projects. An example cross-cutting IT project, the International Trade Data System [ITDS], was examined in this hearing. The ITDS project has the potential to deliver a $25 billion a year tax cut to American business involved in international import and export. ITDS would also result in cost savings of hundreds of millions of dollars per year for the Federal Departments and agencies. Plus, ITDS would improve the effectiveness of Federal agency regulatory enforcement in areas such as illegal immigration, unsafe imported foods, and drug trafficking.

The Federal Government does not have a process whereby such cross-cutting IT projects can be identified, evaluated, funded, housed, supported, coordinated, and implemented. Every aspect is missing. Consequently, the likelihood of such projects being successful or even getting started is very low. The subcommittee made recommendations for improving cross-cutting IT projects based upon the experiences of the ITDS project.

Mr. Gene Dodaro, Assistant Comptroller General, Accounting and Information Management Division of the General Accounting Office, testified about the current shortcomings in CIO positions and incumbents. He further testified to the difficulty of obtaining qualifications information about CIOs. This information has not been forthcoming from OMB. GAO recommended Congress, OMB, and the Federal agencies take action to rectify the situation because of the high leverage impact the CIOs could have upon the effectiveness and efficiency of IT throughout the Federal Government.

The second panel of witnesses represented CIO success stories in selective Federal agencies. Mr. Alan P. Balutis, Deputy Chief Information Officer of the Department of Commerce, testified about a collection of 25 successful IT projects published by the CIO Council. These successful IT projects prove that it can be done. The next step is to understand why these projects were successful when so many others are not.

Ms. Liza McClenaghan, Chief Information Officer for the Department of State, testified about the accomplishments of the CIO Council in setting training requirements and skill targets for IT professionals. This work has lead to improvements in training programs, classroom curriculum, and identification of automated

training tools. The next step is to understand the component training plays in developing and retaining an IT workforce in face of increasing competition from the private sector for technically competent employees.

Ms. Anne Reed, Chief Information Officer for the Department of Agriculture, testified about the IT architecture standards that are being established by the CIO Council. There is a long way to go, and nobody wants to create one governmentwide standard, but the start has been well made. The Clinger-Cohen Act requires each Federal agency to develop an IT architecture. The CIO Council is attempting to establish selective IT architecture components across multiple Federal agencies.

The subcommittee also heard testimony on the International Trade Data System [ITDS], a cross-cutting IT project, that could save $25 billion a year of unnecessary paperwork expenses for American businesses. Mr. John P. Simpson, Deputy Assistant Secretary of Treasury for Regulatory, Tariff, and Trade Enforcement of the Department of the Treasury, testified about the national benefits that could accrue from this system. Mr. Michael D. Cronin, Assistant Commissioner of Inspection of the Immigration and Naturalization Service, testified about the increases in productivity and quality that Customs could achieve because of the ITDS project. Mr. Robert W. Ehinger, Director, ITDS Project Office of the Department of Treasury, testified about the difficulties of getting all relevant Federal agencies to participate in the ITDS project; the improved productivity in the 6 pilot sites already up and running; and planned subsequent steps.

Subcommittee Chairman Horn summarized the lessons learned from the hearing and made recommendations for OMB and Federal agencies to improve IT effectiveness and efficiency for the benefit of Federal programs, their beneficiaries, and the American taxpayer.

b. Benefits.—The Federal Government spends at least $26 billion every year on information technology. This figure represents only the direct cost of IT. It does not count the millions of labor hours spent using IT systems. It does not consider the effects of these IT systems on Federal programs or the American citizens those programs serve.

Private sector experience is that 24 percent of large IT projects are significantly over budget and behind schedule. Experience in the Federal sector is considerably worse—so bad, in fact, that no official figures have even been collected. Subcommittee Chairman Horn has repeatedly asked, "Why do we cancel these projects at the $4 billion level instead of the $400 million or $40 million level. Why can't we cancel these failures at $4 million and save everybody not only billions of dollars but years of frustration and unfulfilled citizen needs?"

The Chief Information Officers are now in place throughout the Federal agencies. By law they are required to report to the head of the agency, to be dedicated full-time to information technology, and to be qualified in terms of large organization and technical experience. Unfortunately, these requirements are not met by well over half of the current CIOs. The subcommittee is pressuring OMB and the Federal agencies to rectify this situation. The effec-

tiveness of the CIOs can make a difference in the billions of dollars of IT expenditures, the success of hundreds of IT projects, and the efficiency improvements achieved by IT in agency programs and service delivery to the American taxpayers.

The International Trade Data System [ITDS] was selected as an example cross-cutting IT project because it has the potential to save American business approximately $25 billion a year in unnecessary paperwork costs. This is the equivalent to a $25 billion a year tax cut or $125 billion over the typical 5 year Federal budgetary planning horizon. The subcommittee made recommendations to Federal agencies in general and this project in particular. The subcommittee was at least partially influential in another congressional committee funding the ITDS project for the first time.

c. Hearings.—"Oversight of the Implementation of the Clinger-Cohen Act" was held on October 27, 1997.

23. Management Practices in State and Local Governments.

a. Summary.—Governments of all sizes throughout the ages have been susceptible to waste, corruption, and inefficiency. The problem has seemed especially bad lately, probably more due to the contrast with our extraordinarily productive and efficient private sector than for any other reason. The challenge for the Subcommittee on Government Management is how to articulate the practices that make government work to its maximum potential.

The Innovations in American Government Awards Program is funded by the Ford Foundation and administered by the Kennedy School of Government in partnership with the Council for Excellence in Government. It is designed to promote a national conversation about what works in Government. Each year the program receives applications from more than 1,500 Federal, State, and local government programs around the country. Of these, 25 programs are chosen as finalists and 10 of these are selected as winners by the National Committee on Innovations in American Government. The committee makes its selections on the basis of four criteria: (1) originality of approach; (2) effectiveness in addressing important public problems; (3) value to clients; and (4) potential replication in other jurisdictions. The National Committee is chaired by David Gergen, editor-at-large at U.S. News and World Report, and its members include former elected officials, private industry leaders, and journalists.

Innovations awards finalists and winners each receive grants. The awards grant is intended to help successful programs disseminate information to the public as well as to other government agencies looking for ways to address similar problems or to make similar programs work better. The 1997 Innovations winners were announced on October 8.

b. Benefits.—The programs singled-out by the Innovations Program provide an excellent opportunity to consider what works in results-oriented management. The 105th Congress and especially the Government Reform and Oversight Committee have been working hard to oversee and encourage implementation of the Government Performance and Results Act. Another important element of government reform involves looking at successful programs, seeing what factors make them successful, and asking whether those fac-

tors can be applied elsewhere. Innovative and effective State and local government programs throughout the country can be seen as laboratories of good governance. The hearing will provide Congress with the occasion to learn from this array of experience.

c. Hearings.—"Management Practices in State and Local Governments: Lessons for Federal Government" was held on October 31, 1997.

24. Federal Advisory Committee Act.

a. Summary.—When it passed FACA in 1972, Congress was explicit in its intention that the law not apply to the National Academy of Sciences [NAS] and similar organizations, such as the National Academy of Public Administration [NAPA]. For the last 25 years, it has been the operating assumption of the Academies, Congress, and the executive branch that FACA did not apply to these organizations.

In a recent court case brought by the Animal Defense League Fund [ADLF], FACA was interpreted as applying to NAS and by logical extension to NAPA and perhaps to an unknown number of other groups like the American Bar Association that are utilized by the Federal Government. The ADLF and other interested parties sought more public participation in NAS committee processes.

Both Houses of Congress were in favor of clarifying through legislation that FACA does not apply to the NAS. OMB Director Franklin Raines also expressed support for a legislative remedy. The primary litigants met with the House majority and minority staffs to identify committee process for NAS and NAPA that would provide more public participation without inappropriate requirements for a Federal Government committee as per FACA. NAS and NAPA agreed to modify their committee processes as follows:

1. Post to the Internet for public comment the committee members names, biographies, and brief conflict of interest disclosures when nominated.
2. Invite public attendance at all data gathering committee meetings by posting notice to the Internet.
3. Make public the names and biographies of reviewers of draft committee reports by posting this information to the Internet.
4. Make available summaries of formal committee meetings that are not open to the public.

NAS and NAPA already made their final reports available to the public via the Internet and both will continue to do so. They simply anticipated adding the above to their same Internet web databases. The only remaining issue for resolution was the location of the above list and its exact wording.

A hearing was held on November 5, 1997. A bill was drafted in consultation with a team of majority and minority staff from both the House and the Senate. The bill, H.R. 2977, was introduced by Mr. Horn on November 9 and passed the House under suspension of the rules on November 10 by voice vote. The bill was then considered by the Senate and passed without amendment by unanimous consent on November 13. The bill was signed into law on December 17, 1997, Public Law 105–153.

b. Benefits.—The American people benefit from the expertise and experience of the committees created by the National Academy of Sciences. When confronted by an important problem with key scientific aspects, the Federal Government can commission a study by NAS. At any given point in time approximately 400 such studies may be simultaneously under way. These studies are commissioned by Federal Departments and agencies, Congress, State governments, international bodies, or private organizations. NAS then selects a committee of the most qualified scientists who work for free. These scientific committees are independent of the various parties that may have a vested interest in the outcome of their study, including the Federal Government.

The expertise, experience and independence of the best scientists for each particular problem delivers high quality, objective findings and recommendations. This benefits the Federal agency that commissioned the NAS study and the American people, who are assured that the scientific aspects of the problem are studied free of political pressures. All NAS studies result in a report that is readily available to the public—either by writing NAS or from the Academy's Internet web site.

The National Academy of Public Administration operates in a manner similar to NAS but specializes in matters of public administration rather than science. Again the best expertise and experience is brought to bear for a commissioned study of an important administrative problem. The benefits of NAPA accrue to the Federal agency requesting the study and the American people. Their reports are also publicly available by writing NAPA or from their Internet web site.

The benefits of this particular amendment to FACA are twofold. First, the Federal Government and the American people will continue to benefit from the independent high-quality studies of NAS and NAPA without undue restrictions. Second, the processes used by NAS and NAPA will be more open to scrutiny by all interested parties. The American people can be assured that all NAS and NAPA studies will be conducted in a balanced and objective manner.

c. Hearings.—The subcommittee held a hearing on November 5, 1997, entitled, "Oversight of the Federal Debt Collection Practices."

SUBCOMMITTEE ON HUMAN RESOURCES

1. Food and Drug Administration [FDA] Steps Against the Health Threat Posed by "Mad Cow Disease" and Other Transmissible Spongiform Encephalopathies [TSEs].

a. Summary.—The Human Resources Subcommittee reviewed the timing and effectiveness of the FDA proposal to prohibit the use of certain rendered animal parts in feeds for other ruminant animals as a means of protecting the U.S. food supply from TSE-infection. It also examined current blood safety and risk assessment standards designed to guard against the transmission of TSEs through blood and blood products.

The subcommittee considered FDA, USDA, CDC, and NIH efforts to understand and prevent the spread of TSEs; the monitoring of agricultural health situations of U.S. trade partners; the lack of

any known U.S. TSE that is transmissible to humans; and the differences between animal-to-animal transmission of bovine spongiform encephalopathy [BSE], or "Mad Cow Disease," and human-to-human transmission of Creutzfeldt-Jacob Disease [CJD], a variant form of the human TSE. Members also discussed the risk analysis as the vehicle for establishing a rational policy for dealing with a little understood disease, as well as the methodology used by the agencies in revealing blood contamination.

b. Benefits.—The investigation informed Members and the public about the nature and scope of the threat TSE poses to the Nation's food supply and blood and animal products. It also exposed the challenges presented by the need to develop an appropriate response to a public health threat where there is little conclusive evidence but theoretical risks of serious or even calamitous spread of infection.

c. Hearings.—A hearing entitled, "Potential Transmission of Spongiform Encephalopathies to Humans: The Food and Drug Administration's [FDA] Ruminant to Ruminant Feed Ban and the Safety of Other Products" was held on January 29, 1997. Testimony was received from the FDA, the U.S. Department of Agriculture's [USDA] Animal and Plant Health Inspection Service, the Centers for Disease Control and Prevention [CDC], the National Institutes of Health [NIH], the University of Southern Alabama School of Medicine, and the Virginia-Maryland College of Veterinary Medicine.

2. The Need for Better Focus in the Rural Health Clinic Program.

a. Summary.—The Human Resources Subcommittee looked into the administration of, and allocation of resources in, the Nation's rural health clinic [RHC] program, with special emphasis on the General Accounting Office [GAO] report entitled, "Rural Health Clinics: Rising Program Expenditures Not Focused on Improving Care in Isolated Areas" and the Office of Inspector General [OIG] of the Department of Health and Human Services [HHS] report entitled, "Rural Health Clinics: Growth, Access, and Payment."

The subcommittee focused on Medicare and Medicaid reimbursement policies for RHCs, administered by the HHS Health Care Finance Administration [HCFA], and program eligibility criteria. It also addressed how rural health care access can be measured more accurately and more often, and how to extend the reach of Medicare and Medicaid into isolated rural areas more efficiently and effectively.

b. Benefits.—The subcommittee inquiry exposed the RHC program's lack of focus on those people who have difficulty obtaining primary care. It also highlighted a growing consensus that HCFA ought to revise its Medicare payment policy to hold all RHCs to payment limits, or caps, and generated a dialog about other tools that would help set the RHC program back on track.

c. Hearings.—A hearing entitled, "The Need for Better Focus in the Rural Health Clinic Program" was held on February 13, 1997. Witnesses included representatives from GAO, the IG for HHS, HCFA, the HHS Health Resources and Services Administration [HRSA], the National Association of Rural Health Clinics and the National Rural Health Association. A hearing entitled, "The Need

for Better Focus in the Rural Health Clinic Program—Part II" was held on September 11, 1997. Testimony was received from private physicians and representatives from GAO and HRSA.

3. Cabinet Department and Agency Oversight.

a. Summary.—The Human Resources Subcommittee, which has oversight jurisdiction over those departments and agencies of Government managing human service programs, conducted an oversight investigation examining the most pressing management and programmatic problems facing those departments and agencies in the 105th Congress. It also explored the extent to which they are able to comply with the requirements of the Government Performance and Results Act [GPRA]. Over the course of its investigation, the subcommittee reviewed budget data, Inspector General [IG] reports and audits, and General Accounting Office [GAO] studies and recommendations. The undertaking culminated in oversight hearings with the Secretaries of the Department of Housing and Urban Development [HUD] and the Department of Labor, as well as representatives of the five Cabinet and National Labor Relations Board [NLRB] IG offices, and the GAO.

The HUD inquiry focused on the problems and challenges that led the $40 billion department to be rendered a "high-risk" agency by the GAO—namely weak internal controls, inadequate information and financial management systems, and an ineffective organizational structure. In addition, the subcommittee addressed IG Susan Gaffney's concern that HUD has yet to resolve three major issues: the mismatch of HUD's numerous programs and diminishing staff and work capacity; the inability of certain offices to oversee the most efficient use of taxpayer funds; and the incompatibility of its "place-based" program delivery goals and its program-based organizational structure. In response to the subcommittee's probe for answers, Secretary Cuomo pointed to downsizing and streamlining of the Department and implementation of management and legislative reforms as possible solutions.

The subcommittee's investigation into the Department of Labor began with an examination of the Secretary's plans for reform of the $38 billion Department, including investment in learning and skill development, the movement of people from welfare to work, pension protection and the initiation of greater pension portability, improved enforcement, and an appreciation of family needs. The subcommittee also considered the GAO's suggestion that the Department improve management and develop new regulatory strategies that are less burdensome and more effective than the ones that are currently in place, as well as IG Charles Masten's insistence that it improve the effectiveness of DOL's employment and training system, safeguard pension assets, implement significant new statutory mandates, and ensure the integrity of the unemployment insurance [UI] system. Masten also cited opportunities for savings in the Department's foreign labor programs.

The oversight inquiry into the Department of Health and Human Services [HHS] focused on the IG's concern about three program areas in Medicare found to be particularly susceptible to waste, fraud and abuse: home health, hospice and durable medical equipment. The subcommittee also considered program-wide issues

raised by the GAO such as the need to improve accountability, coordination and oversight, generate timely and reliable information, identify and correct program vulnerabilities, and integrate its information management needs as part of its overall process of developing a strategic plan in compliance with the GPRA.

The inquiry into the Department of Veterans Affairs generated positive messages about the Department's willingness and ability to streamline its focus to reduce the vulnerability to waste, fraud and abuse, as well as its attempts to comply with the GPRA. However, the subcommittee did find problems in its outdated health care system, large backlog in claims and appeals, and workman's compensation program.

In carrying out its oversight responsibility for the Department of Education, the subcommittee looked into how well the Department satisfied its mission, worked with State and local educators, and managed its budget. The subcommittee found the areas needing the greatest improvement to be student financial aid programs at "high risk" of waste, fraud, and abuse, persistent data system problems, an inability to curtail fraud in grant applications, and a failure to meet the performance measure criteria for the GPRA.

The oversight investigation into the NLRB focused on recent efforts to improve the resolution of labor-management disputes, the size of the case backlog, the speed of case processing, the number of case settlements, and the effectiveness of compliance enforcement. It also looked at why the agency has difficulty fulfilling the requirements of the GPRA.

b. Benefits.—The subcommittee's review of Department and agency problems and weaknesses provided valuable information regarding where and how the Government might reign in the capacity for waste, fraud, and abuse. In so doing, the hearings gave Members a valuable overview and insight into how to best focus their energies as an oversight body and helped lay the groundwork for future reform and savings.

c. Hearings.—The subcommittee held a series of oversight hearings covering each of the five Cabinet agencies under its jurisdiction. "Oversight of the Department of Housing and Urban Development [HUD]: Mission, Management, and Performance" was held on February 27. "Agency Oversight—the Department of Housing and Urban Development and the Department of Labor: Mission, Management, and Performance" was held on March 6, 1997. "Agency Oversight—the Department of Health and Human Services and the Department of Veterans Affairs: Mission, Management, and Performance" was held on March 18, 1997. "Oversight of the Department of Education: Mission, Management and Performance" was held on March 20, 1997. "Department of Labor: Mission, Management and Performance" was held on June 10, 1997. "Oversight of the National Labor Relations Board: Mission, Management and Performance" was held on July 24, 1997.

4. Oversight of the Department of Health and Human Services' Healthy Start Program.

a. Summary.—The subcommittee conducted an investigation into the Healthy Start Program, a 5-year demonstration initiative designed to fight infant mortality. The purpose was to explore the ex-

tent to which the initiative accomplished its mission, HHS's management of the program, and the lessons learned.

Healthy Start began in 1991 with the goal of reducing infant deaths by 50 percent in selected communities with infant mortality rates above the national average, and emphasized innovative approaches to health and other support services to combat the problem. The inquiry was intended to draw conclusions about the program's strengths and weaknesses in the wake of the President's proposal to expand the program to 30 more sites.

b. Benefits.—The inquiry generated valuable information regarding the potential impact of Healthy Start's community-driven strategies on the leading causes of infant mortality, low birth weight, birth defects, and sudden infant death syndrome, as well as how to measure the program's effectiveness given the absence of long-term data. The information will prove useful to lawmakers, health care professionals, and other interested parties as they begin to debate the wisdom of expanding this and other related programs.

c. Hearings.—The subcommittee held a hearing entitled, "Healthy Start: Implementation Lessons and Impact on Infant Mortality" on March 13, 1997. Testimony was received from representatives from HHS' Health Resources and Services Administration [HRSA], the Agency for Health Care Policy and Research, the National Institutes of Health, the Centers for Disease Control and Prevention, as well as community project directors from the District of Columbia, Baltimore, Cleveland, and the Mississippi Delta.

5. Nursing Home Fraud.

a. Summary.—The subcommittee reviewed reports of waste, fraud, and abuse in the nursing home industry in hopes of determining how to improve nursing home regulation for maximum taxpayer benefit. During the course of its investigation, the subcommittee considered the extent of waste, fraud, and abuse, the impact on State Medicaid programs, the effectiveness of Medicaid Fraud Control Units [MFCUs] and private industry programs in detecting and preventing waste, fraud, and abuse, the complexity of reimbursement policies, and options for coordinating care for beneficiaries eligible for both Medicaid and Medicare.

b. Benefits.—The investigation culminated in two hearings which demonstrated the need for greater vigilance over nursing home practices and improved enforcement of waste and fraud control programs. The undertaking also made complex reimbursement and "pay and chase" processes, as well as other practices that enable over billing and improper claims to slip by current control measures, easier to understand and control.

c. Hearings.—A hearing entitled, "The Extent, Causes, and Effects of Fraud and Abuse in Nursing Homes" was held on April 16, 1997. Testimony was received from the Medicaid director for operations for the State of Connecticut, the vice president of the National Association of Medicaid Fraud Control Units [NAMFCU] and the director of Maryland MFCU, the assistant attorney general and director of AHCCS Fraud Unit in Arizona MFCU, the HHS Deputy Inspector General for Evaluations and Inspection, the GAO Associate Director of Health Financing and Systems Issues, the executive vice president of the American Health Care Association, and the

vice president for Public Policy for the American Association of Homes and Services for the Aging. A hearing entitled, "Health Care Fraud in Nursing Homes—Part II" was held on July 10, 1997. Testimony was received from the Health Care Financing Administration, the California Advocates for Nursing Home Reform, the American Association of Retired Persons, and the National Long Term Care Ombusdman.

6. Fixing the Consumer Price Index [CPI].

a. Summary.—The subcommittee examined proposals by the Department of Labor's Bureau of Labor Statistics [BLS] to improve the accuracy and maintain the integrity of the CPI. As the Government and private sector's tool for measuring inflation, the CPI is used in the calculation of cost of living adjustments [COLAs] for major Federal entitlement programs and private pension benefits, giving it the power to wield enormous consequences for the economy at large. The subcommittee focused its investigation on conflicting views regarding the degree of bias in the current CPI, difficulties in quantifying the impact of new products and quality improvements on the economy, as well as the BLS' ability to create and implement an impartial, effective, and timely process to make the changes.

b. Benefits.—The inquiry taught Members and other interested parties about the nature, extent, and source of the problems and challenges faced by the BLS as it begins the process of adjusting the CPI. The investigation and subsequent hearing also shed light on the degree to which the BLS is capable of resolving these issues, and whether any immediate adjustments can be made pending long-term legislative changes.

c. Hearings.—A hearing entitled, "Bureau of Labor Statistics Oversight: Fixing the Consumer Price Index" was held on April 30, 1997. Testimony was received from the Department of Labor's Commissioner of Labor Statistics and private economists.

7. Bio-Ethics and Informed Consent.

a. Summary.—The subcommittee reviewed the Federal Government's approach to biomedical ethics issues in research involving human subjects and the adequacy of informed consent. The subcommittee considered the emerging parameters of informed consent in view of recent scientific advances in areas such as cloning and gene therapies and increased research budgets, with particular attention to vulnerable patient populations including children, mentally ill and drug addicted individuals, as well as current procedures used to address bioethics questions and disputes.

b. Benefits.—The investigation revealed deficiencies in the evaluations and oversight needed to maintain a rigorous bioethical review system, institutional barriers and logistical obstacles in the policing of thousands of research projects, and a false sense of security that difficult issues are being confronted. The ensuing hearing then sharpened questions regarding the mechanism used to address these ethical issues, and provided information that will prove valuable in future reform efforts.

c. Hearings.—A hearing entitled, "Oversight of the NIH and FDA: Bio-Ethics and the Adequacy of Informed Consent" was held

on May 8, 1997. Testimony was received from representatives of the Department of Health and Human Services, the Food and Drug Administration, the Centers for Disease Control and Prevention, the National Institutes of Health, the National Alliance for the Mentally Ill, and scholars from the University of Pennsylvania, the University of California-San Francisco, and the University of Arizona.

8. Analysis of the Medicare Transaction System [MTS].

a. Summary.—The subcommittee, working in conjunction with the Government Management, Information, and Technology Subcommittee, reviewed problems associated with the Health Care Financing Administration's [HCFA] multi-million dollar development of MTS. The investigation looked at a cost-benefit analysis of MTS, projected overall costs of design and implementation of the system, and the adequacy of HCFA's management and oversight of the project. Other issues addressed were HCFA's management of Medicare's nine claims processing systems that are being used while MTS is being developed, and the agency's preparations for "the millennium problem" when computers may not recognize dates after the year 2000.

b. Benefits.—The investigation revealed the nature and extent of critical managerial and technical weaknesses that continue to delay and undermine the MTS effort, the process through which HCFA is reassessing the MTS project, and prospects for its completion by the year 2000. This information will prove useful to those engaged in efforts to contain HCFA's spiraling costs.

c. Hearings.—A joint hearing with the Government Management, Information, and Technology Subcommittee entitled, "Status of the Medicare Transaction System" was held on May 16, 1997. Testimony was received from the Director of Information Resources at the General Accounting Office, the Administrator of the Health Care Financing Administration, the vice president and general manager of the Information Systems Division at GTE, and the vice president of Intermetrics Systems Services Corp.

9. Food and Drug Administration's [FDA] Enforcement of Blood Safety Regulations.

a. Summary.—The subcommittee examined the effectiveness of the FDA's enforcement practices in ensuring the safety of the blood supply. Members considered the adequacy of the FDA's inspection and enforcement practices for the blood and plasma industries, the response to accident and error reports, the effectiveness of the Blood Products Advisory Committee [BPAC] and the Transmissible Spongiform Encephalopathy [TSE] Advisory Committee, and the agency's recall and notification practices. The subcommittee also reviewed the current regulatory approach to the risks associated with pooled plasma products, with particular attention to the relationship between the size of the plasma pool and the risk of infectious disease transmission.

b. Benefits.—The investigation demonstrated the need for continued systemic improvements in the inspection of blood facilities and in the methods used to notify practitioners and patients of potentially unsafe products. It also helped elucidate Members and others

as to the risks associated with the possible transmission of Creutzfeldt-Jacob Disease [CJD] through blood transfusion and the effectiveness of surveillance efforts to detect the presence of CJD in the blood supply.

c. Hearings.—A hearing entitled, "FDA Regulation of Blood Safety: Notification, Recall and Enforcement Practices" was held on June 5, 1997. Testimony was received from representatives of the General Accounting Office, the Office of Inspector General for the Department of Health and Human Services, and the Food and Drug Administration. A hearing entitled, "Food and Drug Administration [FDA] Oversight: Blood Safety and the Implications of Pool Sizes in the Manufacture of Plasma Derivatives" was held on July 31, 1997. Testimony was received from representatives of the Centers for Disease Control and Prevention, the National Institutes of Health, the Food and Drug Administration, the National Hemophilia Foundation, the Immune Deficiency Foundation, the American Red Cross, and all the major plasma fractionators.

10. Reducing Education Mandates.

a. Summary.—The subcommittee looked at the regulatory burdens and mandates on schools that may detract from educators' mission of teaching children. The investigation explored how education could be deregulated to achieve maximum flexibility in using Federal education dollars to improve teaching and learning. The inquiry explored the scope and effects of existing Federal mandates, potentially conflicting Federal, State, and local government mandates, current options for mandate relief, and alternative models of regulatory flexibility.

b. Benefits.—The investigation revealed how mandates affect educators and how their requirements and restrictions might be eased or facilitated. It also brought to light the need for schools and school districts to have greater access to technical assistance to make educators aware of existing flexibility provisions. Finally, it demonstrated a tendency of mandates to have a disproportionate impact on disadvantaged urban districts that find it hard to raise money through increased property taxes, and suggested ways in which this inconsistency might be resolved.

c. Hearings.—A hearing entitled, "Reducing Regulatory Mandates on Education" was held on June 12, 1997. Testimony was received from Representatives Rob Portman (R–OH), Kay Granger (R–TX), and Gary Condit (D–CA), and representatives from the National School Boards Association, the American Association of School Administrators, the Association of School Business Administrators, the Texas Association of School Boards, and the National Education Association.

11. Restructuring the Department of Veterans Affairs [VA] Medical Services.

a. Summary.—The subcommittee explored the impact of VA health services restructuring and resource allocation on the quality of care at VA facilities, with particular attention to hospitals in Castle Point and Montrose, NY. The subcommittee considered how the VA measures the quality of health care provided to veterans, the impact of budget cuts imposed under the Veterans Equitable

Resource Allocation [VERA] system, as well as how the VA plans to assure the consistent quality of medical care in the new "integrated" structure.

b. Benefits.—The investigation demonstrated the existence of financial incentives for Senior Executive civil servants awarded according to their progress in meeting VA goals, including the achievement of Veterans Integrated Service Network [VISN] savings. It also gave the subcommittee and general public the opportunity to review the extent to which VA reform measures were examined prior to their implementation, the degree to which they have helped or hurt veterans, and the way in which they are viewed by the men and women they are supposed to aid.

c. Hearings.—A hearing entitled, "Restructuring VA Medical Services: Measuring and Maintaining the Quality of Care" was held on August 4, 1997, at the Wallkill Community Center in Middletown, NY. Testimony was received from representatives of VISN 3, the VA Office of Performance Management, the New York State Division of Veterans Affairs, the Orange County Veterans Service Agency, the Rockland County Veterans Service Agency, the Sullivan County Veterans Service Agency, the Dutchess County Veterans Service Organization, and a large number of public witnesses.

12. Pfiesteria and Public Health.

a. Summary.—The subcommittee reviewed State and Federal public health responses to outbreaks of Pfiesteria piscicida, the alleged source of fish kills and human illness in Maryland, North Carolina and other areas, to determine Federal and State governments' ability to respond to new public health threats presented by emerging infectious agents and toxins.

b. Benefits.—The investigation and ensuing hearings suggested ways to improve the sensitivity and effectiveness of State and national programs, policies, and practices designed to prevent and reduce the Pfiesteria threat. It also revealed unprecedented ways in which leaders in Government, science, medicine, agriculture might work together to design and implement a more unified response.

c. Hearings.—A hearing entitled, "Pfiesteria and Food Safety: the State Response" was held on September 25, 1997. Testimony was received from the Governor of Maryland and representatives from North Carolina State University and the University of Maryland School of Medicine, the Secretary of Health and Human Services for the State of North Carolina, the Secretary of Environment and Natural Resources for the State of North Carolina, the commissioner of the Department of Health for the Commonwealth of Virginia, and author Rodney Barker. A hearing entitled, "Pfiesteria and Food Safety: the Federal Response" was also held on September 25, 1997. Testimony was received from representatives from the Department of Commerce, the National Institutes of Health, the Food and Drug Administration, the Centers for Disease Control and Prevention, and the Environmental Protection Agency.

13. Job Corps.

a. Summary.—The subcommittee examined Job Corps' success in training people for employment, including the degree to which the program ensures client commitment, removes barriers to employ-

ment, improves employability skills, and links skill training to the local job market. The investigation drew heavily from the results of a General Accounting Office [GAO] examination of the Department of Labor's management of Job Corps recruitment and placement contractors in terms of how they demand and measure success in client commitment and long term job potential.

b. Benefits.—The investigation unearthed a need for Job Corps to generate more data in order to maintain a stronger focus on performance and accountability, with hearing witnesses providing suggestions as to how this might be achieved. According to GAO and the Department of Labor Inspector General, high program drop-out rates may indicate contractors need to revise Job Corps admissions standards, while poor job placement prevents the Government from determining the program's benefits.

c. Hearings.—A hearing entitled, "Job Corps Oversight: Recruitment and Placement Standards" was held on October 23, 1997. Testimony was received from representatives from GAO, the Office of Inspector General for the Department of Labor, Job Corps, the Clearfield Job Corps Center, the Hubert H. Humphrey Job Corps Center, the David L. Carrasco Job Corps Center, as well as a Job Corps graduate.

14. Privatization of Child Support Enforcement Services.

a. Summary.—The subcommittee looked at the benefits, challenges, and future course of State and local efforts to privatize social service programs, with special emphasis on child support enforcement. The investigation considered testimony and data from various sources, including a report by the General Accounting Office [GAO] on the benefits, problems, performance, and cost effectiveness of efforts to privatize child support enforcement services [CSE].

The subcommittee also reviewed H.R. 399, the "Subsidy Termination for Overdue Payments [STOP] Act" introduced by Congressman Michael Bilirakis (R–FL). The legislation would require parents to pay child support obligations or face loss of Federal financial assistance, with a "good cause" exception to avoid penalizing parents in situations where they are unable to satisfy their child support obligation due to factors beyond their control.

b. Benefits.—The investigation injected the debate over the CSE privatization efforts of State and local governments with a historical perspective, as well as an understanding of the key issues surrounding State and local privatized services, with particular attention to implications for Federal policy. The inquiry also yielded an appreciation of the negative effects that the absence of robust competition, lack of experience specifying contract results, or failure to monitor performance can have on privatization benefits and program quality.

c. Hearings.—A hearing entitled, "Social Services Privatization: the Benefits and Challenges to Child Support Enforcement Programs" was held on November 4, 1997. Testimony was received from Congressman Michael Bilirakis (R–FL) and representatives from the GAO, Policy Studies Inc., Lockheed Martin IMS, Maximus Inc., G.C. Services, the Ventura County District Attorney's Office, and the Association for Children for Enforcement of Support.

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES AND REGULATORY AFFAIRS

1. Investigation of the White House Database.

a. Summary.—The subcommittee has been investigating and continues to investigate the misuse of the White House Database [WhoDB] for unauthorized purposes. This investigation has been a part of the Committee on Government Reform and Oversight's investigation of campaign fundraising abuses. This investigation was first referred to the subcommittee by Chairman William F. Clinger, Jr., in the 104th Congress.

This referral was reaffirmed at the beginning of the 105th Congress by Chairman Dan Burton and ratified in writing on July 17, 1997.

b. Benefits.—The misuse of the WhoDB implicates the Anti-Deficiency Act, 31 U.S.C. 1301(a), which prohibits the use of funds authorized by Congress for unauthorized purposes and 18 U.S.C. 641 which imposes criminal sanctions for the use of Government property for nongovernmental purposes.

According to documents produced to the subcommittee by the White House, creation of the WhoDB involved approximately $1.7 million of taxpayer funds. The subcommittee is investigating whether the White House converted this government asset to assist the private political purposes of the President and the Democratic National Committee. The subcommittee has received more than 35,000 pages of documents and spoken to more than 20 witnesses. The subcommittee expects to continue its investigation during the second session of the 105th Congress. The documents produced to the subcommittee and the testimony of the witnesses continue to suggest that the WhoDB was misused for unauthorized purposes.

2. Investigation of the Misuse of Statistics by the Department of Energy.

a. Summary.—The subcommittee has initiated an inquiry into the use of statistics by the Department of Energy to misrepresent its activity in making grants to disadvantaged business enterprises.

b. Benefits.—Such misrepresentations undermine the credibility of the Department and reflect a political agenda that may be inconsistent with the program requirements. The subcommittee expects to investigate the matter further during the second session of the 105th Congress.

3. Investigation of OIRA'S Review of NAAQS Rules.

a. Summary.—EPA's National Ambient Air Quality Standards [NAAQS] for particulate matter and ozone were considered a "significant regulatory action" under Executive Order 12866 and were reviewed by the Office of Information and Regulatory Affairs [OIRA] of the Office of Management and Budget [OMB]. OIRA approved the rules as complying with the requirements of the order. The NAAQS rulemaking was one of the most significant regulatory actions of this year, expected to impose costs of over $9 billion per year on the regulated public for partial attainment. Because of the major impact of these rules, the subcommittee has carefully inves-

tigated OIRA's involvement in the rulemaking to determine the extent to which OIRA performed its regulatory review obligations under President Clinton's Executive Order 12866 and ensured that the proposed rules complied with all applicable statutes and Executive orders.

b. Benefits.—The investigation has thus far exposed serious deficiencies in OIRA's conduct of regulatory review pursuant to Executive orders and procedural statutes. As a result, the subcommittee better understands specific areas in which the regulatory review process needs further oversight and reform. OIRA has repeatedly failed to cooperate fully with congressional oversight efforts.

c. Hearings.—The subcommittee held a hearing on "EPA's Particulate Matter and Ozone Rulemaking: Is EPA Above the Law?" on April 16 and 23, 1997.

4. Securities and Exchange Commission.

a. Summary.—From March 1996 through April 1997, the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs reviewed the official travel policies and procedures of the Securities and Exchange Commission [SEC]. Based upon its investigation, the subcommittee recommended that the SEC begin following the internal guidelines set out by the SEC Comptroller, particularly those in a July 9, 1993, memo on first-class travel, which states that employees should not fly first class even at their own expense.

The subcommittee recommended and the SEC implemented the following reforms:

- Strictly construe the FTR's requirements for approvals of upgrades for travel or lodging accommodations, and require explicit justifications for such upgrades consistent with FTR requirements.
- Do not construe the FTR to permit travel upgrades to business class for the reason that official business needs to be conducted in flight, even if the official work is confidential in nature.
- Continue to caution SEC travelers to be circumspect about doing work on confidential or sensitive matters while traveling to protect against inadvertent or premature disclosure of confidential or sensitive information. (The subcommittee has concluded that neither business- nor first-class travel significantly enhances the opportunity to maintain confidentiality of agency documents or records.[36])
- Include the specific FTR justification for any travel upgrade in a written approval memorandum, which must be submitted to the SEC's Comptroller's Office with the travel voucher before any reimbursement for upgrade expenses is approved. Consistent with current practice, that memorandum should be retained with the agency's official records relating to the trip.
- If a traveler receives an upgrade for lodging, and he or she stays at a hotel with a rate in excess of the maximum approved rate for subsistence expenses (currently up to 150 per-

[36] The subcommittee does not believe that the exceptional security circumstances cited in the FTR include maintaining confidentiality of agency records.

cent of the standard per diem allowance) (the maximum per diem allowance), determine, on a case-by-case basis, whether the appropriate reimbursement is the standard per diem allowance or the maximum per diem allowance.

Factors to be considered include, but are not limited to, the following:

1) net savings to the Government due to the proximity of the chosen hotel to the location of work which would lessen related transportation costs to be paid by the Government;

2) reasonable personal safety concerns, particularly relative to persons traveling alone; and

3) attendance at conferences or meetings which take place at hotels with rates above the maximum per diem allowance.

Increasing the lodging allowance up to the maximum per diem allowance for a particular locality should be considered exceptional—travelers are expected to attempt to find reasonable accommodations within the per diem allowance set by GSA. The traveler bears the burden of persuasion to satisfy the SEC's Office of the Comptroller that the traveler should receive more than the standard per diem allowance. The subcommittee is of the view that justifying a rate above the standard per diem allowance on the basis of attending conferences or meetings at hotels with rates above the maximum per diem allowance is appropriate only if the traveler stays on site, at a less expensive hotel in close proximity to the conference or meeting site, or if no other hotel is reasonably available.

- Consult with the Inspector General to implement a periodic audit by the Inspector General's office of agency travel vouchers, including those in which upgrades have been approved, to determine compliance with the FTR and agency policies.
- Require all SEC travelers to attach used airline ticket stubs, demonstrating the class of accommodations used by the traveler, to their travel vouchers.
- Review and approve requests for travel upgrades on a uniform basis.

b. Benefits.—The SEC has agreed to implement all of the subcommittee's recommended reforms. Many of these recommendations are not reforms; rather, they require enforcement of internal agency travel policies and Federal travel regulations already on the books. In adopting these recommendations, the SEC has come into compliance with the regulations which govern all Federal employees' travel.

The SEC's Inspector General is making quarterly reports to the subcommittee on compliance with the travel reforms. Reports were submitted in October 1997 and January 1998, showing full compliance. The subcommittee hopes that the SEC will begin to serve as an example of an agency that fully complies with its internal travel policies and the Federal travel regulations, with the benefit being, the protection of taxpayer dollars.

c. Hearings.—None.

5. Oversight of the U.S. Army Corps of Engineers Wetlands Programs.

a. Summary.—The subcommittee conducted oversight into the U.S. Army Corps of Engineer's (the Corps) wetlands program. The

subcommittee held an oversight hearing on this issue in Marietta, GA, on June 16, 1997. The hearing, "Wetlands: Community and Individual Rights vs. Unchecked Government Power," examined particular difficulties that local citizens and the county government had in obtaining permits from the Corps to develop their property.

First, the hearing covered the issue of the Corps' denial of a permit for Cobb County to build the West Cobb Loop, a much-needed roadway to ease traffic congestion in the area. The Corps denied the permit because it favored an alternate route which would not impact any wetlands, but would affect more than 700 homes, 2 churches and a school in the West Sandtown community, and force residents in 39 homes to completely relocate.

Second, the hearing examined the problems Robert Dabbs, a small, local developer of subdivisions, experienced in obtaining a permit from the Corps. The Corps put a Cease and Desist Order on his entire development project, although he only affected 0.63 of an acre of wetlands in the 111-acre residential development. Mr. Dabbs cooperated with the Corps' every request, spending thousands of dollars to comply, but the Corps did not have time to look at his paperwork. At the time of the hearing, Mr. Dabbs was on the brink of financial ruin due to the Corps' delay. One of his partners had already folded and 165 construction workers' jobs had been eliminated.

Third, the hearing examined the situation of Grady Brown, an elderly cattle rancher and businessman. The Corps stopped him from using part of his own land because the Georgia Department of Transportation [DOT] inadvertently flooded it 10 years previously, creating a wetland. The DOT recognized their error and drained the property, but when the Corps found out, they ordered the DOT to undo their work and reflood the land. The Corps left Mr. Brown with a lot of useless swamp land and no recourse but to go through a long and likely futile permitting process or to engage in a costly, protracted legal battle.

Background: Federal Wetlands Regulations

The key program under which wetlands are regulated by the Federal Government is found in Section 404 of the Clean Water Act [CWA], which was established in 1972. Under Section 404, landowners and developers must get permits from the Corps before conducting any work which results in the disposal of dredged or fill materials into the waters of the United States, including wetlands. The Section 404 program is jointly administered by the Corps and the Environmental Protection Agency [EPA]. Section 404 authorizes States to take over the administration of permits, but the process to do so is very complex and only two States have assumed this responsibility—Michigan and New Jersey.

The Corps issues general permits for activities that will only have a minor impact on wetlands and individual permits for more extensive activities. General permits, which are issued for 5-year periods, allow activities in their scope to go forward without individual review, reducing paperwork and delay. Over 80 percent of the approximately 50,000 activities permitted by the Corps each year are covered by general permits.

In December 1996, the Corps reissued its 37 nationwide permits [NWPs], as its general permits are known, and added 2 new ones. The Corps made a few significant revisions to the NWPs. Most importantly, it is phasing out the Nationwide 26 permit which authorizes discharges into isolated waters (not connected or adjacent to surface waters) and headwaters (minimal flow waters) affecting up to 10 acres. The Corps has reauthorized NWP 26 for 2 years. After 2 years, NWP 26 will be eliminated entirely and replaced by new, activity-specific permits. While NWP 26 remains in existence, it has been reduced to cover only those activities affecting up to 3 acres. A preconstruction notification is now required for any activity affecting more than one third of an acre, reduced from 1 acre. Landowners and developers have voiced great concern that the Corps will not be able to replace NWP 26 sufficiently and that the increased workload of granting individual permits for all the activities that were formerly covered by NWP 26 will result in long, costly delays. Over 20,000 activities occur under NWP 26 every year.

The subcommittee examined a study recently released by the Competitive Enterprise Institute [CEI], which concluded that wetlands restoration has exploded in the last decade resulting in "no net loss" of wetlands. In fact, the study reported, there has been a net gain in wetlands. The U.S. Department of Agriculture's Natural Resource and Conservation Service has conducted a survey of wetlands across the Nation as part of its most recent National Resources Inventory [NRI]. The NRI showed a trend of wetland losses that indicates about 141,000 acres of wetlands were lost in 1995. In the same year, three non-regulatory wetland restoration programs of the USDA restored at least 187,000 acres of wetlands. These programs are the Partners For Wildlife Program, the North American Waterfowl Management Plan, and the Wetland Reserve Program. Wetland restoration is defined as "the re-establishment of wetland hydrology and wetland vegetation to lands which had previously been drained, typically for agricultural purposes." Restoration is distinct from creation of a new wetland where none existed previously or enhancement of an existing wetland to improve its functioning.

b. Benefits.—As a result of the subcommittee's oversight hearing, the Corps agreed to readdress the West Cobb Loop and Robert Dabbs' permit issues, as well as drainage of the wetland on Grady Brown's property.

At the hearing, Cobb County Department of Transportation Director Jim Croy testified on behalf of Cobb County on the West Cobb Loop issue. The Commission's application for a permit to build the road was rejected by the Corps because the chosen route would impact 11 acres of wetlands—not the "least environmentally damaging alternative." The Commission and local citizens chose the route that would impact some wetlands because it would have the smallest impact on the residents of the area. They also offered to mitigate the impact by creating eight times as many wetlands and building bridges where possible to span the wetlands, making the project more expensive. The route the Corps preferred would widen an existing road through a residential neighborhood, affecting 700+ homes, 1 school and 2 churches, and forcing the complete relocation of 39 homes. This route would not touch any wetlands.

The route the county chose would only force the relocation of three homes. The citizens of Cobb County feel strongly that there is a need for this road to ease the traffic on smaller roads. They are paying for the road directly from their own tax dollars—no Federal funds—through a 1 percent tax they voted to impose on themselves for road improvement projects.

Two citizens testified about the impact the road would have on their community if the Corps' preferred route was chosen. Chris McLean and David Parr addressed issues of community safety and well-being. There is a school on the road the Corps wanted to widen. Children walk to school along that road every day. The road connects several housing subdivisions. The rate of accidents in this residential area would greatly increase if the road was widened from two to five lanes and the speed increased.

Col. Grant M. Smith, District Commander of the U.S. Army Corps of Engineers Savannah District, testified on behalf the Corps. He made the decision to reject the county's application for a permit to build the West Cobb Loop. At the hearing, Col. Smith agreed to work with the county on its re-proposal of a route for the West Cobb Loop. To date, Cobb County has submitted a new application for a permit to build on a route similar to the one in its first proposal. Currently, the application is in a joint comment period. According to Cobb County officials, it is likely that the application will be approved and a permit will be granted to begin construction in March or April 1998.

In the case of a permit for Robert Dabbs' housing subdivision, Col. Smith testified that he was not aware of the costly delays caused by the Corps, and he apologized for them. He announced that the Corps had scheduled a meeting to inspect Mr. Dabbs' property again on June 18 (2 days after the hearing). At the inspection, the Corps agreed with the delineation Mr. Dabbs' engineer had determined—they settled on 0.9 of an acre of wetlands. Mr. Dabbs applied for an after-the-fact permit from the Corps for his development, and he will mitigate for the wetlands he disturbed. The Corps gave him a letter releasing the part of the development that isn't wetland for construction to continue.

Col. Smith was not able to be as accommodating in Mr. Brown's case. Because the regulations do not distinguish between man-made and natural wetlands, both must be protected. But he agreed to reconsider the issue to determine if a mutually agreeable solution could be reached. The case has not yet been resolved satisfactorily.

c. Hearings.—A field hearing was held on this matter on June 16, 1997, in Marietta, GA, "Wetlands: Community and Individual Rights v. Unchecked Government Power."

6. Oversight of the Security and Exchange Commission's "Disclosure of Accounting Policies for Derivative Financial Instruments and Derivative Commodity Instruments" (derivative rule).

a. Summary.—The subcommittee conducted a substantial review of the SEC's derivative rule, which was promulgated on February 10, 1997, to determine whether the rule was sound and efficient and whether the SEC had complied with the statutory requirements of the underlying securities law (National Securities Mar-

kets Improvement Act of 1996) and the Congressional Review Act under the Small Business Regulatory Enforcement Fairness Act (Public Law 104–121). The subcommittee sent the SEC oversight letters on March 17, 20, and 28, 1997, requesting a complete copy of the initial and final regulatory flexibility analysis for the rule, among other materials.

The subcommittee reviewed all the documents submitted by the SEC and conducted extensive interviews of the SEC Chief Economist, the SEC Chief Accountant, the SEC Deputy Chief Accountant, and an SEC Assistant General Counsel, all of whom were involved in the derivative rulemaking process. The subcommittee also interviewed a number of outside economic experts, market analysts, and securities experts and met with a variety of interested parties in the regulated community. In addition, the subcommittee has carefully reviewed the findings, conclusions, and recommendations of the Senate Subcommittee on Securities in their report dated April 21, 1997 (Report of the Subcommittee on Securities on Proposals by the Securities and Exchange Commission and the Financial Accounting Standards Board for the Accounting Treatment of Financial Derivatives). Based on this substantial review of the derivative rule, we find additional support for and endorse the findings and conclusions of the Senate report.

Most significantly, the subcommittee reviewed a memorandum from the SEC Office of Economic Analysis dated January 7, 1997, which presents a thorough and persuasive critique of the quantitative disclosure requirements of the derivative rule. The memorandum suggests that the market has already responded positively to the concerns that arose a few years ago in well-publicized cases and will continue to do so without any action by the SEC. In contrast to the direction the market is taking, the SEC's Chief Economist states that the derivative rule, particularly its quantitative disclosure requirements, "has the potential to create misleading representations of market risks in the registrants" disclosures." In fact, the SEC's Chief Economist wrote that under the rule "some risk disclosures will be misleading." (Emphasis added.) To cite but one example, the Chief Economist wrote that "a registrant may be at considerable risk due [to its] derivatives positions and yet report a quantitative risk of zero under the [derivative rule]." Finally, the Chief Economist wrote that the quantitative disclosure requirements of the derivative rule will likely cause market participants to shift to over-the-counter contracts that entail even greater risk. As the memorandum relates, the rule "creates incentives for financial engineering and a movement of trading to over-the-counter markets from financial exchanges." In short, it appears that the SEC's Chief Economist believed that no quantitative disclosure requirement was necessary and that the requirements in the rule the SEC has issued will be misleading and counterproductive.

Apart from the persuasive criticism of the derivative rule in the memorandum, the subcommittee is most troubled that the Chief Economist's conclusions, and many other comments that the SEC received from the regulated community on the quantitative disclosure requirements, appear to have been completely ignored by the SEC's Office of the Chief Accountant and others at the SEC. Sadly,

the subcommittee has concluded that the SEC regulated for the sake of regulating, rather than for the protection of investors.

b. Benefits.—The subcommittee concluded, in accordance with the Senate Subcommittee on Securities' Report, that the derivative rule is problematic for the following reasons.

1. There is no justification for requiring quantification of derivative risks, as the derivative rule requires, but not requiring quantification of the following intangible risks, each of which the SEC Chief Economist said usually has a larger impact on a public company's stock value:

- changes in company management;
- the possibility of a labor strike;
- changes in a competitor's line of products or services;
- development of valuable patent rights;
- good or bad marketing decisions;
- increases or decreases in the cost of manufacturing inputs; and,
- all other good or bad business decisions.

2. Although the market developed the valuation methods that the SEC now requires under the derivative rule, the market players who developed the tools oppose mandatory disclosure. By mandating disclosure, the derivative rule, creates an incentive for the market not to develop or improve such risk management tools in the future, for derivatives or for any of the other risks listed above.

3. The SEC Chief Economist admitted in an internal memo and in a subcommittee interview that none of the derivative debacles of the past would have been prevented by the new derivative rule.

4. The SEC's initial economic analysis and cost estimate on the derivative rule was simply guesswork on the part of the Deputy Chief Accountant with no input from the SEC Office of Economic Analysis. The SEC's final economic analysis was based on anecdotal interviews by the Deputy Chief Accountant, who has since left, with only minimal review by the SEC Office of Economic Analysis. The Senate Subcommittee on Securities found that the SEC had violated Section 106 of the National Securities Markets Improvement Act of 1996 by not conducting a real cost benefit analysis. The Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affair concurs with this conclusion.

5. The actual direct cost of compliance with the derivative rule will far exceed the SEC's estimates. Interviews with the CFOs of several major corporations convinced the subcommittee that the SEC's final cost estimate was based on faulty assumptions about the amount of time it would take to comply with the rule.

6. Those companies to which the derivative rule applies are at serious risk of competitive harm because they are forced to disclose sensitive information that their foreign competitors and those domestic companies which are not covered by the rule do not have to disclose.

7. The SEC Chief Economist concluded that the analyses required by the derivative rule will be too complex for most investors to follow. Therefore, the rule will provide misleading information to investors.

8. The SEC Chief Economist concluded that the analyses required by the derivative rule will also be misleading because the

various options the rule allows for reporting derivative risk are not compatible. Companies are given three options for quantitative reporting: tabular presentation (describing the fair value and contract terms), "sensitivity analysis" (describing potential earnings and losses under various market fluctuations), and "value at risk" (describing potential losses within a historical context). It would be difficult, if not impossible, for most investors to compare what one company puts in one format and another company puts in another format.

9. The SEC Chief Economist concluded that the derivative rule will create an incentive for firms to move from financial exchanges to over-the-counter or other non-cash settled commodity markets, thus increasing the risk to investors.

10. The SEC Chief Economist concluded that the derivative rule will create an incentive for firms to engage in less hedging activity, thus increasing the risk to investors. This is the case because derivatives are used by companies primarily to reduce risk. The companies that use derivatives oppose the rule because it requires them to disclose financial trade secrets. If these companies have to disclose information about how they use derivatives to their competitors, it is not as worthwhile for them to use derivatives. Thus, the rule creates an incentive for companies to use fewer derivatives. Using fewer derivatives creates more risk for the companies' investors.

11. Although the "safe-harbor" provision of the SEC rule is an attempt to limit the litigation arising from the rule, the sbcommittee believes that substantial litigation remains likely to occur.

c. Hearings.—None.

7. EPA's Particulate and Ozone Rulemaking.

a. Summary.—The subcommittee conducted significant oversight of the process that the Environmental Protection Agency [EPA] followed in developing new air quality standards for particulate matter [PM] and ozone. This review focused on EPA's compliance with Federal laws and procedures intended to assure that regulations will not do more harm than good. In particular, the subcommittee examined the Agency's compliance with the requirements of the Small Business Regulatory Enforcement Fairness Act [SBREFA], Regulatory Flexibility Act [RFA], the Unfunded Mandates Reform Act [UMRA] and Executive Order 12866, and with the administrative procedures set forth in the Clean Air Act.

On November 27, 1996, EPA proposed revisions to tighten dramatically the National Ambient Air Quality Standards [NAAQS] for particulate matter and ozone. The new NAAQS, which were finalized in July 1997, will regulate fine particles and impose a lower acceptable level of smog measured over a longer time period. Under the Clean Air Act, NAAQS are required to be set at a level that is "requisite to protect the public health," while "allowing an adequate margin of safety." Throughout the rulemaking proceeding, EPA Administrator Carol Browner persistently maintained that the Clean Air Act allows the Agency to consider only health factors in its decisionmaking. Therefore, she insisted that UMRA's regulatory requirements did not apply and that EPA could not consider the results of its regulatory impact analyses in determining

whether to revise the current standards. She also argued that RFA and SBREFA did not apply, because these health-based standards do not, in themselves, have any direct regulatory effect. Moreover, she stated that it is not feasible to conduct regulatory impact analyses at the NAAQS-setting stage, because the Agency does not know what specific regulatory requirements a State will choose for implementing the standards.

However, EPA's analyses assume that the available science indicates a threshold for unacceptable risk from which EPA could set a standard allowing an adequate margin of safety. In fact, this assumption ignores the findings of EPA's own scientific advisory committee. Based on the best available science, the Clean Air Scientific Advisory Committee [CASAC] determined that there are no such bright scientific lines. Indeed, CASAC indicated that there is no scientific proof that EPA's standards will measurably improve public health. In the case of ozone, the panel concluded that the proposed standard was not significantly more protective of public health than the current one. In the case of PM, they found significant uncertainty surrounding the health effects of fine particles. In their view, there is no compelling evidence on which to set more restrictive standards at this time. As a result, CASAC concluded that science could not make the judgment call on EPA's new standards.

In the face of inconclusive science and the prospect of questionable public health benefits, compliance with "good government" procedures takes on added significance. Under these circumstances, sound policy judgments can be made only after (1) a careful balancing of the weight of the available scientific evidence against anticipated costs, risks, and likely benefits; and (2) an adequate opportunity for review and comment. For this reason, the subcommittee closely reviewed EPA's compliance with the Federal laws, Executive orders, and administrative procedures that require the Agency (1) to analyze and take into account a range of factors in exercising its discretion on proper risk management; and (2) to allow ample time for the filing and review of comments. The investigation focused on the following problems:

Regulatory Flexibility Act.—EPA certified that its rules will not have a significant impact on small business. This finding is very problematic because EPA indicated that these rules will have a significant economic effect on a substantial number of small entities in its regulatory impact analyses. Moreover, the Agency has previously prepared analyses of small business effects in other NAAQS-setting rulemakings. Finally, the Small Business Administration, the controlling legal authority, determined that EPA was required to do so in this rulemaking proceeding.

Unfunded Mandates Reform Act.—EPA has insisted that the Clean Air Act (Act) prohibits it from complying with the requirements of UMRA. Therefore, EPA did not prepare a written statement that evaluated the effects of its changes on State, local, and tribal governments and the private sector or provide an explanation why the Agency could not select the least costly, most cost-effective, and least burdensome alternative that achieves the objectives of the Act. Nor did EPA involve State and local officials in developing its rules. Yet, the Agency had the discretion not to change

the existing air quality standards and this NAAQS review involved policy judgments.

Executive Order 12866.—Although EPA considered it appropriate to evaluate alternative regulatory options, the Agency maintained that it would be inconsistent with the Clean Air Act for the Agency to take into account the results of its economic analyses in determining which option to select. This is problematic in light of CASAC's conclusion that science could not make the judgment call in this rulemaking proceeding.

Regulatory Impact Analyses.—At the proposing stage, EPA failed to perform full cost analyses of its changes to the PM and ozone standards and available alternatives, even though doing so would have enabled a more informed evaluation of the achievability of these standards and their net benefits.

Risk Management.—In developing its new PM2.5 annual standard, the Agency did not give appropriate weight to the inconclusive nature of the scientific evidence on the health effects of fine particles, especially the significant uncertainties raised by CASAC. Moreover, in spite of the marginal public health benefits that its ozone proposal would provide and its own determination that the costs of implementing the standard would outweigh the benefits, EPA preferred this option to issuing an 8-hour equivalent of the current standard.

PM Research.—Despite the many unanswered questions and uncertainties surrounding the mortality effects of fine particles, EPA refused to validate the two key government-funded prospective studies upon which the Agency relied, by obtaining and making available to the public for independent review the data underlying those studies.

Opportunity for Review.—EPA did not find it necessary to provide an adequate opportunity for public comment and regulatory review before adopting any revisions to the PM and ozone NAAQS. This is very problematic given the complexity of this NAAQS review, which addressed both the PM and ozone standards, and the amount of time allocated in the past to reviewing just one standard. In the case of the ozone standard, this is particularly egregious because EPA was not under a court-ordered deadline to review that standard. Moreover, in its filing with the District Court in Arizona seeking an extension of the deadlines for the particulate matter rulemaking, EPA recognized that the court provided "an extraordinarily short time period" for reviewing and responding to public comments in a rulemaking of this nature. Under such severe time constraints, it is highly dubious that EPA was able to perform a meaningful review of all of the comments filed on both the PM and ozone proposals.

In pursuing its oversight work, the subcommittee sent letters of inquiry to EPA, OIRA, SBA, and the Council on Economic Advisers. The subcommittee also interviewed EPA, SBA, and OIRA officials involved in this rulemaking proceeding, CASAC scientists, State and local authorities, and economic and policy analysts. In addition to the documents provided in response to its inquiries, the subcommittee reviewed legal, economic and scientific analyses developed by the private sector and the public comments submitted on EPA's proposals.

Finally, on April 16 and 23, 1997, the subcommittee held a hearing on EPA's rulemaking. On the first day of the hearing, the subcommittee heard testimony from representatives of the public, small business, the scientific community, and State and local government. Testifying at the second day of the hearing were EPA Administrator Browner, OIRA Administrator Sally Katzen and SBA Chief Counsel for Advocacy Jere Glover.

On the first day of the hearing, witnesses provided persuasive testimony that EPA's proposed new stringent standards were misguided. Dr. Christopher Grande, an anesthesiologist and intensive care specialist in trauma injury, said that the proposed rules are "the latest example in what [he] see[s] as a disturbing trend of the last two decades where scarce public health resources are diverted from more clearly demonstrated beneficial uses." "For example," he added, "if a community is forced to spend its resources implementing the ozone and particulate matter air quality standards, what other public health needs will the community sacrifice?" This concern was echoed by Faith Kline, a fourth-grade school teacher and severe asthma sufferer, and Fred Congress, a minority business owner. Both admonished the Agency not to take a great public policy leap without more scientific justification. To do otherwise, they agreed, will just result in onerous new control measures being imposed on the backs of citizens for minimal health benefits.

A bipartisan group of State and local elected officials also expressed concern that EPA's air quality standards will be counterproductive to cleaner air and improvements in public health. According to Ohio Governor George Voinovich, "the proposed standards threaten to undo all the hard work and sacrifice made by our [citizens] to bring their communities into attainment." San Diego Mayor Susan Golding and Illinois State Representative Jeffrey Schoenberg believed that the rules will have an enormous impact on small business and will become "one of the largest unfunded mandates" ever faced by State and local government.

During the course of its oversight, the subcommittee also found the following information particularly noteworthy in view of its concerns about the conduct of the rulemaking process:

Interagency Review.—EPA did not adequately address the economic and scientific criticism that its air quality standards provoked throughout the Clinton administration. The President's own Office of Science and Technology Policy objected that these standards are not based on adequate scientific information. The Council of Economic Advisers [CEA] observed that, "the incremental health-risk reduction from more stringent standards is small, while costs are high." In fact, the CEA estimated that the costs of fully complying with just EPA's new ozone standards could reach $60 billion a year. According to the SBA, these are "the most expensive regulations faced by small business in 10 or more years." The Department of Transportation [DOT] commented that it was "incomprehensible that the administration would commit to a new set of standards without much greater understanding of the problem and its solutions." A DOT analysis of the impact of EPA's standards on States and localities showed that areas in noncompliance will face "economically strangling restrictions to daily operations." The Department noted that the standards will "bring a significantly larger

proportion of the population and more jurisdictions under Federal oversight and procedural burdens."

State and local elected officials.—EPA did not adequately address the concerns voiced by numerous governors and thousands of mayors about these standards. They maintained that the standards will have a disproportionate impact on small business and will impose one of the largest unfunded mandates ever on State and localities. These standards will force onerous new control measures and unnecessary lifestyle changes on hundreds of counties that will not be able to comply. The costs of doing business will rise considerably, causing massive layoffs. Areas in nonattainment will have to adhere to stringent requirements regarding building permits and uses, transportations plans, industrial uses, and the like. In short, the elected officials protested that States and localities will face oppressive constraints on their freedom to run their own communities and meet the needs of their citizens.

EPA's Final Regulatory Impact Analysis.—While EPA has interpreted the Clean Air Act as requiring the setting of NAAQS to be health-based and not based on cost or other economic considerations, the Agency nonetheless performed a regulatory impact analysis [RIA] to determine the costs and benefits of its new standards. Moreover, EPA's final RIA clearly shows that its preliminary analysis did not conform to the administration's own guidelines for issuing regulations (OMB's guidelines for implementing Executive Order 12866). In contrast to that preliminary analysis which showed that the standards were cost-effective, EPA now has found that its new standards may actually result in harm to the public, potentially producing net negative benefits of $26 billion. Based on its estimates, EPA has concluded that the net benefits for ozone are negative and that it is quite plausible that the net benefits of the PM2.5 standard also will be negative. Total costs could be $47 billion ($37 billion from the PM2.5 rule plus $9.6 billion from the ozone rule). By the time EPA finalized its rules, its cost estimate rose about five-fold, while its measure of public health fell by over 80 percent (number of lives saved fell by 97 percent). Finally, the level that EPA has adopted for its annual PM2.5 standard is very cost sensitive. A change in the level by just 1 microgram per cubic meter, from 15 to 16, would result in a 37 percent reduction in the number of residual nonattainment areas—from 30 to 19.

Job Impacts.—In its study, "Costs, Economic Impacts, and Benefits of EPA's Ozone and Particulate Standards, the Reason Public Policy Institute found that the standards could cost from $90 to $150 billion annually. These costs would have an adverse effect on economic growth and employment, taking about $1,600 from each family of four after taxes and putting 200,000 to 400,000 jobs at risk. The costs of these standards could reduce the purchasing power of lower income families by more than 5 percent. Finally, the study projected that disproportionate share of the job losses would come from lower paying occupations in the small business sector.

Better Investments.—EPA did not evaluate the health benefits from investing scarce resources in the implementation of its stringent PM and ozone standards as compared to benefits from investing in other public health and safety programs. In terms of cost per life-year saved, EPA's rules are very cost ineffective when com-

pared with other investment choices, such as mammograms and immunizations. For example, the cost per life-year saved of breast cancer screening for women ages 40–64 is about $17,000, while the cost per life-year saved of pneumonia vaccinations for those over 65 is about $2,300. By contrast, EPA's PM analysis indicates a cost per life-year saved of $2.4 million.

Research.—Although EPA's 1996 "Air Quality and Emissions Trends Report" shows that nationwide air quality has improved substantially over the last 10 years, the incidence of asthma is increasing appreciably. Most experts believe that the primary cause of increased asthma prevalence is related to indoor not outdoor air pollution. Further research is needed to examine the effects of poverty and indoor air quality on the incidence of asthma, relative to the effects of outdoor air. Moreover, with respect to the health effects of fine particles, CASAC urged EPA to "immediately implement a targeted research program to address [the] unanswered questions and uncertainties." President Clinton's budget request for fiscal year 1998 underscored the necessity for research. In requesting $26.4 million for PM research, a 37 percent increase over 1997, the President indicated, among other things, the need to investigate the "biological mechanisms by which PM concentrations in outdoor air may induce health effects and, in doing so, evaluat[e] potential links between PM exposures and health effects." Clearly, absent a better understanding of the science, effective control strategies cannot be designed.

Underlying Data.—The subcommittee sent letters to Harvard and the American Cancer Society [ACS] urging that they cooperate with efforts to structure a public process for the independent review of the data underlying their long-term studies, which are critical to EPA's annual PM2.5 standard. Prompted by such appeals, Harvard and ASC are working with the Health Effects Institute to set up procedures for independent scientific review.

Unintended Adverse Consequences.—EPA did not evaluate any of the following potential adverse consequences: (1) Reducing ground-level ozone may cause an increase in malignant and nonmelanoma skin cancers and cataracts, as well as other health risks from ultraviolet B rays; (2) Setting a generic fine particle standard may result in controlling particles that don't significantly harm the public health, and not controlling ones that do; and (3) The regulatory costs that will be transmitted throughout the economy will increase poverty levels. As a result, workers and consumers will have less disposable income to spend on safety devices, on medical checkups and procedures, and on clean and safe housing.

b. Benefits.—The record developed through the subcommittee's oversight clearly shows that EPA defied good government laws and procedures in developing its new air quality standards, that these standards are scientifically indefensible, and that they will impose enormous burdens on State and local government and the private sector, with little or no assurance of public health benefits. Nothing in the Clean Air Act removes the Agency's discretion and responsibility to take a reasonable approach when the scientific evidence is inconclusive. Contrary to good government procedures and requirements, EPA rushed to judgment without weighing a range of

relevant factors and without providing an adequate opportunity for public comment and review.

c. Hearings.—The subcommittee held a hearing entitled, "EPA's Particulate Matter and Ozone Rulemaking: Is EPA Above the Law?" on April 16 and 23, 1997.

8. GAO Findings on Superfund Cleanup.

a. Summary.—On February 13, 1997, the subcommittee held a hearing on the preliminary findings of the General Accounting Office [GAO] on the duration of the Superfund cleanup process. Despite the Environmental Protection Agency's [EPA] claims to the contrary, GAO testified that the pace of the Superfund program is actually slowing down. GAO stated that it now takes much longer for non-Federal sites to move through the Superfund system than it did 10 years ago. Moreover, GAO staff warned that longer completion times are significant because many listing and cleanup activities remain in the Superfund program.

The Superfund program was created in 1980 when Congress enacted the Comprehensive Environmental Response, Compensation and Liability Act [CERCLA] to identify and cleanup the Nation's worst hazardous wastesites. After nearly 17 years, the public and private sectors combined have spent over $30 billion on the program, with only 30 percent of the sites on the National Priorities List [NPL] cleaned up.

At the request of former Government Reform and Oversight Chairman William F. Clinger, GAO investigated the time it takes to assess and cleanup contaminated sites on the NPL and why cleanups have been delayed. In March 1997, GAO issued its final report, "Times to Complete the Assessment and Cleanup of Hazardous Waste Sites," which confirmed its earlier findings. Based on EPA's own data, GAO concluded that:

(1) It now takes substantially longer to list sites on the NPL than it did 10 years ago. In 1996, it took 9.4 years to evaluate and place sites on the NPL, while sites listed between 1986 and 1990 took about 5.8 years. GAO predicted that long delays will continue because a large number of sites are potentially eligible for Superfund listing and only a limited number of sites are being added to the program each year. GAO estimated that between 1,400 and 2,300 sites could be added to the program in the future;

(2) The average number of site additions to the NPL has fallen dramatically over this same 10 year period. Only 16 sites per year have been added in recent years;

(3) The time it takes to clean up a site, once it has been placed on the NPL, is more than twice as long as it was 10 years ago. In 1986, the average time to cleanup a Superfund site listed on the NPL was less than 4 years. In 1993, EPA established a goal of 5 years to cleanup a site. However, by 1996, cleanups were averaging 10.6 years; and

(4) The actual time it takes to do "construction work"—the real shovels-in-the-dirt part—is being completed in the same length of time. In 1996, remedial actions took about 2 years, as long as it took in 1991.

EPA told GAO that the increased cleanup times are the result of three factors: "(1) the growing complexity of sites, (2) efforts to find parties and reach settlements with them, and (3) resource constraints."

Certainly, sites are now "more complex" in one respect. GAO reported in 1993 that a full 40 percent of all the sites that EPA had reported as "construction complete" required no remedial action whatsoever. Basically, EPA finished leaning up the sites that were easier to deal with early in the program. However, GAO also noted in their report that actual cleanup is just as fast today as it was previously. Therefore, the "complexity" that EPA cites as a reason for delay is attributable to the pre-cleanup phase—studies, remedy design, et cetera. In the case of multi-party sites, this phase is dominated by legal battles with potentially responsible parties [PRPs] over who should pay and how much, and what should be done—that is, issues of liability and remedy selection.

Moreover, by stating that efforts to reach settlements with parties delays the process, EPA acknowledged that the liability system hinders site cleanup. Notably, EPA reported to GAO that the reason remedial designs are completed twice as quickly at Federal sites as they are at non-Federal sites is because "Federal cleanups do not usually involve negotiations or litigation with private responsible parties." EPA's own data suggest that the number of parties involved in legal disputes is correlated to the speed of cleanup:

- A full 50 percent of all "orphan" sites (sites where EPA is unable to identify any viable liable party and simply pays for the cleanup itself) have been completed, and 41 percent of the sites with 10 or fewer parties have been cleaned up. However, at sites with 500 or more PRPs, just 17 percent have been finished.
- The average multi-party Superfund site takes a total of 12 years to be completed after it is listed on the NPL. As John F. Lynch, Jr., an experienced Superfund lawyer, testified at the hearing, the problems at multi-party sites are much greater than at single party sites, "by orders of magnitude." The lengthy testing, decision and "down" periods are directly attributable to complicated negotiations and litigation with PRPs over remedies and their costs, and which parties should pay.

Finally, President Clinton sought unsuccessfully to increase funding for the current Superfund program during fiscal year 1998 by $650 million. Clearly, based on GAO's findings, appropriating such amounts without first reforming the underlying program would do little to expedite cleanups but would simply perpetuate this flawed and inefficient program.

In presenting data on completion times, GAO used a "date of event" analysis (e.g., date of a site's placement on the NPL, date of completing a cleanup) and looked back to compute the length of time. The GAO staff testified that this methodology is the most appropriate measure of the productivity and management of Superfund resources over time. GAO's analysis considered the actual number of listings, cleanups completed, or intermediate steps completed in a given year regardless of when the sites were discovered or placed on the NPL. The staff pointed out that this approach is consistent with the method that EPA uses in its management re-

ports to measure the Superfund program's performance and to justify budget requests.

At the hearing, Elliot Laws, Former Assistant Administrator for Solid Waste and Emergency Response, testified that recent EPA reforms have fundamentally changed the program. Among other things, he claimed that the Agency's reforms have brought relevant stakeholders into the process earlier, increased the number of small parties who are protected from liability, adopted liability allocations worked out by the relevant parties, allowed States to assume more responsibility for cleanups, increased the speed of cleanups by using presumptive remedies, and reduced cleanup costs by establishing a Remedy Review Board to review proposed high-cost remedies at sites.

In March 1997, EPA submitted its own analysis comparing cleanup durations during the Clinton administration to those under prior years. The Agency claimed that its data show that it has taken only 8 years to clean up a site in recent years (1993–1996), as opposed to the more than 10 years it had taken for sites in the pipeline between 1987–1992. EPA's study used a "date of submission" analysis, which tracks processing times by the year sites were discovered or listed. For each time period, EPA's analysis only counted activities started and finished during that time period. As a result, EPA's findings are skewed. The Agency's study shows improvement in processing times only because the data for later years excludes a higher proportion of ongoing work than the data for earlier years.

On September 24, 1997, GAO issued a report entitled, "Superfund: Duration of the Cleanup Process at Hazardous Waste Sites on the National Priorities List." In that report, GAO compared EPA's projection that sites listed in 1993 through 1996 would be cleaned up in an average of 8 years against the program's historical performance. In doing this, GAO used the same methodology as EPA, a "date of submission" analysis, to isolate any effects of recent policy or procedural changes on processing times. GAO calculated the duration of the cleanup process from a site's listing on the NPL through remedial action for all sites that began this process in fiscal years 1986 through 1994. GAO examined both how long it took to clean up completed sites and how long the uncompleted sites have been "in process." Based on EPA's own data, GAO determined that the only way cleanups could average 8 years would be if all cleanups "in process" had been completed by July 1, 1997. However, because such a large proportion of the sites listed in the 9-year period are still in process, the average cleanup time for these sites will exceed 8 years by a substantial margin. Therefore, even after using the same methodology as EPA to analyze Superfund processing data, GAO verified that cleanups are taking substantially longer.

Finally, on May 30, 1997, at the request of the subcommittee and full committee, GAO completed its report, "Superfund: Information on EPA's Administrative Reforms," in which it examined whether, in fact, EPA's 45 administrative reforms have resulted in significant, fundamental changes in the program and are achieving demonstrable results. GAO found that the Agency could report quantifiable results for just six of them. Furthermore, of those six, EPA

could document the benefits fully for merely four reforms. These results do not show any significant progress, let alone a fundamentally different program.

b. Benefits.—The subcommittee's oversight and the GAO report on cleanup times provide further evidence that the current Superfund program is not working and requires comprehensive reform. GAO's findings show that the program will probably get worse before it gets better. Even assuming that the administration can do a better job, the sheer number of potential Superfund sites is staggering. GAO estimated that 1,400 to 2,300 additional sites may be added in the future. If EPA can only clean up 65 sites per year, and it is only taking on 16 new sites per year, the job may never be done. Moreover, GAO's findings show that the delays are attributable to the pre-cleanup phase, which is plagued by legal battles over who should pay and what should be done. Actual cleanup time has remained steady. Therefore, cleanups will continue to be delayed, unless the Superfund's liability system is fundamentally reformed. Only those who are truly responsible for the pollution, those parties which owned and controlled sites and parties which violated disposal laws, should be held accountable. Otherwise, the real mission of this program—cleaning up sites that pose a risk to our citizens—will never be achieved. The subcommittee is amazed that EPA is not equally concerned by GAO's findings and acknowledging the urgency for comprehensive legislative reform.

c. Hearings.—The subcommittee held a hearing entitled, "GAO Findings on Superfund Cleanup," on February 13, 1997.

9. OMB's "Report to Congress on the Costs and Benefits of Federal Regulations.

a. Summary.—On October 27, 1997, the subcommittee sent a letter to the Office of Management and Budget [OMB] expressing its concerns about the adequacy of the agency's "Report to Congress on the Costs and Benefits of Federal Regulations." These concerns also were shared by the Commerce and Transportation and Infrastructure Committees. Based on a thorough review, all three committees found that OMB's report failed to provide a sound information base for public policy decisionmaking.

This report was submitted pursuant to Section 645 of the Treasury, Postal Services, and General Government Appropriations Act, 1997 (Public Law 104–208), which required the Director of OMB to provide to Congress, by September 30, 1997, a report containing the following information:

(1) Estimates of the total annual costs and benefits of Federal regulatory programs;

(2) Estimates of the costs and benefits of each rule that is likely to result in annual costs of $100 million or more;

(3) An assessment of the direct and indirect impacts of Federal rules on the private sector, State and local government, and the Federal Government; and

(4) Recommendations from the Director and a description of significant public comments to reform or eliminate any Federal regulatory program or program element that is inefficient, ineffective, or is not a sound use of the Nation's resources.

In adopting these regulatory accounting requirements, Congress sought to obtain a credible and reliable assessment of the benefits and burdens of regulation in order to develop a more effective and accountable regulatory system that will achieve better results. However, OMB's report made painfully clear that the Federal Government has not yet established an information system that will yield meaningful estimates of the effects of regulation on our society.

In particular, the letter to OMB noted that its report did not fully comply with specific statutory requirements. It was wholly deficient in assessing the direct and indirect impacts of Federal rules and it made no recommendations for reform. In addition, OMB interpreted Congress mandate too narrowly to achieve the legislative goal. For example, the report did not break down information by Federal program, it provided information on only a limited number of major rules, and it excluded information on rules issued by independent agencies. Most significantly, the report exposed the lack of any systematic approach to collecting, analyzing, and reporting data on regulatory impacts. Moreover, in developing this report, OMB did not take the leadership role that Congress intended in assuring the quality and reliability of the information reported. Without a systematic approach and OMB auditing, Congress will not be assured of the accurate, complete, and consistently measured information that it needs to properly manage the regulatory process.

The letter recommended that OMB take the lead in implementing the following improvements:

(1) Standardize procedures governmentwide for collecting, analyzing, and documenting the best available information on a regular and systematic basis, including formalizing the agency's "Best Practices" guidelines;

(2) Establish an information database on the benefits and costs of regulation, obtaining information from a variety of sources as it becomes available;

(3) Establish a system for tracking net benefits of different regulatory programs and their program elements;

(4) Ensure that the report to Congress includes information on all Federal mandates, provides estimates on paperwork burdens and full social costs, and disaggregates the total overall estimates by regulatory program and economic sector;

(5) Use traditional economic measures, such as impacts on productivity, employment, and income distribution, to present aggregate information in a more meaningful way; and

(6) Synthesize and evaluate the information provided by Federal agencies, especially their compliance with OMB's guidelines, and supply both an independent assessment of regulatory impacts and concrete reform recommendations.

b. Benefits.—Based on the letter's recommendations, the subcommittee, along with the Committees on Commerce and Transportation and Infrastructure, will work with OMB to implement more effectively Section 625 of the Treasury and General Government Appropriations Act, 1998 (Public Law 105–61), which carries forward these regulatory accounting requirements for another year. As the OMB report indicated, Federal regulation constitutes "a major component of our economy" and regulations have "enormous

potential for both good and harm." The committees hope that, working together with OMB, we can begin to build a sound information base for decisionmaking and can make regulatory accounting the effective management tool that Congress intended.

c. Hearings.—None.

10. EPA's Strategic Plan.

a. Summary.—The subcommittee participated with the House Departmental Staff Team which reviewed and commented on the strategic plan developed by the Environmental Protection Agency [EPA] under the Government Performance and Results Act (Public Law 103–62) (Results Act). The overall aim of the Results Act is to foster accountability by requiring Federal Government agencies to establish goals and measure their performance. It is designed to obtain systematic and reliable information about where Federal programs and activities are going, how they will achieve their goals, and how performance will be measured.

Specifically, the Results Act requires Federal agencies to prepare multi year strategic plans, annual performance plans, and annual performance reports. Under the act, Agencies had to submit their first 5-year strategic plans to Congress and the Office of Management and Budget [OMB] by September 30, 1997. The act requires agencies to include the following six critical components in their plans: (1) a comprehensive mission statement; (2) agency wide long-term goals and objectives for all major functions and operations; (3) strategies and the various resources needed to achieve the goals and objectives; (4) the relationship between the long-term goals and objectives and the annual performance goals; (5) an identification of key factors, external to the agency and beyond its control, that could significantly affect the achievement of the strategic goals; and (6) a description of program evaluations used to establish or revise strategic goals and a schedule for future program evaluation. In developing their strategic plans, agencies were required to consult with Congress regarding the contents of their plans.

On July 28, 1997, the committees participating on the House EPA Staff Team sent a letter to the Agency providing comments on its draft strategic plan. In general, the committees felt that the draft plan was a good starting point, but that many changes were necessary before it complied with the act. The following are some of the changes that the committees recommended to improve the draft plan:

(1) The Agency's mission statement should more accurately reflect its founding statutes and authority. Moreover, the plan should place priority on those strategic goals for which the Agency has statutory authority;

(2) EPA's goals and objectives need to be more results-oriented and measurable;

(3) The Agency's goals and objectives should be expressed as environmental outcomes, while organization/program outputs should be classified as implementation tools; that is, strategies for achieving those goals;

(4) The strategic plan should prioritize among goals and objectives. In particular, EPA should commit to using risk assessment to prioritize environmental risk management decisions;

(5) The plan should emphasize the need to have reliable information in order to measure results. Also needed are performance measures that link EPA's activities to changes in health and environmental conditions;

(6) Given the kinds of goals and objectives that it sets, the strategic plan should contain measurements of the costs that EPA's regulatory actions impose on the private sector and State and local government;

(7) The Agency's numerical objectives must be justified by reference to some statutory or policy requirement;

(8) EPA should include performance measures relating to its efforts to work with States to achieve environmental goals;

(9) The draft plan lacked a sufficient assessment of external factors that would limit the Agency's ability to achieve its objectives;

(10) The draft plan did not include program evaluations used to develop the plan and a schedule for future evaluations;

(11) The draft plan did not address the relationship between its long-term goals and objectives and the annual performance goals; and

(12) The draft plan did not discuss coordination with other agencies for crosscutting programs, activities, or functions that are similar to those of other Federal agencies;

b. Benefits.—Based on these comments, EPA made certain changes in the final strategic plan that it submitted to Congress and OMB in September 1997. It added sections on program evaluations used in preparing the plan and on the relationship of the plan's general goals to annual performance goals. The plan also described the steps that EPA took to coordinate its plan with other agencies, and addressed the role of the States in implementing EPA's programs. The section identifying key external factors was expanded to include additional factors, such as changes in producer and consumer behavior, that could directly affect the achievement of the plan's goals and objectives. The mission statement also was revised to coincide more closely with the language of the Agency's statutes. Finally, EPA included an addendum that identified its authorities by goal and objective.

The Team will continue to work with EPA to make further improvements, such as: (1) stating goals and objectives in quantifiable and measurable terms; (2) relating specific strategies to specific objectives; (3) communicating more effectively the Agency's priorities; (4) ensuring the availability of sufficient scientific and environmental data; (5) coordinating plans and activities with other agencies that have similar or crosscutting functions; and (6) specifically linking the Agency's goals and objectives to each of its budgetary program activities.

c. Hearings.—None.

11. Oversight of EPA and the Regulatory Process.

a. Summary.—As part of its oversight responsibilities concerning Environmental Protection Agency [EPA] and the regulatory proc-

ess, the subcommittee continued to inquire about specific Agency's rulemaking actions. These inquiries have focused on the Agency's compliance with "good government" laws and procedures intended to assure that regulations do not do more harm than good. Specifically, the subcommittee has investigated the Agency's compliance with the requirements of the Administrative Procedures Act, the Unfunded Mandates Reform Act, the Regulatory Flexibility Act, the Small Business Regulatory Enforcement Fairness Act, the Congressional Review Act, and Executive Order 12866. The subcommittee has been particularly interested in whether the following types of issues were adequately addressed in the rulemaking proceedings: the need for regulation; the incremental costs and benefits of available regulatory alternatives; whether the benefits of the intended regulation would justify its costs; what would be the most cost-effective, least costly, and least burdensome regulatory option and any reasons why the Agency could not select that alternative; paperwork burdens; impacts on small business, State and local government, and the private sector; efforts to involve small business and State and local government representatives early in the development of the rule; impacts on the economy; any disproportionate impacts of the rule on certain populations or geographical areas; opportunity for comment and review.

In the recent past, the subcommittee conducted inquiries into the following specific rulemakings:

Urban Area Source Program.—On November 18, 1997, the subcommittee sent a letter of inquiry to EPA regarding its implementation of the Urban Area Source Program under Section 112(k) of the Clean Air Act. The subcommittee raised concerns about whether EPA, in developing a regulatory strategy on area sources, is complying with the requirements of the Small Business Regulatory Enforcement Fairness Act [SBREFA]. In particular, the subcommittee requested information about whether EPA is analyzing potential impacts on small business entities in developing its strategy; is providing a meaningful opportunity for small entities to participate early in the process; and is planning to convene a Small Business Advocacy Review Panel. Also, the subcommittee inquired whether EPA has been focusing on chemicals that are, in fact, emitted from area sources, in compiling its draft list of candidate air toxics for this program.

Toxic Release Inventory [TRI] Program.—On March 17, 1997, the subcommittee sent a letter to OMB concerning its review of EPA's draft final rule, "Addition of Facilities in Certain Industry Sectors: Toxic Chemical Release Reporting Community Right to Know." This ruled extended the requirements under Section 313 of the Emergency Planning and Community Right-to-Know Act for the reporting of toxic chemical releases to seven new industry sectors. In the letter to OMB, the subcommittee raised concerns about the unnecessary paperwork burdens that this regulation would create, especially for small businesses. The letter requested information on the extent to which such burdens on small business had been analyzed and whether all practicable steps had been taken to exempt from reporting or, alternatively, to minimize the burdens on, small businesses and other small entities. The subcommittee also ques-

tioned whether the benefits from imposing these informational requirements justified their costs.

NOX Rule for Utilities.—On November 21, 1997, the subcommittee sent a letter to EPA inquiring about its proposed Phase II Nox rules under the Clean Air Act. This letter raised concerns about the process that the Agency had followed in developing these rules. In this rulemaking, EPA proposed lowering Nox emissions for about 750 wall-fired and tangentially-fired utility boilers (Group 1 boilers) and establishing specific emission limits by category for about 190 other boilers. The subcommittee questioned whether the Agency was providing an adequate opportunity for public input and whether EPA and its consultants used realistic methodologies to support lowering emissions limits on the Group 1 boilers. The subcommittee also questioned the need for changing the Nox emissions standard for Group 1 boilers and the need for regulating cyclone boilers at all. Finally, the subcommittee requested information on why the EPA did not prepare an Initial Regulatory Flexibility Act analysis and on the Agency's efforts to involve State and local officials in developing its rules.

12. Brookhaven National Laboratory.

a. Summary.—The subcommittee has been investigating environmental, health, and safety problems at the Brookhaven National Laboratory [BNL], one of the Department of Energy's [DOE] major multi-program laboratories, and evaluating actions that are being taken at this Federal facility to remedy and prevent the recurrence of these problems.

Initially, the focus of the subcommittee's oversight was on DOE and BNL efforts to clean up existing onsite groundwater contamination, stemming from the facility's past activities. However, when tritium from active operations was detected in groundwater on the Lab site, it became clear that the problems at BNL were not isolated events, but were, instead, systemic in nature. The subcommittee then began investigating institutional deficiencies in the management of environmental, health, and safety activities [E, H & S] at BNL.

Because of its former use as a military facility and the later operations of the Laboratory, this site became contaminated with chemical wastes and hazardous substances. After a history of chemical and radiological releases to surface water and groundwater on site, the Brookhaven facility was listed on the National Priorities List under the Superfund law in 1989. While there have been ongoing remedial investigations to define future clean-up priorities, activities over the past few years have concentrated on capping inactive landfills, removing underground storage tanks, excavating cesspools, removing above-ground radiological waste tanks, installing a groundwater pump and treat system to minimize off-site contamination, and hooking-up homes south of the site to the public water supply. Although BNL officials recognized the need for extensive groundwater monitoring back in 1992, this was given a low priority.

In December 1996 elevated concentrations of tritium, a low-level radioactive form of hydrogen, were discovered in monitoring wells adjacent to BNL's High Flux Beam Reactor [HFBRA], a research

reactor at the site. Results of a DOE investigation pointed to the reactor's spent fuel pool as the source of the tritium. The tritium groundwater plume was found to extend about 2,200 feet and has peak concentrations, close to the reactor, over 30 times the Federal drinking water standard. Based on the size of the plume, the leak may have started as much as 12 years ago. At the time that the leak was detected, the HFBR had been shutdown for routine maintenance and remains shutdown today.

Back in 1994, the Suffolk County Department of Health Services had informed BNL that the HFBR spent fuel pool did not comply with county code requirements for hazardous waste storage. While BNL agreed to install monitoring wells near the spent fuel pool at that time, the wells were not installed until 1996. Also, although the tritium leak was detected in December 1996, it was not until January 16, 1997, that the lab began notifying regulatory agencies and local officials. This delay severely damaged BNL's credibility with the local community. Finally, while the tritium plume posed no health threat to the surrounding communities and lab employees, this incident, which arose after various other problems, showed the need for improvement in laboratory E, S & H management and oversight.

As a result of the discovery of the tritium leak and the management review and investigation that followed, Secretary of Energy Federico Pena terminated Associated Universities, Inc. [AUI] as the managing contractor for BNL. AUI had been operating contractor for the laboratory since its founding in 1947.

As part of its oversight, subcommittee staff visited BNL twice and interviewed managers and scientists at BNL; DOE's onsite staff, the Brookhaven Group; and local citizens. The subcommittee also interviewed officials at DOE headquarters within the offices of Oversight and Energy Research, and staff at the Environmental Protection Agency [EPA]. The subcommittee has reviewed investigatory reports and management reviews that have been done regarding BNL, including the "Integrated Safety Management Evaluation of the Brookhaven National Laboratory" by DOE's Office of Oversight, the "Interim Report of the BNL Facility Review," the findings of EPA's Multi-Media Compliance Evaluation Inspection, and "Brookhaven National Laboratory: At the Crossroads," the report resulting from the New York Attorney General's investigation.

Based on such reports and evaluations, DOE has developed an Action Plan "to improve the way DOE and BNL protect the environment, provide for the safety and health of employees, and address local community concerns and interests while conducting world-class science." Through its oversight, the subcommittee intends to track the implementation of this plan to determine whether DOE and BNL are meeting their objectives and milestones for change. In particular, the subcommittee will be monitoring their progress in the following areas: (1) Clarifying the roles, responsibilities, and authorities related to BNL; (2) Strengthening management systems and procedures used by BNL and the Brookhaven Group to determine necessary corrective actions and to prioritize, track, and implement those actions; (3) Establishing a structured, standards-based approach to the planning and control of work and related hazards across organizations, facilities, and activities, with

a view to fully integrating effective E, S & H management processes and allocating appropriate funding support throughout BNL; (4) Strengthening DOE's monitoring and assessments of BNL E, S & H performance and safety management (especially, BNL's compliance with safety management policies, prioritization of issues and resources, and control of workforce hazards), and including the Department's performance expectations into its strategic plan and annual performance plans; and (5) Expanding BNL community involvement and outreach efforts.

b. Benefits.—All of the investigatory reports and management reviews that the subcommittee reviewed identified opportunities for improvement at BNL. The laboratory must put into place E, S & H management systems and controls that will serve to prevent environmental problems from occurring and that will detect and quickly remedy those that do arise. This subcommittee intends to make sure that environmental management practices are securely in place, the causes of the tritium leak and other problems that have occurred are fully understood, and corrective actions are taken expeditiously.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

1. National Drug Control Policy.

a. Summary.—The National Narcotics Leadership Act of 1988 (21 U.S.C. 1501 et seq.) established the Office of National Drug Control Policy [ONDCP]. The act also provided for appointment of a Director of ONDCP, and required that the Director develop an overall strategy and budget for Federal anti-narcotics efforts, including both supply and demand reduction. Specifically, the statute provided that ONDCP: "(A) include comprehensive, research based, long-range goals for reducing drug abuse in the United States; (B) include short-term measurable objectives which the Director determines may be realistically achieved in the 2-year period beginning on the date of the submission of the strategy; (C) describe the balance between resources devoted to supply reduction and demand reduction; and (D) review State and local drug control activities to ensure that the United States pursues well-coordinated and effective drug control at all levels of the government." Pursuant to the Government Reform and Oversight Committee's jurisdiction over ONDCP, as well as all other departments and agencies engaged in counternarcotics efforts, the Subcommittee on National Security, International Affairs, and Criminal Justice convened numerous in-depth oversight hearings during 1997 to assess the status and effectiveness of the Nation's Federal drug control strategy and the strategy's implementation.

In addition to administration officials, expert advice and recommendations were sought from preeminent outside experts, including local officials and civic leaders. The subcommittee aimed to identify strategic and policy weaknesses, and in the course of its investigation, the subcommittee engaged in official contact with the various agencies and departments over which it has jurisdiction, namely those that engage in counternarcotics activities. These include, but are not limited to, the Office of National Drug Control

Policy, the Departments of Defense, State, Justice, the Central Intelligence Agency, the U.S. Customs Service, and the Financial Crimes Enforcement Network.

Throughout 1997, the subcommittee met extensively with the agencies involved in counternarcotics efforts, collecting and analyzing both statistical and anecdotal evidence on the effectiveness of the Nation's drug strategy and supporting programs. This includes the areas of source zone interdiction, transit zone interdiction, arrival zone interdiction, law enforcement, prevention, and treatment. The subcommittee sought further insight from GAO investigators, field agents, and departmental Inspectors General.

Congressional Delegation.—From May 23 through June 1, 1997, Subcommittee Chairman J. Dennis Hastert (R–IL) was joined by Representatives Mark Souder (R–IN), Mark Sanford (R–SC), Bob Barr (R–GA), and Rod Blagojevich (D–IL) on a Congressional Delegation [CODEL] which visited Panama, Colombia, Peru and Bolivia. The purpose of the visit was to conduct an in-country review of current U.S. counternarcotics efforts and determine the level of cooperation by source and transit zone countries. The CODEL held extensive meetings with United States and host nation civilian, military, and law enforcement officials to discuss current policies, programs and activities intended to stop the flow of illegal drugs coming into the United States. The CODEL also explored how financial support for these programs could be better directed, and more effectively used.

On May 23, 1997, the CODEL visited with the Panama country team at the Embassy. Those attending included the U.S. Ambassador, the intelligence community, the DEA agent in charge, U.S. Customs agent in charge, military attache, and civilian personnel assigned to the Embassy. The country team emphasis seemed to be on unity. They were adamant about how well they worked together in their mission. The Embassy brought in the Attorney General and several of his associates to explain Panama's new money laundering laws and creative efforts to stop the flow of laundered money to and through Panama. DEA explained that the Panamanian police were ill-equipped to handle certain routine tasks, and requested that money be provided to the Panamanian police for vehicles and communications equipment. United States Customs personnel expressed a desire to see more x-ray and other detection devices at Panama's airports; the need for Customs aircraft throughout the source country region became obvious.

On May 24, 1997, the CODEL met with General Wesley Clark, Commander in Chief of U.S. Southern Command [SOUTHCOM] at his headquarters; SOUTHCOM'S support staff was present for the briefing. The General offered his view of how to effectively enhance counternarcotics efforts in the source countries and described the mission of SOUTHCOM as it related to an array of present and future counternarcotics issues. SOUTHCOM plays a major role in the region's counternarcotics efforts. It is the southern-most U.S. base, and, as such, is strategically vital in the war on drugs. SOUTHCOM's use of Howard Air Force Base provides regional support for detection, monitoring, and interception of illegal drug traffic by air. The U.S. presence also facilitates regional inter-military cooperation, jungle training, regional police and military train-

ing, and intelligence coordination. That presence must be strong, committed, enduring and well-supported by the Pentagon; despite the move of SOUTHCOM to Miami and the importance of continued and uninterrupted development of SOUTHCOM activities on Puerto Rico, there was a consensus among Members of the CODEL that the United States must maintain a strong forward-based presence at Howard Air Force base.

In Colombia, the CODEL visited San Jose del Guaviere, a remote forward-operating base for the Colombian National Police [CNP], and the Colombian Army's Second Mobile Brigade on May 25. This area is located in the southeastern region of Colombia, also known for its geography as the "wild zone." It is the largest coca growing and producing area in the world, and is universally acknowledged to be narco-guerrilla infested. The CODEL was accompanied by CNP General Rosso Jose Serrano, CNP Colonel Leonardo Gallego, director of the DANTI (antinarcotics police), Ambassador Frechette and selected Embassy staff.

The CODEL then continued west from Bogota to Maraquita, where the CNP maintains its aviation school. There, the CODEL witnessed a CNP special operations drug lab assault demonstration using UH–1H helicopters, helicopters critical to effective counternarcotics operations in the narco-guerrilla regions. This involved a live-fire coca lab "take down." Subsequently, the CODEL inspected three of the UH–1Hs, released just prior to the CODEL's arrival in Maraquita. They were released only after pressing the questions to Ambassador Frechette in the country team briefing 2 days earlier. The helicopters were in poor condition; notably, the U.S.-provided helicopters were inexplicably missing essential mounts for the guns that would protect the helicopters during coca lab take downs. The helicopters were in need of substantial maintenance to place them in flying condition; this was a development widely seen as ironic, in view of the U.S. ability to deliver repaired and flyable excess aircraft. For each helicopter Colombia received from the United States, the CNP must now commit an additional $100,000 to make the asset flight worthy. Following the CODEL's return, the remaining helicopters were released to the CNP. Instructively, these helicopters were conducting counternarcotics missions within 3 days of delivery. These facts strongly support a pressing need for U.S. draw down aid, namely additional "surplus helicopters."

On May 27 and 28, in Santa Cruz, Bolivia, the CODEL met with the Bolivia country team, including the Deputy Charge of Mission [DCM], DEA agent in charge, NAS, and civilian assets in place. The country team was mission-specific, and appeared to be running efficiently and smoothly. The DCM outlined a coherent counternarcotics strategy, which seemed to be the United States Embassy's No. 1 priority in Bolivia. The DEA reported that it would have seven new DEA personnel shortly. The DEA briefed the CODEL about ongoing operations in the Chapare region, which is the country's leading coca producing region. NAS reported on several alternative development projects, and provided persuasive statistics regarding their success.

On May 29 and 30, in Lima, Peru, the CODEL met with the Peruvian country team. Considerable attention was given to the successful "shoot down policy" adopted by President Fujimori's govern-

ment. Additionally, the DEA and NAS touted eradication efforts and the decrease in coca production. Earlier in Iquitos, Peru, the CODEL witnessed part of Peru's riverine interdiction program. The CODEL also visited some remote coca field sites in Peru. The "shoot down" policy, supported by the United States in combination with intensive Peruvian law enforcement activities, yielded an 18 percent reduction in coca cultivation during 1996. The subcommittee subsequently learned that, in 1997, Peru achieved a further 27 percent reduction in coca cultivation.

b. Benefits.—The subcommittee recognizes that the availability of drugs on U.S. streets and the number of persons using illegal drugs continue to be serious problems in the United States, and constitute a major national and personal security threat. The subcommittee, through its oversight hearings, determined that there are significant policy and management obstacles that must be resolved in order to markedly improve the U.S. drug control efforts. In addition, the effectiveness of U.S. efforts to combat drug production, transshipment, and importation remain, on the whole, handicapped by low resource allocation. It is apparent that the U.S. Government has yet to meet the drug threat with the same intensity and dedication that the drug cartels and traffickers undertake in their efforts. Obstacles include numerous organizational and operational limitations, as well as a lack of sufficient and consistent funding. In addition, the lack of effective measurement systems makes it difficult to accurately assess the results of our National Drug Control Strategy. The subcommittee's hearings, meetings, and official correspondence assisted in elevating interagency cooperation and coordination, as well as providing much needed attention to counternarcotics issues. The oversight and investigation of drug policies and programs also enabled the subcommittee to determine whether current strategies or programs were meeting their statutory obligations.

c. Hearings.—During the first session of the 105th Congress, the Subcommittee on National Security, International Affairs, and Criminal Justice held nine hearings on the topic of the status of this Nation's National Drug Control Policy. The hearings focused on all aspects of the war on drugs and demonstrated the importance of a several-tiered strategy, including source country and transit zone interdiction efforts to stop the illegal narcotics and precursor chemicals from entering the United States; a strong law enforcement and criminal justice system to apprehend and severely punish those convicted of drug trafficking; prevention efforts that not only educate our young people about the dangers of drug use but unite communities against drug use; and finally, an effective system of treating those already addicted. By encompassing all facets of the counternarcotics effort, we send a strong "zero-tolerance" message to anyone who considers cultivating, trafficking, or using illegal narcotics. A detailed description of the hearings held by the subcommittee follows:

On February 27, 1997, the subcommittee received testimony from General Barry McCaffrey, Director of the Office of National Drug Control Policy [ONDCP] at a hearing entitled, "Oversight of the 1997 National Drug Control Strategy." The purpose of this hearing was to examine the short- and long-term plan described in Presi-

dent Clinton's 1997 National Drug Control Strategy, and to assess how effectively the Nation is fighting the illegal drug problem, both domestically and internationally.

Alarming statistics were cited to portray the status of our war on drugs. Drug-induced deaths increased 47 percent between 1990 and 1994, and now number approximately 14,000 per year. In 1995, a record high 531,800 drug-related hospital emergency room episodes occurred. Heroin-related emergency room episodes increased 124 percent between 1990 and 1995. General McCaffrey described cocaine use as plummeting and higher purity heroin use as increasing. He characterized the increase in methamphetamine use as, ". . . a potentially worse threat to America than the crack cocaine epidemic of the 1980's."

Even more threatening to the status of drug use, was the shocking decline in the average age of drug users, now dipping below the teen years. The perceived risk associated with drug use among teens has dropped and consequently the overall number of young people using drugs has skyrocketed. Use of illegal narcotics among 8th-graders, 11- and 12-year olds, is up 150 percent over 1989. These numbers were widely viewed as startling and corroborate the need to educate all young Americans about the perils of drug use.

General McCaffrey stressed the need to more strongly support different aspects of the drug war: stopping the cultivation of drugs at the source; interdicting the drugs in the transit zones and at the borders; enforcing severe punishment for those offenders who sell drugs; preventing young people from ever turning to illegal drug use; and providing treatment for those already addicted to narcotics. The 1997 Strategy has established five strategic goals: (1) Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco; (2) Increase the safety of America's citizens by substantially reducing drug-related crime and violence; (3) Reduce health and social costs to the public of illegal drug use; (4) Shield America's air, land, and sea frontiers from the drug threat; and, (5) Break foreign and domestic drug sources of supply.

With varying degrees of emphasis, all Members, and General McCaffrey, acknowledged that current Federal antidrug efforts are, while effective, under strain from reduced funding. The 1997 Strategy will continue to focus on drug-related crime and violence, as well as shielding our frontiers and reducing availability. The assumption is that it will also trigger an aggressive initiative to educate young people on the dangers of drug use.

Highlighting the work of successful prevention efforts around the country, the subcommittee held a hearing on February 26, 1997, entitled, "Civic Volunteers, Youth Service Organizations, and the War on Drugs." This hearing focused on successful efforts of civic groups and youth service organizations in the counterdrug effort. As the level of drug use among 8th and 10th graders has risen over the past few years, prevention efforts across the country are becoming increasingly important for young people. Representatives from a number of civic groups described successful, national programs that they have developed and sustained without any Federal money.

In 1997, there were 5.6 million youth and adult members of the Boy Scouts of America, 260,000 members of the General Federation

of Women's Clubs, and 132,000 members of the Junior Chamber of Commerce. Combined, these groups achieved hundreds-of-thousands of volunteer hours and touched the lives of millions of young people. These organizations have the unique ability to reach out to all socioeconomic backgrounds and regions and successfully unite these that may normally not interact. Notably, each organization has approached the problem of youth drug abuse in a different and distinct manner. Several programs focused their exercises on character building, some follow the faith-based model, while others concentrate on building ties to the community through sports and community service projects. These organizations integrate the health dangers of drug use but the social and criminal perils as well.

On the first panel, testimony was received from Mr. Frank Sarnecki, director, Loyal Order of Moose; Mr. John Creighton, Jr., president, Boy Scouts of America; Ms. Faye Dissinger, international president, General Foundation of Women's Club; and Mr. Mike Marshall, president, U.S. Junior Chamber of Commerce. Witnesses detailed the importance of building self-esteem in our young people. By showing each and every teenager that they are important and can control the outcome of their lives, such programs taught responsible and well-reasoned decisionmaking skills.

The second panel consisted of Mr. Dick Herndobler of the Benevolent and Protective Order of Elks; Mr. Gordon Thorson, national youth program director of the Veterans of Foreign Affairs; Mr. Howard Patterson, vice-president of Lions Club International; Mr. William Pease, assistant director for children and teens program of the American Legion Child Welfare Foundation; Mr. Don Baugher, president, Masonic National Foundation for Children; Mr. Larry Chisolm, also of the Masonic National Foundation for Children; and Mr. Dennis Windscheffel, a prominent drug prevention program consultant. Panel two brought a different perspective to the hearing. The essence of their message was that it is imperative that we demonstrate, as competent and dependable adults, that when you begin success in your teenage years, it paves the way for a successful adulthood. This panel emphasized that, too often, society is eager to point the finger at the young people and say, "We need to change your behavior." While this may be true, we must demonstrate how to be an effective, reliable and productive adult.

On May 14, 1997, the subcommittee held a hearing highlighting the extraordinary efforts of the National Guard in the antidrug effort entitled, "National Guard Support in the Fight Against Illegal Drugs." Historically, the National Guard has performed missions tasked by their respective Governor. However, as the drug epidemic has increased in this country, Governors have turned to the National Guard to combat the flow of illegal narcotics. To continue their high-level of mission performance, the Guard needs consistent support from Congress and the Pentagon.

There are serious concerns that the fiscal year 1998 budget does not adequately support the needs of either their supply or demand reduction activities. A decrease in funding could result in severe reductions in aviation capabilities, intelligence, and engineering support. This hearing highlighted the successful efforts of the National Guard in tackling the rise in methamphetamine and heroin use, and their vital border support.

The subcommittee received testimony from the Honorable Brad Owen, Lieutenant Governor of the State of Washington; the Honorable Michael Bowers, attorney general of the State of Georgia; Major General Russell Davis, Vice Chief of the National Guard Bureau; Mr. James Copple, president and CEO of the Community Anti-Drug Coalitions of America; and Mr. Ronald E. Brooks, chair of the drug policy committee, California Narcotics Officer's Association. The witnesses all testified regarding the value of National Guard counterdrug assistance. According to Attorney General Bowers, in 1996, National Guard assistance resulted in, ". . . over 128,000 arrests and the confiscation of l,371 metric tons of processed marijuana, 12,671 pounds of heroin, and 16,116 weapons." These statistics alone demonstrate the essential nature of the National Guard's long-term commitment to a drug-free America.

On March 10, 1997, the subcommittee held a hearing entitled, "Coast Guard Drug Interdiction Efforts in the Transit Zone." The purpose of this hearing was to examine the national security threat posed by the explosion of maritime drug trafficking in the transit zone, and better understand efforts by the U.S. Coast Guard to combat it. Of particular interest were: (1) the nature of drug trafficking activities in the transit zone, especially the Eastern Caribbean; (2) host nation impediments to an effective regional strategy; (3) the adequacy of the U.S. Coast Guard's capabilities to interdict drug trafficking; (4) the extent of Federal agency planning, coordination, and implementation of U.S. interdiction efforts; and (5) the needs of the "front-line" drug agents.

At this hearing, testimony was received from Admiral Robert E. Kramek, President Clinton's Interdiction Coordinator and the Commandant of the U.S. Coast Guard, as well as several front-line Coast Guard personnel, including Lieutenant Commander Mike Burns, a C–130 aircraft pilot; Lieutenant Commander Randy Forrester, an HU–25C aircraft pilot; Lieutenant Jim Carlson, Commanding Officer of the Coast Guard cutter *Vashon;* Petty Officer Mark Fitzmorris, a Boarding Officer on the Coast Guard cutter *Tampa.* Finally, the subcommittee heard testimony from Admiral Paul A. Yost, president of the James Madison Memorial Fellowship Foundation, and former Coast Guard Commandant, on how the Coast Guard effectively shut down the Caribbean to drug traffickers in the late 1980's.

The subcommittee found that interdiction is vital. As stated by Admiral Kramek, "When the correct resources are applied, as the Coast Guard has recently demonstrated during Operation Frontier Shield, we get a lot of bang for our buck". Operation Frontier Shield was a "surge operation" implemented on October 1, 1996, was designed to deny smuggling routes into Puerto Rico and the U.S. Virgin Islands. Using available intelligence, this concentrated effort resulted in the confiscation of almost 14,000 pounds of cocaine. Another 17,000 pounds were jettisoned by smugglers during the first quarter of fiscal year 1997. Admiral Kramek testified to the importance of bi-lateral maritime agreements and how essential close cooperation is to their success. He noted that, currently, we have no such agreement with Mexico.

The front-line Coast Guard Officers explained firsthand how intelligence, monitoring, detection, and "end-game" are linked for ef-

fective counterdrug operations; one link missing is failure. The importance of adequate resources for effective counterdrug operations was identified, including aircraft, patrol boats, DOD vessels, infrared and aperture radars, intercept radars, communications equipment, and other technology.

Admiral Yost testified that, during his tenure as Commandant, the Coast Guard had more forces dedicated to drug interdiction (in 1990) than they have presently in 1997. He stated: "I think that if you add assets to [the Drug War] you are going to reduce the amount of drugs coming across the Caribbean". Subcommittee Chairman Hastert noted that our national strategy isn't a war anymore, but that the administration prefers to call it a cancer. He added, "When something is a cancer, you don't usually win that. A war you can win. You have to put your resources out there and make sure you do win it". A dominant theme was the cost-effectiveness of added resources for interdiction.

On September 15, 1997, the subcommittee held a hearing entitled, "Needle Exchange, Legalization, and the Failure of Swiss Heroin Experiments." The purpose of the hearing was to examine the current needle exchange programs in the United States, Europe, and in British Colombia which began as a way to deter the spread of HIV among intravenous drug users. Since the implementation of this program, however, in Europe and here in the United States, this initial goal has proven to be out of reach. Moreover, the programs appear to be genuinely harmful in most, if not all, locations described.

Testimony was received from Ernst Aeschbach, M.D., vice president, Youth Without Drugs; Dr. Matthias Erne, expert on Switzerland Drug Policy; Mr. Robert Maginnis, senior policy advisor, Family Research Council; Ambassador David Jordan, former Ambassador to Peru, and professor, University of Virginia; Ms. Nancy Sosman, Coalition for a Better Community; and Dr. Peter Beilenson, commissioner, Department of Health, Baltimore City, MD.

The subcommittee found that initiatives in other nations, which began similarly to programs in the United States, have proved to be highly destructive. They did not reduce the transmission of AIDS or HIV; in fact, in the Vancouver and Montreal studies, the incidence of AIDS transmission actually rose with the onset of needle giveaways. The programs were "moral compromises" that provided drug paraphernalia to drug addicts for shooting an illegal drug into their veins. This is clearly the wrong message to send to America's children. The subcommittee heard testimony of a needle exchange program in Baltimore which may have had adequate "exchange" controls, but this program is not the norm and is also self-selecting; Baltimore virtually leads the Nation, today, in heroin addiction. Nancy Sosman testified that she was able to obtain needles, paraphernalia, and instructions on how to "shoot up" without providing any needles to "exchange" at the New York City program.

Several hearings were held to highlight counterdrug efforts fought on foreign soil. Foreign efforts are vital to keeping drugs out of our country. Colombia is the world's leading producer and distributor of cocaine, and remains a major source of heroin consumed in the United States. Since fiscal year 1990, the United States has

programmed approximately $750 million in assistance and equipment to support Colombian police and military units involved in counternarcotics activities. On February 14, 1997, the subcommittee held a hearing entitled, "Oversight of United States Counternarcotics Assistance to Colombia." Witnesses at this hearing included Robert S. Gelbard, Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, U.S. Department of State; General Harold Bedoya Pizarro, chairman, Joint Staff, Colombian Armed Forces; Major General Rosso Jose Serrano Cadena, director general, Colombian National Police; Honorable Morris Busby, Former Ambassador to Colombia and Former Ambassador-at-Large for Counter-Terrorism; and Major F. Andy Messing, Jr. USAR (Ret.), executive director, National Defense Council Foundation. At this hearing a number of issues were examined. These included: what levels of counternarcotics assistance is the Government of Colombia receiving from the United States Government; did President Clinton's decision to decertify Colombia in 1996 have a significant detrimental effect on the levels of counternarcotics support Colombia received from the United States via the Department of State and Foreign Military Sales [FMS]; how involved are the Colombian guerrillas in narco-trafficking; what are the goals of the Colombian Government for 1997 in the war against illegal drug production, manufacturing and the organized narcotics traffickers; what support will be necessary from the United States to accomplish these goals; what are the constraints that the United States Government faces in Colombia; how close is Colombia to civil war with the narco-guerrillas and how many Colombian National Police and Military personnel have lost their lives in direct combat with the narco-traffickers; what should the United States do to assure the most effective counternarcotics effort in Colombia by the Colombian National Police and Colombian Military; and has the administration's decertification of Colombia caused delays in the delivery of vital counternarcotics aid? The overarching conclusion was that additional support for the Colombian National Police is imperative to permanently winning the United States drug war.

On July 9, 1997, the subcommittee held a second hearing on counternarcotics activities relating to Colombia entitled, "International Drug Control Policy: Colombia." Witnesses included Myles Frechette, Ambassador, United States Embassy, Bogota, Colombia; Jeffrey Davidow, Assistant Secretary of State, Bureau of Inter-American Affairs, Department of State; Robert Newberry, Principal Director, Drug Enforcement Affairs, Department of Defense; Donnie Marshall, Chief of Operations, Drug Enforcement Administration; Jane E. Becker, Acting Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, Department of State; Henry L. Hinton, Jr., Assistant Comptroller General, United States General Accounting Office; and Jim Thessin, Deputy Legal Advisor, Office of Legal Advisor, Department of State. At this hearing an examination of the status of the promised 614 waiver for Colombia; the status of the placement of fiscal year 1997 appropriated DEA agents for Colombia; the delay in the production of documents, requested by General Accounting Office, for an examination of United States and Colombian efforts to combat drug trafficking activities; and the proposal by the Department of Defense,

for expanded authority to provide enhanced interdiction capabilities of the counterdrug forces in Colombia were discussed. The hearing was characterized by a sense of enormous disappointment with the United States State Department and United States Embassy in Colombia during Mr. Frechette's tenure, both on policy decisions and management issues.

According to estimates by the Department of State's Bureau for International Narcotics and Law Enforcement Affairs [INL], Mexico is a major transit point for cocaine entering the United States from South America, and a major source country for heroin, methamphetamine, and marijuana. Today, at least 400 tons of cocaine enter the United States annually, 70 percent across the Mexico-United States border; and 150 tons of methamphetamine are now produced in Mexico. Cross-border shipments of these drugs have increased markedly in the past several years. On February 25, 1997, the subcommittee held a hearing entitled, "Drug Interdiction Efforts along the Southwest Border and Mexico's Efforts to combat Narco-Trafficking." Witnesses at this hearing included Congressman Henry Bonilla (R–TX); Thomas A. Constantine, Administrator, Drug Enforcement Administration; Robert S. Gelbard, Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, Department of State; Mary Lee Warren, Deputy Assistant Attorney General, Department of Justice; Douglas M. Kruhm, Assistant Commissioner, U.S. Border Patrol; and Tony Castaneda, Chief of Police, Eagle Pass, TX. These witnesses testified to the fact that the growing influx of narcotics along the U.S. Southwestern border poses a direct, palpable, insidious and deepening national security threat.

Drug trafficking through the Caribbean region and into Florida is a major drug threat to the United States. According to United States law enforcement officials, up to 30–40 percent of the cocaine entering the United States may enter through the Caribbean section of the transit zone. During the past several years, traffickers in the Caribbean have shifted their operations from primarily air-related activities to maritime activities. In addition, traffickers are using improved technologies to counter efforts by U.S. agencies to identify and monitor their activities. In an effort to better understand the dynamic trafficking patterns of the Caribbean, the subcommittee on July 17, 1997, held a hearing entitled, "Drug Interdiction in Florida and the Caribbean." Witnesses at this hearing included Newt Gingrich, Speaker, U.S. House of Representatives; Samuel Banks, Deputy Commissioner, U.S. Customs Service; James Milford, Deputy Administrator, Drug Enforcement Administration; Rear Admiral Norman Saunders, Commander, Seventh Coast Guard District, U.S. Coast Guard; Peter Girard, group supervisor for Cargo Theft, Miami Seaport, Office of Investigations, U.S. Customs Service; Mike Sinclair, Chief of Miami Seaport Cargo Inspection Team, U.S. Customs Service; James H. Wallwork, commissioner, Waterfront Commission of New York Harbor; Edward V. Badolato, chairman, National Cargo Security Council; and Art Coffey, international vice president, International Longshoremen's Association. This hearing focused on: 1) the nature and threat of drug-trafficking activities in the transit zone with particular emphasis on south Florida and the northern Caribbean; 2) the capa-

bilities of United States agencies to interdict illegal drugs in the Caribbean and in Florida's ports of entry; 3) the extent of Federal agency planning, coordination, and implementation of United States interdiction efforts in south Florida and the northern Caribbean; and 4) and the effectiveness of United States enforcement efforts in Florida's ports of entry. The importance of increased effort in this region was plainly corroborated.

Field Hearings.—In addition to the nine hearings held in Washington, members of the subcommittee traveled to several regions of the country to examine counternarcotics efforts by communities, State, and local law enforcement agencies, as well as cooperation by those groups with Federal counternarcotics agencies and vice versa. Survey after survey shows that drug abuse, especially among teens, is an increasing problem in the United States. Since 1991, teenage use of marijuana, inhalants, cocaine, methamphetamine, LSD, heroin, and other drugs has increased dramatically. This is a sudden reversal of successful antidrug policies in the 1980's, lowering cocaine use, for example, 70 percent in 4 years and reinforcing strong "no use" attitudes. In 1993, the trends began a dramatic reversal. Over the past several years, many communities—both rural and urban—have reported increasing difficulties in dealing with the effects of escalating drug use and drug-related crime. Local law enforcement authorities have been particularly frustrated as their communities have been subjected to an increase in violent crime and drug use. The subcommittee heard testimony at these field hearings highlighting the cooperative efforts of Federal, State, and local law enforcement officials who continue to take positive steps toward winning the war on drugs. Also apparent was the rising threat posed by traffickers employing more sophisticated technology. These field hearings highlighted two important conclusions. First, the most successful way to combat drugs is for entire communities to become engaged in tackling the issue, working in partnership. This includes families, schools, law enforcement, business, church, synagogue, and other community leaders. Second, interdicting drugs before they cross our border, either at their source or in transit, is essential to combating drug abuse and can be highly effective when properly funded. Effective drug interdiction, the most recent and best science indicates, raises drug prices, reduces drug availability and lowers drug purity. Accordingly, source country and transit zone programs can, if well managed, be highly cost-effective.

On July 7, 1997, the subcommittee held two hearings in Illinois to examine the threat of drugs and gangs to kids in rural communities. In DeKalb, at the hearing entitled, "Report From the Frontline: The Drug Threat to Teens in Our Rural Communities," testimony was received from the following witnesses: Ms. Pam Maakestad, whose son was a victim of drug-related violence; "Connie"—a teenager who has never used drugs; "Jerome"—a teenager who formerly organized drug dealers; "Derrick"—a former gang member; Mr. Mike Coghlan, former States attorney; Kris Povlson, project coordinator of the DeKalb County Partnership for a Substance Abuse Free Environment; Mr. John Nakonechny of DeKalb County Schools; Mr. Michael Haines, a professor at Northern Illinois University; Mr. Tim Johnson, DeKalb County States at-

torney; Sheriff Richard Randall of Kendall County; and Mr. Bob Miller, representing the Just Say No To Drugs Parade in Lee County.

In Algonquin, at "Report From the Frontline: Drugs and Gangs in McHenry County," testimony was taken from the following witnesses: Mr. Jerry Skogmo, the program director of the Renz Addiction Counseling Center; Mr. Carlos Chavez, coordinator of Youth Prevention Programs; Mr. Les Lunsmann and Mr. Bill LeFew, representing Communities Against Gangs; Mr. Gary Pack, McHenry County State's attorney; Mr. William Morley, Assistant Special Agent in Charge, Drug Enforcement Administration Chicago Field Office; and Sheriff Nygren of the McHenry County Sheriff's Department.

When most people think of drugs and teens, they tend to think of impoverished urban areas crowded with crack dealers and gangs. Rural areas and small towns, such as DeKalb and Kendall, are generally not thought of as places where drug abuse is a problem. Unfortunately, this image no longer accurately reflects the true nature of the drug scourge in America. The victim's of this drug war painted a picture of the true status of drug use in this area. They related stories of drive-by shootings, kids as young as 11- and 12-years-old using heroin, and young people afraid to stand up to the gangs that terrorize their daily routine. This testimony was not meant to discourage the citizens of DeKalb and Algonquin, it was intended to send a message to Congress that the deadly epidemic is continuing and must be handled like the war on drugs it has become.

Our public safety witnesses highlighted the role of our law enforcement officers as they face increasingly intense battles on the streets. With the rapid emergence of drugs such as heroin and methamphetamine which have been found to have purity levels high enough to kill a first-time user, the struggles facing our Federal, State, and local law enforcement officers multiply and increase in danger each day they report to work.

Testimony from prevention groups and community coalition representatives described successful efforts being taken by citizens and members of the community to stop our kids from ever turning to drugs. As the burden on our law enforcement community continues to grow, the need for citizens in each and every community to take responsibility and play an important role in the battle against drugs is vital. The witnesses at both hearings have demonstrated that commitment and perseverance are essential in successfully keeping kids off drugs.

On July 21, 1997, the subcommittee also held a field hearing at West Mesquite High School in Mesquite, TX entitled, "Report From the Frontline: The Status of Dallas' Fight Against Drugs." Witnesses included Paul Coggins, U.S. attorney, northern District of Texas; Donnie R. Marshall, Chief of Operations, Drug Enforcement Administration; Julio F. Mercado, Special Agent in Charge, Dallas Divisional Office, Drug Enforcement Administration; and Ken Yarbrough, chief of police, Richardson Police Department. These witnesses confirmed that cocaine continues to be readily available throughout the Dallas area; heroin remains available at all levels throughout northeast Texas; methamphetamine and amphetamine

are trafficked in and around Dallas; and marijuana is encountered regularly by law enforcement authorities. The link between marijuana and the other drugs was made painfully clear. Additionally, the subcommittee visited a former crack house that was being transformed into usable living space by local business people, with the active support of the law enforcement community.

On September 22, 1997, the subcommittee held a hearing in Aurora, IL entitled, "Report From the Frontline: From South America to South Aurora." This field hearing highlighted the effect our counterdrug efforts in the source countries in South America have on the communities across the United States, like Aurora, IL. The subcommittee received testimony from the following witnesses: the Honorable Juan Carlos Esguerra, Colombian Ambassador to the United States; Lt. Col. Francis Kinney, Director of Strategic Planning for the Office of National Drug Control Policy; Mr. Juventino Cano, president of the Aurora Hispanic Chamber of Commerce; Mr. Bob Barwa, principal of East Aurora High School; Mr. Harold Osby, a former gang member; Mr. Mike Murphy, executive director of the Prayer Coalition for Reconciliation; Ms. Judy Kraemer, president of Illinois Drug Education Alliance; Sgt. Roy Garcia, of the North Central Narcotics Task Force, Illinois State Police; Chief Larry Langston of the Aurora Police Department; and Mr. Joseph Birkett, DuPage County State's attorney.

This hearing focused on the nexus between drug cultivation in South America and how these deadly narcotics come across our borders and into our neighborhoods. The Colombian Ambassador discussed the country's persistent and courageous efforts to reduce drug cultivation and trafficking of the dangerous substances. State and local law enforcement witnesses testified to the various enforcement and prosecution issues inherent in the drug trade, as well as it's impact on drug-related criminal activity. Civic leaders described to our Members the various successful programs underway within the community to halt the spread of drug use, trafficking, and gang-related violence. All witnesses provided unique and invaluable information for the Members to bring back to Washington to assist in evaluating the current drug policy, as well as creating new legislative initiatives.

On Monday, October 20, 1997, the subcommittee held a field hearing at Freehold Borough High School in Freehold, NJ. At this hearing the subcommittee heard testimony about rising drug use and violence in the community of Central New Jersey. Witnesses at this field hearing included Greg Williams, Chief of Domestic Operations, Drug Enforcement Administration; John Coleman, Special Agent in Charge, Drug Enforcement Administration; John Kaye, Monmouth County prosecutor; Michael Paquette, chief of police, South Brunswick Police; Captain Howard Butt, Narcotics Division, New Jersey State Police; Elliot White, director, Local Advisory Committee on Alcohol and Drug Abuse; Mary Pat Angelini, executive director, Substances Abuse Resources; Ernestine Winfrey, executive director, Mercer Council on Alcoholism & Drug Addiction; and Scott Sechrist, director, Good News Home for Women. In addition, local high school students contributed testimony regarding the current state of drug trafficking and abuse in their schools. Witnesses also testified to the effects drug use and availability had on

their community and what is being done to effectively curb the spread. The community of Central New Jersey is proof that the social and economic problems caused by drug trafficking and use can occur anywhere, and can also be prevented when a community comes together to prohibit the spread of drug use by their young people.

2. Department of Defense Inventory Management.

a. Summary.—This investigation is exploring the entire universe of acquisition, storage, use and disposal of Department of Defense [DOD] supplies and repair parts, including everything from field rations and medical supplies to aircraft engines. The subcommittee's three policy goals were and are: (1) to identify more modern and efficient inventory management practices, which can simultaneously save taxpayer dollars and improve military readiness; (2) to insure that such practices, once identified, are fully implemented by DOD; and (3) to achieve substantial financial savings in inventory management, freeing up defense dollars for military procurement, research and development, combat training, and other war fighting necessities which have been under funded in recent years. By devoting consistent congressional attention to these issues, and by rendering assistance and applying pressure when necessary, the subcommittee hopes to assist DOD in formulating and executing a plan which will result in a substantially less expensive and more efficient system.

Defense inventory management, for the last 6 years, has been identified by the U.S. General Accounting Office [GAO] as one of the 25 "high-risk" areas in the Federal Government. Defense inventory management was targeted as vulnerable to waste, fraud and abuse because of the enormous amounts of money spent on inventory and the inefficiencies which have long been rampant within the field.

The Defense Logistics Agency [DLA] and the three service departments maintain extensive support and logistics infrastructure designed to supply our armed forces. Headquartered at Fort Belvoir, VA, DLA employs over 50,000 military and civilian personnel worldwide and manages approximately 560 million cubic feet of storage space. DLA maintains a stockpile of millions of secondary inventory items—such as medical supplies, food, clothing and spare parts—worth an estimated $69.6 billion.

The system continues to be based on "just-in-case" practices of overbuying and stockpiling excess inventory at many different locations and levels. This approach usually provides good availability of supplies and repair parts, but only by sacrificing efficiency and savings. However, modern methods of inventory management can provide both availability and efficiency, by making timely deliveries from centralized facilities. This has already been successfully demonstrated in certain areas of defense inventory management, such as medical supplies and food items.

There are additional factors which aggravate the inefficiency of the inventory system. Cumbersome acquisition practices, which have begun to be reformed by Congress during the last two sessions, still contribute substantially to the problem. Furthermore, many of DOD's accounting systems are outdated and inefficient,

which makes it difficult to identify exactly what inventory is in storage, or exactly how much money has been spent. This situation is further complicated by the fact that DLA, as well as the Army, the Air Force, and the Navy, all maintain their own logistics systems, which often do not share information in an efficient manner.

As the military budget has decreased steadily, DOD's force structure and military readiness have suffered more than supporting infrastructure. At the same time that billions are wasted through inefficient inventory management and depot maintenance, there is less and less money for combat troops, combat training, military procurement, research and development.

As part of the investigation, committee staff visited seven different military facilities, each of which added substantially to the committee's oversight investigation and plans for reform. On April 8–9, 1997, majority and minority staff from the committee, accompanied by personnel from the GAO, traveled to three different military facilities. The first stop was DLA headquarters at Fort Belvoir, VA, where the group was briefed by managers who provided an overview of DLA's current operations and plans for the future. The staff then traveled to Walter Reed Army Medical Center, in Washington, DC, to see DOD's innovative virtual prime vendor operations for the purchase of medical supplies. The group then traveled to the New Cumberland and Mechanicsburg supply depots in Susquehanna, PA. There are 90 warehouses at these two depots, each the size of approximately two or three football fields, and over $6 billion worth of consumable and reparable parts are stored there. Compounding the acquisition of excess and unnecessary material is the enormous cost of continued storage for often obsolete or unnecessary inventory.

On May 2, 1997, the staff and GAO personnel then traveled to Philadelphia to see the Defense Industrial Supply Center [DISC] and the Naval Inventory Control Point [NAVICP], where item managers determine the requirements for supplies, order new inventory, and give orders for storage and disposal. The DISC is responsible for hardware items—nuts, bolts, bearings, metal, electrical wiring, et cetera—and the NAVICP is primarily responsible for aircraft parts.

From May 27 to May 30, 1997, the subcommittee staff traveled to the U.S. Army maintenance depot in Corpus Christi, TX, and the U.S. Air Force maintenance depot in Oklahoma City, OK. DLA storage and distribution facilities are collocated at these sites and support the depots. Helicopters and aircraft are upgraded and repaired at these facilities. The maintenance depots are major customers of the inventory system.

b. Benefits.—Although there is much dispute about the complex issues involved in DOD inventory management, one thing is clear: substantial savings of hundreds of millions, if not billions, of dollars can be achieved from reform of the domestic defense infrastructure in general and defense inventory management in particular. However, the subcommittee does not suggest that money saved through improving the logistics system should be cut from the Defense budget.

Rather, any savings that can be realized should be shifted toward procurement and modernization accounts that have been cut

by more than 70 percent in real dollars as the Defense budget has been cut for 13 straight years. As the military budget has declined, the combat forces, or "tooth," have undergone more severe reductions than the supporting infrastructure, or "tail." Both DOD and Congress are committed to improving the "tooth-to-tail" ratio, and DOD recognizes that inventory management is one part of the "tail" where significant savings may be realized. In comprehensive reform of support systems lies the opportunity to restore needed resources to the war fighters.

In addition, even if DOD's budget was not continuing to decline, improving inventory management should still be a high priority. Good financial management and efficient utilization of resources are extremely important; reform of the system would be a laudable goal even if financial considerations did not now dictate it. Thus, saving billions of dollars through reform of inventory management is not only beneficial for the military but is compelled by our commitment to responsible fiscal management.

DOD recognizes that it has to reform inventory management and is working with the subcommittee, GAO, and other congressional offices to resolve these long-standing problems. Serious and thoughtful reforms have been initiated by DOD over the last few years which should lead to substantial management improvements and cost-savings over the next several years. Nevertheless, this will be a long, difficult process which will certainly require vigorous congressional involvement to encourage DOD to continue to aggressively pursue reform.

c. Hearings.—On March 20, 1997, the subcommittee held an introductory hearing on DOD inventory management practices and related issues entitled, "Improving Defense Inventory Management." The hearing focused on general defense inventory management problems, measures undertaken by DOD to address the problems and the effectiveness of internal reforms, and the implications that extensive reform might have on DOD's budget, and ways that the committee, working in cooperation with DOD, GAO, and outside experts, can work together to address and solve inventory problems.

Mr. James B. Emahiser, Assistant Deputy Under Secretary of Defense for Materiel and Distribution Management, and Mr. Jeffrey A. Jones, executive director for Logistics Management, Defense Logistics Agency, presented DOD's perspective of the problem and discussed the measures that have been, or are being, implemented to modernize the logistics system. While they strongly disagreed with many of GAO's definitions and conclusions, they acknowledged that DOD is currently holding billions of dollars' worth of excess inventory. They testified that the purchase value of current excess inventory is approximately $12 billion, which for accounting purposes they value at about $300 million. This inventory is sometimes difficult to properly dispose of, but DOD recognizes that disposing of excess inventory, and avoiding purchases of more excess inventory, will "free up" scarce resources. Although further inquiry will follow in 1998, these DOD witnesses denied that DOD is continuing to buy inventory in excess of current or foreseeable requirements.

Both witnesses stated that DOD has proposed incremental changes to improve support functions and operate more like a private business, but appeared resistant to dramatic or sweeping changes. Commercial practices, the DOD witnesses argued, are not entirely feasible for the military and that the burden of supplying the military cannot be shifted to the private sector. They cautioned that excessive outsourcing or privatization of support functions could adversely affect national security.

The second panel was composed of personnel from GAO. Mr. Henry L. Hinton, Jr., Assistant Comptroller General, Mr. Kenneth R. Knouse, Jr., Assistant Director, and Mr. Robert L. Repasky, Senior Evaluator, presented an overview of the defense inventory problem, on which GAO has been reporting for over 30 years and on which it has issued over 100 reports. The panel addressed problems ranging from adopting commercial sector best practices to trimming budgets for secondary inventory items. GAO asserted that inventory oversight is essential, and there remain weak financial accountability measures and a tendency toward overstated requirements. Within DOD's vast supply system, the GAO estimates that roughly half of the $69.6 billion of secondary inventory items that DLA stockpiles—$33.7 billion worth of inventory—is excess to DOD war reserve or current operating requirements. This excess inventory results in hundreds of millions of dollars wasted on storage costs each year. In addition to the problem of excess inventory from past purchases, it is likely that DOD is continuing to purchase and store more inventory than is needed for military requirements, or than would be needed if DOD's inventory management and maintenance operations were run more efficiently.

Even though GAO asserts that over half of DOD's current inventory is excess to current operating or wartime requirements, they decline to advocate massive disposal of excess stocks. While they assert support for adoption of modern business practices, they appear somewhat short on action. DOD acknowledged, however, that the enormous amount spent on purchasing secondary inventory—approximately $15 billion a year, more than NASA's entire budget—makes reform imperative.

The third panel was composed of Dr. Jacques A. Gansler (now serving as Under Secretary of Defense for Acquisition and Technology), vice chairman, Defense Science Board, and Admiral Luther F. Schriefer (USN, Ret.), executive director, Business Executives for National Security. Both Dr. Gansler and Admiral Schriefer testified that "billions of dollars" could be saved through outsourcing and privatization of most domestic military "infrastructure" functions. They asserted that moving commercial functions into the private sector would allow DOD to save money while putting greater focus on DOD's core mission—preparing for and fighting wars.

Dr. Gansler discussed the current imbalance in Defense spending, estimating that 55 percent of the Defense budget, or $140 billion a year, is spent on support and infrastructure. Of that, he testified that an estimated $60 billion is spent on logistics alone. He cited a November 1996 report by the Defense Science Board, entitled, "Achieving an Innovative Support Structure for 21st Century Military Superiority," which claims reform consisting of privatizing and outsourcing most domestic-based logistics and infrastructure

functions could save $30 billion a year, including $2.5 billion from inventory management accounts. These funds could then be shifted to modernization and training.

Admiral Schriefer is part of a "Tail-to-Tooth Commission," focused on "re-engineering" the Pentagon and spending money more efficiently. He argued, with 70 percent of Defense dollars going to pay for support and infrastructure "war fighters" needs are going unmet. He stressed that DOD must learn from American industry. DOD must dramatically transform the way it manages inventories in order to be "globally competitive." He believes that, "Revolution, not evolution" is required. Admiral Schriefer recommended that DOD buy advanced software to manage the inventory; buy off-the-shelf commercial products as much as possible; rely on contractor support and outsourcing maintenance as much as possible with new systems; and that inventory management be centralized.

On July 24, 1997, the subcommittee held a second oversight hearing on DOD inventory management entitled, "Reforming Inventory Management Through Innovative Business Practices." The subcommittee narrowed the focus of this hearing and specifically addressed the ways in which DOD could employ "cutting edge business practices" to improve inventory management. Witnesses were asked to discuss the success that DOD has demonstrated with "virtual prime vendor" and "direct vendor delivery" practices in acquisition and delivery of medical and pharmaceutical supplies to over 200 medical facilities nationwide. Similar successes revolving around food and clothing items were discussed, and the feasibility of using virtual prime vendor and direct vendor delivery for other types of inventory items, such as hardware items, was explored.

The first panel was composed of personnel from GAO. Mr. David Warren, Director, Defense Management Issues, National Security and International Affairs Division, Mr. Kenneth R. Knouse, Jr., Assistant Director, Mr. Robert L. Repasky, Senior Evaluator, and Mr. Matthew B. Lea, Senior Evaluator, discussed how American business has developed sophisticated methods for inventory management, ensuring both efficiency and economy. Many of these methods—such as "just-in-time delivery," use of supplier parks, and prime vendor contracts—could be applied to DOD's inventory management operations for similar efficiencies and savings. Commercial methods could not be applied to DOD in a wholesale manner, but must be tailored to military readiness needs. The cutting edge "best practices" that GAO believes DOD should aggressively adopt include virtual prime vendor in combination with direct vendor delivery innovations. Using these practices, acquisition personnel are able to order items electronically. The prime vendor then has the items delivered directly to buyer, eliminating the need for inventory backup.

GAO addressed DOD's success in using virtual prime vendor and direct vendor delivery practices in purchasing medical supplies, pharmaceuticals, and food. GAO asserted that by using direct vendor delivery for medical supplies and food items, which represent about 3 percent of inventory items for which these practices could be used, DOD saved $714 million over the past 6 years. GAO suggested that similar techniques be used for other categories of defense inventory items such as industrial hardware, fasteners, wir-

ing, construction supplies, and similar types of common, commercially available material. The estimated value of these items in the inventory is $7.2 billion. If implementation of best practices for these items were successful, DOD could reduce their inventory dollar value by several billion dollars, as well as reducing future purchases of such items and improving service to DOD customers.

One of GAO's chief criticisms was that DOD is not moving aggressively enough to adopt efficient, cost cutting measures at a time when the Department's budget is continuing to shrink. GAO cited service parochialism and a DOD supply and maintenance "culture" resistant to institutional reform in identifying "major roadblocks" to substantial changes. Overcoming these barriers will be necessary for DOD in the coming years.

Dr. Edward Martin, Acting Assistant Secretary of Defense for Health Affairs, Mr. James B. Emahiser, Assistant Deputy Under Secretary of Defense for Materiel and Distribution Management, and Mr. Jeffrey A. Jones, Executive Director for Logistics Management, Defense Logistics Agency, testified for DOD. They discussed the success of reforms enacted to date and outlined additional reforms that DOD plans to implement in the future. Dr. Martin took the opportunity to discuss the history of the virtual prime vendor use for medical supplies and noted successes, difficulties encountered to date, and plans to improve the system in the future. When asked if additional legislation would be required to hasten reform efforts, Mr. Emahiser responded emphatically that it would not be required, and said he considered ". . . existing legislative authority as sufficient to continue to appropriately implement innovative private sector practices." This conclusion remains subject to further scrutiny.

3. Immigration and Naturalization Service's Program Citizenship USA.

a. Summary.—The investigation of the Immigration and Naturalization Service's [INS] Citizenship USA program [CUSA], initiated in June 1996, has uncovered a pervasive and alarming pattern of election-year fraud and abuses within the INS' naturalization process, the process by which resident aliens become American citizens. The subcommittee has, so far, held three public hearings on the program, the second of which featured INS line-agent whistleblowers.

This politically-motivated program was evidently intended to naturalize 1.3 million people during fiscal 1996, concluding with the close of voter registrations in September 1996, just prior to the 1996 elections. The program eventually naturalized 1.1 million people. This number represents a massive increase over previous years; from 1990 to 1994, INS naturalized about 300,000 new citizens per year.

Throughout the course of this program, legal and procedural requirements governing naturalization were consciously weakened, discarded or ignored. Immigration law requires each applicant for citizenship to have "good moral character." This means that the applicant may not become a U.S. citizen if he has committed certain crimes, or lied to the INS about his criminal record. To enforce these requirements, the INS requires each applicant to disclose any

criminal history on the application for citizenship, under penalties of perjury. More importantly, the INS takes fingerprints of each applicant and is required to submit them to the FBI. If a candidate's fingerprints match a criminal record on file with the FBI, the FBI sends a copy of the criminal record, or "rap sheet," back to the INS. Because the rap sheet contains criminal charges, but generally does not report dispositions, the INS must then investigate the charges to discover resulting convictions and sentences. At that point, the INS examiner is able to match an application form with the applicant's complete criminal history. The examiner can then determine whether citizenship should be denied based on either (A) the seriousness of the criminal record, or (B) the applicant's failure to report it on his application.

Historically, the INS' criminal background check process has suffered from a number of ingrained problems. They were described in reports issued in 1994 by both the Department of Justice Office of the Inspector General [DOJIG] and by the U.S. General Accounting Office [GAO]. The DOJIG and GAO reports pointed out that the INS' procedures left open the possibility that, in some cases, individuals with criminal records could be improperly naturalized. Both reports made strong recommendations to correct the serious flaws appearing in the process. However, for reasons that remain unexplained, the INS did not adopt the recommendations made by either DOJIG or GAO. Moreover, in many cases, the INS failed to submit fingerprint cards to the FBI, or submitted defective fingerprint cards which were rejected by the FBI. In other cases, the INS submitted fingerprint cards but failed to await the return of the rap sheet before granting citizenship. Instead, under the enormous, knowingly generated load of the Citizenship USA program, the system broke down completely.

Compounding the crisis, for many months, these problems were deliberately concealed by the INS. Beginning in September 1996, the subcommittee requested detailed information and documents on the issue of criminal background checks. The INS refused to provide any information, and then went so far as to openly defy two congressional subpoenas. In addition, public statements made by senior INS officials and the INS press office were repeatedly misleading, even after receiving incontrovertible corrections from congressional investigators. For example, Alexander Aleinikoff, then the INS Executive Associate Commissioner for Programs (who has left the agency), told National Public Radio in September that the problem was restricted to ". . . perhaps 40 or 50 cases nationwide." The truth was somewhat different. Louis Crocetti, the INS' Associate Commissioner for Examinations, stated under oath during a congressional hearing last September that the number ". . . was 60 for the entire naturalization program." To date, the INS still has not admitted the true scope and nature of its problems with criminal background checks, which—at a minimum—involves ten of thousands of applications.

Unfortunately, INS' disregard for its own procedures and safeguards has had predictable and serious consequences. On May 12, 1997, DOJ, the parent agency over both the INS and FBI, reported to the subcommittee that out of 1,049,867 persons naturalized, 81,492 were identified as having FBI records which include INS ad-

ministrative actions, dismissals, misdemeanor and felony arrests and convictions for serious and violent crimes such as drug trafficking, child molestation, assault, robbery, burglary, rape and murder; 124,740 persons were further identified as not having had definitive criminal history checks conducted because their fingerprint cards were rejected by the FBI because of poor quality prints; 55,750 persons were additionally identified for whom it could not and cannot be determined whether or not FBI record checks were ever conducted. Of the 81,492 persons identified as having FBI records, at least 5,500 were identified as convicted felons with disqualifying criminal histories. The DOJ and INS are currently trying to denaturalize these people, and determine if there are additional criminals who were granted citizenship, and if so, how many were granted citizenship.

DOJ's review process is still underway, and it is not known exactly how many of the quarter million cases under review should have been denied citizenship, based on criminal convictions and misrepresentation of criminal records. In many cases, especially the 180,000 who became citizens without having proper background checks, the full truth may never be known. In addition, fully remedying the problem may prove difficult or, in many cases, impossible, based on the automatic attachment of due process rights following naturalization, regardless of whether the naturalization in question was legitimate. The legal and logistical obstacles to removal of citizenship are mammoth, and the INS has historically denaturalized only 10 or 15 people per year. If thousands, much less tens of thousands, of people were improperly granted citizenship, the problem may never be fully remedied.

The subcommittee intends to continue its investigation as long as it is necessary to expose and correct the fraud, abuse and recklessness engendered by CUSA, and may hold additional hearings in the future. One disconcerting aspect of the CUSA acceleration and waiver of critical regulations is the documented involvement of the White House, including intense involvement by the Vice President and several of his senior staff in the election-year acceleration.

b. Benefits.—The subcommittee's investigation and hearings have brought the full scope and nature of CUSA fraud, abuse and recklessness into the public eye, as media reports from coast to coast have described criminal activities and abuses of power wrought by this politically-motivated and undeniably errant program.

The INS has belatedly enacted new regulations which allow the agency to conduct administrative denaturalization proceedings, and to theoretically permit denaturalization of people who have been erroneously naturalized. The INS has had statutory authority to enact such regulations since 1990, but has heretofore neglected to promulgate any such regulations. Responding to our congressional investigation, this is a small step in the right direction. These administrative proceedings will be substantially less time-consuming and burdensome than judicial denaturalization, which until now was the agency's only method of denaturalization. Unfortunately, for legal and logistical reasons, these new procedures are unlikely to be retroactively applied to the large number of people who were illegally and improperly naturalized under CUSA during 1996 or

prior. This raises additional legal and national security concerns beyond the scope of this report.

In addition, the DOJ IG has undertaken its own investigation to which it is devoting considerable resources. They should make some preliminary findings by the summer of 1998. At the request of the subcommittee and other congressional offices, GAO is also conducting its own investigation. Specifically, they are examining the findings and recommendations made by Peat Marwick in addition to reviewing new INS naturalization regulations and procedures.

In sum, the INS, under intense pressure from Congress, the public, and the media, has taken incremental steps to reform its badly-damaged naturalization process. However, this is only a small beginning, and much remains to be done by the INS, DOJ, and the FBI. Continued congressional oversight is necessary to ensure the success of reform efforts.

c. Hearings.—The subcommittee held its third hearing on mismanagement of the naturalization process on March 5, 1997. The hearing, held jointly with the Subcommittee on Immigration of the Committee on the Judiciary, entitled, "Improper Granting of U.S. Citizenship Without Conducting Criminal Background Checks," focused on the breakdown of safeguards at INS that led to the naturalization of at least 5,500 convicted criminals.

Mr. Stephen R. Colgate, Assistant Attorney General for administration, testified on behalf of DOJ. He was accompanied by Ms. Dawn Johnsen, Acting Assistant Attorney General for the Office of Legal Counsel, Department of Justice, and Mr. Gary Ahrens, KPMG Peat Marwick LLP. Mr. Colgate discussed the measures that DOJ was taking both to discover the exact magnitude of the problem and reinvent the naturalization process so that such abuses did not happen again. Mr. Ahrens discussed Peat Marwick's role in the naturalization review. Dr. Laurie E. Ekstrand, Associate Director for Administration of Justice Issues, General Accounting Office, discussed GAO's role in the review, which was to review Peat Marwick's methodology and implementation strategy.

The Honorable Doris Meissner, Commissioner, Mr. David Rosenberg, Citizenship USA Program Director, Mr. Louis D. Crocetti, Associate Commissioner for Examinations, and Mr. David Martin, General Counsel, testified for the Immigration and Naturalization Service. Mrs. Meissner denied any political influence was exerted on the program by the Clinton administration. She also discussed the new safeguards that INS instituted on November 29, 1996, that she believed would prevent such lapses in the future. She did not explain the apparent connections of the CUSA program to the 1996 Federal elections; nor did she address, at all, the failure to act on either past GAO or past DOJ IG criticisms of and recommendations to INS. She offered no suggestions on how those responsible within INS should be held accountable, or how to address the legal and security concerns raised by the INS' abdication of responsibility in 1996. She explained that the Citizenship USA program had been implemented to address the surge in naturalization applications in the last few years while improving the entire process; she could not, however, explain why she had also, consonant with White House memorandums, simultaneously ramped up recruiting of ap-

plications in 1996. While she admitted that mistakes were made, she believes that new policies and procedures that INS recently implemented will preclude such errors in the future. On balance, the Commissioner appeared not to grasp the enormity of INS' misfeasance, and potential malfeasance, in 1996.

4. Force Protection and Antiterrorism.

a. Summary.—As part of the subcommittee's oversight of both terrorism and the security of United States personnel abroad, the subcommittee began an examination of the security of United States Government personnel, mostly from the Departments of Defense and State, stationed in South West Asia, where, as in many other parts of the world, terrorism is a constant threat. In June 1996, terrorists employing a truck bomb killed 19 United States airmen and injured hundreds of others at the United States Air Force base at Khobar Towers in Saudi Arabia, prompting a major review of force protection policy. The subcommittee's purpose was to examine the threats facing U.S. personnel deployed abroad, the changes in force protection policy made as a result of terrorist attacks, the status of implementing new force protection policies, and the success the United States has had in working with host countries to increase the security of U.S. personnel.

In the aftermath of the Gulf war, there are approximately 30,000 United States military personnel (including naval personnel stationed off shore) and over 500 State Department personnel in the Persian Gulf region. Unfortunately, they have been, and continue to be, the target of terrorist extremists from countries such as Iraq and Iran that are determined to force the withdrawal of United States forces from the Persian Gulf. Two terrorist attacks on United States military bases in Saudi Arabia, one in November 1995 and the other in June 1996, killed 24 United States personnel and injured hundreds of others. The terrorist groups that executed these attacks have not been definitively linked with any country in the region. These incidents focused congressional and public attention on force protection policy.

Following the attacks, the Department of Defense [DOD] undertook a thorough review of its force protection policies. The review, conducted by the Downing Assessment Task Force, completed its work in August 1996. The Downing Report found that the U.S. military lacked a comprehensive strategy for combating terrorism based on common guidance, standards and procedures. The report also includes a series of recommendations to improve the security of U.S. military personnel abroad. It stressed that a single entity within DOD should be responsible for force protection, including antiterrorism and counterterrorism. Furthermore, the report called for greater interagency cooperation between the Departments of Defense and State in coordinating force protection policy.

The State Department and DOD are responsible for the security of all U.S. personnel abroad. However, they conduct their missions differently in accordance with the respective missions, polices and resources of their departments. For example, the State Department issues general security guidelines and instructions to which every State Department facility must adhere. The Defense Department, on the other hand, issues some guidance, such as vulnerability as-

sessments, but is resistant to issuing prescriptive physical security standards, preferring to leave the decision of which security measures to implement to the field commanders.

One of the Downing Report findings was that the State Department and DOD, ". . . ascribe different Threat Level assessments for countries of the same region, causing confusion among recipients of this information." It recommended that, "One interagency methodology for assessing and declaring Threat Levels, allowing commanders to determine Threat Conditions in a local area . . ." be instituted. Reconciling the differences between the Departments of Defense and State is just one of the challenges confronting policymakers formulating comprehensive force protection policy.

Congressional Delegation.—From November 17 through November 25, 1997, Subcommittee Chairman J. Dennis Hastert (R–IL) was joined by Representatives Mark Souder (R–IN), Mark Sanford (R–SC), John Mica (R–FL), John Shadegg (R–AZ), and Delegate Eni Faleomavaega (D–AS) on a Congressional Delegation [CODEL] which traveled to Israel, Jordan, Kuwait, Bahrain, Saudi Arabia, Turkey, and Greece. The purpose of the trip was to conduct an in-country assessment of force protection and antiterrorism policy following the terrorist attack at the United States Air Force base at Khobar Towers in Dhahran, Saudi Arabia in June 1996.

The CODEL toured United States military bases and State Department facilities throughout the Middle East and Persian Gulf region, and at every stop, CODEL members were briefed on force protection and antiterrorism policy. The CODEL met with U.S. Department of State and Department of Defense personnel to determine what additional measures were necessary to protect our personnel deployed abroad to the maximum extent possible. Since the majority of the forces stationed in the countries of interest are actively involved in the containment of Iraq, CODEL members were also given mission briefs at all military facilities. Finally, the CODEL held meetings with civilian and military officials from host nations to learn about the level of cooperation and security provided to U.S. personnel from host nations.

In Jerusalem, CODEL members met with senior officials in the Israeli Foreign Ministry, after which some members met with Israeli Defense Minister Yitzhak Mordechai while others met with Palestinian leader Chairman Yasser Arafat. At these meetings, Members took the opportunity to discuss the stalled Middle East peace process and other related issues.

On November 19th, the CODEL traveled to Amman, Jordan, where the group visited the new United States Embassy and were briefed by Ambassador Wesley Egan. That evening the CODEL continued on to Kuwait City, Kuwait, and that night dinned as guests of Kuwaiti Minister of Information Saud Nasser Al-Sabah. On November 20th, the CODEL visited Camp Doha, a United States Army base outside of Kuwait City which maintains enough forward deployed military vehicles and equipment for an Army brigade. Colonel Robert Polard, USA, the base commander, briefed Members on security issues and the Army mission. From there the CODEL traveled to Ali Al-Salem Air Base, where the U.S. Air Force operates a radar facility. That afternoon, the CODEL took a sobering tour of the Khobar Towers complex at Dhahran, Saudi

Arabia. The group saw the bombed-out buildings where 19 U.S. airmen died and hundreds more were injured when terrorists detonated a truck bomb in June 1996. That evening the CODEL arrived in Bahrain and Members and staff had the opportunity to meet with several United Nations weapons inspectors who had recently been forced to leave Iraq.

On November 21st, the CODEL was briefed at the headquarters of United States Fifth Fleet in Bahrain, where the United States Navy has maintained a presence for almost 50 years. Following the briefing the group was flown out to the aircraft carrier *U.S.S. Nimitz* that was on patrol in the Persian Gulf. That afternoon the CODEL went on to Prince Sultan Air Force Base in Saudi Arabia. Following the attack at Khobar Towers, almost all Air Force personnel in Saudi Arabia were relocated to this remote base, 90 miles south-east of Riyadh. Almost 4,000 men and women are stationed there, and Operation Southern Watch, which enforces the no-fly zone over southern Iraq, is run primarily out of this base.

On November 22nd, the CODEL met and were briefed by Ambassador Wyche Fowler at the United States Embassy in Riyadh, following which the group traveled to Eskan Village, the Joint Task Force Southwest Asia headquarters. After meeting with the commander of the Joint Task Force, Major General Roger Radcliff, USAF, the group toured Eskan Village. Members then went to a private meeting with Saudi Crown Prince Abdullah, the likely successor to King Fahd. On the evening of November 22nd the CODEL flew on to Incirlik, Turkey. The next morning the CODEL toured Incirlik Air Base and were briefed on the mission of the United States and British air forces operating out of Incirlik, which is to patrol the northern no-fly zone over Iraq. That afternoon the group traveled to Izmir, Turkey, and toured the facilities of an Air Force unit which supports NATO forces stationed in Turkey. On November 24th the CODEL traveled to Greece, and were briefed by United States Embassy personnel as well as Drug Enforcement Agents operating in Greece. The CODEL returned to the United States on November 25th.

This trip gave Members of Congress and staff the opportunity to meet with Defense and State Department officials in-country and see firsthand the conditions under which they work and better understand their requirements. The Members were also able to see the strenuous efforts being made to protect our deployed personnel and ensure that they are protected to the maximum extent possible. There is no doubt that both Members and staff returned with a greater appreciation of the difficult but important missions being carried out by our professional foreign service and military personnel who fully deserve the support of the Congress.

b. Benefits.—By focusing attention on this issue and raising its profile in the eyes of Congress and the general public, the subcommittee intends to assist DOD in its efforts to provide for the security of our deployed forces to the maximum extent possible. During the second session of this Congress the subcommittee will work with DOD and the authorizing and appropriating committees to secure adequate funding for force protection initiatives that have been started during the last several years. For fiscal year 1998, for example, DOD requested $31.5 million for the purchase of commer-

cial, off-the-shelf physical security equipment. However, that request was eventually reduced to $18.7 million by the appropriations committees. Furthermore, the subcommittee hopes to demonstrate that despite the fact that we are at peace and there are currently no serious military challengers to the United States, there remain threats to our national interests and security that require a competent, vigilant and well-funded military.

c. Hearings.—On October 28, 1997, the subcommittee held a closed oversight hearing on the security of United States personnel stationed in South West Asia, entitled, "Security Status of U.S. Personnel Overseas." The purpose of the hearing was twofold. First, it allowed the subcommittee to examine the threat, from both terrorist and conventional military forces, to all United States Federal Government personnel, but especially Department of Defense and Department of State personnel, stationed in South West Asia; measures taken since the terrorist attack on Khobar Towers to increase the safety of United States personnel, and; the success that the United States has had in coordinating with the governments of host countries in reducing the threat to United States personnel. Second, this hearing provided background information to the Members who traveled to Israel, Jordan, Kuwait, Bahrain, Saudi Arabia, Turkey, and Greece in November 1997 to observe firsthand the threat conditions under which thousands of United States personnel, mostly military, operate. The congressional delegation took the opportunity to learn from in-country military commanders and officials what changes have been made to increase the security of our personnel in the aftermath of the Khobar Towers attack.

This hearing was prospective, not retrospective; it examined current and future force protection policy, not past policy. Therefore, the hearing did not address the attack on the United States Air Force base at Khobar Towers, the status of the continuing investigation, or the disciplinary actions taken by Secretary of Defense Cohen last year.

Major General James C. King, Director for Intelligence, Joint Chiefs of Staff, provided an overview of the threat in the region. The Honorable H. Allen Holmes, Assistant Secretary for Special Operations and Low-Intensity Conflict, was accompanied by Brigadier General J.T. Conway, Deputy Director for Combating Terrorism, Joint Chiefs of Staff. Ambassador Holmes' office has responsibility for counterterrorism and antiterrorism policy at the Defense Department. The Defense Department has the majority of U.S. personnel in the countries of interest and shares the responsibility for the security of all U.S. personnel in these countries with the Department of State. The Honorable Eric Boswell, Assistant Secretary for Diplomatic Security, testified on behalf of the Department of State who has the second largest contingent of personnel stationed in the countries of interest. Mr. Boswell discussed the State Department's ongoing efforts to ensure the safety of all government personnel abroad who fall under the protection of the Secretary of State. The Honorable Jacquelyn L. Williams-Bridgers, Inspector General, Department of State, focused on the frequent inspections and examinations of the Department of State's security policies and facilities conducted by her office. Mr. Mark Gebicke, Director, Military Operations and Capabilities Issues, National Se-

curity and International Affairs Division, U.S. General Accounting Office, discussed the examination of force protection policy undertaken by GAO at the request of Congress following the attack at Khobar Towers. Since the hearing was closed, the testimony may not be summarized here. This hearing will not be printed.

5. Oversight of the National Aeronautics and Space Administration.

a. Summary.—In accordance with the subcommittee's oversight responsibilities, the subcommittee took a review of National Aeronautics and Space Administration's [NASA] missions and long-term vision. In an environment of tight budgets, and NASA's being repeatedly directed to reduce its future year's budget levels, it is imperative that NASA have a focused mission and vision, and be ever-conscious of the costs and benefits of investments made.

The subcommittee hoped to highlight NASA in the public eye as still being a symbol of our Nation's preeminent position as a scientific leader in the world, and illustrate to NASA the importance of vision, missions, and management. Additionally, the subcommittee will continue to take a broader look at the long-term importance of human space exploration, commercial opportunities in space, solar and alternative energy sources, the educational impact on kids of restarting space exploration and space development, and of balancing cost-efficiencies with long-term vision.

b. Benefits.—The subcommittee's review of NASA's missions and visions focused attention on the overarching importance of having a well-defined and vision for future space exploration, potential space related commercial development, and technological and medical breakthroughs. In this time of down-spiraling budgets, it is important to ensure that NASA's programs are properly defined, well-managed, and that the American taxpayer's expectation of responsible expenditures are met.

c. Hearings.—The subcommittee held two hearings on this issue. On May 9, 1997, the subcommittee held it's first hearing entitled, "Defining NASA's Mission and Americas Vision for the Future of Space Exploration." Testimony was received from Dr. Buzz Aldrin, former *Apollo 11* astronaut and one of the first two men to walk on the Moon; Walt Cunningham, former astronaut who flew the first manned Apollo mission (*Apollo 7*); Story Musgrave, NASA astronaut who has flown six shuttle missions including the repair of the Hubble telescope; Ron Howard, movie producer/director and producer of the movie "Apollo 13;" Dr. Peter E. Glaser, vice president, Advanced Technology; Dr. David R. Criswell, director, Institute for Space Systems Operations, University of Houston; Dr. David Webb, consultant, Science & Engineering Education Council of Universities Space Research Association; and Dr. Richard Berendzen, professor of physics, American University.

On May 19, 1997, the subcommittee held it's second hearing entitled, "Defining NASA's Mission and America's Vision for the Future of Space Exploration—Part II." Testimony was received from Scott Carpenter, former *Mercury 7* astronaut; Captain Eugene A. Cernan, USN (Retired), former *Gemini 9, Apollo 10,* and *Apollo 17* astronaut, and the last man to have walked on the Moon; Dr. Buzz Aldrin, former *Apollo 11* astronaut; Mr. Joshua Ouellete, 15-year-old student, Academy of Science and Technology; Dr. Seth Potter,

professor of applied physics at New York University; Dr. Bob Zubrin, president, Pioneer Astronautics; Mr. Tom Rogers, Near-term Commercial Space Transport Opportunities; and Dr. John Lewis, astrogeologist.

Both hearings examined NASA's long-term mission, manned space travel, and the future vision of space exploration. Also explored were space station research, the discoveries of possible water on the Moon, microbes on Mars, breakthrough space-energy and space-medicine technologies, and the impact of renewed commitment to science, engineering and math on our Nation's youth through a renewed commitment to human space exploration. The hearings had a common theme of promoting a wise investment in America's future through space research, development, and exploration. Dr. Buzz Aldrin addressed the issues of revitalizing the inspiration that the United States had during the Apollo program which energized children to flock to math and sciences, reusable space transportation options as a good investment, private sector rocketry and space exploration, and the endless spin-off technologies and commercial development from manned missions to the Moon and Mars.

6. Oversight of the Census Bureau and Census 2000.

a. Summary.—As per its responsibilities under the Government Reform and Oversight Committee's oversight plan for the 105th Congress, the subcommittee has continued its scrutiny of the Census Bureau's preparations for the 2000 decennial census. During the first session of the 105th Congress, this scrutiny focused primarily on the Bureau's controversial plans to use "sampling" and "statistical adjustment" in the decennial census.

Census oversight activities in 1997 by the subcommittee represented a continuation of efforts begun under the leadership of Chairman William F. Clinger, Jr., at the full committee level in the 104th Congress, and actively pursued by subcommittee staff in 1996. In a report issued by the committee during the 104th Congress, in September 1996, "Sampling and Statistical Adjustment in the Decennial Census: Fundamental Flaws", numerous concerns were articulated about the Bureau's sampling plan. These concerns included, but were not limited to, the lack of completeness in the Bureau's plan, the vulnerability of sampled census data to unacceptable rates of error and to political manipulation, issues such as the statutory legality and constitutionality of sampling, and the multi billion-dollar risk posed to American taxpayers if and when the Bureau's untested scheme was ruled illegal or unconstitutional by the courts.

The response of the Census Bureau and Commerce Department to these criticisms was one of arrogant ambivalence, studied unconcern and, in general, capricious disregard for the concerns of Congress and the average American taxpayer. In dismissing the legitimate and bipartisan concerns of this committee and subcommittee, the Census Bureau arrogantly indicated that it is entertaining no plans to reconsider its flawed, risky, and likely unconstitutional approach, or to re-evaluate its questionable methodologies. Instead, the Bureau chose to proceed apace with its Decennial Census Plan

in an unmodified form, disregarding both the shortcomings raised by the committee and palpable concerns of American taxpayers.

Early in 1997, as the subcommittee began its renewed oversight of the Bureau for the 105th Congress, two significant events occurred. In February, the General Accounting Office added the 2000 Decennial Census to its "High Risk Series," a list of 25 Federal Government programs that present the most imminent danger of wasting taxpayers' funds while also not yielding satisfactory results. The primary reason that the Census plan was added to this list was the Bureau's self-conceived, risky and controversial plan to use "sampling" and "statistical adjustment" in the 2000 Decennial Census. The GAO's report went on to severely criticize the Bureau for not outlining its plan adequately to Congress, failing to demonstrate to Congress what effects the new procedures would have, and failing to plan for the possibility that the use of "sampling" and "statistical adjustment" might be forbidden by Congress (or ruled illegal by the Courts), thus leaving the Bureau with no practical alternatives for taking the 2000 Census. The addition of the 2000 Census to the High Risk Series was a reaffirmation of criticisms raised by the committee's 1996 report, and further indicated that a drastic revision was necessary.

The second key event was the March 1997 release by the Bureau of the "Census 2000 Operational Plan." Upon examining this document, the subcommittee determined that despite numerous and varied criticisms of the Bureau's plans to use sampling and statistical adjustment, the Bureau was continuing to forge ahead with their plans to implement ill-conceived measures, heedless of the criticisms by the committee and GAO, and again with no alternatives or back-up plans available in the event of legal or practical failure.

The combination of these two events, and on the heels of acute criticism by the committee's 1996 report, the subcommittee briefed leadership of the House and Senate on the dire risk posed to the taxpayers of a failed, inaccurate, potentially illegal and politically manipulated census in 2000. This briefing led the joint leadership to determine that the Bureau must be prohibited from proceeding any further with its plans to use either "sampling" and "statistical adjustment".

At the request of the leaders of the House and Senate, the subcommittee developed legislative language to prohibit the Bureau from proceeding further with its plans. This task was a difficult consensus building effort, as many legal experts believed that the Bureau's plan was already in violation of the law (13 U.S.C. 195) and the constitutional requirement that the Census be an "actual enumeration." Accordingly, the subcommittee was asked to relegislate in an area where the law was already established and the Bureau was openly acting in direct violation of it. After intense legal research, the subcommittee developed legislative language that reinforced the current statutory and constitutional ban against "sampling" and "statistical adjustment", and further prohibited any Federal funds from being spent to "sample" or "adjust the census" in perpetuity. In May, this language was added in conference to the conference report making supplemental appropriations for fiscal year 1997.

In June, the President vetoed this supplemental appropriations bill, citing the census language as one of the principal reasons for his veto. After this Presidential veto, the subcommittee entered into negotiations with the White House and Commerce Department to reach a compromise acceptable to both parties. The result of these negotiations was a requirement that the Bureau prepare a detailed report of its plans and activities for Census 2000, including providing data on the sampling processes that had previously been withheld from the Congress. These reporting requirements were codified as Title VIII of Public Law 105–18, and became commonly known as the "Riche Report."

The Riche Report was presented to Congress on July 14, 1997. The subcommittee extensively scrutinized the report, concluding the Census Bureau did not comply either with the letter or in spirit with the legal requirements of Title VIII of Public Law 105–18. The subcommittee further discovered that the data provided by the Bureau was incomplete, superficial, and boldly stated claims for the "accuracy of sampling" which were and are unsupported by any corroborating facts. Adding to Members' concerns regarding the Bureau's claims of accuracy, the Bureau in August issued a revision of the report indicating that the estimates made in the July 14 report, concerning the rate of error for sampling in the 1995 test census, were understated. Indeed, the revised figures released by the Bureau indicated that the error rate for sampling was, in some cases, as high as 243 percent. This fact, coupled with the failure of the Bureau to objectively report or to accurately inform Congress on information it had possessed for nearly 2 years, caused grave and deepening concern among subcommittee members about the Bureau's basic competence and technical ability to carry out complex plans for the 2000 decennial census.

When Congress reconvened in September, the subcommittee briefed the House and Senate leadership on its findings on the Riche Report. Fresh evidence of the Bureau's inability to execute its plans, its continued refusal to recognize that "sampling" and "statistical adjustment" of the census are of both questionable constitutionality and legality, coupled with the Bureau's continuing lack of candor or accurate information led the joint leadership to determine that another effort to prevent the Bureau from proceeding with this risky scheme was imperative. At the request of the bicameral leadership, the subcommittee assisted the Subcommittee on Commerce, Justice, and State Appropriations, in developing legislation which would address the Census Bureau's cavalier non-responsiveness to congressional concerns.

The subcommittee worked throughout September and October with the Appropriations Subcommittee to develop legislation that would protect the American taxpayer and prevent the Census Bureau from proceeding with sampling until such time as the Supreme Court has issued a final ruling on its legality. This measure was designed to protect taxpayers from the risk of wasting billions of dollars on an illegal and misguided census. Additionally, legislation was developed to expedite the Supreme Court review process and improve the "standing" of the Congress and the administration to sue, as well as to increase the chances of resolution in 1998 by using precedent from the recent *Byrd* v. *Rains* case.

The subcommittee ultimately entered into high-level negotiations with the White House and Commerce Department over the Census bill's language. A compromise was reached and language was included in the Conference Report on H.R. 2267, the Commerce, Justice, and State Appropriations Act for Fiscal Year 1998. In addition to preserving the expedited court review and "standing" language, this negotiated compromise imposed new disclosure requirements on all Census Bureau data releases and created a new, bipartisan Census Oversight Board to monitor preparations for the 2000 Decennial Census (as an adjunct to current congressional oversight). The new disclosure requirements mandate that all data released by the Census Bureau include the actual numbers of persons actually counted before any fictitious or estimated persons are added or subtracted by the device of "statistical inference." This critical measure greatly assists congressional oversight by clearly delineating, both for Congress and the public, the explicit effects of "sampling" and "statistical adjustment" of previously concrete or "actual count" numbers. The subcommittee believes that this negotiated accord represents a major legislative accomplishment, and will partially lift the "veil of secrecy" which has until recently surrounded the Bureau's plans.

b. Benefits.—The subcommittee was able to assist the U.S. House leadership in planning and authorizing a new Subcommittee on the Census, which will receive responsibility for census oversight from the Subcommittee on National Security, International Affairs, and Criminal Justice during the second session of the 105th Congress. The creation of this new subcommittee recognizes the large and important undertaking attendant to oversight of the Decennial Census; 1998 is likely to demand even greater emphasis by Congress on Census Oversight than did 1997. The new Subcommittee on the Census, free of demands other than census oversight, will have ample time and resources to explore all aspects of Census Bureau operations, including controversial statistical proposals, in the next session of Congress.

c. Hearings.—Due to the staff and hearing requirements of other priorities in the first session of the 105th Congress, the subcommittee was able to hold just one comprehensive hearing on the census. This hearing was held in April, and explored the subject of successful outreach for the census in "hard to enumerate" minority communities.

The subcommittee heard testimony from expert witnesses from the city of Milwaukee and the city of Cincinnati, communities whose efforts to promote the census in 1990 among minority groups were widely recognized as superior. The subcommittee learned at this hearing that the key to the high levels of census participation in those communities was an aggressive effort to educate the public about the census and the necessity that all citizens in the community return their census forms for the benefit of the community. The subcommittee further learned that these communities began their own local promotion and outreach efforts far in advance of the Census Bureau's efforts. This early start was credited for their high level of response and broad success. The subcommittee was dismayed to learn that the Census Bureau has not shown any substantial interest in use of these successful local programs as models

for promotion or outreach relating to the 2000 Decennial Census; instead the Bureau has focused efforts on statistical methodologies as a substitute for proper promotion and outreach efforts.

SUBCOMMITTEE ON THE POSTAL SERVICE

1. General Oversight of the U.S. Postal Service: The Inspector General of the Postal Service and the Board of Governors.

a. Summary.—Legislation passed in the 104th Congress created an independent Office of the Inspector General [OIG] of the Postal Service. Prior to enactment of Public Law 104–208, the Inspector General [IG] of the Postal Service concurrently held the position of the Chief Postal Inspector. In order to assure organizational independence of the Office of Inspector General of the Postal Service, the IG has the authority and responsibilities set out in the Inspector General Act of 1978, as amended. The duties of this office are separated from the duties of the office of the Inspection Service, thereby insuring the mission of the Office of the Inspector General is not compromised by apparent or actual conflicts of interest. The newly created office provides for oversight responsibility for all postal activities, including those of the Postal Inspection Service. The Postal IG may initiate, conduct and supervise U.S. Postal Service [USPS] audits and Postal Inspection Service investigations, however, the IG is directed to avoid duplication of work undertaken by the Postal Inspection Service. The Chief Postal Inspector is required to report to the IG any significant investigations being carried out by the Inspection Service. The new Inspector General, Karla W. Corcoran, was appointed on December 23, 1996, within 90 days of enactment of the law, by the Governors of the U.S. Postal Service and sworn in on January 6, 1997. The act requires that all measures necessary for establishing an Office of Inspector occur no later than 60 days after the Inspector General's appointment. The Inspector General serves for a period of 7 years in this nonpolitical appointment and may be removed by written concurrence of at least seven members of the Board of Governors, and only for cause.

The IG testified that a transition team of 12 officials with diverse professional experience from the Postal Service and other Federal agencies was building a foundation for the OIG. The first priority while developing the staffing and operational plans of the office was to ensure continuity of the operations of Inspector General. Additionally, the team assembled a pay and benefits package comparable to other offices of Inspectors General, assembled the framework for a budget to fund the office, and created a memorandum of understanding with the Chief Inspector. The decision was made to let the OIG conduct all financial statement audit activities above the district level. The office would also conduct postal-wide performance audits, developmental audits, contract administration audits, and new facilities construction audits for acquisitions in excess of $10 million. In carrying out investigations, the OIG will have primary responsibility for bribery, kickback, conflict of interest and systemic investigations including issues regarding worker's compensation. The OIG will provide oversight for embezzlement cases of more than $100,000 but will conduct investigation or part-

ner with the Inspection Service on cases involving executives. In the program area, the OIG will oversee the Postal Service's rate making programs, revenue generation activities and labor-management issues. The transfer of functions between the Office of the Inspector General and the Inspection Service is envisioned to take place within a 5-year strategic plan projection. The plan was approved by the Governors. The Inspector General assured the subcommittee that nothing in the designation of functions would limit her authority. In their March 1997 meeting, the Governors approved a resolution authorizing the Office of Inspector General, in accordance with the Inspector General Act, to carry firearms, serve subpoenas and warrants and to make arrests, subject to the necessary approval of the Attorney General. The Inspector General said that the Governors had approved a 60-day interim budget of $5 million.

During questioning by Members, and in response to written questions, the IG answered that the OIG will review what whistle blower protections are available for postal employees who disclose waste, fraud or abuse and that she would support an effective approach that will enable the OIG to better protect whistle blowers and enhance reporting of wrongdoing to the OIG. The chairman of the Board of Governors, Tirso del Junco, M.D., testified on behalf of the 11-member Board. Nine of the members are appointed by the President and confirmed by the Senate. The other two members are the Postmaster General and the Deputy Postmaster General. The Governors are chosen generally to represent the public interest and not as representatives of specific interests. The Governors oversee the activities of executive and operating management within the Postal Service. It reviews business practices, directs and controls expenditures, conducts long-range planning and sets major policy on all postal matters. The Governors of the Postal Service guide the operations of an entity with revenues in excess of $56 billion and more than 760,000 full-time employees. The Board functions with four key committees: audits, compensation, strategic planning and capital projects. The Board chairman reported that the Board has continually improved its by-laws to sharpen the focus of the standing committees.

Dr. del Junco reported that the Postal Service had completed its two best financial years in postal history, with about $3.4 billion in net income, or more than the total net income of all previous years of Postal Service operations. Much of this income is designated for the restoration of equity and recovery of prior year's losses. In the previous year, the Postal Service reduced its negative equity by 37.4 percent, down to $2.6 billion. The chairman emphasized that the Postal Service has reduced its negative equity by more than half in 2 years.

The Governors have directed the Postal Service to proceed with its most ambitious capital investment program, $12 billion over the next 5 years, in facilities, technology and equipment. The Governors also instructed the Postal Service to sustain efforts to control labor and transportation costs and to enter the next century as a productive and stable entity, enabling the Service to keep postal rates steady and affordable. Dr. del Junco emphasized that

the basic mission of the Postal Service was to provide a fundamental, universal public service.

Dr. del Junco reported that the overnight delivery scores are close to meeting the year's goal of 92 percent on-time performance. The Postal Service's workload is 603 million pieces of mail per day (or 182 billion pieces a year) delivered to 128 million addresses, 6 days per week. This represents 43 percent of the world's total mail volume. Areas for improvement include meeting 2- and 3-day service standards and better controlling postal costs—80 percent which are attributed to labor.

Dr. del Junco testified that the Governors will scrutinize the strategic and performance plans prepared under the Government Performance and Results Act of 1993 to help direct the course of postal management.

The Governors acknowledged the importance of the office of the new Inspector General and the need for cooperation between the staffs of the Inspector General and the Inspection Service. They reported progress in setting up the new OIG and showed confidence and support in the matter.

b. Benefits.—The appointment of an independent Inspector General of the Postal Service provides for an autonomous and strong oversight entity that can conduct and supervise audits and investigations separate from the control of postal management. The OIG will be instrumental in providing leadership and coordination and will be able to recommend policies to promote economy, efficiency and effectiveness within the Postal Service. Furthermore, an independent OIG of the Postal Service, as OIGs of other Federal agencies, can detect waste, fraud and abuse within the Service. Prior to the establishment of this separate office, these functions were under the authority of the Inspector General/Chief Postal Inspector who was responsible to the Postmaster General. It is apparent that an IG independent from the agency management hierarchy can more effectively perform oversight duties of the Postal Service. An indication of support and confidence from the Board of Governors in establishing the Office of the Inspector General is essential to its proper functioning.

2. General Oversight of the U.S. Postal Service: The General Accounting Office and the Postmaster General.

a. Summary.—During the past 3 fiscal years the Postal Service reported a surplus of nearly $4.6 billion—$1.770 billion in Representatives 1995, $1.567 billion in fiscal year 1996, and $1.264 billion in fiscal year 1997. Though the bottom line appears positive, the Postal Service has been plagued with other problems. The accounting period prior to the hearing showed volumes and revenues were lower than expected and the yearly surplus was several million short of the previous year's total. During fiscal year 1996, five of the Postal Service's six product lines lost market share and it was expected that there would be a general rate increase. Additionally, the Postal Service activities garnered unintended publicity; specifically, evidence of the marketing department's budget overruns, questionable ethics of postal officials, and large compensation and retirement packages for senior management. Some expressed

concerns about the forthcoming changes in uniform procurement for Postal Service personnel.

Mr. Motley of the General Accounting Office emphasized the need for improving internal controls and performance of the Postal Service. He reported that the Postal Service met or exceeded its on-time delivery goals for Overnight Mail. However, delivery of 2 and 3-day mail did not score well. Mail volume grew at half the projected rate and labor costs continued to account for about 80 percent of the operating costs, with a projected increase of 6 percent in 1997 for compensation and benefits.

The GAO opined that the Postal Service's success would depend on its ability to control operating costs, strengthen internal controls, and ensure the integrity of its services. It found weaknesses in the internal controls that contributed unnecessarily to increased costs. Lack of verification in the Express Mail corporate accounts caused the Service to lose about $800,000 from the Express Mail service alone. Similarly, verifications by supervisors of clerks acceptance of bulk mail were not performed in about 50 percent of the cases—this service accounted for almost half of the Postal Service's total revenue.

The Postal Service has been lax in following required procedures for acquisitions of real estate and equipment purchases. The USPS spent about $89 million on penalties and unusable or marginally usable property.

There were ethical violations in some purchases because the contracting officer failed to correct situations in which individuals had financial relationships with the Postal Service and offerors. The Office of Government Ethics, in reviewing the Postal Service ethics program, reported that all areas required improvement and made a number of recommendations and conducted three reviews to follow up on its recommendations.

GAO studied the process of post office closures and reported that 3,900 post offices have been closed since 1970; 470 post offices were reported in emergency suspension status.

In addressing the issue of postal reform, GAO emphasized the importance of recognizing the significance of the Private Express Statutes. The potential consequences of relaxing them could result in affecting postal revenues and the ability of the Postal Service to offer its public service mandates. Though the public would benefit from improved service through competition, the Postal Service is facing severe competition in the communications market. The Postal Service is now competing in the international mail market and has more flexibility in setting those rates than rates in the domestic market. However, it is still losing business because rates are not competitive and delivery service is not reliable.

Mr. Motley stressed that congressional oversight remains key to improving the organizational performance of the Postal Service, particularly in labor-management relations where unresolved disputes hinder productivity. Grievances which require formal arbitration have increased 76 percent from fiscal year 1993 to fiscal year 1996. Difficulties ensue because the Postal Service, the unions and management associations do not agree on how to address the problems. GAO identified the Government Performance and Results Act [GPRA] as a mechanism that could outline common objectives,

strategies and development of a framework of agreement. Since successful labor-management relations are critical in achieving success, the GPRA could be instrumental to the Postal Service and its employees in understanding its mission and developing strategies to be used in attaining result-oriented goals. Oversight of the Postal Service's automation program will need to be continued as billions of dollars have been spent in this endeavor. The Postal Service has an ambitious, $21 billion, 5-year capital investment plan for 1997–2001. This will be spent for technological investments, infrastructure improvements, upgrading the vehicle fleet and improving customer service.

In his prepared remarks, Postmaster General Marvin Runyon acknowledged the assistance given by the GAO and for their advice and recommendations. He reported that the Office of Government Ethics, after its third follow-up review, wrote to the Postal Service that all the recommendations contained in the OGE's report in reference to the Postal Service ethics program have been implemented. The PMG testified that the Inspector General had made progress in establishing the office with the support of the Inspection Service and the Postal Service and pledged continuing support. He also praised postal employees responsible for the delivery of mail. He reported the success of overnight First-Class mail delivery, even during peak holiday delivery periods and that the Postal Service is doing financially well even without a rate increase, which other delivery entities have imposed on their customers. Though the Postal Service has maintained the same rates for 3 years, mail volumes, however, are not as great as anticipated.

The Postal Service is modernizing its mail system, continuing classification reform, expanding process management and accelerating investments in automation and robotics. He reported a 5 year plan for investing $14 billion in automation and ensuring equipment and facilities for consistent service. He expected bar coding on all mail by the end of 1998 and adding value to products, such as redesigning the Priority Mail network to ensure speed, reliability and reasonable price. The Global Priority Mail Network is expanding to give American businesses a cost-effective vehicle to deliver goods overseas.

Mr. Runyon ensured commitment to the precept of universal delivery and an obligation to grow and to sustain the postal network, as it has done for the past 221 years. Each generation of communication innovation, such as the telephone, telegraph, fax and e-mail has challenged the postal system. However, the challenges are greater today than ever before. Computers, telephones, electronic funds transfers are cutting directly into First-Class Mail, the core of postal business and the basis for universal delivery. Electronic data transactions in the business-to-business arena is expected to triple. There is also diversion to electronic banking, payments and communication of the household to business mail. Additionally, Federal and State governments are encouraging electronic transfers in paying taxes by business and individuals and in the payment of Government funds to individuals.

Mr. Runyon testified that the Postal Service is prepared to work with the subcommittee on H.R. 22 and shaping final legislation. The consensus for change would include preservation of universal

service, provide a practical incentive to control costs, support progressive products that meet the customer's and marketplace needs and a modernized ratemaking system that replaces the present complex, costly, inflexible and time-consuming process. The Postal Service would support pricing freedom with the appropriate index controls which reflects the industry it serves, in this case the mix of labor and technology.

The Postmaster General commented on the ongoing, 8 month, Department of Justice investigation on the Coca-Cola matter explaining that he had invested $13,000 in Coca-Cola stock in 1977. When he went to the Tennessee Valley Authority he put the stock into a blind trust where it remained until 1992 when he left TVA. His financial advisor encouraged him to get out of the blind trust because it was not meeting market value. In 1994, the PMG spoke with his general counsel and ethics advisor to inquire whether it was necessary for a PMG to have a blind trust. He was advised that it was not customary nor necessary. The counsel, financial advisor and the Office of Government Ethics helped to remove the blind trust. The concept of an alliance between the Postal Service and Coca-Cola originated in the marketing department, not by the PMG, though he had attended some meetings. The PMG was advised that he should recuse himself from the discussions because of ownership of stocks. He divested himself of the stock and recused himself from discussions. Ultimately, the project was never instituted.

b. Benefits.—The hearing documented continuing problems with labor-management policies and its effect on the Postal Service to function in a competitive communication world. The hearing emphasized need for the Government Performance and Results Act, which provides a mechanism to focus on the Postal Service's mission and to establish its goals for its current and future role. The hearing put on record the need, and the Postal Service's support, for change in the 27 year structure which is proving to be outdated in the current electronic age and which may restrict the Postal Service from fulfilling its mandate because of mail volume declines and financial concerns. The testimony will be useful in refining the language of H.R. 22, the Postal Reform Act of 1997.

c. Hearings.—The General Accounting Office and the Postmaster General appeared before the subcommittee on April 24, 1997, in a hearing entitled, "General Oversight of the U.S. Postal Services."

3. U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems.

a. Summary.—The General Accounting Office in its 1994 report, U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor, reported that the major postal unions, management associations and the Postal Service agreed that improvements in labor-management were necessary, however, were unable to agree on a mutual approach to remedy the problem. In its September 1997, report, U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems, GAO discussed the challenges which remain and the progress which has been made to improve labor-management relations, and the implementation of some GAO initiatives which had been suggested. GAO testi-

fied that since the 1994 report, the Postal Service had improved its financial performance and its First-Class Mail delivery but little had been done in improving labor-management problems, much of which exists because of an autocratic management style and an inappropriate and inadequate performance management system. Service performance, affecting efficiency and competitiveness, are adversely affected because of these ongoing relationships.

Many of the problems are acerbated because of the continued reliance on interest arbitration, a significant rise in the number of grievances which have been appealed and many awaiting arbitration, and because the parties cannot agree on common approaches to rectify the issues. Recurrent issues arising under interest arbitration include the union's concerns regarding wage and benefit increases and job security, and management's concerns regarding cost cutting and flexibility in hiring. In the interest of efficiency and lower costs, grievances should be settled at the lowest possible levels. However, in 1994, 65,062 grievances were at the area office level, and in 1996, the number increased to 89,931, a 38 percent increase. The number of backlogged grievances awaiting arbitration by a third-party arbitrator increased from 36,669 cases in 1994 to 69,555 cases in 1996, an increase of almost 90 percent. Management and employee unions blamed each other for the backlogged cases.

One of the initiatives proposed by the GAO was to establish a framework of common goals that could help labor and management improve their relations and working conditions. The PMG proposed a labor-management relations summit 2 years ago, however, the identified parties were unable or unwilling to convene a meeting because of contract negotiations. Because of difficulties in convening the summit, the Postal Service contacted the director of the Federal Mediation and Conciliation Service. Subcommittee Chairman McHugh also encouraged the director to assist the USPS in bringing the parties together. The summit ultimately met on October 29, 1997. The GAO stated that such meetings would be helpful to smoothing labor-management relationships.

The Postal Service, unions and associations implemented, or attempted to implement, 32 improvement initiatives suggested by GAO. However, they approved the goals of 10 these initiatives. GAO reported that it was difficult to determine the results of the implementations because some had just been implemented, some were only partially put in place because of disagreements on how to implement them and some were discontinued because the participants could not agree on how to use the initiatives to better the postal work environment. The key, GAO believes, is for the parties to agree on common approaches for addressing labor-management problems though continued adversarial relations could escalate difficulties and hinder efforts for progress. Presently, there was no clear solution, but the GAO identified some strategies for dealing with the entrenched issues: use of a third-party facilitator, the requirement of the Government Performance and Results Act and the H.R. 22 proposed Postal Employee-Management Commission.

The director of the Federal Mediation and Conciliation Service submitted testimony presented by Eileen B. Hoffman, director, Office of Special Projects. The FMCS became involved in the labor-

management issues because the GAO suggested a role for the entity in helping postal management, unions and associations make changes in adversarial labor-management relationships and enhancing the quality of work life for postal employees. Subcommittee Chairman McHugh wrote to the director encouraging assistance in the matter to the extent the agency's resources would permit. Careful staff work, extensive interviews of major participants, briefing sessions, off-the-record informal meetings and organization of working committees—requiring extensive preparatory work and time—were necessary prior to the summit which convened on October 29, 1997. Presidents of each of the four major labor organization, three management associations, the Postmaster General, chief operating officer and vice president for labor relations participated. FMCS reported that tangible results were evident in dealing with issues of contract administration, grievance and arbitration backlogs and root causes of labor-management discord; however, much more needs to be done.

The National Association of Letter Carriers, the American Postal Workers Union and the Postal Service signed an agreement to address grievance and arbitration backlogs. The APWU and the Postal Service agreed to a plan for the previously negotiated "co-mediation" process. Training by FMCS of specially trained labor and management co-mediators started in June 1997. An evaluation system and a code of conduct for co-mediators will be established. The APWU and the Postal Service agreed to experimenting with having some grievances resolved by an outside party. Following 7 months of discussion, the NALC and the Postal Service reported successful efforts in testing a revised dispute resolution process which has fewer steps and uses specially trained labor-management representatives. The results will be evaluated after the end of the first test year to determine if the revised process should replace the system negotiated in their National Agreement.

FMCS proposed that participants of the summit jointly engage in strategic planning based on the premise that labor and management must collectively answer how the Postal Service wants to compete and succeed to the benefit of the agency, unions, employees and customers in an era when the information industry is experiencing unprecedented changes driven by competitive pressures, new technology and customer demands. FMCS encouraged Postal Service management and postal union leaders to be familiar with other industries that have negotiated and developed changes with their unions to respond to competitive pressures to ensure the industry's survival. High performance companies and their unions make an effort to assure that each employee understands the need for change and the consequences of inaction. The following companies were mentioned for their significant roles in meeting challenges: Saturn and Ford Motor Co.s and the United Auto Workers; Nabisco Biscuit Co. and the Bakery, Confectionery, and Tobacco Workers Union; Harley-Davidson Motor Corp. and the International Association of Machinists; Kaiser Permanente Corp. and the Service Employees International Union and other unions affiliated with the Industrial Union Department of the AFL–CIO. For cooperative efforts to succeed, management should regularly share

business information with labor and unions should remain committed to improve relationships.

Postmaster General Runyon agreed with the GAO that little progress had been made in labor-management relations but was encouraged by positive changes that are being made and commitments from postal stakeholders. When he became PMG in 1993, Mr. Runyon instituted the application of the Baldrige criteria for business excellence and, by 1995, the USPS instituted its own version, *CustomerPerfect!,* focusing on raising service levels and improving finances. This model provides employees with skills for understanding the Postal Service goals, creating a safer environment, developing skills necessary for responsiveness and service, and satisfying customers. The Postal Service has invested more than $600 million in providing training to employees. Service and customer satisfaction are up and serious injuries are down.

The PMG has made employee relationships a top priority. He mentioned that a better method for measuring the workplace environment needs to be implemented. He reported innovative approaches to reduce grievances such as: Accelerated Arbitration, Mediation, and "Redress"—an Alternative Dispute Resolution method used in Equal Employment Opportunity complaints. Through training and systems improvements, the PMG is working to resolve conflicts before they generate grievances. In an effort to find solutions to labor-management problems, Postal management approves the concept of an independent labor commission as proposed in H.R. 22. The PMG suggested that the members should come from the private sector, outside of the postal community, and that the duration should be limited to 1 year. He concluded that the Postal Service management was committed to immediate action as everyone in the Service has a stake in success.

Moe Biller, president of the American Postal Workers Union, AFL–CIO testified that there were substantial problems with the analysis and conclusions of the GAO report. He said that the current, persistent labor-management problems are a result of top management decisions. He pointed to the number of unresolved grievances, Merit Systems Protection Board filings, EEO complaints and the observation that there has been no negotiated contract with any of the labor unions in the past 10 years. Mr. Biller took exception to GAO's report because it did not mention Postal management's efforts to persuade postal employees, Congress and the public that Postal employees are overpaid and under productive. This has been a source of diminishing morale. Other sources of antagonism and loss of morale are the outsourcing of postal work and legislative proposals for privatization of the Postal Service.

Mr. Biller reported that the Joint Labor-Management Cooperation Memorandum did not live up to its expectations but, where there was cooperation, the results could have far reaching effects. He reported that the Postal Service had its own agenda in the mediation of grievances instead of joint understanding as required by the memorandum. APWU agrees that a better-trained, less-autocratic management team would be more desirable in ending current Postal Service labor-management problems. Another identified problem is the ratio of managers to employees which is 1 to 23 in mail-processing operations. In this managerial hierarchy, it ap-

pears that there is no mechanism for an improper decision by a supervisor to be overruled, causing further employee frustration because of abuse of employee rights. He also alleged union-busting and harassment and intimidation of union officers by local management. Mr. Biller said that labor-management relations are at an all-point low and getting worse because the Postal Service has rules which are different for employees and different for supervisors, postmasters and managers.

William H. Young, vice president for the National Association of Letter Carriers, AFL–CIO, testified that GAO's methodology was fundamentally flawed because labor relations does not lend itself to numerical methodology; it is extraordinarily complex. He also objected to government monitoring and intrusion into collective bargaining. Labor-management issues should be settled by the parties involved. He reported that there are strong indications that the parties have a strong understanding of joint interest stemming from joint concerns. There is an effort to reduce current backlog of cases by instituting a 1-year test aimed at reducing the number of arbitrations and expediting action on grievances. The Postal Service and NALC will conduct joint testing of how letter carrier work can be modified to meet future needs by becoming more efficient, highly productive and more competitive. There is mutual recognition that management and the union work cooperatively. Furthermore, the union and the Service have agreed on procedures to mollify the "fourth bundle" dispute which has been a major cause for dissent.

William H. Quinn, president of the National Postal Mail Handlers Union testified that the GAO in its 1994 report had correctly identified the autocratic corporate culture as the cause of labor-management disputes. In the 1997 report, GAO was correct in concluding that little progress had been made but faulted GAO for not elaborating on the underlying reasons for the autocratic management style. Postal management has systematically told its employees that they are overpaid, under productive and that their jobs can be contracted out; they are, therefore, a disposable part of postal operations. Simultaneously, the Postal Service has had record delivery scores and the largest surpluses in its history, and the managers benefit from bonuses. This leads to managers not treating the employees with dignity and the rise of labor-management tensions and grievances. He said that some managers believe that there is an advantage of having a backlog of cases because nothing is done, except an occasional GAO report.

Prior to postal reorganization in 1992, grievances were heard by the first level of appeal beyond the employee's immediate supervisor; now the manager of distribution operations hears the grievances. This is generally the same manager who made the decision or took the action about which the employee is complaining. Mr. Quinn suggested that the way to eliminate this would be to provide an early independent review of each grievance. Managers are not held responsible nor penalized for deteriorating employee relations in their organization.

Mr. Quinn said that the programs cited in the GAO report as helpful in improving labor-management relations and were initiated unilaterally by the Postal Service without feedback from the

employee organizations. The GAO reported that the "pay for performance" programs would improve labor relations. Mr. Quinn disagreed and stated that his union had no interest in a pay plan which would be based on piece-work. He stated that the NPMHU is opposed to an independent commission to review the state of labor relations. This must be resolved by the parties involved.

Mr. Smith, president of the National Rural Letter Carriers' Association [NRLCA] stated that the rural letter carriers have an evaluated pay system that is made up of three basic measurements and assigns a time value to each component in the job: mileage, boxes and mail count—each type of mail has a different time value. Salaries are set on a time basis. Rural letter carriers, of all postal employees, have the highest customer satisfaction index and the highest employee satisfaction index. They are generally self-supervised and disagreements do not occur on a daily basis, only at the time of route evaluation or adjustment, and automation changes.

The union encourages local stewards to be accessible to members and management to correct problems before they become grievances and carriers are encouraged to be proactive in solving problems. Because the union retains ownership of grievances beyond step 1, when it observes several grievances regarding the same issue, it encourages them to become a single class action grievance. The association modified the grievance process in the 1995 negotiations in an effort to reduce the number of grievances appealed to step 3. Step 2 grievances are at the district level thereby taking the grievance out of the local office. Since 1982, the Postal Service and the NRLCA have a strong quality of work life/employee involvement process which has also reduced grievances. Mr. Smith said that although the association had supported the Economic Value Added program it is seeing evidence that the EVA is causing pressure on Postmasters to meet External First-Class [EXFC] scores which may lead to increased grievances.

The National Association of Postal Supervisors [NAPS], represented by Vince Palladino, president, reported that there was some improvement in lower-level labor-management relations but more work is necessary. In an effort to deal with labor-management difficulties at the Postal Service, the association would support, with qualifications, the provision in H.R. 22 which would establish a Presidential Postal Management Commission. The Commission should be established only if other methods to rectify the situation from within fail. If that should happen, Mr. Pallidino recommended that all affected parties should come to an agreement regarding the extent and seriousness of outside competition. The legislation states that the members of the Commission should be from outside the Postal Service. He suggested that Commission members should have a historical perspective of and have familiarity with the Postal Service. The Commission should report its findings within a year.

Though pre-summit meetings were held, there was no consensus of the direction in which the Postal Service should move it was to remain a viable entity. Mr. Smith was doubtful that there could be a resolution to labor-management problems from within the Postal Service. However, he was encouraged after the just-concluded summit that this dialog would be conducted on a regular basis under

the expertise of the Federal Mediation and Conciliation Service. Two task forces were formed aimed at promoting better understanding of the collective bargaining process and to providing strategic planning initiatives aimed at identifying problems confronting the Postal Service. The Service will now be holding managers accountable for labor-management relations through improved treatment of people on the workroom floor and contract compliance.

Hugh Bates, president of the National Association of Postmasters of the United States [NAPUS] reported that postmasters report mistrust in all regions. Intimidating action from top management causes unrest among employees. He lauded congressional oversight and the GAO report, without which progress would not have occurred. The GAO reported on 10 initiatives, 4 of which affect NAPUS, Associate Supervisor Program [ASP], Performance-Based Compensation, *CustomerPerfect!* and Summit Meetings.

NAPUS agrees with the concept of ASP but is concerned with the inconsistency as to eligibility and intent of the program. NAPUS does not subscribe to the Economic Value Added variable pay program because it excludes all non-exempt employees. Sixty percent of postmasters are non-exempt. NAPUS is currently monitory *CustomerPerfect!* and is generally supportive of the program as long as the common goals are to provide quality service. Mr. Bates reported that NAPUS would fully participate to improve labor-management relationships. He suggested a management style which permits employees to learn from their mistakes, which can be corrected through mentoring and assistance, not punishment.

Joe Cinadr, national executive vice president of the National League of Postmasters (the League) agreed that labor-management problems arose from a lack of trust. He was encouraged by the Memorandum of Understandings signed between the Postal Service and some unions which are hopeful signs but too recently signed to evaluate. The League did not endorse the Economic Value Added [EVA] program because it excluded 60 percent (mostly women and minorities) of the Postmasters who are considered non-exempt employees. The inequities of the pay and benefits package create friction between Postmasters and their superiors. Mr. Cinadr said that traditional levels of cooperation could be retained by including all Postmasters in the bonus program. In reference to the labor-management Summit, the League saw more area of agreement than disagreement. He explained that the commission as proposed in H.R. 22 should include the "voice of the employee" instead of all commissioners coming from outside the Postal Service.

b. Benefits.—The subcommittee has long monitored labor-management relations and has great concern about the lack of morale among employees, the lack of trust between management and labor, the dehumanization of employees on the workroom floor and the cost of grievances to the bottom line of Postal Service revenues. The GAO study leading to a report has encouraged the Postal Service and its stakeholders to convene a summit whence the dialog has begun toward a common goal. The subcommittee hearing was not only informative but created an additional dialog among the parties and again alerted the parties that if progress in resolving the problems among themselves is not possible, legislative action may be the only corrective action available.

c. Hearings.—A hearing entitled, "Improving Labor Management Relations in the Postal Service" was held on November 4, 1997.

4. International Mail Market.

a. Summary.—The Postal Service is promoting its international mail service and competing with foreign and domestic shipping companies. The rate structure for domestic mail is highly regulated and the process is time consuming. However, the international rate structure is more flexible and the Service is able to compete more aggressively. The Postal Service has become quite successful in this new venture and a worthy competitor. Complaints from its rivals suggest that the Postal Service competition for the international market is strong. Global Package Link is a new electronic system utilized by catalog companies that ship more than 10,000 parcels a year. The Postal Service offers a discount to the shippers, guarantees delivery within a week and helps the shippers to clear overseas customs requirements. USPS rivals claim that the Postal Service is using government privileges in fulfilling its international business. This matter was addressed by amendment in the 1998 Treasury, Postal, General Government appropriations bill but defeated on the House floor because of the nature of the amendment and the fact that the subcommittee and the Committee on Government Reform and Oversight had requested the General Accounting Office to report on the Global Package Link Service to determine whether the Postal Service receives special treatment from foreign customs offices in countries to which the Postal Service offers this product. The subcommittee is also awaiting written answers to inquiries directed to the Postmaster General. The chairman has requested the General Accounting Office to evaluate the issue of international mail. This study is in progress. It will examine the requirements that foreign customs' administrations place on the Postal Service's Global Package Link service and will compare those requirements to those that private carriers face for similar international package delivery services.

b. Benefits.—The subcommittee is intent in ensuring that the Postal Service competes effectively and fairly in the international mail market; therefore, it is imperative to know whether, and to what extent, customs treatment by major trading partners of items sent via Global Package Link differ from customs treatment afforded equivalent shipments by private companies.

c. Hearings.—None.

5. Electronic Commerce.

a. Summary.—The Postal Service is entering into a highly technological and competitive age that is challenging it for its products and its delivery mechanisms. In order to survive the competition, the Postal Service must become more innovative and efficient. Products which the Postal Service has developed or anticipates developing were not envisioned when reorganization took place in 1970. This challenge has brought forth questions of statutory and regulatory constraints for the Postal Service which need to be discussed and understood. The recurring question is what effect the answers may have on the Postal Service's ability to develop, test and market electronic products and how it can provide and price

these products. The Postal Service may need to participate in joint ventures or strategic alliances. These partnerships should be known as should the costs associated with non-postal activities. Subcommittee Chairman McHugh has requested the General Accounting Office to assist in evaluating the issues.

b. Benefits.—The subcommittee is refining a major reform bill which will give the Postal Service greater flexibility and the ability to become competitive and keep its profits, rather than breaking even as has been its mandate over the past 27 years. The subcommittee must know what the Postal Service considers its core products and those it considers its competitive products and if this will change over the next 5 years. The subcommittee would also like to know how the change will affect the Postal Service's ability to finance its universal service obligations.

c. Hearings.—None.

6. Outsourcing.

a. Summary.—The subcommittee is interested in the range of outsourcing of postal contracts. The General Accounting Office has been asked to provide an evaluation as to how much outsourcing of work will reduce costs for the Postal Service and what areas outside contracts may be utilized.

b. Benefits.—The subcommittee recognizes that a Postal Service which is efficient and can make cost savings will be in a better position to fulfill its mandates. To this end, it is important that the Postal Service be able to institute its goals in the most efficient manner and build in efficiencies. The information gathered in this investigation will enable the Postal Service is serve its stakeholders and customers in the most cost-effective manner.

c. Hearings.—None.

7. Investigation of the Postmaster General: for knowingly participating as a Government officer or employee in which he had a financial interest.

a. Summary.—The subcommittee learned that the Postal Service was proposing to form an alliance between the U.S. Postal Service and the Coca-Cola Co. At the same time, it became known that the Postmaster General had acquired about 1,000 shares in the company in 1977. Therefore, there was an impression of conflict of interest in the PMG participating in any discussions and action in this venture.

The subcommittee initiated its own investigation into the matter but the Department of Justice had commenced a civil action against the Postmaster General. The Department of Justice had requested that the Postal Inspection Service carry out the investigations in this case. One of the issues which the subcommittee became concerned with was the potential for inaccurate investigations if they were conducted by a department of an agency over the head of the agency. Pursuant to the oversight responsibilities of the subcommittee, the chairman sent several letters to the Department of Justice, to the Attorney General and to the Office of the Assistant Attorney General for Legislative Affairs for a report on the matter. The Department of Justice, however, was extremely slow on its investigations and, in tardy responses indicated that it was

unable to provide the information in light of the Department's criminal investigations, but assuring the subcommittee that it was conducting its investigations diligently. The subcommittee had to curtail its inquiry and investigation in this matter until the case was resolved in a civil settlement with the U.S. Department of Justice after a 14-month review. The civil settlement concluded that the Department of Justice found no evidence that the PMG acted with improper intent or to profit personally. However, to avoid the appearance of impropriety, Mr. Runyon agreed to a settlement of $27,550 which represents the gain on his Coca-Cola stock during the 11-week period in 1996 after he signed his Executive Branch Personnel Public Financial Disclosure Report showing that he owned Coca-Cola stock and the date on which he formally recused himself from consideration of the potential marketing alliance.

The Postal Service did not finalize the venture with the Coca-Cola Co.

b. Benefits.—The American public benefits from the oversight process which implements a high standard of accountability for its elected and publicly appointed officials.

c. Hearings.—None.

III. Legislation

A. NEW MEASURES

SUBCOMMITTEE ON THE CIVIL SERVICE

1. H.R. 240, the Veterans Employment Opportunities Act of 1997.

a. Report Number and Date.—House Report No. 105–40, March 20, 1997.

b. Summary of Measure.—H.R. 240, as amended, strengthens veterans' preference and increases employment opportunities for veterans. It permits preference eligibles and certain other veterans to overcome artificial restrictions on the scope of competition for announced vacancies, establishes an effective redress system for veterans who believe their rights have been violated, makes knowing violations of veterans' preference laws a prohibited personnel practice, provides preference eligibles with increased protections during reductions in force [RIF], requires agencies to establish priority placement programs for employees affected by a RIF and apply veterans' preference when rehiring from the list, extends veterans' preference to certain positions at the White House and in the legislative and judicial branches of Government, requires the Federal Aviation Administration to apply veterans' preference in reductions in force, and provides veterans' preference eligibility for service in Bosnia, Croatia, and Macedonia.

c. Legislative History/Status.—H.R. 240 was introduced on January 7, 1997, by Subcommittee Chairman Mica and referred to the Committee on Government Reform and Oversight, in addition to the Committees on House Oversight, the Judiciary, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. The subcommittee held a hearing and markup on February 26, 1997, and the subcommittee favorably forwarded the bill to the full committee for consideration. The Committee on Government Reform and Oversight considered the legislation on March 12, 1997, and ordered reported, as amended, to the House for consideration. On April 9, 1997, the House passed H.R. 240 as amended and on April 10, 1997, the bill was referred to the Senate Committee on Veterans Affairs.

d. Hearings.—H.R. 240, "Veterans' Employment Opportunities Act of 1997" was held on February 26, 1997.

2. H.R. 1316, to amend chapter 87 of title 5, United States Code, with respect to the order of precedence to be applied in the payment of life insurance benefits.

a. Report Number and Date.—House Report No. 105–134, June 18, 1997.

b. Summary of Measure.—H.R. 1316, as amended by the committee, amends 5 U.S.C. §§ 8705 and 8706. It directs the Office of Personnel Management [OPM] to obey certain domestic relations orders when paying the proceeds of life insurance policies under the Federal Employees Group Life Insurance program [FEGLI] and permits courts to direct the assignment of such policies to individuals specified in domestic relations orders.

c. Legislative History/Status.—H.R. 1316 was introduced by Representative Collins (GA), on April 14, 1997. It was referred to the Committee on Government Reform and Oversight and subsequently referred to the Subcommittee on the Civil Service on April 15, 1997. The subcommittee approved the legislation and forwarded to the full committee on voice vote on June 10, 1997. The bill was approved and ordered reported, as amended, by the Committee on Government Reform and Oversight on June 18, 1997. H.R. 1316 passed the House on June 24, 1997, by voice vote under the Corrections Calendar. The bill was received in the Senate on June 25, 1997, and referred to the Senate Committee on Governmental Affairs. On November 6, 1997, the Committee on Governmental Affairs reported the legislation to the Senate without amendments or written report.

d. Hearings.—There were no hearings on H.R. 1316.

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

a. Report Number and Date.—House Report No. 105–374, November 4, 1997.

b. Summary of Measure.—H.R. 1836 amends several provisions in title 5, United States Code. It provides the Office of Personnel Management [OPM] additional tools to fight waste, fraud, and abuse in the Federal Employees Health Benefits Program [FEHBP]. With these tools, OPM will be able to deal swiftly with health care providers who try to defraud the FEHBP. OPM will be better equipped to bar health care providers who engage in misconduct from participating in the FEHBP or to impose monetary penalties on them. The bill also provides that an association of organizations may underwrite health care plans in the FEHBP, and it broadens the current statutory language preempting State insurance laws.

In addition, the bill permits certain employees of the Federal Deposit Insurance Corporation [FDIC] and the Federal Reserve Board (Fed) to participate in the FEHBP, and it requires OPM to encourage carriers who contract with third parties to obtain discounts from health care providers to seek assurances that the conditions for the discounts are fully disclosed to such providers. It also establishes statutory requirements for readmitting health care plans sponsored by employee organizations that have previously discontinued participation in the FEHBP. Under current law, when a health care plan discontinues participation in the FEHBP, OPM must distribute the remaining contingency reserves to those plans that remained in the FEHBP in the contract year after the discontinuance. This bill requires OPM to complete the distribution by the end of the second contract year after the plan is discontinued.

The maximum amount of the physicians comparability allowance under 5 U.S.C. § 5948 is increased from $20,000 to $30,000.

The bill also amends 5 U.S.C. § 8902(k) to explicitly permit carriers to provide for direct access and direct payments to licensed health care providers who are not currently enumerated in the statute.

c. Legislative History/Status.—Chairman Burton introduced H.R. 1836 on June 10, 1997. It was referred to the Subcommittee on the Civil Service on June 11, 1997. The subcommittee favorably forwarded H.R. 1836, as amended, to the full committee on October 22, 1997. The full committee ordered reported, as amended, H.R. 1836 to the House on November 4, 1997. The bill passed the House, as amended, on November 4, 1997, under suspension of the rules and was referred to the Senate Committee on Governmental Affairs.

d. Hearings.—There were no hearings held on H.R. 1836. However, aspects of the bill were examined during the hearing on FEHBP rate hikes described in part Section II. B. 9. (Subcommittee on the Civil Service).

4. H.R. 2675, the Federal Employees Life Insurance Improvement Act.

a. Report Number and Date.—House Report No. 105–373, November 4, 1997.

b. Summary of Measure.—H.R. 2675, as amended, improves the life insurance benefits available to Federal employees under the Federal Employees Group Life Insurance program [FEGLI]. It directs the Office of Personnel Management [OPM] to submit a legislative proposal for offering Federal employees group universal life insurance, group variable universal life insurance, and additional voluntary accidental death and dismemberment policies. In addition, it permits employees to continue unreduced additional optional life insurance coverage beyond their 65th birthday at their own expense and to purchase larger amounts of optional life insurance on family members.

c. Legislative History/Status.—H.R. 2675 was introduced by Subcommittee Chairman Mica on October 21, 1997. It was referred to the Committee on Government Reform and Oversight and subsequently referred to the Subcommittee on the Civil Service. On October 22, 1997, the subcommittee amended H.R. 2675, and forwarded it to the full committee for consideration. The full committee approved H.R. 2675 and ordered reported as amended by voice vote to the House for consideration on October 31, 1997. It passed the House on November 4, 1997, under suspension of the rules, and was referred to the Senate Committee on Governmental Affairs.

d. Hearings.—There were no hearings held on H.R. 2675. However, the Federal Employees Group Life Insurance program was examined in the hearing described in part Section II. A. 4. (Subcommittee on the Civil Service).

5. H.J. Res. 56, celebrating the end of slavery in the United States.

a. Report Number and Date.—None.

b. Summary of Measure.—Resolves that the celebration of the end of slavery is an important and enriching part of our country's

history and heritage and provides an opportunity for all Americans to learn more about our common past and to better understand the experiences that have shaped our Nation and directs that a copy of this joint resolution be transmitted to the National Association of Juneteenth Lineage as an expression of appreciation for its role in promoting the observance of the end of slavery.

c. Legislative History/Status.—H.J. Res. 56 was introduced by Representative Watts (OK) on February 26, 1997, and was referred to the Committee on Government Reform and Oversight. The committee approved and ordered reported to the House, H.J. Res. 56, on June 11, 1997. The House passed the measure on June 17, 1997, by the Yeas and Nays of 419—0 (Roll Call Vote No. 207). The Senate received the bill on June 18, 1997.

d. Hearings.—None were held.

6. H. Con. Res. 95, recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and fortitude.

a. Report Number and Date.—None.

b. Summary of Measure.—Recognizes and commends the 82 American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their faithful service, personal bravery, and exceptional fortitude; and requests that the President issue a proclamation recognizing and commending, by name, the service, bravery, and fortitude of those airmen.

c. Legislative History/Status.—Representative Weldon (FL) introduced H. Con. Res. 95 on June 10, 1997. It was referred to the Committee on Government Reform and Oversight and the committee discharged the bill on September 5, 1997. H. Con. Res. 95 was passed by the House, under suspension of the rules, on September 16, 1997, by voice vote and was received in the Senate on September 17, 1997.

d. Hearings.—None were held.

7. H. Con. Res. 109, recognizing the many talents of the actor Jimmy Stewart and honoring the contributions he made to the Nation.

a. Report Number and Date.—None.

b. Summary of Measure.—Congress recognizes the many talents of the late James M. "Jimmy" Stewart and honors the artistic, military, and political contributions he made to the Nation.

c. Legislative History/Status.—The legislation was introduced by Mr. King (NY) on July 8, 1997. The Committee on Government Reform and Oversight waived jurisdiction on July 10, 1997, and the bill was passed by the House on September 16, 1997, under suspension of the rules. It was referred to the Senate Committee on the Judiciary.

d. Hearings.—None were held.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

1. H.R. 514, District of Columbia Inspector General Improvement Act of 1997.

a. Report Number and Date.—House Report No. 105–29, March 18, 1997.

b. Summary of Measure.—H.R. 514, the District of Columbia Inspector General Improvement Act of 1997, amends the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to allow, at the request of the Inspector General of the District of Columbia, the director of personnel to waive the residency requirement for employees of the Office of the Inspector General.

c. Legislative History/Status.—The bill was introduced by Representative Thomas M. Davis (VA) on February 4, 1997. It was referred to the Committee on Government Reform and Oversight and subsequently referred to the Subcommittee on the District of Columbia on February 10, 1997. The subcommittee forwarded the bill, amended, to the full committee on February 11, 1997. On March 12, 1997, the Committee on Government Reform and Oversight ordered the bill, as amended, reported to the House, by voice vote. The House passed the legislation on March 18, 1997, as amended under suspension of the rules, on March 18, 1997. The measure was passed by the Senate on March 20, 1997, and the President signed the bill on March 25, 1997, becoming Public Law 105–7.

d. Hearings.—None were held.

2. H.R. 2015, Balanced Budget Bill.

a. Report Number and Date.—House Report No. 105–149, June 24, 1997; Conference House Report 105–217, July 30, 1997.

b. Summary of Measure.—A portion of this bill contained the entire final version of H.R. 1963, which was named Title XI—District of Columbia Revitalization, cited as the, "National Capital Revitalization and Self-Government Improvement Act of 1997".

This section of the bill contained changes made in the District of Columbia in the following major areas: District of Columbia Retirement Funds, Management Reform Plans, Criminal Justice, Privatization of Tax Collection and Administration, Financing of District of Columbia Accumulated Deficit, District of Columbia Bond Financing Improvements, and a Miscellaneous Chapter. Section by section highlights are as follows:

Subtitle A—Unfunded Pension Liability

Subtitle A lifts the burden of the $4.8 billion unfunded pension liability for police and firefighters, teachers, and judges of the District of Columbia created when the Federal Government transferred those pensions plans to the District of Columbia in 1979. The bill has the Secretary of Treasury assume the payment of benefits to currently retired DC teachers, police and firefighters. The judges become a separate Federal plan under the Federal takeover of the District courts (Chapter 4). There is a "freeze date" (June 30, 1997) mandating that no further benefits may be earned under the existing plan. Because of the freeze date there can be no "gaming" of the system where people retire normally or on disability and re-

ceive more benefits from the Federal Government than they would have otherwise.

The Secretary will transfer from the DC Retirement Board approximately $3.2 billion in assets and deposit them in a new DC Retirement Fund in the Treasury. Six months after enactment of this legislation the Treasury will set up another account, the DC Supplemental Fund, and begin to deposit Treasury bills in an amount amortized to pay off the liability in 30 years (Secretary determines exact timing).

The Secretary hires an agent to manage the assets and make the payments. The retirement benefits are paid out of the transferred assets until they are used up (approximately 8 years). After the assets are used up, benefits will be paid out of the Supplemental Fund which will have accumulated more than $3 billion in Treasury bills by that time.

Within 1 year of enactment, the DC government must adopt a replacement plan for currently active police and firefighters, and teachers. The legislation requires this new plan to meet ERISA standards and be fully funded. Current police and firefighters and teachers will then have retirement benefits under 2 pension plans—benefits earned up to the freeze date under the current plans; and benefits after the freeze date earned under the replacement plan.

The Secretary is instructed to contract with a consultant to study alternative methods of financing the Federal obligation assumed in this chapter. The study must be completed within 1 year of enactment.

Subtitle B—Management Reform Plans

The Financial Responsibility and Management Assistance Authority (Control Board) and the District of Columbia government shall develop management reform plans for nine listed District agencies and for four citywide functions. The Control Board is to contract with consultants to develop the management reform plans and the plans will have to be finished within 90 days. The department heads will be responsible for implementing the reform plans within their departments and will report to the Control Board and to no one else. The Control Board will direct the implementation of the citywide reform plans. The heads of the nine named departments may only be dismissed by the control board. Upon enactment there is deemed to exist a vacancy at the head of each of the agencies. The mayor may reappoint current department heads or nominate new persons, but the Control Board must confirm those positions and if the mayor does not make a nomination within 30 days, the Control Board shall appoint the head of the nine agencies. The heads of the nine named agencies will have control and discretion on personnel matters within their agencies.

Subtitle C—Criminal Justice

Sentenced Felons.—The legislation takes over funding and operation of the District of Columbia sentenced felon population. A Trustee is set up to oversee the operation of the District Department of Corrections operations at the Lorton Corrections Complex until all inmates are removed from the District facilities at Lorton

and then Lorton is closed (no later than 2001). The Federal Bureau of Prisons is responsible for housing all DC sentenced felons and is authorized to contract with other governments or private companies or to place them in Federal facilities. The Bureau of Prisons is ordered to privatize at least 2,000 DC inmates by 1999 and at least 50 percent of the DC inmate population by 2003. The Federal Government will pay for the sentenced felon portion of the DC Department of Corrections, but DC will be responsible for the rest of the corrections system (juveniles, misdemeanant, et cetera) both during the Trusteeship and after BOP assumes responsibility for sentenced felons.

The "Truth-in-Sentencing" requirements of the 1994 crime bill must be met by the District for the takeover to occur. A Truth in Sentencing Commission, chaired by the Attorney General, is established and has 6 months to recommend amendments to the District of Columbia Code for sentencing certain felony crimes. If the District government has not enacted any recommended amendments or if the Commission fails to make any recommendation, the Attorney General is directed to promulgate amendments to the District Code as necessary under the provisions of this Subtitle.

Courts.—The Federal Government will assume funding responsibility for the DC court system, including probation, public defender service, and pre-trial services, which will become a Federal agency. The courts will continue to be self-managed. The District of Columbia parole, probation, and pre-trial services will be operated by a Federal Trustee until those agencies meet Federal standards and then will become a Federal agency.

Subtitle D—Tax Administration

The District of Columbia Chief Financial Officer is authorized to contract up to the entire processing and collection of the DC tax system. Such contracting must be done with the approval of the Control Board.

Subtitle E—Financing Accumulated Operating Deficit

The District of Columbia will have accumulated an operating deficit of approximately $520 million between 1991 and September 30, 1997. Carrying this debt is severely impacting the District's cash position and holding down the ability of the District to access the private finance market. In other cities in financial crisis one of the first actions is to finance the operating deficit to get the city back on an even cash basis.

This legislation authorizes the District to finance its accumulated operating deficit (it does not have the authority to sell bonds for deficit financing otherwise). The legislation also provides that if no other source is available, the Treasury is authorized to lend to the District for this purpose up $300 million on terms up to 10 years. Additionally, Treasury is authorized to continue to make cash advances to the District for seasonal cash flow purposes on a term of not more than 11 months.

All moneys borrowed from the Treasury have to be repaid at the relevant Treasury rate plus one-eighth of a percent interest. Treasury borrowing is more expensive that private market borrowing so

it is anticipated that this authority would only be utilized as a last resort.

Subtitle F—District Government Borrowing Authority

The District of Columbia's borrowing authority, including the use of revenue bonds for economic development purposes, was written in the 1973 Home Rule Act and has not been substantially revised or modernized since. The District authority was also severely restricted because of its inexperience with the public borrowing. Since 1973 the whole world has changed regarding the use and structure of municipal bonds, including revenue bonds. Because of the District's restricted authority, the District has never been able to utilize all of its annual allocation of revenue bonds and has suffered reduced economic development and a competitive disadvantage to States and other cities. In addition, the District government has been less able than other jurisdictions to borrow funds for public purposes and this has contributed to the serious deterioration of its capital assets.

The legislation modernizes the District of Columbia's authority to issue both General Obligation and Revenue bonds and brings it into conformity with other jurisdictions. There is no effort to give the District more authority than other jurisdictions nor to continue to restrict or hinder the District in its ability to use this valuable economic development tool.

Subtitle G—District of Columbia Budget

The legislation eliminates the existing Federal payment to the District of Columbia government. The District is required to balance its budget in fiscal year 1998 as opposed to the current requirement that this be done by 1999. The debt service limitation in the Home Rule Act is modified to account for the loss of the Federal payment. The legislation provides for a Federal contribution to the operation of the government of the Nation's Capital with a 1998 level of $190 million.

Subtitle H—Miscellaneous

A number of miscellaneous provisions dealing with diverse aspects of the District of Columbia are contained in subtitle H. The Control Board is directed to implement 2 levels of regulatory reform in DC within 1 year: 1) Gives the Control Board 6 months to review and use its power to change regulations it finds to be anti-competitive, anti-business, or unnecessarily complicated. 2) Gives the Control Board 1 year to determine why DC's application, permit, and inspection programs are dysfunctional and take whatever action is needed (regulatory, personnel, privatization) for DC's processes to be performed at or above the national average with a further goal of making DC's permit and application processes the best in the Nation.

Actions are taken concerning several Federal and DC statutes and Federal law enforcement agencies are allowed and encouraged to make agreements with the Metropolitan Police Department detailing how these Federal agencies will assist MPD in increasing public safety in the Nation's Capital.

c. Legislative History/Status.—H.R. 2015 was introduced by Representative John Kasich on June 24, 1997. It was reported out of the Committee on Budget on June 24, 1997, House Report 105–149. The House amended and passed the bill on June 25, 1997, and was received and passed the Senate with an amendment on June 25, 1997. A conference was agreed to and Conference Report (105–217) filed in the House on July 30, 1997, and passed the same day. The Senate agreed to the report on July 31, 1997, and the President signed the measure on August 1, 1997, to become Public Law 105–33.

d. Hearings.—The subcommittee held the following hearings relating to this measure: on February 20, 1997, hearing on "White House Proposal for the District of Columbia;" on March 11, 1997, a joint hearing held with the Senate Subcommittee on Government, Management, Restructuring and the District of Columbia of the Committee on Governmental Affairs and the Senate Subcommittee on the District of Columbia of the Committee on Appropriations on "Successes in Urban Problem Solving, Mayoral Perspectives;" on March 13, 1997, joint hearing held with the Senate Committee on Governmental Affairs, Subcommittee on Government, Management, Restructuring, and District of Columbia on the "White House Proposal for the District of Columbia;" on March 25, 1997, hearing held on the "White House Proposal for the District of Columbia—Business and Community Leaders' Perspectives;"on April 25, 1997, hearing on the "White House Proposal for the District of Columbia—Medicaid and Treasury Borrowing;" on May 1, 1997, a hearing on "Education At a Crossroads: What Works and What's Wasted in the D.C. School System?;" and on May 22, 1997, hearing on the "White House Proposal for the District of Columbia—Economic Development of the President's National Capital Revitalization and Self-Government Improvement Plan."

3. H.R. 3025, To amend the Federal Charter for Group Hospitalization and Medical Services, Inc., and for other purposes.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 3025, amends the Federal charter of Group Hospitalization and Medical Services, Inc., to: (1) permit the corporation to have one class of members consisting of at least one member and not more than 30; and (2) prohibit dissolution of the corporation without congressional approval.

c. Legislative History/Status.—This legislation was introduced by Representative Thomas Davis (VA) on November 12, 1997. It was referred to the Committee on Government Reform and Oversight and the bill was considered by the House on November 13, 1997, under suspension of the rules. The legislation was agreed to and passed the House by voice vote. The Senate passed this measure on November 13, 1997, and it was signed by the President on December 16, 1997, Public Law 105–149.

d. Hearings.—None.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

1. H.R. 173, Authorization To Donate Surplus Law Enforcement Canines to Their Handlers.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 173 is a non-controversial measure designed to make Federal property disposal operations more efficient by allowing surplus Federal canines to be donated to their handlers. This promotes humane treatment of surplus canines by shortening the period of time a canine is away from its handler. It also avoids the lengthy screening period normally required, thereby reducing Federal costs.

c. Legislative History/Status.—H.R. 173 was introduced on January 7, 1997, and referred to the Subcommittee on Government Management, Information, and Technology on January 16, 1997. The subcommittee held a markup on March 11 and voted unanimously to forward the bill to the full committee. On March 12, 1997, the Government Reform and Oversight Committee held its markup of H.R. 173, and ordered the bill to be reported to the House of Representatives. H.R. 173 was approved by the House under suspension of the rules on April 16, 1997, and sent to the Senate for consideration. The Senate Governmental Affairs Committee reported the bill favorably, without amendments, on June 17, 1997. H.R. 173 passed the Senate by unanimous consent on June 27, 1997, and was signed by the President on July 18, 1997; Public Law 105–27.

d. Hearings.—None.

2. H.R. 680, Transfer of Surplus Personal Property For Donation To Providers Of Necessaries To Impoverished Families and Individuals.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 680 is a bill for "the Transfer of Surplus Personal Property For Donation To Providers Of Necessaries To Impoverished Families and Individuals." This bill authorizes the transfer of surplus personal property to organizations that provide assistance to impoverished individuals. Currently, Federal agencies declare about $6 billion per year in excess Federal personal property. The property is screened by other Federal agencies to determine whether the property is needed by another Federal user. The remaining property is declared surplus and donated to State governments, law enforcement agencies, and other eligible groups. Agencies then sell the remaining property—generally the oldest and most obsolete property—generating very little in proceeds (about $8 million annually).

H.R. 680 authorizes the donation of surplus property to charities that provide services to poor families. Under this measure, these groups are eligible for the property on the same basis as State government agencies. Private charities such as food banks and Habitat for Humanity are a major source of support for the poor. H.R. 680 allows these organizations to receive surplus Federal personal property in support of their mission.

c. Legislative History/Status.—H.R. 680 was introduced on February 11, 1997 and referred to the Subcommittee on Government Management, Information, and Technology on February 13, 1997. The subcommittee marked up the bill and forwarded it to the full committee by voice vote on March 11, 1997. On March 12, 1997, the Committee on Government Reform and Oversight considered the measure and ordered it to be reported. H.R. 680 was called up under suspension of the rules and passed by the House as amended by a roll call vote of 418–0 on April 29, 1997 (Roll No. 93). The Senate Governmental Affairs Committee favorably reported the bill without amendment on May 22, 1997. The measure was amended on the floor of the Senate on July 9, 1997. On September 18, 1997, on a motion that the House agree to the Senate amendments, the amended bill was cleared for the White House. It was signed by the President on October 6, 1997; Public Law No. 105–50.

d. Hearings.—None.

3. H.R. 930, Travel and Transportation Reform Act of 1997.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 930, the Travel and Transportation Reform Act of 1997, is designed to remedy poor management of the Federal Government's massive travel expenditures. H.R. 930 would clear away obstacles to better management and encourage a concerted effort by Federal managers to improve the efficiency and cost-effectiveness of Federal travel.

In fiscal year 1994 (the last year for which precise figures are available), the Government spent more than $7.6 billion on travel, including transportation, lodging, rental cars and other related expenses. There are ample opportunities to save money from this sum without restricting necessary travel. Administrative costs, for example, should be significantly reduced. The cost of completing a travel voucher is about $15 in the private sector while it can run as high as $123 in the Federal Government. H.R. 930 would help the Government adopt successful techniques from the private sector. It has four major provisions.

The first provision provides for universal use of the Federal travel charge card throughout the Government. Relatedly, H.R. 930 seeks to ensure that agencies are able to verify that charges on the travel card are business related. The Government's ability to access this information has been in question because the Right to Financial Privacy Act restricts the release of an individual's financial records, including accounts maintained by the credit card issuer. H.R. 930 clarifies that the Government has the authority it needs to gather this information. This provision would make the Federal Government a better customer and simplify administration for Federal agencies. The result would be an increase in the size of the Federal Government's rebate.

The second major provision concerns prepayment audits of travel charges. Currently, GSA's Office of Transportation Audits spends $11 million to recover $6 million in overpayments using postpayment audits. A GSA pilot program that uses audit contractors to perform prepayment audits on some transportation vouchers has identified overpayments worth four times the amount of the payments to contractors, proving that this is a cost-effective tool. All

other invoices submitted to the Federal Government are reviewed by the procuring agency for accuracy prior to payment. The bill authorizes prepayment audits by contractors to verify that charges are correct prior to disbursement of transportation expenses. According to the General Services Administration, this change would save $50 million per year in reduced transportation expenses.

The third major provision corrects an unjust tax liability. The bill authorizes reimbursement to employees who were subjected to a tax liability in tax years 1993 and 1994 due to their service with the Federal Government. This tax liability was established by the 1992 Energy Act. The Energy Act limited the income tax deduction for business related travel to expenses incurred on trips of 1 year or less in duration. Most Federal agencies were unaware of this requirement because the IRS did not notify them until December 1993 and did not withhold tax payments from the employees' salaries. Many of the affected Federal employees were liable for a lump-sum payment plus penalty and interest charges.

The fourth major provision encourages innovation in Federal travel. The sections of the U.S. Code relating to travel are extremely proscriptive and limit agency flexibility in developing improved benefit systems. H.R. 930 would allow Federal agencies to participate in travel pilot tests that would, it is hoped, save taxpayer dollars.

The Travel and Transportation Reform Act of 1997 should save the taxpayers at least $80 million per year by reducing expenditures by $50 million or more each year while also increasing receipts (through the travel card rebate program) by $30 million annually.

c. Legislative History/Status.—H.R. 930 was introduced on March 5, 1997. The bill was marked up by the Subcommittee on Government Management, Information, and Technology on March 11, 1997, and by the Committee on Government Reform and Oversight on March 12, 1997. It was then considered by the House under suspension of the rules and passed by voice vote on April 16, 1997. It has been referred to the Senate Governmental Affairs Committee.

d. Hearings.—None.

4. H.R. 404, Authorizing the transfer to State and local governments of certain surplus property for use for law enforcement or public safety purposes.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 404 is a bill that would make it easier for State and local governments to receive excess Federal property to benefit law enforcement, fire and rescue purposes. Under current law, surplus Federal property can be donated to State or local governments through a public benefit discount for public health, education, recreation, national service activities, historic monuments, correctional facilities and shipping ports. H.R. 404 would expand the public benefit discount for correctional facilities to cover other law enforcement and fire and rescue activities.

c. Legislative History/Status.—H.R. 404 was introduced on January 9, 1997, and referred to the Subcommittee on Government Management, Information, and Technology on January 22, 1997.

The subcommittee held a markup of the bill on June 3, 1997, and voted unanimously to forward the bill to the Committee on Government Reform and Oversight. On September 30, 1997, the Committee on Government Reform and Oversight considered the measure and voted by voice vote to forward it to the House. H.R. 404 passed the House under suspension of the rules on November 4, 1997. On November 13, 1997, it was referred to the Senate Governmental Affairs Committee.

d. Hearings.—On June 3, 1997, the subcommittee held a hearing on H.R. 404. Officials from Riverside County, CA, testified that they wanted to place a coroner's office and a law enforcement and fire training academy on surplus Federal property at the March Air Force Base. That surplus property became available through the actions of the Defense Base Realignment and Closure Commission. The county officials stated that they wanted the land and buildings for these functions to be made available through one, not two, Federal agencies. Witnesses at the June 3rd hearing included Senator Dianne Feinstein (D–CA), who has introduced a companion bill to H.R. 404 in the Senate, Representative Ken Calvert (R–CA), who authored H.R. 404, and Representative Sonny Bono (R–CA).

On June 26, 1997, the subcommittee marked up H.R. 404. The subcommittee considered an amendment in the nature of a substitute that made technical corrections to the bill as introduced. The subcommittee then voted unanimously to forward the substitute version to the full Committee on Government Reform and Oversight.

5. H.R. 52, The Fair Health Information Practices Act of 1997.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 52 addresses the challenge of protecting confidentiality and privacy between doctor and patient in a rapidly changing health care environment. Managed health care systems must be able to exchange information between doctors, insurers, and others. The increasing use of information technology and the increasing complexity in provider arrangements are inevitable. The exchange of patient health care information is an integral part of the existing health care system. Payments for claims require diagnostic information. Communications between primary care providers and other providers such as specialists or hospitals require patient information to be shared. Pharmacies maintain databases of past prescriptions.

Despite this highly fluid environment for exchanging health care information, no uniform national standard currently exists to protect the confidentiality of this information. Moreover, there is little uniformity among State statutes regarding the confidentiality of health care information. Most of these State laws lack penalties for misuse or misappropriation. Protections vary according to both the holder and the type of information.

Under the Kassebaum-Kennedy Act of 1996, the Secretary of Health and Human Services is required to recommend privacy standards for health care information to Congress by September 1997. If Congress does not enact health care privacy legislation by August 1999, the Secretary of Health and Human Services is required to promulgate such privacy regulations.

Under H.R. 52, medical records created or used during the process of treatment become protected health information. Furthermore, health care providers are required to maintain appropriate administrative, technical and physical safeguards to protect the integrity and privacy of health care information. H.R. 52 would allow patients to review their medical records and correct inaccurate information. It would also place restrictions on the release of information relating to the treatment of patients and on the payment for health care services.

c. Legislative History/Status.—H.R. 52 was introduced on January 7, 1997. It was referred to the Subcommittee on Government Management, Information, and Technology on February 28, 1997, and the subcommittee held a hearing on the measure on June 5, 1997. H.R. 52 has also been referred to the Commerce Committee, Subcommittee on Health, and Environment and the Judiciary Committee, Subcommittee on Crime.

d. Hearings.—On June 5, 1997, the subcommittee held a hearing on H.R. 52 and the medical privacy issue. Four Members of Congress who have taken the lead on medical records privacy issues testified: Representatives Condit, Slaughter, Stearns, and Green. The subcommittee also heard testimony from privacy advocates, health care providers, records management organizations, and medical researchers.

6. H.R. 1962, Presidential and Executive Office Financial Accountability Act of 1997.

a. Report Number and Date.—House Report No. 105–331, October 21, 1997.

b. Summary of Measure.—H.R. 1962 brings the agencies of the Executive Office of the President [EOP] within the framework and under the requirements of the Chief Financial Officers [CFO] Act. H.R. 1962 authorizes the President to appoint a Chief Financial Officer in a unit or office within the Executive Office of the President and, to the fullest extent practicable, mandates adherence to most provisions of the CFO Act. In recognition of the decentralized structure of the EOP and the unique functions its agencies perform in support of the President, H.R. 1962 anticipates that some exemptions may be necessary. The bill provides considerable discretion for the President to exempt the new CFO from any of a number of responsibilities otherwise stipulated by the CFO Act as authority and functions to be performed by an agency's Chief Financial Officer.

The intent of this legislation is to foster improved systems of accounting, financial management and internal controls throughout the component entities of the Executive Office of the President. This should facilitate prevention, or at least early detection, of waste, fraud and abuse within the Executive Office of the President, as well as in the other executive branch agencies already covered by the CFO Act. Implementation of these provisions will promote not only accountability and proper fiscal management but also efficiency and cost reductions.

c. Legislative History/Status.—On June 19, 1997, Subcommittee Chairman Horn introduced H.R. 1962. The subcommittee marked up the bill on September 4, 1997. One amendment was offered and

adopted at the subcommittee mark-up, and the bill as amended was approved by voice vote. The Committee on Government Reform and Oversight marked up the bill on September 30, 1997, approving the amendment in the nature of a substitute, and reporting the measure favorably, as amended, on a voice vote, for consideration by the House of Representatives. H.R. 1962 passed the House by a vote of 413 to 3 on October 21, 1997. The bill has been referred to the Senate Governmental Affairs Committee.

d. Hearings.—The subcommittee held a hearing on the proposed measure on May 1, and marked up the bill on September 4. The Committee on Government Reform and Oversight held its markup of H.R. 1962 on September 30, 1997.

7. H.R. 716, Freedom from Government Competition Act of 1997.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 716 seeks to take the Government out of the business of doing things that the private sector can do better. It prohibits Federal agencies from producing goods or services available from the private sector unless there is either a national security reason or an inherently governmental reason for doing so. The bill allows for agencies to retain functions when the Federal agency is the best value provider of those functions. According to the Congressional Budget Office, many government organizations report a savings of approximately 20 to 35 percent when a Federal Government function is subject to competition. At the same time, this efficiency may come at a cost, especially to Government employees.

c. Legislative History/Status.—H.R. 716 was introduced by Representative Duncan on February 12, 1997, and referred to the Subcommittee on Government Management, Information, and Technology on February 20, 1997. The subcommittee held a hearing on the measure on September 19, 1997. H.R. 716 was also referred to the House Budget Committee.

d. Hearings.—The subcommittee hearing was held September 29, 1997. Numerous issues were addressed, including whether the Federal Government should maintain expertise in critical areas and whether the Federal Government has the capacity to manage a number of new Federal contracts. Witnesses at the hearing included Senator Craig Thomas, (R–WY), who introduced the companion measure in the Senate; Representative James Duncan, (R–TN, who authored H.R. 716; Steve Goldsmith, mayor, city of Indianapolis; Ms. Shirley Ybarra, deputy secretary for transportation, State of Virginia; Ed DeSeve, Office of Management and Budget; Mr. Nye Stevens, Director, Federal Management and Workforce Issues, General Accounting Office; and Mr. Bobby L. Harnage, Sr., national secretary-treasurer, American Federation of Government Employees.

SUBCOMMITTEE ON HUMAN RESOURCES

1. H.R. 399, the Subsidy Termination for Overdue Payments [STOP] Act.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 399 prohibits the payment of Federal financial assistance to parents who are more than 60 late or delinquent in meeting their child support obligations unless there is deemed to be "good cause" due to factors beyond their control.

c. Legislative History/Status.—H.R. 399 was introduced in the House on January 9, 1997, by Congressman Michael Bilirakis (R–FL).

d. Hearings and Committee Actions.—On November 4, 1997, the Human Resources Subcommittee held a hearing on privatization of child support enforcement services and H.R. 399. Testimony was received from: Congressman Michael Bilirakis (R–FL) and representatives from the GAO, Policy Studies Inc., Lockheed Martin IMS, Maximus Inc., G.C. Services, the Ventura County District Attorney's Office, and the Association for Children for Enforcement of Support.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

1. H.R. 956, Drug-Free Communities Act of 1997.

a. Report Number and Date.—House Report No. 105–105, May 20, 1997.

b. Summary of Measure.—H.R. 956, amends the National Narcotics Leadership Act of 1988, to direct the Director of the Office of National Drug Control Policy to establish a program to support communities in the development and implementation of comprehensive, long-term plans and programs to prevent and treat substance abuse among youth. The bill represents a major, new commitment to novel, well-coordinated anti-drug prevention coalitions on the local level. The bill is also designed to bring national and State leadership to local communities in a systematic manner throughout the United States.

The bill requires the Director, in carrying out the program, to: (1) make and track grants to grant recipients; (2) provide for technical assistance and training, data collection and dissemination of information on state-of-the-art practices that the Director determines to be effective in reducing substance abuse; and (3) provide for the general administration of the program. The bill also allows the Director to enter into contracts with national drug control agencies, including interagency agreements to delegate authority for the execution of grants and to carry out this act. H.R. 956 authorizes appropriations for fiscal years 1998 through 2002.

In addition, H.R. 956 sets forth specified criteria a coalition shall meet to be eligible to receive an initial or a renewal grant. It prescribes limitations concerning: (1) grant amounts; (2) coalition awards; and (3) rural coalition grants. The legislation grants the Program Administrator general auditing and data collection authority and requires the minimization of reporting requirements by grant recipients.

The measure authorizes the Administrator, with respect to any grant recipient or other organization, to: (1) offer technical assistance and training and enter into contracts and cooperative agreements; and (2) facilitate the coordination of programs between a grant recipient and other organizations, and entities. Authorizes

the Administrator to provide training to any representative designated by a grant recipient in: (1) coalition building; (2) task force development; (3) mediation and facilitation, direct service, assessment and evaluation; or (4) any other activity related to the purposes of the program.

Finally, H.R. 956 establishes the Advisory Commission on Drug-Free Communities to advise, consult with, and make recommendations to the Director concerning activities carried out under the program. Within the legislation, the duties of the Advisory Commission are set forth and terminates the Advisory Commission at the end of fiscal year 2002.

c. Legislative History/Status.—H.R. 956 was introduced on March 5, 1997, by Congressman Rob Portman, and referred to the Committee on Government Reform and Oversight. On March 12, 1997, H.R. 956 was referred to the Subcommittee on National Security, International Affairs, and Criminal Justice and the subcommittee held a markup and favorably reported H.R. 956, as amended, to the Committee on Government Reform and Oversight. On May 16, 1997, the Committee on Government Reform and Oversight favorably reported H.R. 956, as amended, House Report No. 105–105, Part I. The Drug-Free Communities Act of 1997 passed the House of Representatives under suspension of the rules by Roll Call vote of 420–1 on May 22, 1997. On June 2, 1997, the bill was referred to the Senate. On June 18, 1997, the Senate passed H.R. 956 by unanimous consent. The Drug-Free Communities Act of 1997 was signed by the President on June 27, 1997, Public Law 105–20.

d. Hearings.—The subcommittee held a hearing on March 12, 1997, at which Congressmen Rob Portman and Sander Levin testified as sponsors of the bill. James E. Copple, president and CEO of Community Anti-Drug Coalitions of America [CADCA], and Robert Francis, executive director of Regional Youth Adult Substance Abuse Project [RYASAP] based in Bridgeport, CT, also testified in support of the bill. Congressman Charles B. Rangel submitted a statement for the record.

Subcommittee Chairman J. Dennis Hastert began the hearing with a statement on the problems facing communities as they address the crisis of rising drug abuse and expressed his support for H.R. 956, a bill on which he worked vigorously and of which he was, with Congressman Portman, original co-sponsor. Ranking minority member, Thomas M. Barrett, attributed the rise in teen drug use to the lack of a strong community position and expressed his support.

Congressman Portman outlined the provisions in the bill. Essentially, H.R. 956 rechannels existing resources to effective community efforts aimed at stemming the increase in teen drug abuse, and reversing the drug tolerance. Representative Portman labeled the mounting teen drug epidemic "a call to action." At its core, H.R. 956 provides incentives for communities to address this problem cost-effectively.

Congressman Sander Levin described the bills enormous potential contribution to anti-drug efforts and said it would give way to a renewed national commitment, helping communities learn from each others activities. Mr. Copple stressed that "anti-drug" coali-

tions are necessary and noted that this bill would unify whole communities and provide essential resources. Through an emphasis on outcome evaluation and increased participation by elected officials and citizens, this legislation will significantly aid ONDCP in coordinating domestic anti-drug efforts. Mr. Francis added that young people must be offered meaningful alternatives, and encouraged to find long term solutions to their drug problem.

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

a. Report Number and Date.—House Report No. 105–138, June 19, 1997.

b. Summary of Measure.—The purpose of H.R. 1553 is to extend for 1 year the authorization of the Assassination Records Review Board, in order to allow the Board to finish reviewing and publicly releasing the Federal Government's records, relating to the 1963 assassination of President John F. Kennedy, and to issue its final report. H.R. 1553 extends the Review Board's September 30, 1997, termination date to September 30, 1998. This legislation authorizes $1.6 million in fiscal year 1998 for that purpose. The President's fiscal year 1998 budget requested the 1-year authorization extension and additional funding.

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

d. Hearings.—The subcommittee held a hearing on H.R. 1553 on June 4, 1997. The following witnesses testified before the subcommittee: The Honorable Louis Stokes, U.S. House of Representatives; the Honorable John R. Tunheim, chair, Assassination Records Review Board, Washington, DC; Mr. Steven D. Tilley, chief of the Access and Freedom of Information Staff, chief of the John F. Kennedy Assassination Records Collection, National Archives and Records Administration, College Park, MD; Mr. Max Holland, author and contributing editor of Wilson Quarterly, Washington, DC; and Mr. Bruce Hitchcock, Government and U.S. history teacher, Noblesville High School, Noblesville, IN.

In his opening statement, Subcommittee Chairman Dennis Hastert expressed his support for H.R. 1553, as did the ranking subcommittee minority member, Thomas Barrett. Congressman Stokes described his experiences as chairman of the House Select Committee on Assassinations (which investigated the 1968 assassination of Dr. Martin Luther King, Jr., as well as the 1963 assas-

sination of President Kennedy) in the late 1970's. He also discussed his sponsorship of the 1992 legislation which created the Assassination Records Review Board.

John Tunheim, the chair of the Assassination Records Review Board, outlined the work of the Review Board to date and the Board's plans for completing its review of the CIA's and FBI's documents. As noted in House Report 105–138, the section entitled "Background and Need for the Legislation," the Review Board has acted to transfer more than 14,000 documents to the President John F. Kennedy Assassination Records Collection (JFK Collections) at the National Archives and Records Administration. Mr. Tunheim stated that the Review Board needs additional time to review the CIA's sequestered collections and the FBI's assassination records, as well as to finish reviewing records from several Federal agencies. These agencies include the Secret Service, the National Security Agency, and selected congressional committees, including the Senate Intelligence Committee. One additional year will allow the Review Board sufficient time to continue searching for additional assassination records held by Federal agencies, local governments, and private citizens. Mr. Tunheim told the subcommittee that he was confident that the Review Board could finish its work and issue a final report by the end of fiscal year 1998, or on September 30, 1998. The Review Board provided the Committee on Government Reform and Oversight with a time line outlining plans for review completion.

Steven Tilley, chief of the JFK Collection at the National Archives, expressed his strong support for H.R. 1553. Mr. Tilley explained how the JFK Collection has grown from approximately 450 cubic feet in December 1992, to more than 1,600 cubic feet today. He also described how the National Archives made documents in the JFK Collection available to the public on the Internet, as well as at the National Archives' College Park, MD facility.

Max Holland and Bruce Hitchcock both strongly supported H.R. 1553. Mr. Holland is currently writing a book about the Warren Commission, and he has found the JFK Collection to be invaluable to his research. He believed that publicly releasing the Kennedy assassination documents would show Americans that the Federal Government has nothing to hide, and while prematurely ending the board's review would have the opposite effect. Hitchcock spoke about the enduring public interest in Kennedy's assassination, and Hitchcock expressed his view that the Federal Government had a responsibility to release all President documents about the assassination to the public.

There was general agreement among the witnesses and subcommittee that the public release of the Kennedy assassination documents is important in reducing cynicism about the Government and restoring citizens trust. Additionally, subcommittee members and witnesses discussed how the Kennedy assassination and the Review Board's subsequent efforts to publicly release these documents could affect the Federal Government's handling of other highly sensitive matters, both now and in the future.

3. H.R. 2610, Reauthorization of the Office of National Drug Control Policy.

a. Report Number and Date.—None.

b. Summary of Measure.—Office of National Drug Control Policy Reauthorization Act of 1997, amends the National Narcotics Leadership Act of 1988 (Public Law 100–690) to add and revise definitions. The bill re-establishes the responsibilities of the Office of National Drug Control Policy and revises its responsibilities to include the development of national drug control policy, coordination and oversight of the implementation of such policy, assessment and certification of the adequacy of national drug control programs and the budget for those programs, and the evaluation of the effectiveness of such programs. H.R. 2610 revises the provisions concerning the Deputy Director offices and responsibilities.

H.R. 2610 sets forth or modifies provisions regarding the responsibilities and coordination of national drug control program agencies and the drug control budget request certification process. It directs the Secretary of Agriculture to annually submit an assessment of the acreage of illegal drug cultivation in the United States. In addition, the bill revises provisions regarding the National Drug Control Strategy to require: (1) the President to submit to the Congress by February 1, 1997, a strategy which sets forth a comprehensive plan, covering a period of not more than 10 years, for reducing drug abuse and the consequences of drug abuse in the United States, by limiting the availability of and reducing the demand for illegal drugs; and (2) the Director of Office of National Drug Control Policy will submit annual reports on progress in implementing the Strategy. The bill permits the President to submit a revised Strategy that meets the requirements of this act under specified conditions.

The measure requires the Director of the National Drug Control Policy to submit a description of the national drug control performance measurement system. This will require the inclusion of a description of any modifications made during the preceding year to the performance measurement system to be included in each annual report.

In addition, H.R. 2610 establishes the President's Council on Counter-Narcotics to advise and assist the President in: (1) providing direction and oversight for the national drug control strategy, including relating drug control policy to other national security interests and establishing priorities; and (2) ensuring coordination among Federal agencies concerning the implementation of the President's national drug control strategy. It also requires the Director to serve as the executive director of the Council, the senior drug control policy official in the executive branch, and the chief drug control policy spokesman for the President.

(Sec. 3) Sets forth drug interdiction reporting requirements relating to the budget process.

The first of the six additional reporting requirements is a one-time requirement that ONDCP submit a plan to Congress to return the United States to what would be considered a 1960's level of drug use—namely, a return to use by no more than 3 percent of the population, approximately half the rate we are experiencing today—by December 31, 2001. The second is a semi-annual evalua-

tion of each National Drug Control Program agencies progress toward reaching the aforementioned goal, submitted to Congress by the Director of ONDCP. Third, H.R. 2610 requires that each National Drug Control Program agency submit annually to ONDCP a detailed accounting of all money scored as drug money. To ensure the validity of these numbers, this provision mandates that the report be authenticated by the Inspector General of each agency. Fourth, this bill requires the Director of ONDCP to submit annually to Congress a summary of the pre-OMB budget request of each National Drug Control Program agency. Fifth, this bill requires the Director to submit to Congress an annual evaluation of each High Intensity Drug Trafficking Area [HIDTA] including a justification for continuing resource allocations. Finally, H.R. 2610 requires the Director of ONDCP to report to Congress any need for future interagency reprogramming, and any which occurred in the previous quarter.

Additional Positions.—H.R. 2610 creates three additional positions within ONDCP and reorganizes the office to provide better leadership in the four areas of coordination: supply reduction, demand reduction, intelligence, and State and local affairs. The three additional positions are: Deputy Director for State and Local Affairs, Deputy Director of Intelligence, and Deputy Director of the Office of National Drug Control Policy. All of the positions created shall be congressionally approved and nominations must be submitted to the Senate no later than 90 days after the enactment of this bill.

Expansion of Powers and Responsibilities of the Director.—This Congress has established a realistic end goal that has long been missing—-specifically, ONDCP must achieve 3 percent drug use (or a lower figure) across the United States within 4 years. In order to effectively coordinate this goal, this bill augments the Director's authority over the National Drug Control Program agencies and increases the responsibility he holds as the Nations Drug Czar.

One of the fundamental powers imbued in any Director is a degree of influence over the funding of all anti-drug agencies. With this in mind, H.R. 2610 allows the Director of ONDCP, with the consent of the authorizing and appropriating committees of Congress, to reprogram 5 percent of the effected National Drug Control Program agencies budgets. This allows the Director to increase funding for programs which prove to be affective and cut funding for those that do not.

As coordinator of the U.S. national drug control effort, it is also imperative that the Director be apprised of all relevant appointments to anti-drug positions. This bill assures that the Director is consulted prior to any formal nomination relating to drug control.

H.R. 2610 tasks the Director with establishing Federal policies, goals, and performance measures (including specific, precise, annual targets) for each of the National Drug Control Program agencies. These targets and goals must specify "milestone dates" by which a portion of the ultimate goal is achieved, in order to track the progress (or lack of progress) of each agency. This bill lays the foundation for a system that will allow Congress to foresee and address any deviation from time frame.

c. Legislative History/Status.—H.R. 2610 was introduced by Congressman J. Dennis Hastert on October 6, 1997, and referred to the House Committee on Government Reform and Oversight the same day. On October 7, 1997, the committee approved H.R. 2610, as amended, favorably by voice vote and forwarded it to the House. On October 21, 1997, H.R. 2610 was called up by the House and passed by voice vote under the suspension of the rules.

The Senate received the bill and referred it to the Committee on the Judiciary on October 22, 1997. On November 6, 1997, the Committee on the Judiciary ordered the bill to be favorably reported with an amendment in the nature of a substitute. Also on November 6, 1997, the bill was placed on the Senate Legislative Calendar under General Orders, Calendar No. 273.

d. Hearings.—The subcommittee held two hearings relating to the ONDCP Reauthorization bill. The first hearing was held on May 1, 1997, entitled, "Reauthorization of the Office of National Drug Control Policy." Testimony was received from General Barry R. McCaffrey, Director of the Office of National Drug Control Policy, and Norman J. Rabkin, Director of Administration of Justice Issues of the General Accounting Office [GAO]. General McCaffrey outlined his responsibility to coordinate the National Drug Control Program agencies and their involvement in the war on drugs. He discussed the 32 objectives and 5 goals of ONDCP in 1997, and progress made toward them since his ascension to office in February 1996. ONDCP stated goals are: to reduce the availability of drugs; reduce drug-related crime; reduce health and social problems associated with drug use; shield U.S. borders from drug transshipment; and focus on educating young people about the dangers of drug abuse. Mr. Rabkin briefed Members on the numerous reports that the GAO had completed over the recent years on the Nation's drug control efforts. He reiterated the need for centralized coordination and accountability for the Nation's efforts.

On June 25, 1997, the subcommittee held a hearing entitled, "Effectiveness of Counterdrug Technology Coordination at ONDCP." Testimony was received from Mr. Albert Brandenstein, chief scientist, Counterdrug Technology Assessment Center [CTAC] at the Office of National Drug Control Policy; Mr. Ray Mintz, Director, Applied Technology Division, U.S. Customs Service; Mr. Leonard Wolfson, Director, Demand Reduction Systems, Department of Defense Drug Enforcement Policy and Support, Office of the Secretary of Defense; and Mr. David Cooper, Associate Director, National Security and International Affairs Division, General Accounting Office. Mr. Brandenstein reiterated the mission of CTAC, which is to ". . . identify, define, and prioritize short-, medium-, and long-term scientific and technological needs of Federal, State, and local drug enforcement agencies to oversee and coordinate drug technology initiatives with Federal, civilian, and military departments . . ." Both Mr. Mintz and Mr. Wolfson testified of their cooperation with CTAC and the successful and unsuccessful missions that they have embarked upon to assist in the counterdrug effort. Mr. Cooper discussed the differing views that ONDCP and Customs have had on the direction of long-range technology. Mr. Cooper noted the need for ONDCP to be able to exert authority as a coordinating agency over the Nation's counterdrug efforts.

SUBCOMMITTEE ON THE POSTAL SERVICE

1. H.R. 22, The Postal Reform Act of 1997.

a. Report Number and Date.—None.

b. Summary of Measure.—The subcommittee held extensive hearings on Postal Reform during the 104th Congress and a broad range of postal stakeholders testified at that time. (Activities of the House Committee on Government Reform and Oversight, Report 104–874, January 1997.) The current bill, H.R. 22, was introduced at the beginning of this session and reflected the previous legislation which had been enacted in the 104th Congress, including increased salaries for the Governors of the Postal Service and the establishment of the Office of the Inspector General. A major focus of the legislation is reform of the current ratemaking process. The current structure as enacted by the Postal Reorganization Act of 1970, removed Congress from the ratemaking process by implementing a cost-based ratemaking system whereby rates are based on the cost of providing a specific service. The legislation divides postal products into competitive and noncompetitive categories. For noncompetitive postal products, H.R. 22 updates this rate cap pricing system.

The purpose of this hearing was to determine what, if any, inflation index should be used as the benchmark and whether a factor representing productivity gains in the economy should be applied against this inflation marker. The legislation gives new authorities to the Postal Rate Commission for ensuring against service and delivery degradation. It is imperative to achieve a rate-setting procedure which protects captive customers from undue bias in rates while recognizing demand factor in pricing postal products. Expectations for postal service have changed over the past 27 years and conflicting demands have been placed on the Postal Service due to technological and competitive changes. H.R. 22 addresses these concerns. Six nationally renowned economists testified and responded to oral and written questions for the record. John Kwoka of George Washington University testified that over the past 10 to 15 years price caps have rapidly replaced cost-based ratemaking as the plan for monopolies and companies. Most State public utility commissions have adopted price caps or similar performance-based plans. The example of AT&T's success with price caps was touted. However, not all price cap regimes work equally well, depending on the circumstances of the company utilizing the method. A good price cap plan should work to the benefit of both the consumer and the provider. The consumer looks for lower prices which the company must provide by instituting efficiencies without eroding service quality, while motivating managers and employees to attain these efficiencies through compensation and rewards.

Kenneth Rose, senior economist at the National Regulatory Research Institute, testified that price caps are seen as a superior way to regulate as opposed to traditional cost of service methods. In the field of electricity regulation, price caps have held down costs and prices and increased productivity; though possibility for degradation of service quality exists it is not regarded as an insurmountable problem.

There are differences between electric utilities and the Postal Service which may cause different results in utilizing price caps. However, generally, price caps create better incentives for cost reduction and control by severing the link between the rate which can be charged and the costs. Price caps are simple to administer compared with cost-based regulation; it allows for more price flexibility to arrange terms with customers and protects customers with few or no practical alternatives; and price caps can be used as a transition tool to a competitive market. Price caps work best in a competitive market. However, if there was significant competition, price caps would not be necessary and the market could be deregulated but, depending on the product, it may not be feasible to have a completely deregulated market. An additional impediment in implementing a price cap regime to the Postal Service is the fact that the Service has no stockholders to whom dividends are paid when the company gains profit and are penalized when profits are lower.

Joel Popkin, president of Joel Popkin and Co. testified that the performance of the Postal Service since its reorganization in 1971 has been a bit better than the U.S. private business. The wage earnings of a typical postal worker (at level 5) lags behind private sector wages. He said that postal market shares have been growing, labor productivity has risen, postal rates have risen below the Consumer Price Index, but less than CPI for services. Mr. Popkin suggested that since the Postal Service is a service industry, should a price cap regime be instituted, the index selected should be CPI for consumer services. However, he concluded that price caps in an industry which is labor intensive is equivalent to wage caps and there is no need to alter the regulatory environment since the Postal Service is doing well.

Gregory Sidak, resident scholar, American Enterprise Institute for Public Policy Research, stated that because the Postal Service is a not-for-profit enterprise, it is difficult to relate how a for-profit, shareholder price-cap experience would work for a not-for-profit business. Though H.R. 22 replicates some private-sector incentives, it does not go far enough to maximize profits and minimize costs. He asked why not privatize the Postal Service. Mr. Sidak discussed the two monopolies enjoyed by the Postal Service: Private Express Statutes (enacted in the 1840's) and the mailbox monopoly (enacted in 1934). In defining "letters" and "packets" the Postal Service has the power to define the scope of its own monopoly. He raised the issue that both these monopolies appear in the U.S. Criminal Code because they are criminal prohibitions. Because the definitions are vague, as a matter of due process the statute may be void and unenforceable. Furthermore, he asserted, the mailbox monopoly makes it possible for the Postal Service to raise the costs of its rivals in making deliveries to their customers. He testified in favor of repealing the Private Express Statutes, the mailbox monopoly and other statutory privileges. He also recommended that the burden of universal service be removed and all services of the Postal Service be subject to antitrust oversight, pointing to commercialization of the Postal Service. However, if that was not expedient he recommended that there should be an increase of regulatory oversight of the Service, including enhancing the powers of the Postal

Rate Commission, and the ability for the Service to initiate and offer postal products.

Professor Michael Crew of Rutgers University and Professor Paul Kleindorfer of the University of Pennsylvania presented joint testimony. Changes to the Postal Service are due because of exogenous factors such as technological change which are revolutionizing traditional communications systems. To remain viable, postal administrations worldwide are undergoing reform and becoming more businesslike. Mr. Crew suggested privatization of the Postal Service with a labor force subject to the right to strike and lock out provisions—not binding arbitration. He reported that price cap regulations have worked in Great Britain because the industries are now privatized. For price cap regulations to succeed, there must be residual claimants. Absent these residual claimants, management lacks proper incentives to make profits and increase the value of shareholders' investments. Therefore, price caps for a publicly held enterprise whose employees are subject to binding arbitration may prove to be problematic.

Mr. Kleindorfer referred to concerns he had with the product baskets and the uniform applicability of adjustment factors within these baskets. He proposed a more flexible definition which would be used only for monopoly products and price regulation would be applicable only to monopoly services. The more flexible definition and the use of indexing within the regulated basket would give the Postal Service an opportunity to compete and innovate. Products would be divided into regulated and nonregulated groups.

c. Benefits.—Improvements in ratemaking, with assurance of nondiscrimination in rates to users of monopoly products of the Postal Service, will enhance mail service to all users. Instituting a flexible ratemaking structure should make postal products more competitive, which benefits all Americans. Witnesses further testified that a properly constructed price cap regime initiates incentives to control costs, thereby helping attract and retain postal customers. It is important that all stakeholders come together to preserve the one institution charged with providing universal mail service to all 50 States and territories.

d. Legislative History/Status.—H.R. 22, was introduced by Subcommittee Chairman John M. McHugh, (R–NY), on January 7, 1997. The legislation was referred to the Committee on Government Reform and Oversight on January 22, 1997, and referred to the Subcommittee on the Postal Service. A legislative hearing was held on April 16, 1997.

e. Hearings.—Hearing entitled, "H.R. 22, The Postal Reform Act of 1997" was held on April 16, 1997.

2. H.R. 282, To Designate the United States Post Office building located at 153 East 110th Street, New York, New York, as the "Oscar Garcia Rivera Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—The bill designates the U.S. Post Office building located at 153 East 110th Street, New York, NY, as the "Oscar Garcia Rivera Post Office Building." This legislation honors the first Puerto Rican elected to public office in the continental United States. After graduating from high school, Mr. Rivera came

to New York and worked at the post office in City Hall while attending college. He was instrumental in organizing and establishing the Association of Puerto Rican and Hispanic Employees within the Post Office Department. He was elected assemblyman in the State of New York in 1937, and served until 1940. Mr. Rivera returned to Puerto Rico where he continued to be known for his commitment to protect the rights of manual laborers and remained a role model and a community leader.

c. Legislative History/Status.—The legislation was introduced January 7, 1997, by Representative Serrano of New York and was cosponsored by the entire New York House Delegation, as required by the Committee on Government Reform and Oversight. The subcommittee forwarded the measure to the committee. On October 7, 1997, H.R. 282 was considered by the committee and ordered reported by voice vote. On October 21, 1997, the bill was called up by the House under suspension of the rules and it passed by voice vote. The Senate received the bill on October 22, 1997, and the Committee on Governmental Affairs ordered the bill to be reported favorably on November 5. H.R. 282 passed the Senate by unanimous consent on November 9, 1997, and became Public Law No. 105–87.

d. Hearings.—None were held on this legislation.

3. H.R. 499, To designate the facility of the United States Postal Service under construction at 7411 Barlite Boulevard in San Antonio, Texas, as the "Frank M. Tejeda Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 499 designates the facility of the U.S. Postal Service under construction at 7411 Barlite Boulevard in San Antonio, TX, as the "Frank M. Tejeda Post Office Building". The measure honors the late Representative Frank Tejeda who died in office while serving his 2nd term as the first elected Representative from the 28th District of Texas. Representative Tejeda was awarded the Purple Heart, the Bronze Star, the Commandant's Trophy, the Marine Corps Association Award, among others, for his service with the Marine Corps during the Vietnam conflict. Although he was a high school drop out, Representative Tejeda earned the highest academic average in Marine Corps history when he attended officer candidate school. He later received a J.D. from the University of California, Berkeley, a master's degree in public administration from Harvard and a master of law from Yale. He served in the Texas' State Legislature in both the House and Senate from 1977 until 1992, when he came to Congress.

c. Legislative History/Status.—H.R. 499 was introduced by Representative Bonilla on February 4, 1997, and supported by all members of the House delegation of the State of Texas. The bill was referred to the House Committee on Government Reform and Oversight on February 4, 1997, and then referred to the Subcommittee on the Postal Service on February 5, 1997. The House called up the legislation under suspension of the rules on February 5th, and the measure was passed by a recorded vote of 400–0 (Roll No. 9). The Senate received the bill on February 6, 1997, and was referred to the Committee on Governmental Affairs. The committee

discharged the bill, and the Senate passed H.R. 499 by unanimous consent and the bill was cleared for the White House. The President signed the measure on March 3, 1997, to become Public Law No. 105–4.

d. Hearings.—No hearings were held on this legislation.

4. H.R. 681, To designate the United States Post Office building located at 313 East Broadway in Glendale, California, as the "Carlos J. Moorhead Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 681 designates the U.S. Post Office building located at 313 East Broadway in Glendale, CA as the "Carlos J. Moorhead Post Office Building". The legislation honors Representative Moorhead who served in the U.S. House of Representatives from 1972 until he retired in 1997. While a member of the Committee on the Judiciary, Mr. Moorhead became chairman of the Subcommittee on Courts and Intellectual Property. He is a veteran of World War II and a retired Judge Advocate Lieutenant Colonel.

c. Legislative History/Status.—This legislation was introduced by Representative Henry Hyde of Illinois on February 11, 1997, and was cosponsored by all Members of the California House delegation, (the State in which the post office will be located). H.R. 681 was referred to the House Committee on Government Reform and Oversight and subsequently referred to the Subcommittee on the Postal Service. On October 7, 1997, the committee considered and favorably order the bill to be reported to the House by voice vote. The measure was called up by the House on October 21, 1997, under suspension of the rules, and was passed on voice vote. H.R. 681 was received by the Senate on October 22, 1997, and referred to the Committee on Governmental Affairs, which reported the bill favorably on November 5. The Senate passed the bill by unanimous consent on November 9, and the President signed the legislation on November 19, 1997, to become Public Law No. 105–88.

d. Hearings.—No hearings were held on this measure.

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

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1057 designates the building in Indianapolis, IN, which houses the operations of the Circle City Station Post Office as the "Andrew Jacobs, Jr. Post Office Building". The legislation honors Representative Andrew Jacobs who served in the House for 30 years. After serving in the Marine Corps during the Korean conflict, he received his undergraduate and law degrees from the University of Indiana. He served in the Indiana State House and was elected to represent his district in the 89th Congress through the 104th Congress, with a break during the 93rd Congress. During his tenure in Congress, he chaired the Social Security Subcommittee of the Committee on Ways and Means.

c. Legislative History/Status.—H.R. 1057 was introduced by Chairman Burton on March 13, 1997, and was cosponsored by the House delegation of the State of Indiana. It was referred to the

House Committee on Government Reform and Oversight and subsequently to the Subcommittee on the Postal Service. The subcommittee considered and marked up the bill on April 8, 1997. H.R. 1057 was amended by the subcommittee to reflect the name of the facility, from "Circle City Station Post Office" to "Indianapolis Main Post Office". The legislation, as amended, was passed favorably by voice vote by the subcommittee and ordered forwarded to the committee for consideration. The committee considered and marked up the bill on May 16, 1997, and ordered it reported to the House. H.R. 1057 was called up by the House under suspension of the rules, and the bill as amended was adopted by the House on a Yea-Nay Vote (413–0). The bill was received in the Senate and referred to the Committee on Governmental Affairs. On October 9, the committee discharged the bill and was passed by the Senate on November 9, 1997, by unanimous consent. The President signed the legislation on November 19, 1997, and it became Public Law No. 105–90.

d. Hearings.—No hearings were held on the legislation.

6. H.R. 1058, To designate the facility of the United States Postal Service under construction at 150 West Margaret Drive in Terre Haute, Indiana, as the "John T. Myers Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1058 designates the facility of the U.S. Postal Service under construction at 150 West Margaret Drive in Terre Haute, IN, as the "John T. Myers Post Office Building". The legislation honors Representative John T. Myers, who was elected by the 7th District of Indiana to serve in the U.S. House of Representatives in the 90th Congress and served until his retirement following the 104th Congress. He served on the Committee on Appropriations, and was chairman of the Subcommittee on Energy and Water Development for 2 years. He was ranking member of the House Ethics Committee in the 1980's, and served as ranking member of the Committee on Post Office and Civil Service in 1993 and 1994.

c. Legislative History/Status.—The bill was introduced by Chairman Burton on March 13, 1997. It was referred to the House Committee on Government Reform and Oversight on March 13 and subsequential to the Subcommittee on Postal Service on March 14, 1997. The subcommittee considered and marked-up the legislation on April 8, 1997, and forwarded it to the full committee by voice vote. On May 16, 1997, the committee considered and marked-up the legislation and ordered it favorably reported by voice vote to the House. The House called up the legislation under suspension of the rules on June 17, 1997, and H.R. 1508 passed the House by Yea-Nay Vote: 416–0 (Roll No. 205). The legislation was received by the Senate on June 18, 1997, and referred to the Committee on Governmental Affairs. On October 9, 1997, the Senate Committee on Governmental Affairs discharged the bill and the Senate passed the bill by unanimous consent on November 9, 1997. The President signed the legislation on November 19, 1997, and it became Public Law No. 105–91.

d. Hearings.—No hearings were on the legislation.

7. H.R. 1231, the "Post Office Relocation Act of 1997."

a. Report Number and Date.—None.

b. Summary of Measure.—This legislation amends title 39, United States Code, to establish guidelines for the renovation, relocation, closing, or consolidation of post offices, and for other purposes. Generally, this legislation addresses the issue of emergency closings of post offices. The GAO submitted comments on this issue on April 23, 1997.

c. Legislative History/Status.—H.R. 1231 was introduced by Representative Blumenauer on April 8, 1997. The bill was referred to the Committee on Government Reform and Oversight and subsequential referred to the Subcommittee on the Postal Service.

d. Hearings.—No hearings were conducted on this legislation.

8. H.R. 1254, A bill to designate the United States Post Office building located at Bennett and Kansas Avenue in Springfield, Missouri, as the "John N. Griesemer Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1254 designated the U.S. Post Office building located at Bennett and Kansas Avenue in Springfield, MO, as the "John N. Griesemer Post Office Building". The measure honors John N. Griesemer, a native of Missouri who served as an engineering officer in the U.S. Air Force from 1954 until 1956. After his discharge from the Air Force, he joined his family's business where he served as president and as director until his death in 1993. Mr. Griesemer also founded and served as director and president of several companies in Missouri and was an active participant in his community. In 1984, President Reagan named John Griesemer to serve on the U.S. Postal Service Board of Governors. He was elected chairman of the Board in 1987 and 1988, and served for 3 years as the Board's vice chairman.

c. Legislative History/Status.—H.R. 1254 was introduced by Representative Blunt on April 9, 1997, and was supported by all members of the House delegation of the State of Missouri. The bill was referred to the Subcommittee on the Postal Service on April 14, 1997, of the committee. The subcommittee considered the legislation on June 5, 1997, and amended the legislation to reflect the accurate address of the facility, 1919 West Bennett Street, which was designated by the city after the legislation was introduced. The subcommittee voted on the legislation as amended by voice vote and forwarded it to the full committee. The House Committee on Government Reform and Oversight discharged the bill and H.R. 1254 was called up by the House under suspension of the rules. It was considered by the House and the measure passed the House as amended by voice vote on September 16, 1997. H.R. 1254 was received in the Senate on September 17, 1997, and referred to the Committee on Governmental Affairs. On November 13, the Senate Committee on Governmental Affairs discharged the bill and it passed the Senate by unanimous consent the same day and cleared for the White House. The President signed the bill on December 2, 1997, to become Public Law No. 105–131.

d. Hearings.—No hearings were held on this legislation.

9. H.R. 1585, A bill to allow postal patrons to contribute to funding for breast cancer research through the voluntary purchase of certain specially issued United States postage stamps.

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 1585, the Stamp Out Breast Cancer Act, as amended permits postal patrons to contribute to funding for breast cancer research through the voluntary purchase of specially issued U.S. postal stamps. The rate will be determined by the Governors of the Postal Service and offered as an alternative to the regular First-Class rate of postage. Such rates will be equal to regular First-Class rate of postage, plus a differential not to exceed 26 percent of the First Class rate. After the sale of specially designated stamps, 70 percent of the funds are designated to be available for breast cancer research at the National Institutes of Health and the remainder to the Department of Defense, payments to be made at least twice a year. The Postmaster General is required to include information regarding the operation of the act in each annual report to the Board of Governors. The act is terminated at the end of the 2-year period beginning on the date on which the postage stamps are first made available to the public. The Comptroller General is required to report to Congress regarding the act, no later than 3 months, but not earlier than 6 months, before the end of the period covered by the act.

b. Legislative History/Status.—This legislation was introduced by Representative Susan Molinari (R–NY) on May 13, 1997. It was referred to the Committee on Government Reform and Oversight, in addition to the Committees on Commerce, and National Security, for a period to be determined by the Speaker for consideration of the provisions as fall within the jurisdiction of the respective committees. On May 19, 1997, the legislation was referred to the Subcommittee on the Postal Service and on May 21, it was referred to the Committee on Commerce, Subcommittee on Health and Environment. H.R. 1585 was also referred to the Committee on National Security, Subcommittee on Military Readiness on June 5, 1997. The House called up the bill under suspension of the rules on July 22, 1997, and passed the Houses as amended by Subcommittee Chairman McHugh by a record vote of 422–3 (Roll No. 299). The Senate received the legislation on July 23, 1997, and the measure passed the Senate by unanimous consent and it was cleared for the White House. The President signed the legislature on August 13, 1997, to become Public Law No. 105–41.

d. Hearings.—No hearings were held on the measure.

10. H.R. 2013, To designate the facility of the United States Postal Service located at 551 Kingstown Road in South Kingstown, Rhode Island, as the "David B. Champagne Post Office Building".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2013 designates the facility of the U.S. Postal Service located at 551 Kingstown Road in South Kingstown, RI, as the "David B. Champagne Post Office Building". The bill recognizes the valiant efforts of David B. Champagne, a 19 year old Marine, born in Wakefield, RI, and after completing high school, joined the Marine Corps and lost his life in the Korean con-

flict after saving the lives of his fellow Marines. Corporal Champagne was posthumously awarded the Medal of Honor by President Eisenhower for his gallantry above the call of duty in action against the enemy.

c. Legislative History/Status.—H.R. 2013 was introduced by Representative Weygand on June 23, 1997, and cosponsored by the House delegation from the State of Rhode Island. The bill was referred to the House Committee on Government Reform and Oversight on June 23, 1997, and referred to the Subcommittee on the Postal Service on June 26, 1997. The committee considered the bill on October 7, 1997, and was favorably ordered reported to the House by voice vote. The House called up the bill under suspension of the rules on October 21, 1997, and it passed by voice vote. H.R. 2013 was received in the Senate on October 22, 1997, and was passed by the Senate by unanimous consent on October 24, 1997. The President signed the bill on November 10, 1997, becoming Public Law No. 105–70.

d. Hearings.—No hearings were held on this legislation.

11. H.R. 2015, Balanced Budget Act of 1997 (also known as the Budget Reconciliation bill).

a. Report Number and Date.—House Report No. 105–149, June 24, 1997.

b. Summary of Measure.—This bill provides for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the House Concurrent Resolution 84 on the budget for fiscal year 1998. The Subcommittee on the Postal Service considered legislation repealing the authorization of appropriations for transitional expenses to the U.S. Postal Service pursuant to 39 U.S.C. § 2004. This section provides reimbursement for payments to the employee compensation fund based on obligations incurred when the U.S. Postal Service was the Post Office Department. Until enactment of H.R. 2015, the Postal Service received an annual appropriation of approximately $35 million to cover expenses associated with workers' compensation liabilities incurred prior to Postal Reorganization in 1970.

This portion of the Budget Reconciliation bill, Section 6001, does not relieve the Postal Service from having to reimburse the Employee Compensation Fund. Under this measure, the financial obligations of the former Post Office Department pertaining to the Employee Compensation Fund becomes those of the U.S. Postal Service and the Postal Service Fund. This provision mandates that the Postal Service be required to make payments for employees of the former Post Office Department to the Department of Labor from its own revenues, without Federal reimbursement. Enactment of the legislation will not affect the payment made to individuals receiving benefits from the Employee Compensation Fund. The measure stipulated that if the appropriation for funding the transitional appropriations is enacted prior to the enactment of this measure, then the Postal Service Fund will reimburse the U.S. Treasury an amount equal to the appropriation it has received. In addition, technical changes were made in this legislation.

c. Legislative History/Status.—The subcommittee considered the proposal and held a markup of the legislation on June 5, 1997, and

favorably ordering it reported to the House Committee on Government Reform and Oversight, where the measure was approved the same day. The committee forwarded the provision to the House Committee on the Budget and it was included as Section 6001 of H.R. 2015. The Committee on the Budget reported the legislation to the House, as report No. 105–149, on June 24, 1997, and it was called up by special rule and considered by the House on June 25, 1997. The measure passed the House as amended by a vote of 270–162 (Roll Call Vote No. 240). After passing the Senate, the House and Senate agreed to the Conference Report and the measure was presented to the President who signed H.R. 2015. The legislation became Public Law 105–33 on August 5, 1997.

d. Hearings.—No hearings were held on this provision.

12. H.R. 2129, To designate the United States Post Office located at 150 North 3rd Street in Steubenville, Ohio, as the "Douglas Applegate Post Office".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2129 designates the U.S. Post Office located at 150 North 3rd Street in Steubenville, OH as the "Douglas Applegate Post Office". Mr. Applegate was elected to the 95th Congress by Ohio's 18th Congressional District and re-elected each term until his retirement after the 103d Congress. Representative Applegate was known as an advocate of America's veterans and was the chairman of the Veterans' Affairs Subcommittee on Compensation, Pensions, and Insurance.

c. Legislative History/Status.—H.R. 2129 was introduced by Representative Traficant on July 9, 1997, and the bill was referred to the House Committee on Government Reform and Oversight. On July 15, the legislation was referred to the subcommittee on the Postal Service. The committee considered the legislation on October 7, 1997, and was ordered to be reported by voice vote to the House. The House considered the legislation under suspension of the rules on October 21, 1997, and it was passed by voice vote. The Senate received the bill on October 22, 1997, and referred to the Committee on Governmental Affairs. The committee ordered the legislation to be reported favorably to the Senate on November 5, 1997. On November 9, 1997, H.R. 2129 was passed by the Senate by unanimous consent and was cleared for the White House. The President signed the legislation on November 19, 1997, and it became Public Law No. 105–97.

d. Hearings.—No hearings were held on this legislation.

13. H.R. 2378, Making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1998, and for other purposes.

a. Report Number and Date.—House Report No. 105–240, August 5, 1997. Supplemental report filed September 3, 1997; Pt. II. Supplemental report filed September 11, 1997; Pt. III. Conference Report filed September 29, 1997; 105–284.

b. Summary of Measure.—Title II of H.R. 2378, the Treasury, Postal Service and General Government Appropriations bill relates to payments to the Postal Service Fund for revenue foregone on

free and reduced rate mail for non-funded liabilities. The Postal Service operates on funds generated through the sale of its goods and services and has not received an appropriation for operating expenses since 1982. The current appropriation is directed for specific programs and not intended for general postal operation and programs.

Section 519 of the bill provided that no funds appropriated for the U.S. Postal Service under this or any other act may be expended by the Postal Service to expand the Global Package Link Service [GPL]. This language applied to the current appropriations and incorporated by reference the permanent appropriation authority contained in title 39 of the United States Code section 2401(a), thus violating the Rules of the House of Representatives clause 2 of rule XXI, which prohibits reporting a provision which changes existing law. Subcommittee Chairman McHugh raised a point of order on the House floor, which was conceded by Mr. Kolbe, chairman, Subcommittee on Treasury, Postal Service, and General Government, Committee on Appropriations.

The subject of the amendment, Global Package Link Service, is a specialized bulk shipping service for mail order goods which provides international air export parcel delivery service for postal customers. These companies rely on the U.S. Postal Service to provide timely services to worldwide customers. The program is funded solely through ratepayer revenues. GPL's enhanced technology is utilized by American companies in conducting their business in international markets. These companies rely on the U.S. Postal Service to provide timely services to worldwide customers. Affected companies, and those who do not as yet utilize the service, claim that curtailing the program would adversely impact their ability to compete and expand in lucrative international markets.

c. Legislative History/Status.—H.R. 2378 was introduced by Mr. Kolbe, chairman, Subcommittee on Treasury, Postal Service, and General Government, Committee on Appropriations on August 5, 1997. The measure was called up as a privileged matter in the House on September 17, 1997, and was passed as amended by Roll Call Vote No. 403 of 231–192. The measure was passed the same day in the Senate, as amended, in lieu of S. 1023. Conferences were held and both the Senate and House agreed to the conference report and signed the enrolled measure. The measure was presented to the President, and became Public Law 105–61.

d. Hearings.—No hearings were conducted by the subcommittee on this legislation.

14. H.R. 2564, To designate the United States Post Office located at 450 North Centre Street in Pottsville, Pennsylvania, as the "Peter J. McCloskey Postal Facility".

a. Report Number and Date.—None.

b. Summary of Measure.—H.R. 2564 designates the U.S. Post Office located at 450 North Centre Street in Pottsville, PA, as the "Peter J. McCloskey Postal Facility". The naming of the Post Office honors Peter McCloskey, a Pennsylvania native who joined the U.S. Army Air Corps during World War II. In 1967, he was selected to join the Post Office Department as Acting Postmaster of the city of Pottsville and then was appointed Postmaster. Mr.

McCloskey has been active in the Pottsville community for more than 60 years.

c. Legislative History/Status.—H.R. 2564 was introduced on September 26, 1997, by Representative Holden and cosponsored by the entire Pennsylvania House delegation. It was referred to the House Committee on Government Reform and Oversight and then referred to the Subcommittee on the Postal Service on September 30, 1997. On October 7, 1997, the legislation considered and favorably reported to the House by voice vote. The measure was called up by the House under suspension of the rules on October 21, 1997, and it passed the House by voice vote. The Senate received the bill on October 22, 1997, and referred it to the Committee on Governmental Affairs. The bill was ordered reported favorably to the Senate without a report. The legislation was passed by the Senate on November 9, 1997, by unanimous consent and presented to the President who signed the measure into law on November 19, 1997, to become Public Law 105–99.

d. Hearings.—No hearings were held on this measure.

15. S. 1378, A bill to extend the authorization of use of official mail in the location and recovery of missing children, and for other purposes.

a. Report Number and Date.—None.

b. Summary of Measure.—S. 1378 extends the authorization for use of official mail in the location and recovery of missing children through December 31, 2002. Authorization was initially approved on August 9, 1985, and extended in October 1992. The present authorization is due to expire at the end of 1997. The legislation enables Members of Congress to mail a photo and description of missing children, as provided by the National Center for Missing and Exploited Children, in their franked mail in efforts to raise public awareness to locate these children. Currently, 20 Members use this authority.

c. Legislative History/Status.—S. 1378 was introduced by Senator Warner in the Senate on November 5, 1997, and passed the Senate by unanimous consent. On November 6, the House received the measure and referred same to the Committee on Government Reform and Oversight, and to the Committee on House Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. The House called up the legislation under suspension of the rules on November 12, 1997, and it passed the House by voice vote. The measure was presented to the President on November 19, 1997, and signed by the President on December 1, 1997, to become Public Law 105–126.

d. Hearings.—No hearings were held on this legislation.

B. REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

STANDING COMMITTEE

1. Review of the Implementation of the Government Performance and Results Act of 1993, Public Law 103–62

During the first session of the 105th Congress, the committee continued its review of the implementation of the Government Performance and Results Act of 1993 (Results Act). The first phase of the Results Act requires Federal agencies to submit 5 year strategic plans to Congress by September 30, 1997. The strategic plan is to articulate the agency's missions, goals, and strategies and serve as the benchmark for evaluating its future success or failure. Agencies were required by the Results Act to consult with Congress in developing their strategic plans.

Congress meant for the Results Act to be a tool for: (1) measuring the success or failure of government programs; (2) identifying waste and duplication; and (3) better allocating resources to get the best return for taxpayers. Lawmakers hoped the Results Act would fundamentally improve the accountability and management of Federal programs.

The Republican leadership of the 105th Congress has encouraged all congressional committees to make Results Act implementation a priority in their day to day oversight, authorizing, and appropriating activities, and has taken additional steps throughout the year to educate and coordinate Congress in overseeing effective implementation of the Results Act by executive agencies. The Government Reform and Oversight Committee has played a crucial role in this process, helping develop and coordinate the House-wide effort to ensure congressional consultations with agencies, review draft strategic plans, and communicate congressional feedback to the agencies.

As a member of the Results Act coordinating team, the Government Reform and Oversight Committee also helped author two bicameral congressional reports on the Results Act. The first was issued in September after congressional teams conducted a comprehensive examination of draft agency strategic plans. Congressional staff teams from all congressional committee jurisdictions were established to consult with and review the draft strategic plans of the 24 so-called Chief Financial Officers [CFO] Act agencies, whose combined expenditures total 98 percent of all Federal outlays. The September report ("The Results Act: It Matters Now, an Interim Report") details the findings of that review and makes recommendations regarding future Results Act implementation.

A second congressional report was issued in November after congressional staff teams reviewed agencies' final strategic plans. That report ("Results Act: It's the Law") revealed that, in general, agencies final plans had improved somewhat over their draft efforts. However, Chairman Dan Burton has since introduced legislation (H.R. 2883) that would require agencies to re-submit more compliant plans by the end of September 1998.

In addition to the coordinating efforts with the leadership, during the year, the committee held two full committee hearings on the Results Act in 1997, one on February 12 and the other on October

30. These are described in more detail in the section entitled I. Matters of Interest, Full Committee, A. General, 2. Investigations, a.

2. President John F. Kennedy Assassination Records Act of 1992, Public Law 105–25

This law amends the President John F. Kennedy Assassination Records Collection Act of 1992 to: (1) extend the termination date of the Assassination Records Review Board until September 30, 1998; and (2) authorize appropriations for fiscal year 1998.

3. Federal Property and Administrative Services Act of 1949, as amended—June 30, 1949, 63 Stat. 377 (the Act) (40 U.S.C. Section 471 et seq.; Public Law 152, 81st Congress)

This law provides the Federal Government with a system for procurement of personal property and non-personal services, for storage and issues of such property, for transportation and traffic management; for further utilization and disposal of surplus property, and for management authority was modified in 1985. GSA's original responsibilities were enacted as part of title 44, U.S. Code. The committee has amended certain sections of the 1949 Act.

With respect to Title III (Procurement Procedure), H.R. 1670, reported by the committee on August 1, 1995, as House Report 104–222, Part I, would amend contract solicitation provisions, provide for preaward debriefings, amend preaward qualification requirements and replace these provisions with a contractor performance system; amend all commercial items from the Truth in Negotiations Act; and apply simplified acquisition procedures to all commercial items regardless of their dollar value.

Division D of Public Law 104–106, the Federal Acquisition Reform Act of 1996, retains the provisions regarding commercial item purchasing in modified form. The law also maintains the original language authorizing preaward debriefings for excluded offerors where appropriate.

Division E of Public Law 104–106, the Information Technology and Reform Act of 1996, includes a Senate provision that would require agencies to inventory all agency computer equipment and to identify excess or surplus property in accordance with title II of the act. The statement of the committee of conference on S. 1124, which became Public Law 104–106, contains a direction of the conferees that GSA, exercising current authority under title II of the act, should issue regulations that would provide for donation of such equipment under title II on the basis of this priority: (1) elementary and secondary schools and schools funded by the Bureau of Indian Affairs; (2) public libraries; (3) public colleges and universities; and (4) other entities eligible for donation under the act.

4. Brooks Automatic Data Processing Act (40 U.S.C. 759)

This provision of law is found at section 111 of the Federal Property and Administrative Services Act (the Act). It provides the authority to coordinate and provide for the purchase, lease, and maintenance of automatic data processing equipment for all Federal agencies through the Administrator of General Services. It also provides authority for the General Services Board of Contract Ap-

peals to review any decision by a contracting officer that is alleged to violate a statute, a regulation, or the conditions of a delegation of procurement authority.

Division E of Public Law 104–106 repeals section 111 of the Act. It provides authority for the acquisition of information technology within each of the Federal agencies and gives the Office of Management and Budget the responsibility for coordinating government-wide information technology management and purchasing. It also establishes the General Accounting Office as the sole independent administrative forum for bid protests.

5. Office of Federal Procurement Policy Act (41 U.S.C. Section 401 et seq., 88 Stat. 796, Public Law 93–400)

The Office of Federal Procurement Policy [OFPP] Act established OFPP within the Office of Management and Budget to promote economy, efficiency, and effectiveness in the procurement of property and services by and for the executive branch of the Federal Government and to provide government-wide procurement policies, regulations, procedures, and forms.

H.R. 1760, reported by the committee on August 1, 1995, as House Report 104–222, Part I, would revise the current OFPP Act to provide for improved definitions of competition requirements; to establish an alternative quality-based pre-qualification system for meeting the Government's recurring needs; to exempt commercial items from the Truth in Negotiations Act and the Cost Accounting Standards; to add a new section to encourage the Government's reliance on the private sector sources for goods and services; to revise and simplify Procurement Integrity provisions; to remove certain certification requirements currently in statute and other regulatory certifications (unless justified); to add a new section providing that each executive agency establish and maintain effective value engineering processes and procedures; and to establish a series of policies and procedures for the management of the acquisition workforce in civilian agencies.

Division D of Public Law 104–106 contains many of the provisions of House Report 104–222 in addition to other changes to the OFPP Act. The provisions of Public Law 104–106 include: exempting commercial item purchases from the Truth in Negotiations Act and cost accounting standards; removing certain unnecessary certification requirements; providing for the inapplicability of certain procurement laws to commercially available off-the-shelf items; extending authority for executive agencies to establish and maintain cost-effective, value engineering procedures and processes; establishing a series of policies and procedures for the management of the acquisition workforce in the civilian agencies. It also repeals the current procurement integrity provisions and their certification requirements. New language provides for the protection of confidential procurement information by prohibiting both the disclosure and receipt of such information and imposing criminal and civil penalties for violations. There also is a limited ban on contacts between Government officials and industry contractors, as well as government-wide "revolving door" restrictions.

6. The Competition in Contracting Act of 1984 (41 U.S.C. 253, 98 Stat. 1175, Public Law 98–369, July 18, 1984)

The Competition in Contracting Act of 1984 amended title III of the Federal Property and Administrative Services Act of 1949 to establish a statutory preference for the use of competitive procedures in awarding Federal contracts for property or services; to require the use of competitive procedures by Federal agencies when purchasing goods or services—sealed or competitive bids; and to direct the head of each agency to appoint an advocate for competition who will challenge barriers to competition in the procurement of property and services by the agency and who will review the procurement activities of the agency.

Division D of Public Law 104–106 contains language which retains the current statutory competition standard, but adds a requirement that the standard is to be implemented in a manner which is consistent with the government's need to "efficiently" fulfill its requirements. Further provisions are added to allow contracting officials more discretion in determining the number of proposals in the "competitive range," to provide for preaward debriefings of unsuccessful offerors, and to authorize the use of special two-phase procedures for design and construction of public buildings.

7. The Federal Acquisition Streamlining Act of 1994, Public Law 103–355, October 13, 1994

The Federal Acquisition Streamlining Act [FASA] of 1994 was developed to provide the foundation for establishing "commercial-like" procedures within the Federal procurement system. FASA established a preference for commercial items and simplified procedures for contracts under $100,000 as well as addressing a wide spectrum of issues regarding the administrative burden—on all sides—associated with the Government's specialized requirements.

H.R. 1670, reported by the committee on August 1, 1995, as House Report 104–222, Part I, would amend section 5061 of FASA (41 U.S.C. 413 note) to permit the OFPP Administrator to exercise the authority granted in FASA to test "innovative" procurement procedures without having to wait for the implementation of other FASA provisions.

Public Law 104–106 authorizes OFPP to test alternative procurement procedures and removes a requirement that the testing of these procedures be contingent upon the full implementation of the Federal Acquisition Computer Network Electronic Commerce [FACNET] procedures. It also would limit the linkage between the use of the simplified acquisition procedures and the full implementation of FACNET.

SUBCOMMITTEE ON THE CIVIL SERVICE

1. The Veterans' Preference Act of 1944 (58 Stat. 387)

This law provides preferences for veterans in obtaining and retaining Federal employment. In connection with its legislative actions regarding H.R. 240 (see section III. A. 1. of the Subcommittee on the Civil Service), the subcommittee continued the review of this law that it began in the previous Congress. The subcommittee con-

cluded that veterans' rights in reductions in force are often circumvented and, most importantly, that veterans do not have access to an effective redress system when their rights have been violated. In addition, the subcommittee also concluded that veterans entitled to preference and others who have served honorably in the armed forces are frequently shut out of competition for Federal jobs by artificial restrictions on competition. H.R. 240, which Subcommittee Chairman Mica introduced, remedies these deficiencies.

2. Chapter 87 of Title 5, United States Code

This chapter establishes the Federal Employees Group Life Insurance program. The subcommittee reviewed these laws in connection with its examination of FEGLI (see section II. B. 4. of the Subcommittee on the Civil Service) and its consideration of H.R. 1316 (see section III. A. 2. of the Subcommittee on the Civil Service). As a result of its review of this review, the subcommittee concluded employees should have additional choices and improved benefits, including the option to choose life products other than term insurance. Subcommittee Chairman Mica introduced H.R. 2675 (see section III. A. 4. of the Subcommittee on the Civil Service) in order to provide those choices and improvements. In addition, the subcommittee determined that sections 8705 and 8706 should be amended to cure an inequity in the FEGLI program by directing OPM to pay the proceeds of FEGLI life insurance policies in accordance with certain domestic relations orders and permitting courts to direct the assignment of such policies to individuals specified in domestic relations orders.

3. Chapter 89 of Title 5, United States Code

This chapter establishes the FEHBP. The subcommittee reviewed various provisions in this chapter in connection with its consideration of H.R. 1836 (see section III. A. 3. of the Subcommittee on the Civil Service). The subcommittee concluded that several provisions should be amended to protect the integrity of the FEHBP, permit certain plans to reenter the FEHBP after terminating their participation, expedite the distribution of the reserves of terminated plans, and broaden the scope of the preemption of State laws in order to strengthen the ability of national plans to offer uniform benefits and rates nationwide. In addition, the subcommittee provided statutory authority to permit certain current and former employees of the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System to receive health care benefits through the FEHBP.

4. Statutes reviewed in connection with Labor, Health and Human Services, and Education appropriations, H.R. 2264, Public Law 105–78

The subcommittee reviewed several title 5 provisions in connection with its examination of the personnel provisions of section 211(e) of the "Departments of Labor, Health and Human Services, and Education, and Related Appropriations Act, 1998," relating to the transfer of the Gillis W. Long Hansen's Disease Center to the State of Louisiana. These provisions included subchapter III of chapter 83, chapter 84, and 5 U.S.C. § 5545. In addition, the sub-

committee also reviewed Public Law 104–208 § 101(f) (section 663 of the Treasury, Postal Service, and General Government Appropriations Act, 1997) in connection with this transfer. The subcommittee agreed to special rules for certain employees at the center to facilitate the transfer.

5. Statutes reviewed in connection with the Internal Revenue Service Restructuring and Reform Act of 1997, H.R. 2676

a. Chapters 23, 33, 35, 43, 45. 51, 53, 55, 71, 73, and 75 of title 5, United States Code.—The subcommittee reviewed these statutes in connection with proposed personnel flexibilities that purport to reform the Internal Revenue Service in light of abuses revealed during Senate hearings.

6. Statutes reviewed in connection with the Defense Authorization Act of 1997, H.R. 1119, Public Law 105–85

a. 5 U.S.C. §§ 2108, 3309(2).—These statutes, which deal with veterans' preference, were amended to provide veterans' preference to veterans who served during the Desert Shield/Desert Storm period (August 2, 1990 to January 2, 1992) and to authorize veterans' preference for Vietnam Era veterans by statute.

b. 5 U.S.C. § 3329(b).—This statute was amended to remove the 6-month deadline for the Department of Defense to provide priority employment consideration for certain former military reserve technicians.

c. 5 U.S.C. § 5334(d).—This statute was amended to increase management flexibility and avoid excessive costs when an overseas educator moves from a teaching position to a position covered by the General Schedule by permitting the Secretary of Defense to authorize pay increases of up to 20 percent.

d. 5 U.S.C. § 5520a.—This statute was amended to permit agencies to collect the administrative cost of garnishment from the employee whose wages are garnished.

e. 5 U.S.C. § 5597 and the Federal Workforce Restructuring Act of 1994 (Public Law 103–226).—These statutes were amended to extend the Department of Defense's authority to offer buyouts through September 30, 2001 (or, for certain positions under the Defense Conversion, Reinvestment, and Transition Assistance Act of 1992, through January 1, 2002) and to require the Department to pay the Civil Service Retirement and Disability Fund 15 percent of the final basic pay of each employee receiving a buyout.

f. Chapter 71 of title 5 and various provisions of title 22, United States Code relating to personnel of the Panama Canal Commission.—The subcommittee approved special personnel and labor relations rules for the Commission in order to facilitate the transfer of the Panama Canal to the Government of Panama in accordance with the Panama Canal Treaties of 1977.

7. Statutes reviewed in connection with the civil service provisions of the Balanced Budget Act of 1997, Public Law 105–33

a. Chapters 83 & 84 of title 5, United States Code.—The civil service provisions amended these statutes to increase the retirement contributions of all agencies other than the Postal Service and the Metropolitan Washington Airports Authority by 1.51 per-

cent for each employee covered by the Civil Service Retirement System [CSRS], beginning on October 1, 1997, and continuing through September 30, 2002. These provisions also gradually raise individual contributions to the CSRS and the Federal Employees Retirement System [FERS] by 0.25 percent beginning January 3,1999, an additional 0.15 percent in 2000, and another 0.10 percent in 2001; the full 0.5 percent increased contribution remains throughout 2002. The subcommittee examined the impact of such increases in the hearing described in part II. B. 1. of the Subcommittee on the Civil Service.

b. 50 U.S.C. § 2021, 22 U.S.C. §§ 4045 and 4071.—These statutes were amended to impose corresponding increases in the agency and employee contributions to the Central Intelligence Agency Retirement and Disability System, the Foreign Service Retirement and Disability System, and the Foreign Service Pension System.

c. 5 U.S.C. § 8906.—This statute was amended to establish a permanent formula for computing the Government's share of health insurance premiums under the Federal Employees Health Benefits Program [FEHBP]. Under this formula, the Government's contribution will be based upon 72 percent of the weighted average of the subscription charges for enrollments for all options of all plans participating in the FEHBP. Separate calculations will be performed for self alone and self and family enrollments. Current law regarding part-time employees and the prohibition against the Government share exceeding 75 percent of any premium are retained.

8. Statutes reviewed in connection with the "Treasury and General Government Appropriations Act, 1998," Public Law 105–61

a. 5 U.S.C. §§ 8334, 8337, 8339, 8343a, 8344, 8415, 8422, and 8468.—These statutes were amended to permit former Members of Congress who served in an executive branch position at reduced pay in order to remove the impediment to the appointment of the Member imposed by article I, section 6, clause 2 of the Constitution to be computed as if he had not served at reduced pay. The former Member must make an appropriate deposit with interest to the Civil Service Retirement and Disability Fund.

b. 5 U.S.C. § 5948 and the Federal Physicians Comparability Allowance Act of 1978 (5 U.S.C. 5948 note).—These statutes were amended to extend agencies' authority to pay physicians comparability allowances until September 30, 2002.

c. 5 U.S.C. §§ 8341, 8339, 8442, and 8445.—These statutes were amended to provide that a survivor annuity of a former spouse who was married to a Federal employee for at least 30 years will not be terminated if, on or after January 1, 1995, the former spouse remarries before age 55.

d. Chapters 83 and 84 of title 5, United States Code.—These statutes were reviewed in connection with the "Federal Employees' Retirement System Open Enrollment Act of 1997," which established an open season during which individuals covered by the CSRS may elect coverage under FERS.

e. 5 U.S.C. § 5545.—The subcommittee reviewed this statute in connection with a provision in the appropriations act prohibiting the payment of Sunday premium pay unless an employee actually performed work on Sunday. The previous year's appropriation act

prohibited the payment of both Sunday premium pay and night differential pay to an employee who did not perform work during the appropriate period. This year's House bill proposed to relax the prohibition on night differentials for individuals who have been performing night work for a period of 26 weeks or more. However, the conference agreement permits the payment of night differentials in the absence of work.

9. Statutes reviewed in connection with the "Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1998," Public Law 105–119

a. Chapters 43, 47, 51, and 53 of title 5, United States Code.—These statutes were reviewed in connection with the limited authority provided by section 122 of the act to the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco and Firearms, the U.S. Customs Service, and the U.S. Secret Service to adopt alternative personnel management systems covering certain positions. The FBI may exercise its authority to establish for 3 years an alternative system to cover not more than 3,000 non-Special Agent employees to fill critical scientific, technical, engineering, intelligence analyst, language translator, and medical positions. The Secretary of the Treasury may establish a 3-year demonstration project, covering not more than 950 employees, who fill the same positions in the other agencies.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

1. District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93–198.

An act to reorganize the government structure of the District of Columbia, to provide a charter for local government in the District of Columbia, to provide a charter for local government in the District of Columbia subject to acceptance of the majority of the registered qualified electors in the District of Columbia, to delegate certain legislative powers to the local government, to implement certain recommendations of the commission on the organization of the government of the District of Columbia, and for other purposes.

2. District of Columbia Financial Responsibility and Management Assistance Act, Public Law 104–8.

To eliminate budget deficits and management inefficiencies in the government of the District of Columbia through the establishment of the District of Columbia Financial Responsibility and Management Assistance Authority, and for other purposes. (See II., Investigations, B.)

3. Balanced Budget Act of 1997, Public Law 105–33, Title XI.

"National Capital Revitalization and Self-Government Improvement Act of 1997." (See part III., Legislation, A.)

COUNCIL ACTS TRANSMITTED IN 1997 AND BECAME LAW IN 1997

1. Jan. 10, 1997—Act 11–310, "Rhema Christian Center Property Tax Relief Act of 1996." To provide equitable real property tax relief to the Rhema Christian Center, a tax-exempt religious organi-

zation. Act 11–310 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4357) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–164, effective April 9, 1997.

2. Jan. 10, 1997—Act 11–311, "Simpson-Hemline United Methodist Church Property Tax Relief Act of 1996." To provide equitable real property tax relief to the Simpson-Hemline United Methodist Church. Act 11–311 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4359) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–165, effective April 9, 1997.

3. Jan. 10, 1997—Act 11–312, "Holy Comforter Episcopal Church, Saint Andrew Parish Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to the Holy Comforter Episcopal Church, Saint Andrew Parish. To provide equitable real property tax relief to Holy Comforter Episcopal Church, a tax-exempt religious organization. Act 11–312 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4361) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–166, effective April 9, 1997.

4. Jan. 10, 1997—Act 11–314, "St. Matthew's Evangelical Lutheran Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to St. Matthew's Evangelical Lutheran, a tax-exempt religious organization. Act 11–314 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4365) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–167, effective April 9, 1997.

5. Jan. 10, 1997—Act 11–315, "Upper Room Baptist Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to Upper Room Baptist Church, a tax-exempt religious organization. Act 11–315 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4367) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–168, effective April 9, 1997.

6. Jan. 10, 1997—Act 11–316, "Commission on Mental Health Services Psychologists Protection Amendment Act of 1996." To amend the District of Columbia Employee Non-Liability Act to provide for the indemnification of psychologists in certain circumstances. Act 11–316 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4478) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–169, effective April 9, 1997.

7. Jan. 10, 1997—Act 11–317, "Child Support Enforcement Amendment Act of 1996." To amend the District of Columbia Child Support Enforcement Amendment Act of 1985 to require the court to base findings of good cause not to impose immediate withholding of earnings or income for child support on a written determination that immediate withholding is not in the best interest of the child,

and, in cases where support orders are being modified, to also require proof of timely payment of previously ordered child support; to require child support court orders to include a provision that directs absent parents to keep the IV–D Program informed of the parent's health insurance coverage and policy information; to require the court to issue to the absent parent advance notice of intent to impose wage withholding in cases where wages are not subject to immediate withholding; to require the court to issue to employers a notice to withhold within 15 calendar days of the date of the support order in the case of immediate withholding; and to establish notice requirements consistent with Federal law in interstate withholding cases where the District of Columbia is the initiating or responding state. Act 11–317 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4480) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–170, effective April 9, 1997.

8. Jan. 10, 1997—Act 11–318, "Community Development Corporation Money Lender License Tax Exemption Amendment Act of 1996." To amend an act to regulate the business of loaning money on security of any kind by person, firms, and corporations other than national banks, licensed banker, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia to authorize the Mayor to waive certain bonding requirements and to exempt certain community development corporations acting as money lenders from the money lender license tax. Retransmitted. Act 11–318 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4484) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–171, effective April 9, 1997.

9. Jan. 10, 1997—Act 11–320, "Early Intervention Services Sliding Fee Scale Establishment Act of 1996." To establish a program to provide early intervention services designed to meet the developmental needs of infants and toddlers, from birth through 2 years of age and their families, and to require the Mayor to establish a sliding fee scale for early intervention services based on the income of eligible families. Act 11–320 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4491) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–172, effective April 9, 1997.

10. Jan. 10, 1997—Act 11–321, "Anti-Loitering/Drug Free Zone Act of 1996." To authorize the Chief of the Metropolitan Police Department to determine and declare a drug enforcement zone and to prohibit the congregation of two or more persons on public space on public property, for the purpose of participating in the use, purchase, or sale of illegal drugs, within the perimeter of the drug enforcement zone. Act 11–321 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4493) and transmitted to Congress on January 10, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–270, effective June 3, 1997.

11. Jan. 10, 1997—Act 11–322, "Expulsion of Students Who Bring Weapons Into Public Schools Temporary Act of 1996." To require, on a temporary basis, the expulsion, for not less than 1 year, of any student who brings a weapon into a District of Columbia public school, absent extenuating circumstances as determined on a case-by-case basis by the Superintendent of Schools, and consistent with the Individuals With Disabilities Education Act. Act 11–322 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4497) and transmitted to Congress on January 10, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect Congress not having disapproved, this act became D.C. Law 11–173, effective April 9, 1997.

12. Jan. 10, 1997—Act 11–323, "Expulsion of Students Who Bring Weapons Into Public Schools Act of 1996." To require the expulsion, for not less than 1 year, of any student who brings a weapon into a District of Columbia public school, absent extenuating circumstances, as determined on a case-by-case basis by the Superintendent of Schools, and consistent with the Individuals With disabilities Education Act. Act 11–323 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4500) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–174, effective April 9, 1997.

13. Jan. 10, 1997—Act 11–325, "Free Clinic Assistance Program Extension Amendment Act of 1996." To amend the Free Clinic Assistance Program Act of 1986 to extend the life of the Program until September 23, 2001. Act 11–325 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4371) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–175, effective April 9, 1997.

14. Jan. 10, 1997—Act 11–326, "Abatement of Controlled Dangerous Substances Nuisance Amendment Act of 1996." To amend the Residential Drug-Related Evictions Amendment Act of 1990 to authorize the Corporation Counsel, civic association, or community association within whose boundary the nuisance is located to bring a civil action to abate a nuisance of controlled dangerous substances located on privately owned residential property. Act 11–326 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4234) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–176, effective April 9, 1997.

15. Jan. 10, 1997—Act 11–327, "Vending Site Lottery Assignment Act of 1996." To amend the District of Columbia Municipal Regulations to authorize the Metropolitan Police Department to designate vending sites and assign them by lottery, and to require the Mayor to attempt to designate additional vending spaces to replace vending spaces that have been eliminated as a result of recent Federal measure to increase the security of the White House Complex and the Federal Bureau of Investigation headquarters. Act 11–327 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4238) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–177, effective April 9, 1997.

16. Jan. 10, 1997—Act 11–328, "Bicyclist Responsibility Regulation Amendment Act of 1996." To amend chapter 12 of title 18 of the District of Columbia Municipal Regulations to clarify the rights and duties of bicyclists. Act 11–328 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4240) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–178, effective April 9, 1997.

17. Jan. 10. 1997—Act 11–329, "Juvenile Detention and Speedy Trial Act of 1996." To amend title 16 of the District of Columbia Code to limit the length of time a juvenile remains in secure detention. Act 11–329 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4243) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–179, effective April 9, 1997.

18. Jan 10, 1997—Act 11–331, "Establishment of the John A. Wilson Building Foundation Act of 1996." To establish the John A. Wilson Building foundation, a nonprofit corporation, for the purpose of developing long-term plans for the use of the Wilson Building and to develop long-range fundraising plans to pay for the renovation of the Wilson Building. Act 11–331 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4246) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–180, effective April 9, 1997.

19. Jan. 10, 1997—Act 11–332, "Nonprofit Corporation Two-Year Report Amendment Act of 1996." To amend the District of Columbia Nonprofit Corporation Act to provide for the filing of a 2-year report instead of a 5-year report, to change the normal filing date from April 15th to January 15th effective January 15, 1998, and to add certain fees. Act 11–332 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4503) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–181, effective April 9, 1997.

20. Jan. 10, 1997—Act 11–333, "District of Columbia Income and Franchise Tax Act of 1947 Conformity Amendment Act of 1996." To amend the District of Columbia Income and Franchise Tax Act of 1947 to provide for greater conformity with Federal income tax law. Act 11–333 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4251) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–182, effective April 9, 1997.

21. Jan. 10, 1997—Act 11–334, "Comprehensive Merit Personnel Act Health And Life Insurance Clarification Amendment Temporary Act of 1996." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to clarify eligibility for continuation of health and life benefits for certain employees of the District government first employed after September 30, 1987. Act 11–334 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4253) and transmitted to Congress on January 10, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–183, effective April 9, 1997.

22. Jan. 13, 1997—Act 11–337, "Highway Trust Fund Establishment Act and the Water and Sewer Authority Amendment Act of 1996." To establish the District of Columbia Highway Trust Fund to comply with the requirement for the creation of a dedicated highway fund mandated by the District of Columbia Emergency Highway Relief Act, to require the Mayor to deposit into the fund an amount equivalent to revenue received from the motor vehicle fuel tax and associated fees and fines; to amend the Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996 to add one additional board member, to improve the Authority's bond rating, and to clarify the Authority's relationship to the District government. Act 11–337 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4265) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–184, effective April 9, 1997.

23. Jan. 13, 1997—Act 11–338, "Business Corporation Two-Year Report Amendment Act of 1996." To amend the District of Columbia Business Corporation Act of 1954 to provide for the filing of a 2-year report instead of a 5-year report, and to make conforming amendments to the sections governing a proclamation of revocation. Act 11–338 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4510) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–185, effective April 9, 1997.

24. Jan. 13, 1997—Act 11–339, "Fire Code Amendment Act of 1996." To amend the District of Columbia Fire Prevention Code and the District of Columbia Building Code to permit District of Columbia public schools to permanently close certain exit doors. Act 11–339 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4513) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–186, effective April 9, 1997.

25. Jan. 13, 1997—Act 11–340, "Alcoholic Beverage Underage Penalties Amendment Act of 1996." To amend the District of Columbia Alcoholic Beverage Control Act to provide for criminal and civil penalties for misrepresentation of age or purchase, possession, or consumption of alcoholic beverage by persons under 21 years of age. Act 11–340 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4515) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–187, effective April 9, 1997.

26. Jan. 15, 1997—Act 11–341, "District of Columbia Employee Vatical Settlement Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to provide authority for the offering of Vatical settlements to terminally ill employees and former employees enrolled in the District of Columbia Group Life Insurance Program. Act 11–341 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4273) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–188, effective April 9, 1997.

27. Jan. 13, 1997—Act 11–342, "International Registration Plan Agreement Temporary Amendment Act of 1996." To provide, on an temporary basis, for membership in the International Registration Plan pursuant to the Federally mandated reciprocal requirements of 49 U.S.C. § 31704. Act 11–342 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4275) and transmitted to Congress on January 13, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–189, effective April 9, 1997.

28. Jan. 31, 1997—Act 11–343, "Council Contract Approval Modification Temporary Amendment Act of 1995 Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Procurement Practices Act of 1985 to establish additional criteria for Council review and approval of contracts for expenditures in excess of $1 million during a 12-month period, and to further expedite the review and approval of Federal-aid highway contracts. Act 11–343 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4279) and transmitted to Congress on January 31, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–190, effective April 9, 1997.

29. Jan. 13, 1997—Act 11–347, "Health Services Planning Program Re-establishment Act of 1996." To re-establish a health services planning and certificate of need regulatory program in the District of Columbia. Act 11–347 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4535) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–191, effective April 9, 1997.

30. Jan. 23 1997—Act 11–348, "Emergency Assistance Clarification Amendment Act of 1996." To amend the District of Columbia Right to Overnight Shelter Act of 1984 and the District of Columbia Public Assistance Act of 1982 to clarify the circumstances under which the District of Columbia government claims Federal financial participation. Act 11–348 was published in the August 9, 1996, edition of the D.C. Register (Vol. 43 page 4285) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–192, effective April 9, 1997.

31. Jan. 13, 1997—Act 11–349, "Oak Hill Youth Center Educational Contracting Temporary Act of 1996." To provide, on an temporary basis, that the Mayor may contract for services to operate an education program at the Oak Hill Youth Center without adhering to the District's procurement laws and to establish procedures for the contracting of such services. Act 11–349 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4373) and transmitted to Congress on January 13, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–193, effective April 9, 1997.

32. Jan. 13, 1997—Act 11–354, "Board of Real Property Assessments and Appeals Membership Qualification Act of 1996." To

amend the District of Columbia Real Property Tax Act Revision Act of 1974 to require numerical diversity in the requirements for membership on the Board of Real Property Assessments and Appeals. Act 11–354 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4557) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–194, effective April 9, 1997.

33. Jan. 13, 1997—Act 11–355, "Holy Comforter-Saint Cyprian Roman Catholic Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to Holy Comforter-Saint Cyprian Roman Catholic Church, a tax-exempt religious organization. Act 11–355 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4559) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–195, effective April 9, 1997.

34. Jan. 13 1997—Act 11–358, "Extension of the Moratorium on Retail Service Station Conversions and the Gas Station Advisory Board Amendment Act of 1996." To amend the Retail Service Station Act of 1976 to extend the moratorium on the conversion of full service retail service stations to limited service retail stations until October 1, 1999, to extend the life of the Gas Station Advisory Board, and to modify the petition for exemption process. Act 11–358 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4564) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–196, effective April 9, 1997.

35. Jan. 13, 1997—Act 11–359, "Housing Finance Agency Loan Forgiveness Amendment Act of 1996." To amend the District of Columbia Housing Finance Agency Act to provide that the District of Columbia Housing Finance Agency's loan, advanced from the General Fund to cover the operating and program expense of the Agency from 1980 to 1992, be forgiven. Act 11–359 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4567) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–197, effective April 9, 1997.

36. Jan. 13, 1997—Act 11–360, "Fiscal Year 1997 Budget Support Act of 1996." To amend the District of Columbia Real Estate Deed Recordation Tax Act to require that the amount of recordation tax be based on the higher of the assessed value or the sales price of the deed and other amendments. Act 11–360 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4569) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–198, effective April 9, 1997.

37. Jan. 13, 1997—Act 11–361, "Adjustment Process for Nonviolent Juvenile Offenders and Parent Participation in Court-Ordered Act of 1996." To amend title 16 of the District of Columbia Code to provide for an alternative to adjudication for juveniles charged with certain nonviolent offenses and to authorize the court to hold parents and guardians in contempt for not participating in a court-ordered proceeding or program. Act 11–361 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page

4385) and transmitted to Congress on January 13, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–199, effective April 9, 1997.

38. Jan. 23, 1997—Act 11–362, "Commercial Counterfeiting Criminalization Act of 1996." To prohibit counterfeiting of trademarks, service marks, or other intellectual property, permit the seizure of counterfeit intellectual property and personal property used in the manufacture of counterfeit property, and prohibit the knowing possession of material for the reproduction of counterfeit intellectual property. Act 11–362 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 4585) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–271, effective June 3, 1997.

39. Jan. 13, 1997—Act 11–363, "Modified Reduction-in-Force Temporary Amendment Act of 1996." To amend on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to modify the reduction-in-force procedures to allow only one round of lateral bumping within a competitive level, to set a deadline of February 1, 1997, for personnel authorities to make final decisions on the identification of positions to be abolished through a reduction-in-force to add 5 years to creditable service for District residency for purposes of a reduction-in-force, and to require the Mayor to submit to the Council by March 1, 1997, a list of positions to be abolished through a reduction-in-force. Act 11–363 was published in the August 23, 1996, edition of the D.C. Register (Vol. 43 page 5427) and transmitted to Congress on January 13, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–200, effective April 9, 1997.

40. Jan. 15, 1997—Act 11–364, "Boating While Intoxicated Temporary Act of 1996." To prohibit, on a temporary basis, the operation of any watercraft while under the influence of, or intoxicated by, alcohol or any controlled substance. Act 11–364 was published in the August 16, 1996, edition of the D.C. Register (Vol. 43 page 4390) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–201, effective April 9, 1997.

41. Jan. 15, 1997—Act 11–367, "Medicare Supplement Insurance Minimum Standards Amendment Act of 1996." To amend the Medicare Supplement Insurance Minimum Standards Act of 1992 in order to implement requirements of the Medicare supplement minimum standards as mandated by the Social Security Act Amendments of 1994. These changes to the regulatory programs will ensure that the District of Columbia maintains approval as meeting minimum Federal standards. Act 11–367 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6054) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–202, effective April 9, 1997.

42. Jan. 15, 1997—Act 11–370, "Closing of Public Alleys and Abandonment and Establishment of Easements in Square 878, S.O. 95–38, Act of 1996." To order the closing of public alleys and aban-

donment and establishment of easements in Square 878, bounded by I Street, SE, 6th Street, SE, and 7th Street, SE, in ward 6. Act 11–370 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4670) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–203, effective April 9, 1997.

43. March 27, 1997—Act 11–371, "Lottery Games Amendment Act of 1996." To amend the law to legalize lotteries, daily numbers games, and bingo and raffles for charitable purposes in the District of Columbia to permit Maryland lottery advertising in the District on a reciprocal basis and to clarify that lottery ticket receipts are held in trust by lottery sales agents until transferred to the Lottery Board. Act 11–371 was published in the January 15, 1997, edition of the D.C. Register (Vol. 43 page 4672) and transmitted to Congress on March 27, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–272, effective June 3, 1997.

44. Jan. 15, 1997—Act 11–372, "Testing of District Government Drivers of Commercial Motor Vehicles for Alcohol and Controlled Substances Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to authorize and require that District employees and candidates for employment with the District government who need to have a commercial driver's license, as a condition of employment, be tested for the use of alcohol and controlled substances. Act 11–372 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4674) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–204, effective April 9, 1997.

45. Jan. 15, 1997—Act 11–374, "Public Assistance Fair Hearing Procedures Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Public Assistance Act of 1982 to change the requirement that a verbatim written transcript be prepared for every fair hearing and to require recorded testimony instead, and to authorize transcripts when requested by a claimant, if ordered by the hearing officer or for purposes of judicial review, with costs of transcription to be borne by the Mayor. Act 11–374 was published in the September 13, 1996, edition of the D.C. Register (Vol. 43 page 4935) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–205, effective April 9, 1997.

46. Jan. 15, 1997—Act 11–378, "Paternity Acknowledgment and Gas Station Advisory Board Re-establishment Temporary Act of 1996." To amend, on a temporary basis, chapter 9 of title 16 of the District of Columbia Code to require each public and private birthing hospital in the District of Columbia to operate a hospital-based program that provides services to facilitate the voluntary acknowledgment of paternity immediately before and after the birth of a child to an unmarried woman, to require each birthing hospital to transmit completed voluntary acknowledgment of paternity forms to the Mayor, and to require the Mayor to provide to the staff of

each birthing hospital the forms, materials, and training required to operate the program; and to amend the Retail Service Station Act of 1976 to re-establish the Gas Station Advisory Board. Act 11–378 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4684) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–206, effective April 9, 1997.

47. Jan. 15, 1997—Act 11–380, "Real Property Tax Reassessment Temporary Act of 1996." To extend, on a temporary basis, time deadlines in the District of Columbia Real Property tax revision Act of 1974 for the assessment of class 1 and class 2 real property for the tax year 1997, to extend the time for the appeal of a real property tax assessment for the tax year 1997, to provide that the latest assessment shall be considered the final assessment for purposes of appeal, and to increase the limit on the compensation of the members of the Board of Real Property Assessments and Appeals for the District of Columbia. Act 11–380 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4691) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–207, effective April 9, 1997.

48. Jan. 23, 1997—Act 11–381, "District of Columbia Housing Authority Police Temporary Amendment Act of 1996." To amend, on a temporary basis, the District of Columbia Housing Authority Act of 1994 to create a public housing police force. Act 11–381 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4695) and transmitted to Congress on January 23, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–208, effective April 9, 1997.

49. Jan. 15, 1997—Act 11–384, "Preservation of Residential Neighborhoods Against Nuisances Temporary Act of 1996." To deem, on a temporary basis, that new restaurants in any residentially zoned area within the boundaries of the Georgetown Historic District that engage in carry out or delivery services that comprise more than 5 percent of their business operations constitute a public nuisance. Act 11–384 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4700) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–209, effective April 9, 1997.

50. Jan 15. 1997—Act 11–386, "Cable Television Franchise Amendment Act of 1996." To amend the Cable Television Communications Act of 1981 to establish a procedure to award additional cable service franchises. Act 11–386 was published in the August 30, 1996, edition of the D.C. Register (Vol. 43 page 4700) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–210, effective April 9, 1997.

51. Jan. 15, 1997—Act 11–387, "Closing of a Public Alley in Square 375, S.O. 95–54, Act of 1996." To order the closing of a pub-

lic alley in Square 375, bounded by H Street, NW, 9th Street, NW, G Place, NW, and 10th Street, NW, in ward 2.

52. Jan. 15, 1997—Act 11–389, "Health and Hospitals Public Benefit Corporation Act of 1996." To establish a public benefit corporation to be known as the District of Columbia Health and Hospitals Public Benefit Corp. to provide comprehensive community centered health care to residents of the district and assume the functions and personnel responsibilities of the D.C. General Hospital and the Commission on Public Health community clinics. Act 11–392 was published in the September 13, 1996, edition of the D.C. Register (Vol. 43 page 4992) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–214, effective April 9, 1997.

53. Jan. 15, 1997—Act 11–391, "Drug Paraphernalia Amendment Act of 1996." To amend the Drug Paraphernalia Act of 1982 by including glassy bags and zip-lock bags of certain sizes within the definition of "drug paraphernalia", creating an inference that glassy bags and zip lock bags of certain sizes sold by a commercial establishment are drug paraphernalia, and requiring the license and certification of occupancy for the commercial establishment be suspended upon conviction. Act 11–391 was published in the September 13, 1996, edition of the D.C. Register (Vol. 43 page 4990) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–213, effective April 9, 1997.

54. Jan 15, 1997—Act 11–392, "Reorganization Plan No. 5 for the Department of Human Services and Department of Corrections Temporary Act of 1996." To reorganize on a temporary basis, the Department of Human Services to transfer the Bureau of Correctional Services from the Department of Human Services to the Department of Corrections. Act 11–392 was published in the September 13, 1996, edition of the D.C. Register (Vol. 43 page 4992) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–214, effective April 9, 1997.

55. Jan. 15, 1997—Act 11–413, "Oyster Elementary School Modernization and Development Project Temporary Act of 1996." To provide, on a temporary basis, authorization to modernize the James F. Oyster Elementary School, to privately develop a portion of the Oyster School site, and to fund the improvements to Oyster School and other public school facilities through payments in lieu of taxes on the privately developed portion of the Oyster School site. Act 11–413 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6070) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–215, effective April 9, 1997.

56. Jan. 15, 1997—Act 11–414, "Economic Recovery Conformity Temporary Act of 1996." To prohibit, on a temporary basis, the increase in the individual income tax, the sales and use tax, and real property tax rates contingent on the enactment of an act of Congress which would reduce the percentage of Federal income tax ap-

plicable solely to residents of the District of Columbia under the Internal Revenue Code of 1986. Act 11–414 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6074) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–216, effective April 9, 1997.

57. Jan. 15, 1997—Act 11–415, "Real Property Tax Rates for Tax Year 1997 Temporary Amendment Act of 1996." Act 11–415 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6076) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–217, effective April 9, 1997.

58. Jan. 15, 1997—Act 11–431, "Zero Tolerance for Guns Amendment Act of 1996." To amend the Firearms Control Regulations Act of 1975 to provide for civil forfeiture for weapons offenses; title 23 of the District of Columbia Code to permit pretrial detention for individuals charged with weapons offenses and individuals who pose a risk of flight or other serious risk; and the District of Columbia Work Release Act to permit the director of the Department of Corrections to grant work release and to increase the fine and days of incarceration for violations of work release plans. Act 11–431 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6168) and transmitted to Congress on January 15, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–273, effective June 3, 1997.

59. Jan. 15, 1997—Act 11–432, "New Hires Police Officers, Fire Fighter, and Teachers Pension Modification Amendment Act of 1996." Act 11–414 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6172) and transmitted to Congress on January 15, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–218, effective April 9, 1997.

60. Jan. 15, 1997—Act 11–433, "BNA Washington Inc., Real Property Tax Deferral Temporary Amendment Act of 1996." To amend, on an temporary basis, the real property tax deferral procedure to provide for the deferral of real property taxes on certain real property. Act 11–433 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6176) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–219, effective April 9, 1997.

61. Jan. 15, 1997—Act 11–434, "District of Columbia Moratorium on the 1997 Real Property Assessments for Real Property Tax year 1998 Temporary Amendment Act of 1996." Act 11–434 was published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6181) and transmitted to Congress on January 15, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–220, effective April 9, 1997.

62. Jan. 23, 1997—Act 11–438, "Lead-Based Paint Abatement and Control Act of 1996." To establish a program to reduce, elimi-

nate, and abate lead-based paint hazards in the District of Columbia Act 11–438 was published in the December 27, 1997, edition of the D.C. Register (Vol. 43 page 6854) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–221, effective April 9, 1997.

63. Jan. 23, 1997—Act 11–441, "Real Property Tax Rates for Tax Year 1997 Amendment Act of 1996." To amend the District of Columbia Real Property Tax Revision Act of 1974 to establish real property tax rates and the real property special tax rates for real property tax year 1997 and to update reports adopted by the Council. Act 11–441 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 108) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–222, effective April 9, 1997.

64. Jan. 23, 1997—Act 11–442, "District of Columbia Moratorium on the 1997 Real Property Assessments for Real Property Tax Year 1998 Amendment Act of 1996." To amend the District of Columbia Real Property Tax Revision Act of 1974 to provide that the Mayor shall publish in the District of Columbia Register the proposed 1997 real property tax rate son the third Friday following the date 1997 real property assessment roll is certified and to provide that the assessed value of all real property located in the District of Columbia for real property tax year 1998 shall be the assessed value for real property tax year 1997 and the valuation date for real property tax year 1998 real property assessments shall be January 1, 1997. Act 11–442 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 111) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–223, effective April 9, 1997.

65. Jan. 23, 1997—Act 11–443, "Tax Revision Commission Establishment Temporary Amendment Act of 1996." To amend, on a temporary basis, the Tax Revision Commission Establishment Act of 1996 to increase the number of members of the Commission. Act 11–443 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 114) and transmitted to Congress on January 23, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–224, effective April 9, 1997.

66. Jan. 23, 1997—Act 11–452, "Insurers' Records Access and Control Amendment Act of 1996." To amend the Law on Examinations Act of 1993 to clarify that an insurer may use reliable electronically stored data or other process which accurately reproduces or forms a durable medium for storing records and under what circumstances the original may be destroyed. Act 11–452 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 122) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–225, effective April 9, 1997.

67. Jan. 23, 1997—Act 11–453, "Fiscal Year 1997 Budget Temporary Act of 1996." To amend, on a temporary basis, the District of Columbia Real Property Tax Revision Act of 1974 to provide that real property assessments shall be made on a biennial basis. Act 11–453 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 124) and transmitted to Congress on Janu-

ary 23, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–226, effective April 9, 1997.

68. Jan. 23, 1997—Act 11–455, "Insurance Agents and Brokers Licensing Revision Act of 1996." To specify the qualifications and procedures for the licensing of insurance agents and insurance brokers in all lines of insurance. Act 11–455 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 140) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–227, effective April 9, 1997.

69. March 27, 1997—Act 11–458, "Initiative 51 Real Property Assessment and Tax Initiative of 1996." To allow any taxpayer to challenge tax assessments on the public's behalf, or to intervene in assessment appeals before the Board of Real Property Assessments and Appeals; require that all proceedings of the Board be held in public and that all information presented to the Board be publicly available; and establish a "Public Advocate" to represent the public interest before the Board and the courts on matters, including, but not limited to, property assessments; to conduct investigations; to appeal any assessments; and to advise the public of its rights under the tax laws. Act 11–458 was published in the December 27, 1996, edition of the D.C. Register (Vol. 43 page 6868) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–269, effective April 9, 1997.

70. Jan. 23, 1997—Act 11–460, "Eldebrooke United Methodist Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to Eldebrook Untied Methodist Church, a tax-exempt religious organization. Act 11–460 was published in the January 24, 1997, edition of the D.C. Register (Vol. 44 page 386) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–228 effective April 9, 1997.

71. Jan. 23, 1997—Act 11–461, "Chevy Chase Baptist Church Equitable Real Property Tax Relief Act of 1996." To provide equitable real property tax relief to Eldebrooke United Methodist Church, a tax-exempt religious organization. Act 11–461 was published in the January 24, 1997, edition of the D.C. Register (Vol. 44 page 388) and transmitted to Congress on January 23, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–229, effective April 9, 1997.

72. Jan. 23, 1997—Act 11–462, "Department of Corrections Criminal Background Investigation Authorization Temporary Act of 1996." To authorize, on a temporary basis, the director of the Department of Corrections to conduct criminal background investigations on all employees, including non-probationary employees, of the Department of Corrections. Act 11–462 was published in the January 23, 1997, edition of the D.C. Register (Vol. 44 page 390) and transmitted to Congress on January 23, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–230, effective April 9, 1997.

73. Jan. 23, 1997—Act 11–463, "Check Identification Fraud Prevention Temporary Amendment Act of 1996." To amend, on a temporary basis, the Use of Consumer Identification Information Act of 1991 to allow a person to request the display of a second form of identification such as a credit card or other form of identification. Act 11–463 was published in the January 24, 1997, edition of the D.C. Register (Vol. 44 page 392) and transmitted to Congress on January 24, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–231, effective April 9, 1997.

74. Jan. 24, 1997—Act 11–490, "Closing of Portions of 3rd Street, NW, and L Street, NW, Adjacent to Squares 525, 526, 556, and 558, SO 90–18, Act of 1996." To order the closing of portions of 3rd Street, NW, and L Street, NW, adjacent to Squares 525, 526, and 558, collectively bounded by New York Avenue, NW, New Jersey Avenue, NW, K Street, NW, and 4th Street, NW, in ward 2. Act 11–490 was published in the January 10, 1997, edition of the D.C. Register (Vol. 44 page 217) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–232, effective April 9, 1997.

75. Jan. 24, 1997—Act 11–493, "Risk-Based Capital Act of 1996." To enact a Model Risk-Based Capital Act for insurers and to protect the confidentiality of reports filed with the Insurance Administration by both property and casualty and life and health insurance companies. Act 11–493 was published in the February 14, 1997, edition of the D.C. Register (Vol. 44 page 765) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–233, effective April 9, 1997.

76. Jan. 24, 1997—Act 11–494, "Uniform Partnership Act of 1996." To enact the Revised Uniform Partnership Act in the District of Columbia. Act 11–494 was published in the February 14, 1997, edition of the D.C. Register (Vol. 44 page 777) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–234, effective April 9, 1997.

77. Jan. 31, 1997—Act 11–495, "Health Maintenance Organization Act of 1996." To set forth standards for the formation, operation, and regulation of Health maintenance Organizations in the District of Columbia. Act 11–495 was published in the February 14, 1997, edition of the D.C. Register (Vol. 44 page 818) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–235, effective April 9, 1997.

78. Jan. 24, 1997—Act 11–496, "Naming of Public Spaces Amendment Act of 1996." To amend the Street and Alley Closing and Acquisition Procedures Act of 1982 to permit symbolic naming of public spaces, to establish additional standards for naming public spaces, and to require payment of fees for the naming of public spaces. Act 11–496 was published in the February 21, 1997, edition of the D.C. Register (Vol. 44 page 917) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–236, effective April 9, 1997.

79. Jan. 24, 1997—Act 11–497, "Uniform Commercial Code Negotiable Instruments Amendment Act of 1996." To amend article 3 of the Uniform Commercial Code by adding a provision concerning lost, destroyed, or stolen cashier's checks, teller's checks, or certified checks. Act 11–497 was published in the February 21, 1997, edition of the D.C. Register (Vol. 44 page 920) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–237, effective April 9, 1997.

80. Jan. 24, 1997—Act 11–498, "Uniform Commercial Code—Letters of Credit Act of 1996." Act 11–498 was published in the February 21, 1997, edition of the D.C. Register (Vol. 44 page 923) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–238, effective April 9, 1997.

81. Jan. 31, 1997—Act 11–499, "Uniform Commercial Code—Bulk Sales Act of 1996." To revise article 6 of the Uniform Commercial Code and to make conforming amendments to articles 1 and 2. Act 11–499 was published in the February 21, 1997, edition of the D.C. Register (Vol. 44 page 936) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–239, effective April 9, 1997.

82. Jan. 24, 1997—Act 11–500, "Uniform Commercial Code Investment Securities Revision Act of 1996." To enact revised Article 8 of the Uniform Commercial code in the District of Columbia and to make conforming amendments to articles 1, 4, 5, 9, and 10. Act 11–500 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1087) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–240, effective April 9, 1997.

83. Jan. 24, 1997—Act 11–501, "Newborn Health Insurance Amendment Act of 1996." To require that all individual and group health insurance policies provide coverage for a minimum stay in a hospital or other birthing facility for a mother and child following the birth of a child, and for other purposes. Act 11–501 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1125) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–241, effective April 9, 1997.

84. Jan. 24, 1997—Act 11–502, "Real Estate Licensure Amendment Act of 1996." To amend the District of Columbia Real Estate Licensure Act of 1982 relating to the duties of real estate brokers, salespersons, and property managers. Act 11–502 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1128) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–242, effective April 9, 1997.

85. Jan. 24, 1997—Act 11–503, "Victims of Violent Crime Compensation." To establish a Crime Victims Compensation Program in the District of Columbia and to designate the administration of the program to the Superior Court of the District of Columbia. Act 11–503 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1142) and transmitted to Congress on Janu-

ary 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–243, effective April 9, 1997.

86. Jan. 24, 1997—Act 11–504, "Mandatory Use of Seat Belts Amendment Act of 1996." To amend the Mandatory Use of Seat Belts Act of 1985 to require the driver and all passengers in a motor vehicle to wear a properly adjusted and fastened safety belt while the driver is in control of the vehicle, to provide an exemption for passengers in a vehicle if all seating positions with seat belts in the vehicle are occupied by other persons, provided that the driver shall insure that children 16 years of age and under shall have preference to seating positions with seat belts, to provide for an enforcement date, to provide that efforts to educate the public about the requirements and purpose of this act shall be multi-lingual and in alternative formats, to increase the monetary fine for a violation, to provide for primary enforcement, to provide for the assessment of 2 points to the driving record of a driver found in violation, to make the driver of the vehicle, except the operator of a passenger vehicle for hire, responsible for ensuring that passengers comply with this act; to amend title 31 of the District of Columbia Municipal Regulations to establish a mandatory seatbelt usage signage requirement for passenger vehicles for hire; and to provide for a $100 fine for drivers of public vehicles for hire who fail to comply with the signage requirement. Act 11–504 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1155) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–244, effective April 9, 1997.

87. Jan. 24, 1997—Act 11–505, "Hospital and Medical Services Corporation Regulatory Act of 1996." Act 11–505 was published in the February 28, 1997, edition of the D.C. Register (Vol. 44 page 1158) and transmitted to Congress on January 24, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–245, effective April 9, 1997.

88. Jan. 31, 1997—Act 11–506, "Collateral Reform Temporary Amendment Act of 1996." To amend, on a temporary basis, title 18 of the District of Columbia Municipal Regulations to establish the amount of collateral to be paid by a person charged with failure to obey under 18 DCMR 2000.2 based upon the number of times the person has committed the offense. Act 11–506 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1223) and transmitted to Congress on January 31, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–246, effective April 9, 1997.

89. Jan. 30, 1997—Act 11–507, "Mortgage Lender and Broker Act of 1996 Time Extension Temporary Amendment Act of 1996." To amend, on a temporary basis, the Mortgage Lender and Broker Act of 1996 to extend the time for mortgage lenders and brokers to obtain a license and to allow the superintendent of the Office of Banking and Financial Institutions the authority, if necessary, to issue provisional licenses. Act 11–507 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1225) and transmitted to Congress on January 31, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Con-

gress not having disapproved, this act became D.C. Law 11–247, effective April 9, 1997.

90. Jan. 30, 1997—Act 11–510, "Sex Offender Registration Act of 1996." To establish a sex offender registration program in the District of Columbia that will operate in accordance with the recommendations of a newly created advisory council, and to provide for selective community disclosure of registration information that is relevant and necessary to protect the public and to counteract the assessed dangerousness of convicted sex offenders who have returned to the community. Act 11–510 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1232) and transmitted to Congress on January 31, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–274, effective June 3, 1997.

91. Jan. 31, 1997—Act 11–511, "Boating While Intoxicated Act of 1996." To prohibit the operation of any watercraft while under the influence of, or intoxicated by, alcohol or any controlled substance, to establish no-wake zones, and increase registration fees. Act 11–511 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1242) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–248, effective April 9, 1997.

92. Feb. 6, 1997—Act 11–512, "Recorder of Deeds Recordation Surcharge Amendment Act of 1996." Act 11–512 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1247) and transmitted to Congress on February 6, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–257, effective April 15, 1997

93. Jan. 31, 1997—Act 11–513, "Closing of a Public Alley in Square 107, S.O. 95–56, Act of 1996." To order the closing of a public alley in Square 107, bounded by K Street, NW, 19th Street, NW, L Street, NW, and 18th Street, NW, in ward 2. Act 11–513 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1251) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–249, effective April 9, 1997.

94. Jan. 31, 1997—Act 11–514, "BNA Washington, Inc., Real Property Tax Deferral Amendment Act of 1996." To amend the real property tax deferral procedure to provide for the deferral of real property taxes on certain real property. Act 11–514 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1253) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–250, effective April 9, 1997.

95. Jan. 31, 1997—Act 11–515, "Joseph H. Cole Fitness Center Designation Act of 1996." To rename the recreation center located at 1200 Morse Street, NE, presently known as the Wheatley Recreation Center, as the Joseph H. Cole Fitness Center. Act 11–515 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1259) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–251, effective April 9, 1997.

96. Jan. 31, 1997—Act 11–516, "Closing of a Portion of M Street, SW, Adjacent to Square 651, SO 95–239 Act of 1996." To order the

closing of a portion of M Street, SW and establishment of an easement, at the intersection of M Street, SW, and South Capitol Street, adjacent to Square 651, in ward 2. Act 11–516 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1260) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–252 effective April 9, 1997.

97. Jan. 31, 1997— Act 11–517, "Closing of a Portion of Ingraham Street, NE, and Public Alleys Adjacent to Squares 3700 and 3701, SO. 96–27, Act of 1996." To order the closing of a portion of Ingraham Street, NE, east of First Place, NE, and adjacent to Square 3700 and Square 3701, and the closing of a public alley between Ingraham Street, NE, and Lot 806 in Square 3700, in ward 5. Act 11–517 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1262) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–253, effective April 9, 1997.

98. Jan. 31, 1997—Act 11–518, "Title 47, D.C. Code Enactment Act of 1996." To enact and amend title 47 of the District of Columbia Code and District of Columbia Enactment Act of 1996. Act 11–518 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1264) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–253, effective April 9, 1997.

99. Jan. 31, 1997—Act 11–519, "Second Technical Amendments Act of 1996." To amend the District of Columbia Statehood Constitutional Convention Initiative Act of 1979 to correct a grammatical error; to amend the District of Columbia Comprehensive Plan Act of 1984 to correct a grammatical error. Act 11–519 was published in the March 7, 1997, edition of the D.C. Register (Vol. 44 page 1271) and transmitted to Congress on January 31, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–255, effective April 9, 1997.

100. Jan. 30, 1997—Act 11–520, "Second Criminal Code Technical Amendments Act of 1996." To amend an act to establish a code of law for the District of Columbia to correct a punctuation error and to delete extraneous language. Act 11–520 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1464) and transmitted to Congress on January 30, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–275, effective June 3, 1997.

101. Jan. 31, 1997—Act 11–521, "Air Pollution Control Temporary Amendment Act of 1996." To amend, on at temporary basis, the District of Columbia Air Pollution Control Act of 1984 to authorize the Mayor to issue or amend the air pollution control rules to implement the act. Act 11–521 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1414) and transmitted to Congress on January 31, 1997 for a 30-day review. Act 11–520 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1464) and transmitted to Congress on January 30, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–275, effective June 3, 1997.

102. Jan. 31, 1997—Act 11 523, "Correctional Treatment Facility Act of 1996." Act 11–523 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1416) and transmitted to Congress on January 31, 1997 for a 60-day review. Congress not having disapproved, this act became D.C. Law 11–276, effective June 3, 1997.

103. March 21, 1997—Act 11–524, "Department of Insurance and Securities Regulation Establishment Act of 1996." Act 11–524 was published in the March 28, 1997, edition of the D.C. Register (Vol. 44 page 1730) and transmitted to Congress on March 21, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–268, effective May 21, 1997.

104. Feb. 6, 1997—Act 11–525, "Alcohol Beverage Control Act Private Club Exception Amendment Act of 1996." Act 11–525 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1421) and transmitted to Congress on February 6, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–258, effective April 15, 1997.

105. Feb. 6, 1997—Act 11–526, "Procurement Reform Amendment Act of 1996." To amend an act to establish a code of law for the District of Columbia to establish a $5 surcharge to be collected at the time a document is submitted for recordation at the Recorder of Deeds: to amend an act providing for the expenses of the offices of the recorder of deeds and register of wills of the District of Columbia to provide that the funds generated by the surcharge shall be used exclusively to cover the costs of purchasing a state-of-the-art automated system at the Recorder of Deeds, maintaining the new computer system, training staff to implement and operate the new computer system and repairing an upgrading the infrastructure components at the Recorder of Deeds which are necessary and essential to meet its overall mission; to provide that the funds generated by the surcharge shall be deposited in a fund entitled the Recorder of Deeds Automation and Infrastructure Improvement Fund; to require the Mayor to make an annual budget request for the restricted use of the funds collected pursuant to this act; to amend the District of Columbia Income and Franchise Tax Act of 1947 to encourage the establishment of new business enterprises in the District of Columbia by enacting a deduction for dividends received by a corporation from a wholly-owned subsidiary after March 1, 1997; and to amend the District of Columbia Sales Tax Act to tax the sale of prepaid telephone calling card as the sale of tangible personal property, subject only to such taxes as are imposed on the sale or use of tangible personal property, even if no card has been issued. Act 11–526 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1423) and transmitted to Congress on February 6, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 11–259, effective April 15, 1997.

106. Feb. 25, 1997—Act 11–527, "Natural and Artificial Gas Gross Receipts Tax Temporary Amendment Act of 1997." Act 11–524 was published in the March 28, 1997, edition of the D.C. Register (Vol. 44 page 1452) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day

of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–260, effective April 25, 1997.

107. Feb. 25, 1997—Act 11–528, "Washington Metropolitan Area Transit Authority Safety Regulation Temporary Act of 1997." To regulate, on a temporary basis, the safety and security of the rail fixed guideway system operated by the Washington Metropolitan Area Transit Authority by creating and operating a joint entity among the District of Columbia, Commonwealth of Virginia, and the State of Maryland to oversee this regulation and by authorizing the Mayor of the District of Columbia to enter into and implement an agreement with Virginia and Maryland to achieve these purposes. Act 11–528 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1455) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–261, effective April 25, 1997.

108. Feb 25, 1997—Act 11–529, "Washington Convention Center Authority Act of 1994 Time Extension Temporary Amendment Act of 1997." To amend, on a temporary basis, the Washington Convention Center Authority Act of 1994 to change the time in which the Authority has to submit final financial requirements and a feasibility analysis to the Mayor and the Council. Act 11–529 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1460) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–262, effective April 25, 1997.

109. Feb. 25, 1997—Act 11–530, "Designation of Excepted Services Positions Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978, to increase, to a total of 200 the number of all positions under the Mayor's authority and the number of Excepted Service employees that the Mayor may appoint to subordinate agencies, to allocate up to 40 of the positions subject to appointment by the Mayor to the Office of the Inspector General and, during a Control year up to 20 positions to the Office of the Chief Financial Officer, and to repeal the requirement that lists of Excepted Service positions and incumbents in those positions be published in the District of Columbia Register. Act 11–530 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1462) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–263, effective April 25, 1997.

110. Feb 25, 1997—Act 11–531, "Supplemental Security Income Payment Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Public Assistance Act of 1982 to eliminate the supplement to the Federal Supplemental Security Income payment for District residents who live independently and re-direct the supplemental payment to persons who receive the Supplemental Security Income benefits and who live in community residential facilities; and to codify the current special living arrangement rates that have been established by rule. Act

11–531 was published in the March 14, 1997, edition of the D.C. Register (Vol. 44 page 1464) and transmitted to Congress on February 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–264, effective April 25, 1997.

111. Feb 25, 1997—Act 11–532, "Cooperative Association Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Cooperative Association Act to permit regular corporations to become members of an association formed under that act; to apply some sections of the District of Columbia Business Corporation Act to associations formed under the District of Columbia Cooperative Association Act; to permit a trade association representing cooperative organizations to use the word "cooperative" in its name; and to amend the D.C. Nonprofit Corporation Act to permit nonprofit cooperatives to be organized under the act. Act 11–532 was published in the March, 14, 1997, edition of the D.C. Register (Vol. 44 page 1467) and transmitted to Congress on February 25, 1997 for 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–265, effective April 25, 1997.

112. March 6, 1997—Act 11–533, "Unemployment Compensation Federal Conformity Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Unemployment Compensation Act to conform with the Federal requirement to permit the withholding of Federal income taxes from unemployment compensation benefits at the request of the claimant. Act 11–533 was published in the March 21, 1997, edition of the D.C. Register (Vol. 44 page 1576) and transmitted to Congress on March 6, 1997 for 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–266, effective May 7, 1997.

113. March 6, 1997—Act 11–534, "Equal Opportunity for Local, Small and Disadvantaged Business Enterprises Temporary Act of 1997." To establish new size standards for small business enterprise categories, require an assessment every 3 years of the continued need for the local, small, and disadvantage programs, establish a 2 tier set-aside program for small business enterprises, establish affiliated interest standards for small and disadvantaged business enterprises, and to amend the Minority Contracting Act of 1976 to authorize board members participation at Minority Business Opportunity Commission meetings by conference telephone. Act 11–534 was published in the March 21, 1997, edition of the D.C. Register (Vol. 44 page 1579) and transmitted to Congress on March 6, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 11–267, effective May 7, 1997.

114. March 6, 1997—Act 12–5, "General Obligation Note Act of 1997." This act authorizes the issuance of general obligation notes of the District of Colombia for the purposes of financing certain appropriations for which unappropriated revenues are not available. Act 12–5 was published in the March 14, 1996, edition of the D.C. Register (Vol. 44 page 1469) and transmitted to Congress on March

6, 1997 for 30-day review. Congress not having disapproved, this act became D.C. Law 12–1, effective May 7, 1997.

115. March 6, 1997—Act 12–15, "District of Columbia Unemployment Compensation Tax Stabilization Temporary Amendment Act of 1997." The purpose of the act is to amend, on a temporary basis, the District of Colombia Unemployment Compensation Act to reduce the taxable wage base, lower the maximum weekly benefit amount, and eliminate the dependent's allowance. Act 12–15 was published in the March 28, 1996, edition of the D.C. Register (Vol. 44 page 1751) and transmitted to Congress on March 6, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–2, effective May 7, 1997.

116. April 8, 1997—Act 12–45, "Mortgage Lender and Broker Act of 1996 Temporary Amendment of 1997." To amend, on a temporary basis, the Mortgage Lender and Broker Act of 1996 to clarify certain requirements of the act and to conform certain definitions to Federal law; the District of Columbia Real Estate Licensure Act of 1982 to exempt mortgage brokers and lenders from the requirements of the act; and an act to regulate the business of loaning money on security of any kind by persons, firms, or corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia to add certain exemptions. Act 12–45 was published in the March 28, 1996, edition of the D.C. Register (Vol. 44 page 2098) and transmitted to Congress on April 8, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–3, effective May 23, 1997.

117. April 8, 1997—Act 12–46, "Fiscal Year 1997 Budget Support Temporary Amendment Act of 1997." To amend, on a temporary basis, the fiscal year 1997 budget support tax of 1996 to repeal the requirement that deed recordation tax and transfer taxes be based on the higher of the assessed value of the sale price of the deed, to repeal the requirement the employees file returns for withholdings on a quarterly basis, to repeal the requirement that returns for gross receipt taxes and toll telecommunication service taxes be made on a quarterly basis, and to repeal the requirement that all requests for proposals for public schools include a clause giving the schools the option to accept contracted services or to receive funds representing their proportionate share of the costs for contracted services. Act 12–46 was published in the April 8, 1996, edition of the D.C. Register (Vol. 44 page 2101) and transmitted to Congress on April 8, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–4, effective June 5, 1997.

118. April 17, 1997—Act 12–61, "Tenant Representative Services Lease Negotiation and Review Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Revenue Act of 1970 to expedite Council review of new leases or renewals as existing leases where the District is a tenant and the Mayor is obligated to expend funds for construction or alteration of tenant improvements in excess on $1 million or average annual

gross rental in excess of $1 million over the lease period, and to allow the direct negotiation of new leases or renewals of existing leases where the District represented by a duly licensed private sector commercial real estate broker. Act 12–61 was published in the April 25, 1997, edition of the D.C. Register (Vol. 44 page 2410) and transmitted to Congress on April 17, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–5, effective June 5, 1997.

119. April 17, 1997—Act 12–63, "District of Columbia Taxicab Commission Establishment Act of 1985 Temporary Amendment Act of 1997." To amend on a temporary basis, the District of Columbia Taxicab Commission Establishment Act of 1985 to authorize hearing examiners to hear and decide complaints against taxicab owners, operators, companies, associations, fleets, and radio dispatch operations. Act 12–63 was published in the April 25, 1997, edition of the D.C. Register (Vol. 44 page 2432) and transmitted to Congress on April 17, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–6, effective June 5, 1997.

120. June 11, 1997—Act 12–79, "Public Assistance Temporary Amendment Act of 1997." To amend on a temporary basis, the District of Columbia Public Assistance Act of 1982 to comply with provisions of the Personal Responsibility and Work Opportunity Act of 1996, Public Law 104–193, by repealing the Aid to Families with Dependent Children Program, establishing the Temporary Assistance to Needy Families as a non entitlement program of assistance, and making the following conforming amendments: (1) imposing a time limit for receipt of benefits under TANF; (2) revising certain eligibility requirements related to children absent from the home; (3) revising the duty to assign child support rights while on assistance; (4) defining the duty to cooperate in pursuing child support; (5) defining the "good cause" exception to the cooperation requirement; (6) establishing alien eligibility for TANF and Medicaid; (7) extending the current payment level and amount of assistance; (8) revising the living at home requirements for pregnant and parenting teens; (9) broadening the application of the school attendance provisions of the Demonstration Project for pregnant and parenting teens; (10) denying assistance to recipients engaging in certain kinds of fraud, fugitive felons, and parole violators; (11) making technical amendments to reflect the termination of the pass-through of the first $50 of child support; and, (12) establishing confidentiality provisions; and to amend an act to enable the District of Columbia to receive Federal financial assistance until title XIX of the Social Security Act for a medical assistance program, and for other purposes to make conforming changes to the Medicaid law. Act 12–79, was published in the June 13, 1997, edition of the D.C. Register (Vol. 44 page 3353) and transmitted to Congress on June 11, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–7, effective August 1, 1997.

121. June 11, 1997—Act 12–80, "District of Columbia Regional Airports Authority Amendment Act of 1997." To amend the District

of Columbia Regional Airports Authority Act of 1985 to increase the Metropolitan Washington Airports Authority from 11 to 13 members. Act 12–80 was published in the June 13, 1997, edition of the D.C. Register (Vol. 44 page 3371) and transmitted to Congress on June 11, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–8, effective August 1, 1997.

122. June 25, 1997—Act 12–83, "Procurement Reform Temporary Amendment Act of 1997." To amend, on a temporary basis, the Procurement Reform Amendment Act of 1996 to increase the penalties of Civil False Claims and Qui Tam provisions and to change the title of the head of the Office of Contracting Procurement. Act 12–83 was published in the July 4, 1997, edition of the D.C. Register (Vol. 44 page 3721) and transmitted to Congress on June 25, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–17, effective September 12, 1997.

123. June 25, 1997—Act 12–84, "BNA Washington, Inc., Real Property Tax Deferral Temporary Amendment Act of 1997." To amend the real property tax deferral procedure to provide for the deferral of real property taxes on certain real property. Act 12–84 was published in the July 4, 1997, edition of the D.C. Register (Vol. 44 page 3740) and transmitted to Congress on June 25, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–18, effective September 12, 1997.

124. Jun 18, 1997—Act 12–85, "Children's Defense Fund Equitable Real Property Tax Relief Temporary Amendment Act of 1997." To provide, on a temporary basis, equitable real property tax relief to the Children's Defense Fund, a tax-exempt organization. Act 12–85 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3610) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–9, effective September 5, 1997.

125. June 18, 1997—Act 12–86, "Closing of a Public Alley in Square 253, S.O. 88–107, Temporary Act of 1997." To order, on a temporary basis, the closing of a public alley in Square 253, bounded by F Street, NW, 13th Street, NW, G Street NW, and 14th Street NW, in ward 2. Act 12–86 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3612) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–10, effective September 5, 1997.

126. June 18, 1997—Act 12–87, "Assessments Initiative Procedures Temporary Amendment Act of 1997." To amend, on a temporary basis, the Real Property Assessment and Tax Initiative of 1997 to delay its applicability until the real property tax year 1999. Act 12–87 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3614) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–11, effective September 5, 1997.

127. June 18, 1997—Act 12–88, "Closing of a Public Alley in Square 484, S.O. 90–272, Temporary Act of 1997." To order, on a temporary basis, the closing of a public alley in Square 484, bounded by K Street NW, 5th Street, NW, Massachusetts Avenues, NW, and 6th Street NW, in ward 2. Act 12–88 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3616) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–12, effective September 5, 1997.

128. June 18, 1997—Act 12–90, "Motor Vehicle Biennial Inspection fund Act of 1997." To amend an act to provide for the annual inspection of all motor vehicles in the District of Columbia to establish a dedicated fund for the District of Columbia Enhanced Vehicle Emissions Inspection Program as mandated by the Federal Clean Air Act Amendments of 1990. Act 12–90 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3618) and transmitted to Congress on June 18, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–13, effective September 5, 1997.

129. June 18, 1997—Act 12–91, "International Registration Plan Agreement Act of 1997." To provide for membership in the International Registration Plan pursuant to the Federally mandated reciprocal registration requirements of 49 U.S.C. § 31704. Act 12–91 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3620) and transmitted to Congress on June 18, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–14, effective September 5, 1997.

130. June 18, 1997—Act 12–92, "Ivy City Yard Fixed Right-of-Way Mass Transit System Designation Temporary Act of 1997." To designate, on a temporary basis, all buildings, structures, and other improvements located at the Ivy City Yard as related to a fixed right-of-way mass transit system which is exempt from the subdivision requirement for certain proposed actions pertaining to the erection or construction of buildings, structures, and other improvements. Act 12–92 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3625) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–15, effective September 5, 1997.

131. June 18, 1997—Act 12–93, "Motor Vehicle Excessive Idling Fine Increase Temporary Amendment Act of 1997." To amend, on temporary basis, 16 DCMR 3224 and 18 DCMR 2601.2 to increase the civil infractions fine for violating the engine idling provisions of the District of Columbia Air Pollution Control Act of 1984 and the Traffic Adjudication Act of 1978 and to amend the idling restriction of 18 DCMR 2418.3 to make it comply with the District of Columbia Air Pollution Control Act of 1984. Act 12–93 was published in the June 27, 1997, edition of the D.C. Register (Vol. 44 page 3627) and transmitted to Congress on June 18, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–16, effective September 5, 1997.

132. July 11, 1997—Act 12–95, "Ivy City Yard Fixed Right-of-Way Mass Transit System Designation Act of 1997." To designate all buildings, structures, and other improvements located at the Ivy City Yard as related to a fixed right-of-way mass transit system which is exempt from the subdivision requirement for certain proposed actions pertaining to the erection or construction of buildings, structures, and other improvements. Act 12–95 was published in the July 18, 1997, edition of the D.C. Register (Vol. 44 page 3998) and transmitted to Congress on July 11, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–19, effective September 23, 1997.

133. July 11, 1997—Act 12–97, "Washington Metropolitan Area Transit Authority Safety Regulation Act of 1997." To regulate the safety and security of the rail fixed guide way system operated by the Washington Metropolitan Area Transit Authority by creating and operating a joint entity among the District of Columbia. Commonwealth of Virginia, and the State of Maryland to oversee this regulation and by authorizing the Mayor of the District of Columbia to enter into and implement an agreement with Virginia and Maryland to achieve these purpose. Act 12–95 was published in the July 18, 1997, edition of the D.C. Register (Vol. 44 page 3998) and transmitted to Congress on July 11, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–19, effective September 23, 1997.

134. July 11, 1997—Act 12–98, "General Public Assistance Program Termination Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia General Public Assistance Act of 1982 to terminate the General Public assistance program. Act 12–98 was published in the July 18, 1997, edition of the D.C. Register (Vol. 44 page 4028) and transmitted to Congress on July 11, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–21, effective September 23, 1997.

135. July 11, 1997—Act 12–99, "Washington Convention Center Authority Collective Bargaining Amendment Act of 1997." To amend the Washington Convention Center Authority Act of 1994 to provide for coverage of the Washington Convention Center Employees by the Public Employee Relations Board and by the labor-management relations title of the District of Columbia Government Comprehensive Merit Personnel Act of 1978. Act 12–99 was published in the July 25, 1997, edition of the D.C. Register (Vol. 44 page 4168) and transmitted to Congress on July 11, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–22, effective September 23, 1997.

136. July 11, 1997—Act 12–100, "Business Improvement District Temporary Amendment Act of 1997." To amend, on a temporary basis, the Business Improvement Districts Act of 1996 to authorize the establishment and administration of business improvement districts in the District of Columbia and the assessment and collection of taxes for the improvement of business improvement districts. Act 12–100 was published in the July 25, 1997, edition of the D.C. Register (Vol. 44 page 4170) and transmitted to Congress on July 11, 1997 for a 30 day review. This act shall expire on the 225th day

of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–23, effective September 23, 1997.

137. July 29, 1997—Act 12–107, "Closing of a Public Alley in Square 253, S.O. 88–107, Reinstatement Act of 1997." To reinstate an act that ordered the closing of a public alley in Square 253, bounded by F Street, NW, 13th Street, NW, G Street, NW, and 14th Street, NW, in ward 2. Act 12–107 was published in the August 1, 1997, edition of the D.C. Register (Vol. 44 page 4316) and transmitted to Congress on July 29, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–24, effective October 8, 1997.

138. July 29, 1997—Act 12–108, "Closing of a Public Alley in Square 484 S.O. 90–272, Reinstatement Act of 1997." To reinstate an act that ordered the closing of a public alley in Square 484, bounded by K Street, NW, 5th Street, NW, Massachusetts Avenue, NW, and 6th Street, NW in ward 2, and to amend the closing of a public alley in Square 107, S.O. 95–56, Act of 1996 to clarify a provision requiring an affordable housing contribution. Act 12–108 was published in the August 1, 1997, edition of the D.C. Register (Vol. 44 page 4318) and transmitted to Congress on July 29, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–25, effective October 8, 1997.

139. July 29, 1997—Act 12–109, "Business Improvement Districts Amendment Act of 1997." To amend the Business Improvement Districts Act of 1996 to authorize the establishment and administration of business improvement districts in the District of Columbia and the assessment and collection of taxes for the improvement of business improvement districts in the District of Columbia and the assessment and collection of taxes for the improvement of business improvement districts. Act 12–109 was published in the August 1, 1997, edition of the D.C. Register (Vol. 44 page 4320) and transmitted to Congress on July 29, 1997 for a 30 day review. Congress not having disapproved, this act became D.C. Law 12–26, effective October 8, 1997.

140. July 29, 1997—Act 12–113, "Health Insurance Portability and Accountability Federal Law Conformity Temporary Act of 1997." To provide, on a temporary basis, individual and group health insurance subscribers in the District of Columbia the benefits and protections mandated by the Health Insurance Portability and Accountability Act of 1996. Act 12–113 was published in the August 1, 1997, edition of the D.C. Register (Vol. 44 page 4345) and transmitted to Congress on July 29, 1997 for a 30 day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–27, effective October 8, 1997.

141. Sept. 3, 1997—Act 12–117, "Sex Offender Registration Temporary Amendment Act of 1997." To amend, on a temporary basis, the Sex Offender Registration Act of 1996 to require the Metropolitan Police Department to update its registry promptly, and to require new residents to the District of Columbia who fall within the registration requirements to register with the Metropolitan Police Department within 10 days of establishing residence in the District of Columbia. Act 12–117 was published in the August 8, 1997, edition of the D.C. Register (Vol. 44 page 4506) and transmitted to

Congress on September 3, 1997 for a 30-day review. This act shall expire on the 225th day of its having taken effect. Congress not having disapproved, this act became D.C. Law 12–28, effective October 23, 1997.

142. Sept. 3, 1997—Act 12–119, "Iglesia Del Dios Vivo Columna Y Apoya De La Verdad La Lux Del Mundo Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax relief to the Iglesia Del Dios Vivo Columna Y Apoya De La Verdad "La Lux Del Mundo", a tax exempt religious organization. Act 12–119 was published in the August 15, 1997, edition of the D.C. Register (Vol. 44 page 4641) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–29, effective October 23, 1997.

143. Sept. 3, 1997—Act 12–125, "Living Word Church Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax relief to the Living Word Church, a tax exempt religious organization. Act 12–125 was published in the August 15, 1997, edition of the D.C. Register (Vol. 44 page 4656) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–30, effective October 23, 1997.

144. Sept. 3, 1997—Act 12–126, "Faith Tabernacle Church Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax relief to Faith Tabernacle Church, a tax exempt religious organization. Act 12–126 was published in the August 15, 1997, edition of the D.C. Register (Vol. 44 page 4658) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–31, effective October 23, 1997.

145. Sept. 3, 1997—Act 12–128, "Healthcare Entity Conversion Act of 1997." To establish procedures to ensure the protection of charitable assets held in the public trust by Healthcare entities when those assets are transferred to entitles that are for-profit and to make conforming amendments to the Health Services Planning Program Reestablishment Act of 1996, the Hospital and Medical Services Corporation Regulatory Act of 1996, and the Health Maintenance Organization Act of 1996, and to authorize the Corporation Counsel to approve all conversions. Act 12–128 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4819) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–32, effective October 23, 1997.

146. Sept. 3, 1997—Act 12–129, "Washington Home for Incurables Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax relief to the Washington Home for Incurables a tax exempt. Act 12–129 was published in the August 15, 1997, edition of the D.C. Register (Vol. 44 page 4660) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–33, effective October 23, 1997.

147. Sept. 3, 1997—Act 12–130, "Real Property Interest Reporting Improvement Amendment Act of 1997." To amend an act to establish a code of law for the District of Columbia to require the owner mortgagee, secured party under a deed of trust, trustee, and

lienholder of any real property to notify the Recorder of Deeds when there is a name or address change, and to authorize an administrative fee to cover the cost of additional research to locate an owner, a mortgagee, a secured party under a deed of trust, a trustee, or a lienholder after an unsuccessful attempt using available information. Act 12–130 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4827) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–34, effective October 23, 1997.

148. Sept. 3, 1997—Act 12–131, "Health Care for the Homeless Project, Inc., Equitable Real Property Tax Relief Act of 1997." To provide equitable real property tax, and transfer tax relief to the Health Care for the Homeless Project, Inc., the National Health Plan, and the Community Group Health Foundation, tax exempt organizations. Act 12–131 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4662) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–35, effective October 23, 1997.

149. Sept. 3, 1997—Act 12–132, "Comprehensive Merit Personnel Act Pay Limit Temporary Amendment Act of 1997." To amend, on a temporary basis, the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to repeal the prohibition on an employee receiving a rate of basic pay in excess of the rate of pay for the Mayor; and to amend the District of Columbia Police and Firemen's Salary Act of 1958 to authorize the Council to change or suspend by resolution the compensation provisions for officers and members of the Metropolitan Police Department and the Fire and Emergency Medical Services Department. Act 12–132 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4829) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–36, effective October 23, 1997.

150. Sept. 3, 1997—Act 12–139, "Real Property Tax sale Amendment Act of 1997." To amend Title 47 of the District of Columbia Code to prevent owners of real property with delinquent real property taxes from participating in real property tax sales. Act 12–139 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4850) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–37, effective October 23, 1997.

151. Sept. 3, 1997—Act 12–140, "Homestead Exemption Penalty Expansion Amendment Act of 1997." To amend title 47 of the District of Columbia Code to establish as a misdemeanor the failure to notify the Mayor of termination of eligibility for the Homestead tax exemption program. Act 12–140 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4852) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–38, effective October 23, 1997.

152. Sept. 3, 1997—Act 12–143, "Human Rights Amendment Act of 1997." To amend the Human Rights Act of 1977 to establish a mandatory mediation process prior to the formal investigation of a

complaint by the Office of Human Rights, to provide for a period of up to 60 days for completion of the conciliation process after the Office of Human Rights completes its formal investigation, to permit the Commission to order the payment of civil penalties, to provide for a 1-year statute of limitations for filing a court action, and to provide for the tolling of the 1-year statute of limitations during the pendency of a complaint before the Office of Human Rights. Act 12–143 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4856) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–39, effective October 23, 1997.

153. Sept. 3, 1997—Act 12–144, "Real Property Assessment Process and Tax Revenue Anticipation Notes Amendment Act of 1997." To amend title 47 of the District of Columbia Code to provide for an administrative appeal process for supplemental assessments, provide that real property shall be assessed at least once every 3 years, establish an administrative appeal process for triennial assessments, establish a process for appeals filed outside of the triennial assessment period, establish an appeal process for new owners, provide that the assessment role shall be estimated instead of certified, and authorize the issuance of District of Columbia general obligation tax revenue anticipation notes of the District of Columbia to finance general governmental expenses for the fiscal year ending September 30, 1997. Act 12–144 was published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4859) and transmitted to Congress on September 3, 1997 for a 30-day review. Congress not having disapproved, this act became D.C. Law 12–40, effective October 23, 1997.

SUBCOMMITTEE ON HUMAN RESOURCES

1. Unfunded Mandates Reform Act of 1995, Public Law 104–4, 104th Congress, March 22, 1995, 109 Stat. 67

This law imposes parliamentary barriers to discourage the imposition of Federal mandates on State, local, and tribal governments without adequate funding if the mandates would displace other essential governmental priorities. It also requires the legislative and executive branches to identify and quantify costs incurred by those governments in complying with Federal statutory and regulatory mandates. In addition, it required a study of existing mandates.

The Human Resources Subcommittee is continuing to monitor Federal department compliance with the legislation, with special attention to two portions—the title II requirement that Federal agencies review proposed and final regulations for mandate impacts and consider less burdensome alternatives, and the title III requirement that a review of existing mandates be conducted.

2. Health Insurance Portability and Accountability Act, Public Law 104–191, 104th Congress, signed into law August 21, 1996

The Health Insurance Portability and Accountability Act of 1996 [HIPAA] provided for changes in the health insurance market and imposed certain requirements on health insurance plans offered by public and private employers. It guaranteed the availability and re-

newability of health insurance coverage for certain employees and individuals, limiting the use of pre-existing condition restrictions. It created Federal standards for insurers, health maintenance organizations [HMOs] and employer plans, including those who are self-insured. It ensures greater availability of health coverage plans for small employers. Medical Savings Accounts—personal savings accounts for unreimbursed medical expenses—were created by the act.

The law also created a new program to combat health care fraud and abuse, established the Medicare Integrity Program, set up a new Medicare anti-fraud and abuse control account within the Medicare hospital trust fund, extended criminal sanctions under the Social Security Act for Medicare, Medicaid and other Federal health care programs and established new rules and penalties for fraud and abuse in Medicare and Medicaid.

The Human Resources Subcommittee has been monitoring the implementation of the legislation, particularly the fraud and abuse provisions, tracking the amount of recouped resources as a result of successful collaborative anti-fraud initiatives on the part of the Department of Health and Human Services [HHS], the Office of the Inspector General [OIG], the Department of Justice [DOJ], and State agencies' efforts. The subcommittee has been monitoring the implementation of the new Adverse Action Data Base, the Medicare Integrity Program, and following the OIG expansion of its Operation Restore Trust initiative.

SUBCOMMITTEE ON THE POSTAL SERVICE

1. The Postal Reorganization Act of 1970, Public Law 91–375, August 12, 1970, 84 Stat. 719

The Subcommittee on the Postal Service has legislative jurisdiction and oversight over the U.S. Postal Service, U.S. Postal Rate Commission and the U.S. Postal Inspection Service. These entities operate under the authority granted pursuant to the Postal Reorganization Act of 1970 [PRA] which traces congressional authority for postal services to Article I, Section 8 of the U.S. Constitution, which direct Congress "(t)o establish Post Offices and Post Roads."

The U.S. Postal Service is governed by an 11 member Board of Governors; 9 of whom are appointed by the President and confirmed by the Senate who in turn employ a Postmaster General and Deputy Postmaster General who also become members of the Board. The U.S. Postal Service handles 40 percent of the world's mail volume; it had total revenues in 1995 of $54.3 billion; it employs 1 out of every 170 Americans; and processed 181 billion pieces of mail or about 580 million pieces per day and delivered to 128 million addresses in 1995.

The U.S. Postal Rate Commission, independent of the U.S. Postal Service, is governed by five, full-time, Presidentially-appointed and Senate-confirmed Commissioners. It is responsible by hearing a request of the U.S. Postal Service for an increase in postage rates, reclassification of its postage schedule and for making a recommended decision upon such a request. The Commission also hears complaints from outside parties regarding postal rates or services.

The Postal Inspection Service is the law enforcement branch of the U.S. Postal Service and is responsible for enforcing the Mail Fraud Act, Mail Order Consumer Protection Amendments of 1983, Drug and Household Substance Mailing Act of 1990, and for enforcing the Private Express Statutes which give the Postal Service its letter-mail monopoly. It is also entrusted with insuring the security and safety of postal facilities and employees and for serving in the dual role of Inspector General for the agency.

The subcommittee continued its in-depth oversight of the operations of these entities. During the first session, the subcommittee conducted a series of in-depth oversight hearings which highlighted the need for reform of postal operations. These hearings laid the foundation for the reforms contained in H.R. 3717, the Postal Reform Act of 1996, the first comprehensive postal reform legislation in a quarter century. H.R. 3717 focused constructive debate in the postal community on the future of the Postal Service in meeting its statutory mandate of provision of universal mail service. The subcommittee believes that shifting mail volumes and stagnant postal revenue growth requires an examination of the statutory structure under which our current postal system now operates if the Service is to maintain this important public service mission.

The oversight hearings identified several weaknesses in the current statutory structure of the Postal Service. One weakness highlighted is the Postal Service's inability to compete under the procedures required by the current, 25 year old ratemaking structure. According to the General Accounting Office, the U.S. Postal Service controlled virtually all of the Express Mail market in the early 1970's; by 1995 its share had dropped to approximately 13 percent. Similarly, the Postal Service is moving considerably fewer parcels today than 25 years ago. In 1971 the Postal Service handled 536 million parcel pieces and enjoyed a 65 percent share of the ground surface delivery market. This is in comparison to 1990 when the Postal Service parcel volume had dropped to 122 million pieces with a resulting market share of about 6 percent.

Even first-class financial transactions and personal correspondence mail—monopoly protected areas under the Private Express Statutes—are showing the effect of electronic communications competition. Financial institutions are promoting computer software to consumers as a method of conducting their bill-paying and general banking, while Internet service providers and online subscription services are offering consumers the ability to send electronic messages to anyone in the world or around the corner. Similarly, many postal users have become accustomed to the immediacy of the facsimile machine. These new communication technologies all carry correspondence that formerly flowed through the Postal Service. These former sources of revenues supported a postal infrastructure dedicated to the mission of universal service.

This shift in postal revenues will have a negative long-term effect on the financial well being of the Postal Service. The subcommittee believes that should the Service continue to labor under the restrictions established by the 1970 act, its inability to compete, develop new products and respond to changing market conditions jeopardizes its ability to continue to provide universal service to the diverse geographic areas of our Nation. Congress must review re-

forms to the current postal statutory structure which will provide the Postal Service more competitive flexibility while assuring all postal customers of a continued universal mail service at reasonable and affordable rates. H.R. 3717 meets this goal by replacing the zero-sum game of the current ratemaking structure with a system that insures reasonable postal rates while allowing the Postal Service the flexibility it needs to compete in today's changing communication markets.

As evidenced in our review of data quality, the act has fostered an entrenched distrust between the Postal Service and the Postal Rate Commission and allowed the two agencies to develop an interagency antagonism which fosters a sense of favoritism between postal customers. This problem is exacerbated by the existing cost-based ratemaking process.

The subcommittee will continue to study, monitor and report on the effectiveness of the Postal Reorganization Act and will continue to seek needed reforms to improve the overall performance of the Postal Service and provide better service to all postal customers.

IV. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

STANDING COMMITTEE

1. "Financial Audit: Independent Counsel Expenditures for the Six Months Ended September 30, 1996," March 1997, GAO/AIMD–97–64

a. Summary.—The Department of Justice and the independent counsels are required under 28 U.S.C. §§ 594(d)(2), (h) and 596(c)(1) to report on expenditures from a permanent, indefinite appropriation established within Justice to fund independent counsel activities. In order to satisfy the requirements of 28 U.S.C. § 596(c)(2) and Public Law 100–202, which established a permanent, indefinite appropriation within Justice to fund independent counsels, the GAO is required to audit the independent counsels' expenditures from the appropriation for each 6-month period in which they have operations and report those findings to the appropriate congressional committees.

The GAO found that the statements of expenditures for the offices of independent counsel Arlin M. Adams/Larry D. Thompson, David M. Barrett, Joseph E. diGenova/Michael F. Zeldin, Daniel S. Pearson, Donald C. Smaltz, and Kenneth W. Starr were reliable in all material respects.

2. "Financial Audit: Independent Counsel Expenditures for the Six Months Ended March 31, 1997," September 1997, GAO/AIMD–97–164

a. Summary.—The Department of Justice and the independent counsels are required under 28 U.S.C. §§ 594(d)(2), (h) and 596(c)(1) to report on expenditures from a permanent, indefinite appropriation established within Justice to fund independent counsel activities. In order to satisfy the requirements of 28 U.S.C. § 596(c)(2) and Public Law 100–202, which established a permanent, indefinite appropriation within Justice to fund independent counsels, the GAO is required to audit the independent counsels' expenditures from the appropriation for each 6-month period in which they have operations and report those findings to the appropriate congressional committees.

The GAO found that the statements of expenditures for the offices of independent counsel Arlin M. Adams/Larry D. Thompson, David M. Barrett, Joseph E. diGenova/Michael F. Zeldin, Daniel S. Pearson, Donald C. Smaltz, Kenneth W. Starr, and a sealed independent counsel were reliable in all material respects.

3. "GPRA: Managerial Accountability and Flexibility Pilot Did Not Work As Intended," April 1997, GAO/GGD–97–36

a. Summary.—This report was addressed to the chairman and ranking member of the House Government Reform and Oversight Committee and the chairman and ranking member of the Senate Governmental Affairs Committee. The report was developed in partial response to the Government Performance and Results Act's requirement that GAO report on the act's implementation during the initial pilot phase—fiscal years 1994 to 1996—and on the prospects for its government-wide implementation.

The Results Act provides for a series of pilot projects so that Federal agencies can gain experience in using the act's provisions and provide lessons to other agencies before government-wide implementation. One set of these pilot projects focused on managerial accountability and flexibility.

GAO found that the managerial accountability and flexibility pilot did not work as intended. OMB did not designate any of the 7 departments and 1 independent agency that submitted a total of 61 waiver proposals as pilots. For about three-quarters of the waiver proposals, OMB or other central management agencies determined that the waivers were not allowable for statutory or other reasons or that the requirement for which the waivers were proposed no longer existed. For the remaining proposals, OMB or other central management agencies approved waivers or developed compromises by using authorities that were already available independent of GPRA.

GAO found that three major factors contributed to the failure of the managerial accountability and flexibility pilot phase. First, changes in Federal management practices and laws that occurred after the Results Act was enacted affected agencies' need for the Results Act process. Second, the Results Act was not the only means by which agencies could receive waivers from administrative requirements, and thereby obtain needed managerial flexibility. And third, OMB did not work activity with agencies that were seeking to take part in the managerial accountability and flexibility pilot.

As of November 1996, almost 11 months after OMB had received the endorsements by the central management agencies, OMB had not formally notified two of the eight agencies that nine of their requested waivers had been approved outside of the Results Act pilot process or that a compromise had been developed. Overall, officials in five of the eight agencies that submitted a waiver proposal to OMB said that they never received feedback from OMB on the status of their waiver proposals, or notification of specific concerns that OMB may have had about the quality and scope of the proposals, or explicit instructions from OMB on how their proposals could be improved to better meet OMB's expectations.

b. Benefits.—This report was helpful to Congress in overseeing agency and OMB compliance with the Results Act, and in determining which pilot phases of the act would be instructional for government-wide implementation of the act.

4. "The Government Performance and Results Act: 1997 Government-wide Implementation Will Be Uneven," June 1997, GAO/GGD–97–109

a. Summary.—This report was addressed to the chairman and ranking members of the following: the House Government Reform and Oversight Committee, the Senate Governmental Affairs Committee, the House Committee on Budget, the Senate Committee on Budget, the House Committee on Appropriations, and the Senate Committee on Appropriations. This report is in response to the Results Act requirement that GAO report to Congress on the prospects for government-wide implementation of the act.

GAO's report indicated that the Results Act's implementation up to that point had achieved mixed results, which would lead to highly uneven government-wide implementation in the 1997. While agencies would likely meet statutory deadlines for producing initial strategic plans and annual performance plans, GAO found that those documents will not be of a consistently high quality or as useful for congressional and agency decisionmaking as they could be.

GAO observed the following challenges for government-wide implementation: (1) Overlapping and fragmented crosscutting program efforts can undermine efforts to establish clear missions and goals; (2) The often limited or indirect influence that the Federal Government has in determining whether desired results is achieved complicates the effort to identify and measure the discrete contribution of the Federal initiative to a specific program result; (3) The lack of quality and the dearth of results-oriented performance information in many agencies hampers efforts to identify appropriate goals and confidently assess performance; and, (4) Instilling within agencies an organizational culture that focuses on results remain a work in progress across the Federal Government.

b. Benefits.—This report helps Congress anticipate and oversee the administration's implementation of the Results Act. It gives a realistic view of the compliance to expect from agencies, the challenges agencies face. Congress can then better know where, when, and how to apply pressure on the administration to try and get the best compliance possible.

5. "Managing for Results: Regulatory Agencies Identified Significant Barriers to Focusing on Results," June 1997, GAO/GGD–97–83

a. Summary.—While addressed to the chairman and ranking member of the House Government Reform and Oversight Committee and the chairman and ranking member of the Senate Governmental Affairs Committee, this report was initiated by GAO to support the broader responsibility of the GAO to report to Congress on the prospects for the Results Acts's implementation government-wide, as required by the act.

GAO found that officials at many regulatory agencies cited numerous barriers to their efforts to establish results-oriented goals and measures. These barriers included significant problems in identifying and collecting the data they needed to demonstrate their agencies' results. Agencies also cited as a barrier the fact that diverse and complex factors affect agencies' results (e.g., business cycles, technological innovations, or the need to deliver Federal pro-

gram initiatives and thus achieve results through third parties), and their lack of control or influence over those factors. Finally, agency officials observed that the long time period needed to see results in some areas of Federal regulation was a barrier to identifying and managing toward those results in the framework of annual performance plans and budgets. The impact of some agencies' regulatory actions, such as limiting exposure to a hazardous chemical, may not be evident for years. GAO thinks these barriers suggest that the implementation of the Results Act in a regulatory environment may prove more difficult in some cases than in others.

b. Benefits.—This GAO report is important in aiding Congress to oversee and anticipate agency compliance with the Results Act. It is also important in helping executive branch agencies themselves prepare for government-wide implementation of the act.

6. "Managing For Results: Using the Results Act to Address Mission Fragmentation and Program Overlap," August 1997, GAO/AIMD–97–146

a. Summary.—As requested by Majority Leader Armey, Government Reform and Oversight Committee Chairman Dan Burton, Budget Committee Chairman John Kasich, and Appropriations Committee Chairman Bob Livingston, GAO compiled its documentation of mission fragmentation and program overlap and reported on the specific ways in which the Results Act can focus attention on these management challenges and help to develop strategies to harmonize Federal responses.

GAO found that the Results Act should offer a new and structured framework to address crosscutting issues. Each of its key stages—defining missions and desired outcomes, measuring performance, and using performance information—offers a new opportunity to address fragmentation and overlap. The Results Act is intended to foster a dialog on strategic goals involving the Congress as well as agency and external stakeholders. This dialog should help to identify agencies and programs addressing similar missions and associated performance implications. The act's emphasis on results-based performance measures should lead to more explicit discussions of contributions and accomplishments within crosscutting programs and encourage related programs to develop common performance measures. Finally, if the Results Act is successfully implemented, performance information should become available to clarify the consequences of fragmentation and the implication of alternative policy and service delivery options, which, in tern, can affect future decisions concerning department and agency missions and the allocation of resources among those missions.

b. Benefits.—This report helped confirm the requestors expectation that the Results Act would be a useful tool for addressing program overlap and fragmentation. As each stage of the Results Act is implemented by executive branch agencies, it is critical for Congress to know if its expectations are realistic so that oversight can be as effective as possible.

7. "Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans," September 1997, GAO/GGD–97–180

a. Summary.—In response to a request from Majority Leader Dick Armey, Government Reform and Oversight Committee Chairman Dan Burton, Budget Committee Chairman John Kasich, and Appropriations Committee Chairman Bob Livingston, GAO reviewed and evaluated the latest available version of the draft strategic plans that were submitted to Congress for consultation by cabinet departments and selected independent agencies. Those reviews of the draft plans: (1) assessed the draft plans' compliance with the act's required elements and their overall quality; (2) determined if the plans reflected the key statutory requirements for each agency; (3) identified whether the plans reflected discussions about crosscutting activities and coordination with other agencies having similar activities; (4) determined if the draft plans addressed major management challenges; and, (5) provided a preliminary assessment of the capacity of the departments and agencies to provide reliable information about performance.

GAO found in their review that several critical strategic planning issues are in need of sustained attention if agencies are to develop the dynamic strategic planning processes envisioned by the Results Act. First, most of the draft plans did not adequately link required elements in the plans. Second, long-term strategic goals often tended to have weaknesses. Third, many agencies did not fully develop strategies explaining how their long-term strategic goals would be achieved. Fourth, most agencies did not reflect in their draft plans the identification and planned coordination of activities and programs that cut across multiple agencies. Fifth, the questionable capacity of many agencies to gather performance information has hampered efforts to identify appropriate goals and confidently assess performance. And sixth, the draft strategic plans did not adequately address program evaluations.

b. Benefits.—While Congress had set up congressional staff teams to review the individual draft strategic plans submitted by agencies, it was critical for congressional planning and oversight of the Results Act to have a review of all the plans taken as a whole. GAO's assessment again gave Congress a better sense of what expectations of agencies could be and where the weaknesses in the plans were.

8. "The Results Act: Observations on the Draft Strategic Plans of the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services', Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, Veterans Affairs, EPA's, Federal Emergency Management Agency, General Services Administration, NASA, National Science Foundation, Nuclear Regulatory Commission, Office of Management and Budget, Office of Personnel Management, Small Business Administration, Social Security Administration, the Postal Service, USAID, and USTR's"

a. Summary.—As requested by Majority Leader Dick Armey, Government Reform and Oversight Committee Chairman Dan Burton, Budget Committee Chairman John Kasich, and Appropriations Committee Chairman Bob Livingston, GAO performed reviews on

an individual basis of the draft strategic plans of all of the Chief Financial Officers Act agencies and a handful of other important Federal entities. These entities included: Labor, Treasury, Postal Service, HHS, Commerce, OPM, Interior, Transportation, DOD, OMB, HUD, NASA, Energy, Justice, EPA, Nuclear Regulatory Commission, SBA, FEMA, NSF, GSA, Agriculture, USTR, State, USAID, SSA, Education, and the Veterans Administration.

b. Benefits.—GAO's individual reviews aided the congressional teams that were set up to examine specific agency strategic plans and consult with those agencies regarding the direction and implications of those plans. GAO's individual reviews were necessary especially in cases where the team was pressed for time in reviewing the draft plan itself or did not know the agencies programs in as great detail as the GAO. GAO also brought a great deal of expertise to their examination, which helped in many cases ask and answer important Results Act questions for the congressional teams.

SUBCOMMITTEE ON THE CIVIL SERVICE

1. Tax Administration: Lessons Learned From IRS' Initial Experience in Redeploying Employees, January 9, 1997 (GAO/GGD–97–24)

a. Summary.—Thousands of Federal employees faced the possibility of losing their positions with the Internal Revenue Service [IRS] as a result of the agency's efforts to modernize its operations. The IRS developed a "Redeployment Understanding" in November 1993 after extensive negotiations with the National Treasury Employees Union [NTEU]. This agreement described procedures for filling vacancies through voluntary reassignments and seniority. Although this redeployment strategy was intended to facilitate the movement of employees whose positions were considered at risk, GAO found that, in the early stages, the redeployment strategy was used to move thousands of employees whose jobs were not in immediate jeopardy into positions that were expected to be needed in the new environment. GAO concluded that the "Redeployment Understanding" exacerbated the normal inefficiencies associated with such transitions by making many employees eligible for redeployment years before their jobs were expected to be eliminated and by not allowing IRS to fill jobs with people with related experience before bringing in volunteers from unrelated areas. Many employees cited concerns about the assistance provided to help employees find jobs.

b. Benefits.—This report demonstrates the inefficiencies associated with premature redeployment strategies and documents ineffective operations with regard to IRS' personnel management practices. The costs associated with this premature and inefficient redeployment effort were exacerbated in November 1997, when the IRS—after hearings in both chambers addressed major human resource management problems at the agency—canceled the reduction in force that the redeployment strategy was designed to address. The report and subsequent events reinforce previous Federal and private experience that emphasize the importance of accomplishing significant organizational changes as quickly as possible in order to prevent expensive and inefficient coping strategies.

2. U.S. Customs Service: Varied Reaction to the Labor-Management Partnership Concept, March 11, 1997 (GAO/T–GGD–97–54)

a. Summary.—Both the Customs Service and the National Treasury Employees Union [NTEU] claimed that labor-management relations have improved at the agency since the institution of Executive Order 12871, creating "partnership councils" in Federal agencies. This testimony before the Committee on Ways and Means Subcommittee on Trade indicates that Customs had only begun to evaluate the results of the new relationship, and expected that 5 years would be necessary to make the partnership concept the agency's normal operating environment. The agency is still in the process of developing performance measures and an evaluation schedule for this major change in approach to human resource management during the agency's restructuring.

b. Benefits.—This testimony reflects the length of time and intensity of planning commonly recognized as required to effect extensive organizational change. It confirms the challenges involved in implementing major initiatives, and is consistent with studies assessing the impact of corporate culture changes in the private sector.

3. Privatization: Lessons Learned By State and Local Governments, March 14, 1997 (GAO/GGD–97–48)

a. Summary.—This report to the House Republican Task Force discussed privatization efforts in Georgia, Massachusetts, Michigan, New York, and Virginia and the city of Indianapolis, IN. Governments in each of those jurisdictions had made extensive, recent use of privatization, primarily by increasing reliance on competition and contracting, rather than government employees. Each of the governments had tailored their approaches to privatization to local requirements, but GAO identified six lessons from their experiences. First, successful privatization requires effective political leadership. To be successful, privatization requires an effective organization that is committed to solid analysis of the conversion. Frequently, the changes will require legislative support. Those changes also need reliable cost data to support informed privatization. In approaching the transition, government organizations need to develop workforce transition strategies. GAO also contended that an agency needs to perform more sophisticated monitoring and oversight when its role in service delivery is reduced through privatization.

b. Benefits.—This report provides a framework that can assist the subcommittee in examining any privatization plans and transition strategies that might be advanced by Federal agencies. It observed the important role that competition has played in successful State and local efforts to provide government employees continued opportunities to pursue their careers and highlighted the importance of effective transition planning for both the agencies and their affected employees.

4. GPRA: Managerial accountability and Flexibility Pilot Did Not Work As Intended, April 10, 1997 (GAO/GGD–97–36)

a. Summary.—Through the Government Performance and Results Act (Result Act), Congress intended to shift agencies' perspec-

tives from procedures and regulations to performance and results as they assess their operations. This report assessed pilot projects to evaluate whether managerial accountability and flexibility worked as intended in the pilot programs, and to identify lessons learned from these experiences with an eye toward government-wide application. These flexibilities did not work as intended in the seven departments and one independent agency that submitted 61 waiver proposals to the Office of Management and Budget [OMB]. OMB found that the waivers requested were not allowable for statutory or other reasons. For example, the Federal Workforce Restructuring Act, enacted after the Results Act, enacted new personnel ceilings for agencies that limited requests to waive those ceilings. Other waivers, however, were approved through the National Performance Review or other executive channels, resulting in a multitude of avenues to implement changes in organizations and limiting the extent to which changes could be attributed to the Results Act. Easier procedures, for example, facilitated the creation of 185 "reinvention labs" outside of the Results Act procedures. OMB was found to be slow in responding to waiver requests filed through Results Act procedures, thus favoring those organizations that used other channels. Agencies found that most benefits derived from preparing waiver requests under the Results Act resulted from recognizing that many of the burdensome requirements were imposed internally, rather than by oversight agencies or by statute. This assessment proved useful in developing flexibilities internally rather than through Results Act procedures.

b. Benefits.—This report highlighted several of the internal factors that tend to limit organizational flexibility. It demonstrated that agencies can work toward improvements in their procedures through a variety of channels, and indicated that OMB was pursuing most changes through administrative mechanisms rather than the statutory waivers available under the Results Act.

5. Federal Retirement: Federal And Private Sector Retirement Programs Vary, April 7, 1997 (GAO/GGD–97–40)

a. Summary.—This report describes the comparative features of the retirement benefit programs available to Federal employees and their private sector counterparts. Bureau of Labor Statistics' Data report thousands of retirement plans covering over 75 percent of full time employees in private firms with more than 100 employees. Although all private sector programs build on a Social Security base, employers offer varieties of defined benefit and defined contribution programs. Both GAO and the Congressional Budget Office [CBO] contracted with Watson Wyatt Worldwide, which has surveyed retirement programs at Fortune magazine's list of the 1,000 largest employers. Those data indicate that 70 percent of these employers combined defined benefit and defined contribution features in their retirement programs, comparable to the structure of the Federal Employees Retirement System [FERS]. However, few private sector plans are structured to provide for an unreduced benefit at the completion of a 30-year career as early as age 55, a hallmark of most public sector retirement systems. When Federal employees retire at age 62, with 30 years' service, their benefits are comparable with private sector retirees' total packages. Civil Service

Retirement System [CSRS] employees who retire at 62 with 20 years of service receive annuities equal to approximately 36 percent of final salaries. This assumes no Thrift Savings Plan participation for these [CSRS] employees and no earned Social Security benefit from prior employment. This CSRS benefit is smaller than available to 63 percent of private programs with defined benefit and defined contribution components to their pension systems. It is also less than benefits available under the FERS package. FERS employees who retire after 20 years of service at age 62 receive about 66 percent of final salary, made up of a Social Security component, FERS defined benefit component, and withdrawals from a Thrift Savings Plan account. FERS employees retiring at 62 with 30 years of service receive annuities totaling approximately 81 percent of pre-retirement income. These projections, of course, differ with variable rates of participation in the Thrift Savings Plan and with salary levels.

b. Benefits.—This report demonstrates that Federal retirement programs remain very attractive in comparison with those available to private sector employees. This report, however, did not provide a full and accurate portrayal of the level of benefits available to Federal employees. Its primary bases of comparison centered on people who retire at age 62, rather than those who retire at age 55, and the methodology section reflects that the private sector data base used for comparison did not include average age of retirement for private sector employees. Where Federal employees are eligible for full pensions at age 55 with 30 years service, those benefits did not get calculated in developing the comparison. Private sector retirees who leave their employers before age 62 are not eligible for either Social Security benefits or other offsetting compensation comparable to that provided to FERS retirees until they reach age 62. The report, as a result, tends to understate the relative strength of the benefits of Federal employees in comparison with private sector counterparts.

6. Farm Service Agency: Additional Actions Needed to Address Employee Conflict-of-Interest Issues, April 25, 1997 (GAO/RCED–97–104)

a. Summary.—The creation of the Farm Service Agency [FSA] in 1994 consolidated programs of the Farmers Home Administration, many functions of the former Agricultural Stabilization and Conservation Service, and other agencies created the potential for conflicts of interest because it incorporated as Federal employees many people who had been participants in the Department of Agriculture's loan programs. FSA has been working to review cases where its employees have gained eligibility for loan programs and to identify cases requiring attention to avoid conflict of interest problems. As of September 30, 1996, about 414 of 16,300 FSA Federal and non-Federal employees and about 1,209 of 8,150 county employees had 4,089 FSA loans, with an outstanding principal that amounted to $265 million of the FSA's $16.9 billion portfolio. GAO recognized that FSA had made progress in identifying these situations, but concluded that it had not provided State offices with clear and consistent guidance to identify and resolve conflict of interest situations.

b. Benefits.—This report is useful in describing potential vulnerabilities associated with the consolidation of agencies, especially in situations where responsibilities might result in conflicts of interest.

7. Federal Retirement: Comparison of High–3, 4, and 5 Salary Factors, April 25, 1997 (GAO/GGD–97–84R)

a. Summary.—Until 1969, Federal employees' annuities were calculated on the basis of earnings in the 5 highest years of service ("high-5"). That year, the pension calculation formula was shifted to a "high-3" basis, and some analysts have speculated about the effects of reverting to the earlier standard. In an effort to assess the impact of modifying the high-3 salary factor currently used to calculate Federal pensions, the subcommittee chairman asked GAO to compare the pension calculations of current law with options involving a "high-4" and a "high-5" factor. GAO created a variety of scenarios reflecting different age and service requirements applicable to CSRS and FERS employees at different grade and step levels. CSRS employees with 30 years service would have to work an additional 4 to 5 months to earn a comparable pension if a "high-4" calculation were adopted, and 7 to 9 additional months with a "high-5" formula in effect. For most employees, the "high-4" formula would result in a need to work an additional 3 to 4 months to earn an equivalent pension. These same employees would have to work an additional 5 to 8 months to gain an equivalent pension under a "high-5" standard.

b. Benefits.—This report demonstrated that should the "high-3" salary factor used in computing retirement benefits be changed, Federal employees could acquire identical retirement benefits with comparatively little additional service. Although no such change was included in the fiscal year 1998 Budget Reconciliation, this report provides a foundation for evaluating such proposals for consideration in the future.

8. The Excepted Service: A Research Profile, May 1997 (GAO/GGD–97–72)

a. Summary.—Efforts to reinvent government and to respond to the Government Performance and Results Act, the Federal Workforce Restructuring Act, and other reform initiatives have frequently raised criticisms that cumbersome civil service procedures are leading obstacles in the path toward more effective and efficient government. This report documents that only 52 percent of Federal employees remain in the competitive civil service. The remaining 48 percent of Federal employees are in some variety of "excepted service." GAO, however, could not provide a coherent framework for the "exceptions" that define this component of the Federal service. More than 100 agencies employ some segments of excepted employees, but no accurate catalog of the exceptions has been compiled. Some agencies, such as the Federal Aviation Administration, have had all employees excepted from major portions of title 5, while other agencies have only a few employees in such positions. GAO also was unable to develop a coherent rationale for the variety of exceptions that it found, and described most of them as responses to particular conditions defined by agencies. The staff

study identified additional research that would be needed to clarify concerns about the variety of exceptions in Federal service.

b. Benefits.—This staff study begins to define some of the criteria of the excepted service and to identify the extent of flexibilities already inherent in Federal management of personnel. The report falls short in not defining the range of exceptions nor the rationale for the exceptions that exist.

9. Federal Civilian Personnel: Cost of Lump-Sum Annual Payments to Employees Separating From Government, May 29, 1997 (GAO/GGD–97–100)

a. Summary.—The Committee on the Budget requested GAO to review recent trends in Federal expenditures associated with paying lump-sum amounts reflecting the current value of accrued annual leave to Federal employees who separate from Government. Between 1985 and 1996, these payments averaged $595 million per year (in constant dollars), with a high of $700 million in 1992 and a low of $355 million in 1991. GAO reported that OPM has not provided consistent guidance to agencies for paying these sums. Although Congress in 1992 granted OPM authority to issue regulations to promote consistency in these payments, those regulations remain in draft form. GAO reported a CBO estimate that agencies could realize $18 million in savings over 5 years by paying this leave at its value when the employee separates, rather than extending the payment period so that the employee benefits, for example, from a raise in pay at the start of the calendar year.

b. Benefits.—This report highlighted another area of inefficient operations at OPM. It provides a basis for considering legislation to address reforms that might enhance savings and promote consistent administration where OPM has been unable to issue regulations over a period of 5 years after legislative authority was granted.

10. Federal Pensions: Judicial Survivors' Annuities System Costs and Benefit Levels, June 27, 1997 (GAO/GGD–97–87)

a. Summary.—The Judicial Survivors' Annuities System provides annuities to surviving spouses and dependent children of deceased Federal judges and other participants in the system. In 1992, Congress enacted legislation increasing the benefits available through the system and reducing the contributions required of Federal judges to participate in it. That legislation required GAO to compare benefits available to judicial survivors to other Federal survivors' benefits and to determine the level of contributions that would be necessary to ensure that contributions provide one-half of the program's costs. Under current program requirements, participating judges contribute about 36 percent of the full normal cost of these benefits. Achieving the 50 percent level would require an increase of 0.9 percent to the 2.5 percent of pay currently contributed by active judges and the 3.5 percent of pay contributed by judges in senior status. GAO cautioned, however, that such increases could reduce participation rates, thus countering the legislative objective of increasing participation. This participation had declined from 90 percent in 1976 to 40 percent overall (and only 25 percent of new judges) in 1991. By 1995, participation rates had

increased to 67 percent of all judges and 73 percent of new appointees. GAO confirmed that these benefits are greater than those available to the majority of Federal employees.

b. Benefits.—This report demonstrates the difficulties of designing benefit systems for people who enter Federal employment at advanced stages of their careers. The report confirms the obvious, that by making the benefit more attractive, the courts succeeded in increasing judges' participation rates. The attractiveness of the benefit, however, made it more difficult to maintain the system's financial reliance on the payroll tax base.

11. Federal Downsizing: Effective Buyout Practices and Their Use in Fiscal Year–1997, June 30, 1997 (GAO/GGD–97–124)

a. Summary.—The Civil Service Subcommittee conducted hearings in 1995 and 1996, that demonstrated that the buyout program authorized by the Federal Workforce Restructuring Act of 1994, had been administered in a poorly-planned and inconsistent manner. In a June 6, 1996, hearing the subcommittee learned that OMB had allowed agencies to extend "reoffers of unused buyouts" in a manner that violated the March 31, 1995 date terminating the program. As part of the reauthorization of buyouts written into the Omnibus Continuing Resolution of 1996, the Congress required a series of management controls intended to curb such abuses of the program in the future. In response to a request for oversight of these practices, GAO developed an inventory of 13 sound management practices, 10 of which were incorporated in the legislation extending buyouts for most non-Defense agencies to December 30, 1997. GAO concluded that these management practices had resulted in better planning and implementation of the buyouts used by six agencies during fiscal year 1997 than had been the case in the previous 2 years.

b. Benefits.—This report demonstrates the effectiveness of the subcommittee's oversight of this program in identifying weaknesses in the management of the first round of buyout programs, and in developing management criteria by which to evaluate subsequent activities in this area.

12. Federal Law Enforcement: Investigative Authority and Personnel at 32 Organizations, July 22, 1993 (GAO/GGD–97–93)

a. Summary.—This report completes a series that the Judiciary Committee requested to ascertain the extent of law enforcement personnel at various agencies that perform an increasing variety of investigative and police functions. This report summarizes the personnel of 32 agencies employing between 25 and 699 law enforcement investigative personnel. The report identifies the range of authorities exercised by these individuals, including many in Inspectors General offices in these agencies. At the end of fiscal year 1996, these agencies employed 4,262 investigative personnel, a 70 percent increase since 1987.

b. Benefits.—This report assists the subcommittee's efforts to monitor the growth of law enforcement personnel in Federal agencies and to assess the consequences for related Federal workforce planning.

13. Federal Downsizing: Buyouts at the Farm Service Agency, July 23, 1997 (GAO/GGD–97–133)

a. Summary.—The Farm Service Agency was slated to reduce its workforce by 1,339 to accommodate staffing changes resulting from farm reform legislation. The agency conducted a cost-benefit analysis to demonstrate its perception that buyouts are a cheaper method of workforce reductions than RIFs, over a 5-year period, then used 926 buyouts for these separations. GAO observed, however, that buyouts were not necessary to separate retirement-eligible employees who were in offices that were scheduled to be closed. GAO also reported that 697 buyouts were paid to non-Federal county employees, less than anticipated because some overstaffed county offices did not receive enough applications. GAO could not confirm that the funds used for these buyouts had been diverted improperly from funds dedicated to conservation programs by law. The agency admitted that, with future buyout amounts reducing each year, the lower incentives were likely to make buyouts less attractive in the future.

b. Benefits.—This report contributes to the subcommittee's efforts to monitor the workforce reduction strategies used by different agencies.

14. Federal Workforce: Agencies' Policies and Views on Flexiplace in the Federal Government, July 3, 1997 (GAO/GGD–97–116)

a. Summary.—This report reviewed Federal efforts to promote flexiplace, including agencies' policies on flexiplace, to determine the extent to which Federal employees took advantage of this flexibility, ascertain whether agencies and unions identified barriers to the implementation of flexiplace, and determine whether agencies have witnessed difficulties implementing flexiplace. GAO reviewed 21 agency policies adopted consistent with the National Telecommuting Initiative Action Plan of 1996. Those plans covered nearly half of the employees that GAO visited, but found that about one-fourth of the personnel at these agencies were excluded from the flexiplace initiative for a variety of reasons. It reported that use of flexiplace has increased since 1993, with employee organizations identifying management resistance as the one barrier to expansion of the program. Agencies reported no difficulties implementing the program, but one manager noted a drop in productivity where it was used.

b. Benefits.—This report provides a general oversight review of the operation of flexiplace so that the subcommittee can consider these effects as it addresses reauthorizing legislation in 1998.

15. Personnel Practices: Improper Personnel Actions on Selected CPSC Appointments, June 27, 1997 (GAO/GGD–97–131)

a. Summary.—At the request of Subcommittee Chairman Mica, GAO investigated allegations of "burrowing in" at the Consumer Products Safety Commission [CPSC] received by the subcommittee. GAO found there was no "burrowing in" in the six instances covered by the allegations because the individuals involved did not convert from noncareer political appointments to career appointments. However, GAO did find irregular or improper personnel practices in each of the six instances. These improprieties included

violations of veterans' preference, questionable awards of higher starting pay than usually allowed by law, and the questionable use of term appointments. GAO also investigated 20 other instances involving advanced rates of pay. Of those, it could only examine the Official Personnel Folders in 18. Its examination of those 18 revealed that advanced pay rates in 8 cases were based upon previous salary levels, 9 were based upon alleged superior qualifications, and the basis could not be determined in one instance. GAO could not find supporting documentation in four of the cases based upon superior qualifications.

b. Benefits.—As a result of this investigation, OPM ordered the CPSC to take corrective actions. However, the inadequacy of the remedy directed for violations of veterans' preference rules—priority consideration for the next available similar position—highlights the need for the more effective redress mechanism for veterans contained in H.R. 240. Since CPSC received delegated hiring authority in 1996, this study also highlights the importance of increased oversight activity by OPM. As hiring and other personnel matters are decentralized, OPM must increase oversight governmentwide in order to ensure compliance with merit principles.

16. Pharmacy Benefit Managers: FEHBP Plans Satisfied With Savings and Services, but Retail Pharmacies Have Concerns, February 21, 1997 (GAO/HEHS–97–47)

a. Summary.—GAO examined the use by FEHBP plans of pharmacy benefit managers [PBM], which manage pharmacy benefits on behalf of plan sponsors. OPM estimates that about 9 million Federal employees, retirees, and their dependents are covered by the FEHBP, and approximately 58 percent of these enrollees were covered by a PBM. To conduct its investigation, GAO examined 3 FEHBP plans covering about 50 percent of all FEHBP employees and retirees that contract with one of the 6 largest PBMs. According to GAO, these plans estimate that PBMs saved them over $600 million in 1995, reducing the pharmacy benefit costs they otherwise would have incurred by 20–27 percent. The PBMs met most of their 1995 contract performance standards, and between 93 percent and 98 percent of those who responded to plans' customer satisfaction surveys were satisfied with their pharmacy benefits. Retail pharmacists, however, are concerned about the loss of business. GAO reports that Blue Cross/Blue Shield's 1996 benefit change, which encouraged the use of a mail order pharmacy, reduced affected enrollees' payments to retail pharmacies by 36 percent, or about $95 million. Total payments to retail pharmacies for all enrollees declined by 7 percent, or about $34 million. Officials of PBMs and participating plans, as well as other industry experts, did agree that future efforts to impose additional controls on pharmacy costs could require more restrictive cost-containment procedures, limit enrollees' access to drugs and pharmacy services, and lessen enrollees' satisfaction with their pharmacy benefits.

b. Benefits.—This report, as well as previous GAO studies, provide a useful framework for analyzing the role and impact of mail order pharmacies in the FEHBP.

17. Federal Pensions: Relationship Between Retiree Pensions and Final Salaries, GAO/GGD–97–156 (August 11, 1997)

a. Summary.—In fiscal year 1996, civilian employee pension benefits were one of the largest mandatory spending programs, excluding interest on the public debt. Nearly $40 billion in payments were made to 2.3 million retirees and survivors. Based upon its examination of data on a sample of Federal retirees, GAO estimated that about 27 percent of the 1.7 million retirees on the rolls as of October 1, 1995 receive pensions that exceed their final salaries. However, when the retirees' final salaries were adjusted for inflation, no retiree was receiving a pension greater than his final salary. GAO maintained that the use of constant dollars yields more meaningful results because it corrects for the effects of inflation or deflation. According to GAO, three factors played an important role in explaining why retirees' pensions grew to exceed their final salaries: the number and size of cost of living adjustments [COLAs] that retirees received, the number of years they had been retired, and their years of Federal service. The longer annuitants have been retired, explains GAO, the more COLAs they would have received and the more likely their annuity would exceed their final salary. Likewise, the longer an annuitant worked for the Federal Government the more likely his pension will exceed his final salary. This is because the initial pension of a retiree with many years of service would have equaled a higher percentage of his final salary than one with few years of service. Thus, it would take fewer years to close the gap. GAO also concluded that COLA policies have had an important impact on the size of Federal pensions, but that the effects cannot be summarized easily because of numerous changes in COLA policies over the past 35 years. GAO did conclude, however, that, other things being equal, a majority of those who retired before 1970, when COLA policies overcompensated for inflation, would have smaller pensions if current COLA policy had been in effect over the entire period of time. But about 90 percent of those who retired after 1970 would have received larger pensions. GAO also points out that COLAs, which compound over time, permanently affect the size of an individual's annuity.

b. Benefits.—This report will be useful in comparing the generosity of the Federal retirement systems with private sector pension plans, particularly considering automatic COLA provisions. Private pension plans do not typically provide annual, automatic COLAs.

18. Federal Pensions: Relationship Between Pensions and Final Salaries for Retired Members of Congress, (GAO/GGD–97–156)

a. Summary.—The research for this report was performed in connection with the previous study described in section 17 above, and much of the analysis parallels that study's. However, the results were reported separately. GAO found that 76, or roughly 19 percent, of the former Members of Congress on the rolls as of October 1, 1995, received pensions greater than their final salaries. When final salaries were adjusted for inflation, however, only one former Member's pension exceeded his final salary. That Member had an unusual salary history. GAO identified the same factors described in the previous study to explain why these pensions were higher than final salaries. In addition, GAO identified an additional fac-

tor: whether the former Member elected survivor annuity benefits, which reduces the amount of the principle annuity. The percentage of former Members whose pensions exceed their final salaries would have increased by two points if current COLA policy had been in effect during the entire period.

b. Benefits.—This report, in connection with the previous report, will be useful in comparing the generosity of the Federal retirement systems with private sector pension plans.

19. Alternative Dispute Resolution: Employer's Experiences With ADR in the Workplace, GAO/GGD–97–157 (August 12, 1997)

a. Summary.—GAO examined the use of Alternative Dispute Resolution [ADR] procedures by private companies and Federal agencies. GAO determined that many private companies and Federal agencies have used ADR to avoid more formal processes, such as lawsuits and the administrative procedures available to Federal employees. Several factors contributed to the use of ADR. Traditional processes have become increasingly costly, in both time and money, especially since the number of discrimination complaints rose sharply in the early 1990s. New laws and regulatory changes also have encouraged use of ADR. In addition, ADR often focuses on disputant's underlying interests rather than on the legal validity of their positions in a specific matter.

GAO identified 5 main ADR techniques available in both private and Federal sectors: ombudsmen; mediation; peer panels; management review and dispute resolution boards; and arbitration. In 1994, about 52 percent of private companies reported having some form of ADR for discrimination complaints in place. But, according to EEOC surveys, only 31 percent of 75 Federal agencies covered made ADR available, a figure that had grown to 49 percent of 87 agencies covered in a 1996 survey. However, GAO determined that ADR use was not pervasive, or even widespread, in agencies that reported having some ADR capability.

Private companies generally reported employing a wider variety of ADR methods than did Federal agencies. About 80 percent of private firms using ADR used mediation, 39 percent used peer review panels, and about 19 percent used arbitration. Most Federal agencies used only mediation.

No comprehensive data were available on ADR results in the private and Federal sectors. However, experts and officials at organizations using ADR generally considered it to be successful in resolving workplace disputes without resorting to more formal procedures. They also believed that avoiding litigation or more formal redress processes produced savings.

With one exception, the five companies and five agencies GAO studied as case illustrations reported varied but generally positive experiences with ADR. The Department of Agriculture was the only one finding serious flaws with its ADR program. Officials with 9 of these 10 organizations said they had made efforts to involve employees in developing their ADR programs, to train key participants, and to publicize their ADR programs throughout their organizations. Private companies had more flexibility than Federal agencies in adopting ADR practices, especially arbitration, not available to the Federal workforce.

Most of the organizations studied did not comprehensively evaluate the results of their ADR programs or the time and cost savings they may have generated. However, the data available appeared to show that all forms of ADR contributed to resolving workplace disputes. Mediation appeared to be particularly successful, resolving a high percentage of disputes in all but one organization. No companies and only two agencies reported data on time savings. Both agencies indicated that ADR lowered the time necessary to resolve disputes by one-third to one-half. Only one company and one agency had evaluated cost savings. The company reported that the overall cost of dealing with employment disputes, including the cost of ADR, was less than half what the company had spent on legal fees for employment-related lawsuits. The agency concluded it was not clear whether ADR was less costly than the traditional EEO process when settlements were factored in.

GAO reported the following lessons from its study: the importance of top management commitment in establishing and maintaining the program, the importance of involving employees in developing the program, the advantages of intervening in the early stages of disputes, the necessity to balance the desire to settle and close cases with the need for fairness to all concerned, and that ADR can help managers improve their understanding of the roots of conflict in their organizations.

b. Benefits.—This study will greatly assist the subcommittee as it continues to examine ways to encourage the use of ADR to simplify and streamline the appellate procedures available to Federal employees.

20. Personnel Practices: Career Appointments of Former Political and Congressional Employees, GAO/GGD–97–165 (September 2, 1997)

a. Summary.—GAO examined appointments of former political appointees and legislative branch employees to career positions in the executive branch at or above GS–13 between January 1996 and March 1997. GAO was asked to determine whether agencies used appropriate authorities and followed proper procedures in making such appointments and whether, the circumstances surrounding such appointments created the appearance of favoritism or preferential treatment. According to this report, 18 agencies appointed a total of 36 former political appointees and legislative branch employees during this period. In all cases, GAO found the agencies used appropriate authorities and complied with proper procedures. However, GAO also determined that six appointments could create the appearance of favoritism or preferential treatment. In two of these cases, the agencies appeared to tailor the qualifications required of applicants to fit the political appointees selected. In two other cases, political appointees obtained career positions to which they had been reassigned shortly after receiving their political appointments, raising questions as to whether their initial political appointments were mere subterfuges. In the fifth case, the then-Chief of Staff to the OPM Director obtained a career SES appointment to the position of Director, Partnership Center. The Chief of Staff had been instrumental in establishing the position, and he was selected for the position by the OPM Director. His appoint-

ment surprised high ranking agency officials because of its potential for creating negative public perceptions. The sixth case involved a Schedule C political appointee, who had served as a GS–15 Special Assistant to the Secretary of Veterans' Affairs, who secured an appointment to a career SES appointment as Deputy Assistant Secretary for Congressional Affairs. This position was advertised three times. The political appointee did not apply under the first two announcements. Rather, he served on the panels that rated the applications received under those announcements. The political appointee applied under the third announcement and was selected.

b. Benefits.—The high-level conversions revealed by this report illustrate the need for legislative restrictions on the ability of political appointees to secure career appointments. Currently, political appointees are not barred from "burrowing in" to career positions during the administration in which they were appointed. When political appointees convert to career status under these circumstances, both the public and the Federal workforce often reasonably conclude that favoritism, not merit, is behind the selection, thus undercutting the merit system. In addition, the appointment of political appointees who owe their jobs to political allegiance to a particular administration into career positions is incompatible with the very idea of a permanent, apolitical career workforce. The subcommittee intends to consider legislation to curb the practice of converting political appointees to career status.

21. Federal Labor Relations: Survey of Official Time Used for Union Activities, GAO/GGD–97–182R (September 30, 1997)

a. Summary.—This study was undertaken in order to determine the extent to which Federal employee unions use Federal resources to conduct union business. During the 104th Congress, the Subcommittee on the Civil Service held hearings on taxpayer subsidies for Federal unions, examining selected agencies. That hearing revealed that Federal agencies typically provide taxpayer-provided resources (e.g., as paid time for union work, office space, office equipment, and supplies) to unions and that the amount of this subsidy has increased dramatically under the current administration. In an effort to develop a more complete picture, GAO surveyed 34 agencies that employed approximately 87 percent of Federal employees represented by a union. Agencies were asked to provide the following information for fiscal years 1989 through 1996: the amount of official time used by employees for union activities, the number of employees using official time, the number of employees who spent all of their time on union activities, the dollar value of time used for union activities, the dollar value of travel used for union activities, the dollar value of office space and related items, and the benefits and disadvantages, according to the agencies, of using official time for union activities. Most of the agencies responding to the survey did not provide comprehensive data on resources used for union activities. None provided data for all 8 of the fiscal years covered by the survey. In some cases, agencies provided data for only portions of fiscal years or on a calendar-year basis. Fifteen agencies provided information on official time during at least 1 of the fiscal years covered. Twelve reported a total of

1,028,544 hours of official time for fiscal year 1996. Overall, GAO concluded, the data received were insufficient to portray the total amount of resources these agencies used for union activities. Some of the Federal agencies said that use of official time (1) improved labor-management relations, (2) decreased the number of grievances, and (3) helped with the implementation of organizational changes. However, the disadvantage cited by some agencies was that use of official time caused employees to set aside their regular work.

b. Benefits.—GAO's work demonstrated the need for greater control and accountability in the use of official time and other Federal resources for union activities. It also provides useful information for evaluating H.R. 986, the Workplace Integrity Act, and other legislative proposals for controlling expenditures for official time. This study, and previous investigations by this subcommittee and the Social Security Subcommittee of the Committee on Ways and Means, indicate that tens of millions of taxpayer dollars are being used to subsidize Federal unions. (Assuming that individuals on official time in 1996 earned the average pay rate for that year, the dollar value of the official time reported by only 12 agencies was $20,795,119.) However, because agencies are not required to accurately record or report the use of official time and other resources provided to unions, it is difficult to quantify the full extent of this subsidy. Since these costs are unknown it becomes impossible to determine whether the purported benefits of official time and other union subsidies outweigh the costs. At the request of this subcommittee, GAO is developing more detailed estimates of the total costs of Federal resources used by unions. At the same time, the House report on the Treasury and General Government Appropriations Act, 1998 directed OPM to collect detailed information on the use of Federal resources to subsidize unions during the first 6 months of 1998.

22. Private Pensions: Plan Features Provided By Employers That Sponsor Only Defined Contribution Plans, GAO/GGD–98–23, (December 1, 1997)

a. Summary.—This report describes patterns in private sector defined contribution plans' (1) eligibility requirements for employee participation, (2) arrangements for employer and participant contributions, (3) eligibility requirements for employee rights to accrued benefits, (4) employee investment options, (5) loan and other provisions for participant access to plan assets while still employed, and (6) options for withdrawal of benefits upon separation or retirement. It also compares features of these private plans with the Thrift Savings Plan [TSP] available to Federal employees. GAO concluded that the designs of the 3,297 employers with 100 or more employees that sponsored only single-employer plans varied so greatly that no single design could be identified as a "typical" defined contribution plan.

Eligibility requirements: Employers generally established requirements employees must meet before participating in their plans. In 1993, 51 percent of employers required their employees to meet a combination of age and service requirements—usually age 21 and 1 year of service. Of the 100 larger employers with

10,000 or more employees, 55 percent reported that employees must meet length of service requirements, generally 1 year of service, with no age requirement. Under the TSP, newly hired employees covered by FERS must have from 6 to 12 months of Federal service to be eligible.

Contribution arrangements: Almost all of the employers provided for employer contributions to the plan rather than require participants to fully fund their own pensions. Most commonly, employers made automatic, or nonmatching, contributions to the plan with no participant contributions required or permitted. Larger employers were more likely to allow participants to contribute to their plans on a pretax basis, generally in an arrangement similar to the TSP, in which the employer makes both nonmatching and matching contributions, and employees are able to make pretax contributions. Slightly more than half of employers that permit employees' pretax contributions (and 60 percent of larger employers) allowed employees to contribute more than 10 percent of their salaries. Federal employee contributions to the TSP are limited to 10 percent of their basic pay. GAO was unable to determine the maximum employer contribution for the vast majority of private plans. However, where GAO could make that determination, the maximum contribution ranged from 5 percent to 6 percent of participants' pay. The government's maximum contribution under the TSP is 5 percent, which matches the participant's first 5 percent of contributions.

Vesting requirements: By law, participants own their own contributions (and earnings on those contributions). But employers generally establish minimum service requirements employees must satisfy to obtain title to employer contributions. Employees usually must work longer to vest in nonmatching contributions than in matching contributions. However, about one-third of the employers provided for immediate vesting of matching contributions, and one-eighth provide immediate vesting of nonmatching contributions. Larger employers were more likely to use immediate vesting for matching and nonmatching contributions. Under the TSP, Federal employees vest immediately in matching contributions and after 3 years of service in the 1 percent nonmatching contribution.

Investment options: A majority of employers who described the investment options available provided at least 4 investment options. These frequently included: employer stock, stock mutual funds, and bond mutual funds. Federal employees in the TSP may currently choose from 3 options—a nonmarketable government securities fund, a common stock index fund, and a diversified bond fund. Within 2 to 3 years, two additional options will be added, an international fund and a small company stock fund.

Loans and withdrawals: Nearly two-thirds of the employers permitted employees to access a portion of their accounts before separation from employment. Half allowed participants to borrow from their accounts up to certain legal limits, and some allowed participants to withdraw some or all of their own contributions, usually in the event of a personal financial hardship. Larger employers were somewhat more likely to allow participants to borrow from their accounts or make financial hardship withdrawals. But they were less likely to allow withdrawals in the absence of financial hardship. The TSP includes a loan program and allows participants

to make hardship withdrawals and a one-time withdrawal at age 59½ or later without separating from Federal service.

Withdrawal options upon separation or retirement: Nearly all employers permitted employees to take their account balances as a lump-sum distribution when they retire. Two thirds permit withdrawals in even installments over a specified period, and about half provide the option of a lifetime annuity. Larger employers were less likely to permit installment or annuity options. The same options were generally available to employees who separated for reasons other than retirement, but most of these employees could also elect to defer withdrawals. The TSP allows employees to choose lump-sum distributions, installment payments, or an annuity. Federal employees may also defer withdrawal until the year after they turn 70½ years old.

About 12 percent of the approximately 490,000 employers with 2 or more employees that sponsored only single-employer defined contribution plans also sponsored more than one such plan for the same groups of employees. Employers with less than 100 employees were more likely to sponsor multiple plans. Experts GAO consulted suggested that smaller employers might be better able to sponsor multiple plans than larger employers. But larger employers might be more likely to sponsor additional plans in order to compete with other employers.

GAO concluded that private employers design their pension programs to control costs, maximize Federal tax incentives, and comply with ERISA, while structuring their compensation and benefits to support their overall business and financial goals.

b. Benefits.—The information in this study will be useful as the subcommittee reviews potential changes to the structure of Federal employee retirement plans.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

1. "Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation." March 27, 1997, GAO/AIMD–97–46

a. Summary.—The subcommittee held a hearing to investigate the likely effectiveness of the Government Performance and Results Act [GPRA] based on input from previous public and private sector experiences. Using the lessons learned from these experiences, the subcommittee was able to direct the Office of Management and Budget and the Federal agencies in more profitable directions.

b. Benefits.—Since 1950, the Federal Government has attempted several government-wide initiatives designed to better align spending decisions with expected performance, commonly known as "performance budgeting." Congress enacted the Government Performance and Results Act in 1993 to improve the effectiveness, efficiency, and accountability of Federal programs by having agencies focus on program results. In this way, GPRA can be viewed as the most recent effort to closely link resources to performance expectations.

Pursuant to a legislative requirement, GAO reviewed the implementation of GPRA. Its report compares and contrasts the key design elements and approaches of GPRA with those of past initia-

tives to identify past lessons that have been incorporated into GPRA and issues that continue to pose significant challenges to successful implementation.

GAO noted that: (1) in its overall structure, focus, and approach, GPRA incorporates critical lessons learned from previous efforts, but many of the same issues encountered in previous initiatives remain and will likely pose significant challenges if GPRA is to achieve its aim of better linking resource decisions to performance levels; (2) where past efforts failed to link executive branch performance planning and measurement with congressional resource allocation processes, GPRA requires explicit consultation between the executive and legislative branches on agency strategic plans; (3) past initiatives' experiences suggest that efforts to link resources with results must begin in the planning phase with some fundamental understanding about program goals; (4) where past initiatives devised unique performance information formats often unconnected to the structures used in congressional budget presentations, GPRA requires agencies to plan and measure performance using the "program activities" listed in their budget submissions; (5) where past initiatives were generally unprepared for the difficulties associated with measuring the outcomes of Federal programs and often retreated to simple output or workload measures, GPRA states a preference for outcome measurement while recognizing the need to develop a range of measures; (6) GAO's discussions with selected legislative staff and agency officials revealed fundamental differences in perspectives and expectations that are often a necessary consequence of the system of separated powers; (7) past initiatives often foundered because no mechanism existed to reconcile or even to address these legitimate, but at times competing, views; (8) GPRA, through required consultations and formal, public documents, is intended to encourage an explicit and periodic exchange of views between the branches; (9) GPRA differs from prior initiatives in that past performance budgeting initiatives were typically implemented governmentwide within a single annual budget cycle, while GPRA defines a multi year and iterative governmentwide implementation process that incorporates pilot tests and formal evaluations of key concepts; and (10) GPRA also differs from prior initiatives in that it will face an operating environment unknown to its predecessors: persistent efforts to constrain spending.

2. "GPRA: Managerial Accountability and Flexibility Pilot Did Not Work As Intended," April 10, 1997, GAO/GGD–97–36

a. Summary.—The subcommittee held a hearing to investigate the success of the Government Performance and Results Act authorized pilot tests. GAO was asked to investigate these pilots in order for the subcommittee to make recommendations regarding the extension of GPRA flexibility provisions to other agencies. Based upon the results to date the subcommittee does not recommend extension of GPRA flexibility pilots or provisions to other agencies.

b. Benefits.—Congress intended for the Government Performance and Results Act to fundamentally shift the focus of Federal managers from processes to outcomes and results. In crafting GPRA,

Congress recognized that if Federal managers were to be held accountable for achieving results, they would need the authority and flexibility to achieve those results. GPRA provides for a series of pilot projects so that Federal agencies can gain experience in using the act's provisions and provide lessons to other agencies before GPRA's implementation governmentwide. One set of these GPRA projects focused on managerial accountability and flexibility. This report (1) determines whether the managerial accountability and flexibility pilot worked as intended and the reasons why it did or did not, and (2) identifies the lessons learned from this pilot and their possible implications for the governmentwide implementation of GPRA.

GAO noted that: (1) the GPRA managerial accountability and flexibility pilot did not work as intended; (2) the Office of Management and Budget [OMB] did not designate any of the 7 departments and 1 independent agency that submitted a total of 61 waiver proposals as GPRA managerial accountability and flexibility pilots; (3) three major factors contributed to the failure of GPRA's managerial accountability and flexibility pilot phase to work as intended: first, changes in Federal management practices and laws that occurred after GPRA was enacted affected agencies' need for the GPRA process; second, GPRA was not the only means by which agencies could receive waivers from administrative requirements, and thereby obtain needed managerial flexibility; third, OMB did not work actively with agencies that were seeking to take part in the managerial accountability and flexibility pilot, in contrast to its more proactive posture toward other GPRA requirements, such as the pilots for the performance planning and reporting requirements; (4) overall, officials in five of the eight agencies that submitted a waiver proposal to OMB said that they never received feedback from OMB on the status of their waiver proposals, notification of specific concerns that OMB may have had about the quality and scope of the proposals, or, most important, explicit instructions from OMB on how their proposals could be improved to better meet OMB's expectations; (5) even though the pilot process did not result in any GPRA-authorized waivers and thus did not work as intended, the process provided lessons for agencies and may have important implications for governmentwide GPRA implementation; (6) while preparing their waiver requests, several participating agencies learned that the burdens and constraints that confronted their managers often were imposed by the agency itself or its parent department and were not the result of requirements imposed by central management agencies; (7) the administration's effort to develop Federal management "templates" that, in part, document the range of flexibility agencies have under existing central management agency requirements is a promising means for disseminating knowledge about available flexibility among Federal agencies; and (8) in addition, the pilot experience should provide useful information for Congress to consider as GPRA is implemented governmentwide.

3. "Managing for Results: Analytic Challenges in Measuring Performance," May 30, 1997, GAO/HEHS/GGD–97–138

a. Summary.—The subcommittee held a hearing focusing on the second phase, performance plans, of the Government Performance and Results Act [GPRA]. After agency strategic plans are delivered in September 1997, the agencies will deliver performance plans in February 1998. The performance plans will require the agencies to collect and report on data that they had not previously tracked. The subcommittee identified problems that agencies will encounter and made relevant recommendations. The subcommittee encouraged the agencies to take these GPRA requirements quite seriously and to develop meaningful performance plans for both agency management and congressional oversight.

b. Benefits.—The Government Performance and Results Act requires agencies to identify program goals and report on their progress in achieving them. GPRA includes a phase during which about 70 programs, ranging from the U.S. Geological Survey's National Water Quality Assessment Program to the entire Social Security Administration, were designated as GPRA pilot projects. These and other Government programs have been gaining experience with the act's requirements. GPRA requires GAO to review implementation of the pilot phase and to comment on the prospects for compliance by Federal agencies when governmentwide implementation begins. This report answers the following questions: What analytic and technical challenges are agencies experiencing as they try to measure program performance? What approaches have they taken to address these challenges? How have agencies made use of program evaluations or evaluation expertise in implementing performance measurement?

GAO noted that: (1) the programs included in GAO's review encountered a wide range of serious challenges; (2) 93 percent of the officials GAO surveyed reported at least one challenge as a great or very great challenge, and some were not very far along in implementing the steps required by the Results Act; (3) 8 of the 10 tasks rated most challenging emerged in the two relatively early stages of the performance measurement process, identifying goals and developing performance measures; (4) in developing both goals and performance measures, respondents found it difficult to move beyond a summary of their program's activities, such as the number of clients served, to distinguish the desired outcome or result of those activities; (5) sometimes selecting an outcome measure was impeded, instead, by conflicting stakeholder views of the program's intended results or by anticipated data collection problems; (6) issues in the data collection stage were rated as less serious and revolved around the programs' lack of control over data that third parties collected, but programs may have avoided some data issues through selection of measures for which data already existed; (7) the greatest challenge in the analysis and reporting stage was separating a program's impact on its objectives from the impact of external factors, primarily because many Federal programs' objectives are the result of complex systems or phenomena outside the program's control; (8) in such cases, it is particularly challenging for agencies to confidently attribute changes in outcomes to their program, the central task of program impact evaluation; (9) the

programs GAO reviewed had applied a range of analytic and other strategies to address these challenges; (10) because they had either volunteered to be GPRA pilots or had already begun implementing performance measurement, the programs included in GAO's review were likely to be better suited or prepared for conducting performance measurement than most Federal programs; and (11) the challenges experienced by the projects that are pilot testing the act's requirements suggest that: (a) more typical Federal programs may find performance measurement to be an even greater challenge, particularly if they do not have access to program evaluation or other technical resources; and (b) full-scale implementation will require several iterations to develop valid, reliable, and useful performance reporting data systems.

4. "The Government Performance and Results Act: 1997 Government-wide Implementation Will be Uneven," June 2, 1997, GAO/GGD–97–109

a. Summary.—The subcommittee held a hearing on the Government Performance and Results Act [GPRA] to pressure the agencies to improve the quality of their strategic plans. Draft versions of agency strategic plans are required by GPRA to be drafted in consultation with Congress. The subcommittee made sure that the agencies fully understood their obligations to Congress; that the agencies understood the six legally required topics; that agency plans would be considered in appropriations and authorizing decisions; and that Congress would look unfavorably upon strategic plans that were not both substantive and realistic.

b. Benefits.—GAO found that implementation of the Government Performance and Results Act has so far yielded mixed results, which will lead to highly uneven government-wide implementation in the fall of 1997. Some agencies, such as the Social Security Administration and the Veterans Health Administration, have already seen significant performance improvements after they adopted a disciplined approach to setting goals, measuring performance, and using performance information to improve effectiveness. In general, however, substantial performance improvements at Federal agencies have been relatively few, and many agencies seemed ill prepared to answer the fundamental question posed by the act: What are we accomplishing? Agencies face various challenges to implementing the act, some of which will not be resolved quickly. One set of challenges arises from the complications of Government structure and from program proliferation. Others involve methodological difficulties in identifying performance measures or the lack of data needed to establish goals and assess performance.

GAO noted that: (1) GPRA's implementation has achieved mixed results; (2) while agencies are likely to meet the upcoming statutory deadlines for producing initial strategic plans and annual performance plans, those documents will not be of a consistently high quality or as useful for congressional and agency decisionmaking as they could be; (3) the Office of Management and Budget selected over 70 performance planning and reporting pilots that far exceeded the number required by GPRA and that should provide a rich body of experience for agencies to draw on in the future; (4) the experiences of some of GPRA's pilot agencies and related efforts by

nonpilot agencies showed that significant performance improvements were possible, even in the short term, when an agency adopted a disciplined approach to setting results-oriented goals, measuring its performance, and using performance information to improve effectiveness; (5) however, the reported examples of substantial performance improvements were relatively few; (6) one set of challenges to effectively implementing GPRA arises from the complications of government structure and from program proliferation; (7) others involve methodological difficulties in identifying performance measures or the lack of data needed to establish goals and assess performance; (8) the following are among the challenges that GAO observed: (a) overlapping and fragmented crosscutting program efforts present the logical need to coordinate efforts to ensure that goals are consistent and, as appropriate, that programs efforts are mutually reinforcing; (b) the often limited or indirect influence that the Federal Government has in determining whether a desired result is achieved complicates the effort to identify and measure the discrete contribution of the Federal initiative to a specific program result; (c) the lack of results-oriented performance information in many agencies hampers efforts to identify appropriate goals and confidently assess performance; (d) instilling within agencies an organizational culture that focuses on results remains a work in progress across the Federal Government; and (e) linking agencies' performance plans directly to the budget process may present significant difficulties.

Finally, GAO believes that GPRA's success or failure should not be judged on the strategic plans for the first year. Rather, it will take several years for Federal agency strategic plans to fulfill congressional intent.

5. "Managing for Results: Regulatory Agencies Identified Significant Barriers to Focusing on Results," June 24, 1997, GAO/GGD–97–83

a. Summary.—The subcommittee held a hearing focusing on implementation difficulties of the Government Performance and Results Act. GAO was asked to study five regulatory agencies in depth and analyze any difficulties they were encountering. The subcommittee was able to make these difficulties known so they could be addressed early and presumably rectified before agency plans were delivered to OMB and Congress. Further, the subcommittee made recommendations for OMB and agency management actions to overcome these implementation difficulties as soon as possible.

b. Benefits.—The Government Performance and Results Act seeks to boost the performance of Federal agencies by focusing on program performance and measuring results. Because establishing results-oriented goals and performance measures will not be easy, GPRA provides for a phased implementation period. Beginning in fiscal year 1994 and extending over several years, agencies are to develop strategic goals, identify performance measures, and by fiscal year 1999 implement annual results-oriented performance reports linked to budget requests. The President has directed regulatory agencies to change the way they measure their performance and to focus on results. This report focuses on the efforts of five

agencies to focus on results: the Occupational Safety and Health Administration, the Federal Aviation Administration, the Food and Drug Administration, the Internal Revenue Service, and the Environmental Protection Agency. GAO describes the (1) five agencies' strategic goals and related program performance measures as well as employee performance standards as of January 1997; (2) extent to which agency officials and GAO believe that these goals, program performance measures, and employee performance standards focus on results; and (3) aids and barriers that agency officials said that they faced in trying to focus on results.

GAO noted that: (1) as would be expected in the early stages of implementing a new and difficult initiative, GAO observed that some of the five regulatory agencies were further along in the development of strategic goals, program performance measures, and employee performance standards than others; (2) the agencies also varied in the degree to which their goals, associated sets of program performance measures, and employee performance standards that were in use as of January 1, 1997, focused on results as judged by both agency officials and GAO; (3) in this regard, it is important to note that although GPRA was intended to encourage agencies to focus their goals and measures on results, the act does not require that all of an agency's goals or performance measures be explicitly results-oriented; (4) similarly, the President's directive to orient frontline regulators' performance standards toward results does not appear to require that every standard be results-oriented; (5) there were differences in the extent to which agency officials characterized their goals, program performance measures, and employee performance standards as "results-oriented" and the extent to which GAO did; (6) in general, agencies frequently concluded that their goals, measures, and standards were more results-oriented than GAO did; (7) at the broader and more conceptual level of strategic goals, there were relatively few differences between agency officials' assessments of the extent of results-orientation and GAO's; (8) in enacting GPRA, Congress realized that the transition to results-oriented management would not be easy; (9) for that reason, the act provided for a phased approach to implementation, during which time agencies have been able to identify the obstacles that need to be overcome and some factors they found helpful; (10) the factor that agency officials most commonly said aided the establishment of a results-orientation in the agencies was the enactment of GPRA; (11) although agency officials identified some aids to focusing their agencies on results, they cited numerous barriers to their efforts to establish results oriented goals and measures; (12) these barriers included significant problems in identifying and collecting the data they needed to demonstrate their agencies' results; and, (13) agencies also cited as a barrier the fact that the diverse and complex factors affect agencies' results, and their lack of control or influence over external events and factors.

6. "Managing For Results: Using the Results Act to Address Mission Fragmentation and Program Overlap," August 29, 1997, GAO/AIMD–97–146

a. Summary.—Congress is particularly interested in comparing "bang for the buck" for duplicate programs. GAO was asked to

study how the Government Performance and Results Act could be used to address this need. GPRA, if implemented as intended by Congress, can deliver the required performance and related cost information that Congress needs to compare the relative desirability of duplicate and overlapping programs. The subcommittee made recommendations to OMB and the Federal Departments and agencies that facilitate the correct implementation of GPRA. Further, the subcommittee made recommendations to congressional authorization and appropriation committees to seriously consider the agency strategic plans and performance reports when making both budgetary and policy decisions.

b. Benefits.—As the Government searches for ways to do more with less, mission fragmentation and program overlap at Federal agencies have become increasingly important issues. Congress, the administration, and GAO have all cited the fragmented nature of many Federal activities, along with the need to reduce the deficit, as compelling reasons to undertake a fundamental reexamination of Federal programs and structures. The Government Performance and Results Act presents an opportunity to begin such a reexamination. This report summarizes earlier GAO work on mission fragmentation and program overlap and describes specific ways in which the Results Act can focus attention on these management challenges and can help develop strategies to harmonize Federal responses.

GAO noted that: (1) GAO's work has documented the widespread existence of fragmentation and overlap from both the broad perspective of Federal missions and from the more specific viewpoint of individual Federal programs; (2) GAO's work has shown that as the Federal Government has responded over time to new needs and problems, many Federal agencies have been given responsibilities for addressing the same or similar national issues; but GAO's work also suggests that some issues will necessarily involve more than one Federal agency or more than one approach; (3) taken as a whole, this body of work indicates that fragmentation and overlap will present a particular and persistent challenge to the successful implementation of the Results Act; (4) but at the same time, the Results Act should offer a new and structured framework to address crosscutting issues; (5) each of its key stages—defining missions and desired outcomes, measuring performance, and using performance information—offers a new opportunity to address fragmentation and overlap; (6) for example, the Results Act is intended to foster a dialog on strategic goals involving the Congress as well as agency and external stakeholders; (7) this dialog should help to identify agencies and programs addressing similar missions and associated performance implications; (8) the act's emphasis on results-based performance measures should lead to more explicit discussions of contributions and accomplishments within crosscutting programs and encourage related programs to develop common performance measures; (9) if the Results Act is successfully implemented, performance information should become available to clarify the consequences of fragmentation and the implications of alternative policy and service delivery options, which, in turn, can affect future decisions concerning department and agency missions and the allocation of resources among those missions; (10) emphasizing

missions, goals, and objectives, as envisioned by the Results Act, should facilitate a broader recognition of the nature and extent of fragmentation and overlap; and (11) however, past efforts to deal with crosscutting Federal activities and recent developments in both the executive branch and Congress underscore the need for specific institutions and processes to sustain and nurture a focus on these issues.

7. "Managing For Results: Critical Issues for Improving Federal Agencies' Strategic Plans," September 16, 1997, GAO/GGD–97–180

a. Summary.—The subcommittee held a hearing to review the quality of OMB's strategic plan as prepared under the Government Performance and Results Act. In preparation the subcommittee reviewed OMB's draft GPRA strategic plan and found it insufficient. The subcommittee met with key OMB officials to provide consultative advice and as a result the final OMB strategic plan submitted at fiscal year end was noticeably improved. The subcommittee also participated with congressional leadership in the review and evaluation of all agency draft strategic plans prepared in accordance with GPRA. As a consequence the average score of the agency strategic plans almost doubled between the drafts provided in August and the final GPRA strategic plans delivered at the end of September 1997.

b. Benefits.—In part of its effort to introduce performance-based management into the Federal Government, the Government Performance and Results Act requires agencies to develop strategic plans. GAO evaluated the latest available versions of the draft strategic plans that agencies submitted to Congress and found that many of them were missing key elements required by the legislation. For example, the plans often did not (1) link required elements, (2) fully develop strategies to achieve their results, (3) identify cross-cutting issues and programs, (4) gather and use performance information, or (5) address program evaluations. This report summarizes GAO's reviews of agency draft strategic plans and discusses strategic planning issues in need of sustained attention.

GAO noted that: (1) a significant amount of work remained to be done by executive branch agencies if their strategic plans are to fulfill the requirements of the Results Act, serve as a basis for guiding agencies, and help congressional and other policymakers make decisions about activities and programs; (2) although all 27 of the draft plans included a mission statement, 21 plans lacked 1 or more of 5 other required elements; (3) overall, one-third of the plans were missing two required elements; and just over one-fourth were missing three or more of the required elements; (4) GAO's reviews of agencies' draft strategic plans also revealed several critical strategic planning issues that are in need of sustained attention if agencies are to develop the dynamic strategic planning processes envisioned by the Results Act; (5) most of the draft plans did not adequately link required elements in the plans; (6) these linkages are important if strategic plans are to drive the agencies' daily activities and if agencies are to be held accountable for achieving intended results; (7) furthermore, 19 of the 27 draft plans did not attempt to describe the linkages between long-term strategic goals

and annual performance goals; (8) long-term strategic goals often tended to have weaknesses; (9) although the Results Act does not require that all of an agency's strategic goals be results oriented, the intent of the act is to have agencies focus their strategic goals on results to the extent feasible; (10) many agencies did not fully develop strategies explaining how their long-term strategic goals would be achieved; (11) most agencies did not reflect in their draft plans the identification and planned coordination of activities and programs that cut across multiple agencies; (12) the questionable capacity of many agencies to gather performance information has hampered, and may continue to hamper, efforts to identify appropriate goals and confidently assess performance; (13) the draft strategic plans did not adequately address program evaluations; and (14) evaluations are important because they potentially can be critical sources of information for ensuring that goals are reasonable, strategies for achieving goals are effective, and that corrective actions are taken in program implementation.

8. "Defense Computers: LSSC Needs to Confront Significant Year 2000 Issues," September 26, 1997, GAO/AIMD–97–149

a. Summary.—The subcommittee has taken the lead in the Federal Government in raising the year 2000 issue. The subcommittee has applied pressure on the administration—OMB, agencies in general, and laggard agencies in particular. The subcommittee continued to pressure the various Federal agencies to achieve year 2000 compliance before the deadline of January 1, 2000 by holding a press conference and issuing grades for each of the 24 largest agencies based upon their progress to date. Over half of the agencies failed to demonstrate sufficient progress on this issue. The "Report Card of Year 2000 Progress" received considerable publicity and achieved its objective of forcing many agency heads to pay attention to this serious problem.

b. Benefits.—This report focuses on the Logistics Systems Support Center's [LSSC] program for solving its year 2000 computer system problem, which stems from the inability of computer programs to interpret the correct century from recorded or calculated data having only two digits to indicate the year. LSSC's Commodity Command Standard System supports the Army's wholesale logistics supply management business effort, which buys more than $23 billion worth of supplies and equipment each year for troops around the world. Unless LSSC overcomes its year 2000 problem, the Commodity Command Standard System could malfunction or generate incorrect information, potentially jeopardizing military missions. GAO discusses the status of LSSC's effort to correct year 2000 problems and the appropriateness of LSSC's strategy for addressing year 2000 problems affecting the Commodity Command Standard System.

GAO noted that: (1) the year 2000 problem is one of the most comprehensive and complex information management projects ever faced by LSSC; (2) if not successfully completed, the procurement of weapon systems and their spare parts, accounting for the sales of Army equipment and services to allies, and the financial management of $9 billion of inventory could be disrupted; (3) as a result, it could be extremely difficult to efficiently and effectively

equip and sustain the Army's forces around the world; (4) LSSC has completed several actions to address the CCSS year 2000 problem; (5) a year 2000 project manager and management staff have been designated, a project manager charter and schedule were developed, and supplementary contractor support was acquired to assist with assessment tasks; (6) regularly scheduled quarterly meetings are held by the Army Materiel Command [AMC] headquarters to report LSSC year 2000 status; (7) these steps are compatible with the Department of Defense's [DOD] suggested approach and consistent with those found in GAO's five-phased approach for planning, managing, and evaluating year 2000 projects; (8) although LSSC commenced its year 2000 project over a year ago, there are several issues facing LSSC that, if not completely addressed, may result in the failure of CCSS to successfully operate at the year 2000; (9) LSSC has yet to completely address: (a) competing workload priorities and staffing issues; (b) the appropriate mix and scheduling of needed testing data and expertise as well as the development of test plans; (c) the scope and substance of written interface agreements with system interface partners to ensure that CCSS subsystems will be capable of exchanging data at the year 2000; and (d) contingency plan development to help assure that Army missions will be accomplished if CCSS is not fully available to users by the year 2000; (10) LSSC's risk of failure is increased because the agency has not attained the level of software development and maintenance maturity that would provide the foundation needed for successful management of large-scale projects such as the year 2000 initiative; and (11) because CCSS is used to support military readiness, these critical elements must be resolved and aggressively pursued to enable LSSC to achieve a year 2000 compliant environment prior to the year 2000.

9. "Defense Computers: DFAS Faces Challenges in Solving the Year 2000 Problem," August 11, 1997, GAO/AIMD–97–117

a. Summary.—The subcommittee continues to pressure all Federal Departments and agencies to reach year 2000 computer compliance before the deadline of January 1, 2000. Overall, the Department of Defense [DOD] has not achieved a rate of progress that will lead to success. The subcommittee continues to pressure DOD in general and also to commission GAO studies to focus on particular portions of DOD that are both critical and behind schedule. This brings the pressure of governmentwide year 2000 report cards to bear on particular mission-critical systems and conversely provides the specificity to assure the subcommittee that its overall perspective is well grounded in reality.

b. Benefits.—The year 2000 problem refers to the inability of computer programs to interpret the correct century from a recorded or calculated date having only two digits to indicate the year. Unless this shortcoming is corrected, the Defense Financing and Accounting Service's [DFAS] computer systems could malfunction or produce incorrect information. The impact of these failures would be widespread, costly, and potentially debilitating to the DFAS accounting and financial reporting mission. This report discusses (1) the status of DFAS' efforts to identify and correct its year 2000 sys-

tems problems and (2) the appropriateness of DFAS' strategy and actions for ensuring that problems will be successfully addressed.

GAO noted that: (1) DFAS managers have recognized the importance of solving the year 2000 problem; (2) to help ensure that services are not disrupted, DFAS has developed a year 2000 strategy based on the generally accepted five-phased Government methodology for addressing the year 2000 problem; (3) this approach is also consistent with GAO's guidelines for planning, managing, and evaluating year 2000 programs; (4) in carrying out its year 2000 strategy, DFAS has assigned accountability for ensuring that year 2000 efforts are completed, established a year 2000 systems inventory, implemented a quarterly tracking process to report the status of individual systems, estimated the cost of renovating systems, begun assessing its systems to determine the extent of the problems, and started to renovate and test some applications; (5) DFAS also established a year 2000 certification program that defines the conditions that must be met for automated systems to be considered year 2000 compliant; (6) while initial progress has been made, there are several critical issues facing DFAS, that if left unaddressed, may well result in the failure of its systems to successfully operate in 2000: (a) DFAS has not identified in its year 2000 plan all critical tasks for achieving its objectives or established milestones for completing all tasks; (b) DFAS has not performed formal risk assessments of all systems to be renovated or ensured that contingency plans are in place; (c) DFAS has not identified all system interfaces and has completed written interface agreements with only 230 of 904 interface partners; and (d) DFAS has not adequately ensured that testing resources will be available when needed to determine if all operational systems are compliant before the year 2000; (7) risk of failure in these areas is increased due to reliance on other DOD components; and, (8) DFAS is also dependent on military services and DOD components to ensure that its systems are year 2000 compliant.

10. "Defense Computers: Issues Confronting DLA in Addressing Year 2000 Problems," August 12, 1997, GAO/AIMD–97–106

a. Summary.—The subcommittee continues to push for attention to the year 2000 computer problem throughout the Federal Government. One critical issue that is being ignored by many Federal agencies is the "ripple effect." As GAO discovered in this commissioned study, the Defense Logistics Agency [DLA] systems are connected to each other, to systems in other Federal agencies, and to systems outside the Government. If one of these systems fails, it can pass contaminated data to connected systems and thereby cause them to also fail. This failure can be passed from system to system, like ripples in a pond. Conversely, even though DLA may have fixed its own systems, its computers can still fail because of contaminated data received from outside the agency. The subcommittee has raised this aspect of the year 2000 issue for the entire Government and for DLA in particular.

b. Benefits.—If the military does not resolve its year 2000 computer problem in time, computer systems at the Defense Logistics Agency, which supplies the military with supply, technical, logistics, and contract services, could malfunction or produce incorrect

information. The impact of these failures could be widespread, costly, and debilitating to important logistics functions. This report discusses (1) the status of DLA's efforts to correct its year 2000 problems, and (2) the appropriateness of DLA's strategies and actions for ensuring that the problem will be successfully addressed.

GAO noted that: (1) DLA has recognized that the year 2000 problem has the potential to be the largest information technology dilemma it has encountered to date and that if not successfully resolved, the supply, technical, logistics, and contract services that DLA provides to the military services could be severely disrupted; (2) to its credit, DLA has already assessed the year 2000 impact on its operations, inventoried its systems, conducted pilot projects to determine year 2000 effects on some of its major systems, and developed and issued policies, guidelines, standards, and recommendations on year 2000 correction for the agency; (3) these steps are consistent with GAO's guidelines and the Department of Defense's five-phase approach for planning, managing, and evaluating year 2000 programs; (4) however, DLA has not yet completed several critical steps associated with the assessment phase of year 2000 correction that are designed to ensure the agency is well-positioned to deal with delays or other problems encountered in the remaining phases; (5) DLA has not been working enough with its customers and others who have established system connections or interfaces to ensure consistency in handling date information passed between systems; (6) the agency has not included thousands of field-developed, unique programs as part of its year 2000 systems inventory or made these programs part of its year 2000 program office's responsibility; (7) these unique programs can introduce errors into DLA's automated information systems just as easily as those systems that have external interfaces with DLA systems; (8) in addressing these two issues, DLA can help ensure the success of its efforts to correct the systems within its control; (9) DLA has not: (a) prioritized the 86 automated information systems that it plans on being operational in the year 2000 to ensure that the most mission critical systems are corrected first; or (b) developed contingency plans to establish the course of action that should be followed in the event that any of DLA's mission critical systems are not corrected on time; and (10) since DLA activities are critical to supporting military operations and readiness, GAO believes that the agency should begin prioritizing its systems and developing contingency plans so that logistics operations can continue even if unforeseen problems or delays in year 2000 corrective actions arise.

11. "Veterans Benefits Computer Systems: Risks of VBA's Year-2000 Efforts," May 30, 1997, GAO/AIMD–97–79

a. Summary.—The subcommittee has pushed the Federal Departments and agencies to make informed decisions about their alternatives in rectifying the year 2000 computer problem. Some systems are already compliant. Some systems can be retired as no longer necessary. However, most systems will need to be fixed. There are several alternatives available: the programming code within a system can be changed; the entire system can be replaced with a new system; or a "smart-tool" can provide a work-around for lower cost. The best alternative for each system will depend on

many factors. Each agency must assess every system in order to know the total amount of work to be done. The Veterans Benefits Agency [VBA] is a good example of this situation. The subcommittee has recommended to OMB and the Federal agencies that they perform a complete assessment on each system; determine the best alternative for each system; and then plan their workload and schedule for being year 2000 compliant before the deadline.

b. Benefits.—Unless timely, corrective action is taken, the Veterans Benefits Administration, like other Federal agencies, could face widespread computer failures at the turn of the century because of the year 2000 problem. In many computer systems, the year 2000 is undistinguishable from 1900. This could make veterans who are due to receive benefits appear ineligible, disrupting the issuance of benefits checks. VBA has tried to address this problem, but it can do more. First, the year 2000 management office's structure and technical capabilities are inadequate. Second, key year 2000 readiness assessment processes—determining the potential severity of the year 2000 impact on VBA operations, inventorying its information systems, and developing contingency plans—have not been completed. Third, VBA lacks enough information on the costs or potential problems associated with its approach to making systems year 2000 compliant. As a result, it cannot make informed choices about which systems must be funded to avoid disruptions in service and which can be deferred. Addressing these problems requires top management attention. Contributing to the challenges are the loss of key computer personnel, difficulties in obtaining information on whether interfaces and third-party products are year 2000 compliant, and delays in upgrading systems at VBA data centers.

GAO noted that: (1) correcting the year 2000 problem is critical to VBA's mission of providing benefits and services to veterans and their dependents; (2) if not corrected, calculations based on incorrect dates could result in inaccurate and late payment of benefits to veterans, prompting financial stress to millions across the country; (3) VBA has acted to address the problem, but can do more; (4) the year 2000 management office structure and technical capabilities are insufficient; (5) key year 2000 readiness assessment processes have not been completed; (6) both VBA's initial and revised strategies are risky in that without sufficient information on the costs or potential problems associated with its approach to making systems year 2000 compliant, it cannot make informed choices as to which systems must be funded to avoid disruptions in service, versus which can be deferred; (7) deficiencies in these three areas add risk to an already difficult challenge; (8) addressing these problems will require close and continual top management attention and leadership; (9) contributing to the challenge facing VBA are the loss of key computer personnel, difficulties in obtaining necessary information from external sources on whether interfaces and third-party products are year 2000 compliant, and delays in upgrading systems at VBA data centers; (10) the issue of whether third-party products are year 2000 compliant is being faced by other Federal agencies as well; (11) the Department of Veterans Affairs' chief information officer told GAO that VBA will: (a) revise its year 2000 strategy to focus on converting the existing noncompliant benefits payment systems rather than replacing

them; and (b) acquire contractual support to assist in managing the year 2000 effort and in making necessary changes; (12) these are positive developments, and GAO looks forward to seeing VBA's plans to implement these steps; and (13) the implementation of these recommendations will put VBA in a better position to avoid these types of problems in the future.

12. "Air Traffic Control: Improved Cost Information Needed to Make Billion Dollar Modernization Investment Decisions," January 22, 1997, GAO/AIMD–97–20

a. Summary.—In 1981, the Federal Aviation Administration [FAA] began an air traffic control modernization program that the agency now expects will cost more than $34 billion by 2003. The vast majority of these air traffic control capital investment projects, both in terms of money and number, involve software-intensive information acquisition, processing, and display systems. GAO found that the program's cost-estimating and accounting practices are badly flawed, resulting in an absence of reliable cost and financial information needed to make informed investment decisions. This report examines the cost-estimating and accounting practices that FAA has used for its air traffic control project. GAO discusses whether (1) air traffic control cost estimates are based on good estimating processes and (2) actual air traffic control project costs are being properly captured and reported.

b. Benefits.—The Federal Aviation Administration has had perennially troubled procurement. Procurement issues in general and information technology procurement in particular are of direct, ongoing concern to the taxpayers. The soundness of procurement choices is critical to both the size and quality of Government services. This report assisted the subcommittee in its review of procurement reforms.

13. "Acquisition Reform: DOD Faces Challenges in Reducing Oversight Costs," January 29, 1997, GAO/NSIAD–97–48

a. Summary.—The Pentagon considers acquisition reform (lowering the cost of acquiring weapon systems) to be one of its highest priorities. In an era of shrinking military budgets, the Department of Defense plans to use the savings from acquisition reform to pay for forces modernization. The DOD established a reinvention laboratory in September 1994 to help reduce nonvalue-added oversight requirements, thereby lowering contractors' compliance costs and the Government's oversight costs. Overall, the reinvention laboratory has made only limited progress in reducing the cost of contractors' compliance with Government regulations and oversight requirements. In particular, laboratory participants reported little success in addressing 9 of the top 10 cost drivers. DOD officials said that the reinvention laboratory tended to receive little top-level support from elsewhere in DOD. Other factors that limited various projects included statutory and non-DOD regulatory requirements, disagreements between DOD and contractors over the value of some oversight requirements, and difficulties coordinating and obtaining approval for proposed changes that involved multiple customers. These results, however, should not deter DOD from continuing its efforts to reduce nonvalue added oversight require-

ments. Sustained support from DOD leadership is essential. From a budgetary perspective, the laboratory results underscore the need for caution in estimating cost savings from oversight reform.

b. Benefits.—The Department of Defense faces serious challenges in acquisition reform to reduce costs and redirect savings to other higher priority areas. This report outlines those challenges and describes the major issues for the committee's review. Cooperation between Congress and the Department of Defense is crucial if these challenges are going to be met successfully.

14. "Privatization: Lessons Learned by State and Local Governments," March 14, 1997, GAO/GGD–97–48

a. Summary.—A number of State and local governments have successfully shifted functions or responsibilities to the private sector, usually through contracting or managed competition. Lessons learned from these experiences may be helpful to the Federal Government as it pursues its own privatization efforts. This report discusses privatization efforts in the States of Georgia, Massachusetts, Michigan, New York, and Virginia as well as the city of Indianapolis, IN.

b. Benefits.—The report assisted the subcommittee in its review of Government organization and management. Privatization within the Federal Government has occurred only in isolated instances, so it is important to look to the State and local government where the primary activity is occurring for guidance and lessons.

15. "Cooperative Purchasing: Effects Are Likely to Vary Among Governments and Businesses," February 10, 1997, GAO/GGD–97–33

a. Summary.—The National Performance Review reported in 1993 that consolidating Government purchasing would benefit the taxpayer through greater volume discounts and simplified administration. The following year, Congress established a cooperative purchasing program to allow State and local governments, as well as Indian tribes and Puerto Rico, to purchase from Federal supply schedules. However, Congress suspended the program in 1996 until its impact could be assessed. This report assesses the effects of the cooperative purchasing program on these non-Federal Governments and Federal agencies and on industry, including small businesses and dealers. GAO also assesses the preliminary implementation plan prepared by GSA. GAO concludes that although there is little risk to Federal interests, the benefits for non-Federal Governments and the consequences for industry will likely vary.

b. Benefits.—The report assisted the committee in its review of cooperative purchasing, which was repealed by the Congress in 1997.

16. "Telecommunications Management: More Effort Needed by Interior and the Forest Service to Achieve Savings," May 8, 1997, GAO/AIMD–97–67

a. Summary.—Pursuant to a congressional request, GAO reviewed efforts by the Department of the Interior and the Forest Service to reduce costs by consolidating their telecommunications services, focusing on whether: (1) the Interior Department has con-

solidated and optimized telecommunications services to eliminate unnecessary services and maximize savings; and (2) the Interior Department and the Forest Service are sharing telecommunications services where they can.

GAO noted that: (1) to its credit, Interior has undertaken a number of telecommunications cost-savings initiatives that have produced significant financial savings and helped reduce the Department's more than $62 million annual telecommunications investment; (2) however, Interior is not systematically identifying and acting on other opportunities to consolidate and optimize telecommunications resources within and among its bureaus or its 2,000-plus field locations; (3) the cost-savings initiatives that have been undertaken have generally been done on an isolated and ad hoc basis, and have not been replicated throughout the Department; (4) GAO did not review consolidation and sharing opportunities at all of Interior's field locations; (5) however, at the four sites GAO visited, GAO found that telecommunications resources were often not consolidated or shared, and bureaus and offices were paying thousands of dollars annually for unnecessary services; (6) Interior does not know to what extent similar telecommunications savings may exist at its other offices because it lacks the basic information necessary to make such determinations; (7) Interior and the Department of Agriculture [USDA] may also be missing opportunities to save millions of dollars by not sharing telecommunications resources; (8) even though the Departments have a 2-year old agreement to identify and act on sharing opportunities, little has been done to implement this agreement and, accordingly, only limited savings have been realized; and (9) moreover, while Interior and the Forest Service currently plan to collectively spend up to several hundred million dollars to acquire separate radio systems over the next 8 years, the Departments have not jointly determined the extent to which they can reduce these costs by sharing radio equipment and services.

b. Benefits.—The report has assisted the committee in its review of Federal telecommunication programs and procurement of those services.

17. "Courthouse Construction: Better Courtroom Use Data Could Enhance Facility Planning and Decisionmaking," May 19, 1997, GAO/GGD–97–39

a. Summary.—Trial courtrooms, because of their size and configuration, are expensive to build. The judiciary's current policy is, whenever possible, to assign a trial courtroom to each district judge. GAO's work in seven cities—Dallas, Miami, Albuquerque, Sante Fe, Las Cruces, San Diego, and Washington, DC—found that courtrooms were idle, on average, about 46 percent of the days available for courtroom activities. In other words, these courtrooms were vacant 115 days out of 250 Federal workdays in 1995. Courtrooms were used for trials less than one-third of the days, and the use of courtrooms for trials varied by location. At the six locations with more than one trial courtroom, all courtrooms at any one location were seldom used for trials the same day. Senior judges—district judges who were eligible to retire but chose to continue to perform judicial duties, often at reduced caseloads—used the court-

rooms assigned to them for trials considerably less frequently than did active district judges. The judiciary recognizes that it has not developed the data or done the research to support its practice of providing a separate trial courtroom for every district judge. Although it has taken some steps to help it better understand courtroom usage, the judiciary has yet to develop a plan to gather data on actual use of courtrooms for trials or to systematically quantify the latent and other usage factors.

b. Benefits.—The problems of overspending in courthouse construction is serious and longstanding. This report helps focus agency attention on the issue.

18. "Debt Collection: Improved Reporting Needed on Billions of Dollars in Delinquent Debt and Agency Collection Performance," June 2, 1997, GAO/AIMD–97–48

a. Summary.—Pursuant to a congressional request, GAO reviewed debt collection issues for nontax debts, focusing on: (1) reported government-wide data on credit receivables and delinquencies for loans managed by the Federal Government; (2) the status of efforts at four major credit agencies to resolve delinquencies; (3) the dollars collected using various legislatively-established collection tools; and (4) ways debt collection reporting can be enhanced to evaluate progress in collecting debt, and thereby assess agency efforts to meet the mandates of the Debt Collection Improvement Act of 1996. GAO did not verify the accuracy of the information provided to it by the Office of Management and Budget [OMB], the Financial Management Service [FMS], or by the four agencies included in the review.

b. Benefits.—The committee originated the Debt Collection Improvement Act, which is the most recent effort to provide additional tools to collect debts of the Federal Government. This report aided the committee's deliberations at the November 12, 1997 hearing on this issue.

In the report, GAO noted that: (1) government-wide reporting to Congress indicates that the amount of debt Federal agencies are directly managing has remained about $200 billion for the 5 years ended September 30, 1996; (2) during that time, reported delinquencies for these Federal credit receivables varied between $31 billion to $38 billion; (3) at September 30, 1995, the most recent data available on program-level collection performance at the time of GAO's field work, the housing agencies were dealing with more than half of their delinquent debt through various involuntary collection tools and, for almost a third of their delinquent debt, were attempting to contact borrowers to get them to resume payments on the original or revised terms; (4) the Department of Education and its agents were attempting to locate and confirm or revise repayment agreements associated with about 70 percent of Education's delinquent debt; (5) contacting borrowers with delinquent student loans is an especially difficult task since they tend to be younger and thus more transient; (6) collection on such unsecured loans tends to be more difficult because there is no collateral to be seized if borrowers do not pay; (7) delinquent student loans accounted for 40 cents of every dollar of delinquent nontax debt directly managed by the Government and over half of the delinquent

Federal credit receivable debt; (8) GAO identified several enhancements that would facilitate valid assessments of agency collection efforts; (9) better data and key analyses are crucial aspects of Federal efforts to measure success in accomplishing the charter for a more business-like credit management environment as set out by the Debt Collection Improvement Act of 1996; (10) progress in this area will be especially critical to the success of FMS as it assumes new debt collection management and reporting responsibilities under the act; (11) such data is central to effective day-to-day management in terms of selecting collection strategies and deploying available staff and contract resources; and (12) among the enhancements are: (a) developing a reporting framework to identify and assess the status of agency efforts to collect delinquent balances; (b) providing more information on how actively, successfully, and cost-effectively agencies are using individual collection tools; reporting actual delinquent amounts that agencies are trying to collect.

19. "Contract Management: Fixing DOD's Payment Problems Is Imperative," April 10, 1997, GAO/NSIAD–97–37

a. Summary.—The Defense Department has made hundreds of millions of dollars in overpayments to contractors, many undetected for years, because it uses inadequate computer systems requiring manual entry of often erroneous or incomplete data and a burdensome document-matching process. Improving DOD's payment system will take sustained attention and support from the highest levels of management for years to come. Although DOD is taking some steps to overcome its payment problems, it remains to be seen how effective these steps will be. Emulating the best practices used by the private sector could help DOD re-engineer its payment system.

b. Benefits.—The problem of inaccurate disbursements at the Department of Defense is an ongoing and serious problem. Without improvements in this area, the Federal Government will be unable to have audited financial statements pursuant to the CFO Act.

20. "Relocation Travel: Numbers and Costs Reported by Federal Organizations for Fiscal Years 1991 Through 1995," June 30, 1997, GAO/GGD–97–119

a. Summary.—Pursuant to a congressional request, GAO provided information on the number of civilian employees relocated during fiscal years (fiscal year) 1991 through 1995 and the associated costs of these relocations, focusing on: (1) the total number of civilian employees who were relocated at the Federal Government's expense; (2) the total cost of these relocations to the Government; (3) the agencies that had rotational policies requiring their civilian employees to relocate; and (4) trends for the number and cost of civilian employee relocations during this period.

b. Benefits.—This survey request was conducted pursuant to a requirement of a law passed by the committee. The Travel Reform and Savings Act of 1996 was designed to save $320 million when fully implemented. In order to ensure that such savings occur, a baseline of such costs was needed. That is the purpose of this report.

GAO noted that, for fiscal year 1991 through 1995: (1) 97 Federal organizations reported authorizing about 132,800 relocations, and 23 other organizations reported making about 40,200 relocations; (2) a small number of organizations accounted for the bulk of the relocations authorized or made; (3) while the total numbers of relocations authorized and made fluctuated yearly across the organizations that provided data for all 5 fiscal years, there was moderate change in these totals between fiscal year 1991 and 1995; (4) across the organizations that provided data for all 5 fiscal years, the total number of relocations authorized decreased by less than 1 percent (89 organizations) and the total number of relocations made increased by about 12.5 percent (19 organizations) from fiscal year 1991 to 1995; (5) 97 Federal organizations reported obligating about $3.4 billion for relocations, and 23 other organizations reported expending about $363 million for relocations; (6) a small number of organizations accounted for the bulk of the relocation obligations or expenditures; (7) across the organizations that provided data for all 5 fiscal years, total relocation obligations varied and total relocation expenditures increased yearly; (8) there was noticeable change in these totals between fiscal year 1991 and 1995; (9) in constant 1995 dollars, total relocation obligations increased about 16 percent (83 organizations) and total relocation expenditures increased about 88 percent (22 organizations) from fiscal year 1991 to 1995; (10) for the 22 organizations, this increase was due to the Department of the Navy's expenditures; (11) excluding the Navy's expenditures, the 21 remaining organizations' total expenditures decreased by less than 1 percent during the period; (12) 15 Federal organizations reported that they had mandatory rotational policies requiring some of their employees to rotate on a prescribed schedule; (13) most of these organizations attributed their policies to Federal regulations that limit overseas tours of duty; and (14) based on data provided by these 15 organizations, GAO estimated that these rotational policies accounted for about 19 percent of the total relocations reported as authorized and about 7 percent of the total relocations reported as made during this period.

SUBCOMMITTEE ON HUMAN RESOURCES

1. "Medicare Transaction System: Success Depends Upon Correcting Critical Managerial and Technical Weaknesses, May 16, 1997, GAO/AIMD–97–78

a. Summary.—Operating nine separate automated information systems to process Medicare claims, an increasing volume of claims, and an outdated operating system, the Health Care Financing Administration [HCFA] announced in 1991 they were going to spend approximately $200 million to replace their existing systems with a single, unified system, the new Medicare Transaction System [MTS]. MTS was to be implemented in 1998, providing improved service, reducing operating costs, facilitating better contractor oversight, and ensuring greater protection against waste, fraud and abuse, at the same time handling the growing volume of managed care and alternative payment methodologies. Due to ongoing changes in the planning, development and implementation strategy for MTS since its inception, at the request of the Subcommittee on

Human Resources, GAO initiated a review of the initiative to determine to what extent HCFA was managing its interim claims processing, whether the agency was using required practices to assess the proposed MTS initiative on a cost-benefit basis, whether the project was being managed as an investment and whether HCFA was applying sound systems development practices so as to minimize risk. GAO concluded the original projected cost of the MTS project had expanded to close to $1 billion and that the hoped for benefits of modernizing its management information tool and claims processing function would not be achieved unless HCFA was able to overcome serious management and technical weaknesses in three areas. (1) improvement of the interim Medicare processing environment, correcting the year 2000 computer related problem, consolidation of existing processing sites and conversion from the current nine systems to two; (2) management of the MTS project as an investment and adherence to practices known to be essential in making good technology investment decisions, including preparing a valid cost-benefit analysis, looking at viable alternatives, and identification of how the proposed project would contribute to improvements in agency mission performance; and (3) the implementation of sound systems-development practices necessary to reduce risk and assure success in the development of system requirements and software; agency oversight of the contractor's software development strategy, management of the project's schedule, and implementation of a program to address risk.

b. Benefits.—Earlier GAO reports on the MTS project highlighted subcommittee concerns and called attention to the deficiencies in the planning, development and management of the project, resulting in HCFA modifying portions of the original MTS plan to address the concerns. This report reinforced the view of the subcommittee that the project was not well conceived, suffered from shifting requirements, was threatened by slippage in due dates and had far exceeded initial cost estimates. As a result, HCFA made the decision to sever its relationship with the contractor at the completion of one phase of the project and determined it needed to reassess the project before proceeding further. The report reinforces the view that HCFA should implement GAOs recommendations to improve the management of its modernization effort and increase the assurance that the future approach taken will be cost-effective, of limited risk, and supportive of the agency's mission.

2. "Gulf War Illnesses: Improved Monitoring of Clinical Progress and Re-examination of Research Emphasis Are Needed," Report to the Chairmen and Ranking Minority Members of the Senate Committee on Armed Services and the House Committee on National Security, June 1997, GAO/NSIAD–97–163. (Note: This report responds to the mandate of the fiscal year 1997 defense authorization act. The report was also presented in testimony before the House Subcommittee on Human Resources hearing on June 24, 1997, entitled "Gulf War Illnesses: Enhanced Monitoring of Clinical Progress and of Research Priorities Needed," GAO/T–NSIAD–97–190)

a. Summary.—The 1997 defense authorization act mandated the General Accounting Office [GAO] to analyze the effectiveness of the

Government's clinical care and medical research programs relating to Gulf War veterans' illnesses. The GAO evaluated: (1) DOD and VA efforts to assess the quality of treatment and diagnostic services provided to Gulf War veterans and their provisions for follow-up of initial examinations; (2) the Government's research strategy to study the veterans' illnesses and the methodological problems posed in its studies; and, (3) the consistency of key official conclusions with available data on the causes of veterans' illnesses.

The report, prepared by GAO's Special Studies and Evaluations Group, found that (1) although efforts have been made to diagnose veterans' problems and care has been provided to many eligible veterans, neither DOD nor VA has systematically attempted to determine whether ill Gulf War veterans are any better or worse today than when they were first examined; (2) while the ongoing epidemiological research will provide descriptive data on veterans' illnesses, formidable methodological problems are likely to prevent researchers from providing precise, accurate, and conclusive answers regarding the causes of veterans' illnesses; and (3) support for some official [VA and DOD] conclusions regarding stress, leishmaniasis, and exposure to chemical agents was weak or subject to alternative interpretations.

b. Benefits.—The GAO report provides important information about the VA and DOD response to the Gulf War veterans' illnesses. The report points out that the hundreds of millions of dollars in research being spent by the Federal Government to identify the causes of the illnesses may result in little return, that exposure to toxic agents is the likely cause of the illnesses not stress, and that medical treatment outcomes on sick veterans is unknown. This information, if acted upon, could prevent the waste of millions of dollars and improve the chances of helping sick veterans return to better health sooner.

3. "Gulf War Illnesses: Public and Private Efforts Relating to Exposures of U.S. Personnel to Chemical Agents," Report to the Ranking Minority Member of the House Veterans Affairs Committee, October 1997, GAO/NSIAD–98–27

a. Summary.—The GAO report reviewed: (1) the potential exposure of U.S. military personnel to chemical warfare agents before, during and after the Gulf War, and (2) the circumstances surrounding the missing Nuclear, Biological and Chemical [NBC] logs maintained by the U.S. Central Command (CENTCOM) during the war. The report, prepared by the GAO's Military Operations and Capabilities Issues Group, concluded that 14 Federal and private organizations (8 Federal and 6 private) have efforts underway examining potential exposure of U.S. troops to chemical agents, and 1 Federal organization was examining missing NBC logs.

b. Benefits.—This GAO report provided some new information on organizations examining potential chemical agent exposures to Gulf War troops and the missing NBC logs. The subcommittee has investigated the illnesses since February 1997, including 11 hearings, and its report on findings and recommendations has been approved by the Committee on Government Reform and Oversight. The committee's investigative record and report deal extensively with potential exposure of U.S. troops to chemical agents and the missing

NBC logs, and this GAO report provides a brief summary and overview of those same topics.

4. "Social Service Privatization: Expansion Poses Challenges in Ensuring Accountability for Program Results," October 27, 1997, GAO/HEHS–98–6

a. Summary.—Since 1990, more than half the States surveyed have begun to redesign the roles that Government plays in providing social services through efforts to assign, or contract, some or all aspects of service delivery to private entities. The GAO concludes this trend will continue as political leaders and program managers seek ways to meet the demand for high-quality services at reduced cost. Most States reported being satisfied with the number of qualified bidders for outsourcing projects. However, the GAO reports State and local governments often have little experience in developing contracts that adequately specify desired program results and performance measures. This deficit raises the question how HHS will meet GPRA mandates to measure outcomes and hold grantees accountable for program results.

b. Benefits.—The GAO reports that, under the proper conditions, privatization of social services may result in improved services and increased cost-effectiveness. The report provided the subcommittee, the Congress and the public with current information on the extent, problems and prospects for privatization of social service delivery systems. This information will be useful as welfare reform and other initiatives are evaluated through continuing oversight.

5. "Proprietary Schools: Poorer Student Outcomes at Schools That Rely More on Federal Student Aid," June 13, 1997, GAO/HEHS–97–103

a. Summary.—Proprietary schools are private non-profit institutions primarily offering vocational training. The General Accounting Office [GAO] found proprietary schools that rely more heavily on Federal student aid tend to have poorer student outcomes. On average, the greater a school's reliance on Federal funds, the lower its students' completion and placement rates and the higher its students' default rates. Requiring proprietary schools to obtain a higher percentage of their revenues from other sources could save millions in default claims. Achieving this result, however, would require a substantial increase to the current 15 percent threshold, which requires that proprietary institutions obtain at least 15 percent of their revenues from sources other than Federal student financial aid programs. Yet raising the threshold significantly might cause schools to make changes, such as admitting fewer poorer students, that might compromise students access to post secondary education.

b. Benefits.—By identifying the relationship between Federal student financial aid and poor student outcomes, GAO provides important information to help Congress and the executive branch evaluate and develop program performance standards, and target student aid programs more effectively to achieve their congressionally-mandated purposes.

6. "Proprietary Schools: Millions Spent to Train Students for Oversupplied Occupations," June 10, 1997, GAO/HEHS–97–104

a. Summary.—Proprietary schools are private, non-profit institutions primarily offering vocational training. Under the Higher Education Act's title IV programs, the Federal Government spends billions of dollars each year on job training at proprietary schools, which prepare students for such occupations as automobile mechanic, electronic technician, and cosmetologist. The General Accounting Office [GAO] found that the Federal Government is spending millions of dollars to train students for occupations that already have an oversupply of workers. In the 12 States GAO reviewed, more than 112,000 proprietary school students received more than $273 million in Federal funds to be trained in fields with projected labor surpluses. Several major Federal job training programs, such as the Job Training Partnership Act, restrict training to fields with favorable job prospects. In passing the Student Right-to-Know Act, Congress recognized the need to improve the quality of information that students receive. The act stops short, however, of requiring schools to report employment outcomes of recent graduates, such as training-related job placements. In addition, no mechanism currently exists to ensure that students get important information on local labor market conditions.

b. Benefits.—The report provides Congress with information pointing to the need to expand the Student Right-to-Know Act to require proprietary schools to report recent graduates' training-related job placements and local job market conditions. The report also should help Federal and local program officials to target student aid programs toward areas of greater job opportunities.

7. "Job Corps: Need for Better Enrollment Guidance and Improved Placement Measures," October 21, 1997, GAO/HEHS–98–1

a. Summary.—The Job Corps is one of the few remaining Federal training programs, serving 68,000 disadvantaged youths annually at a cost of about $1 billion. However, the program still loses a quarter of its participants shortly after enrollment. One reason may be ambiguous eligibility requirements, which lead recruitment contractors to enroll youths who are ill-suited for what the program has to offer. The General Accounting Office [GAO] concludes that the Job Corps needs to identify participants who have the commitment, the attitude, and the motivation to complete the training and benefit from Job Corps' comprehensive and intensive services. Furthermore, although the Labor Department uses performance measures to make decisions about renewing placement contractors, GAO found two of the four measures that Labor uses do not provide information needed to assess the performance of placement contractors. In addition, related measures on overall program performance are flawed. Although the Job Corps reported that about 65 percent of its participants are placed in jobs and that about 46 percent of these placements are linked to Job Corps training, GAO questions the accuracy and the relevancy of both of these figures.

b. Benefits.—As the Department of Labor continues efforts to comply with the Government Performance and Results Act, this report documents the need for better management of contractors and

for adherence to statutory eligibility and placement criteria for Job Corps participants to ensure continued program success.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

1. "Drug Control: Long-Standing Problems Hinder U.S. International Efforts," February 1997, GA/NSIAD–97–75

a. Summary.—GAO summarized the findings from its previous work on international drug control and interdiction efforts, focusing on: (1) the effectiveness of U.S. efforts to combat drug production and the movement of drugs into the United States; (2) obstacles to implementation of U.S. drug control efforts; and (3) suggestions to improve the operational effectiveness of the U.S. international drug control efforts. GAO noted that: (1) despite long-standing efforts and expenditures of billions of dollars, illegal drugs still flood the United States; (2) although these efforts have resulted in some successes, including the arrest of traffickers and the eradication, seizure, and disruption in the transport of illegal drugs, they have not materially reduced the availability of drugs; (3) a key reason for U.S. counternarcotics programs' lack of success is that international drug-trafficking organizations have become sophisticated, multi-billion dollar industries that quickly adapt to new U.S. drug control efforts; (4) as success is achieved in one area, the drug-trafficking organizations change tactics, thwarting U.S. efforts; (5) other significant, long-standing obstacles also impede U.S. and drug-producing and transit countries' drug control efforts; (6) in the drug-producing and transit countries, counternarcotics control efforts are constrained by competing economic and political policies, inadequate laws, limited resources and institutional capabilities, and internal problems such as terrorism and civil unrest; (7) moreover, drug traffickers are increasingly resourceful in corrupting the countries' institutions; (8) U.S. efforts have been hampered by competing U.S. foreign policy objectives, organizational and operational limitations, difficulty in obtaining bilateral and multilateral support for U.S. drug control efforts, inconsistency in the funding for U.S. international drug-control efforts, and the lack of ways to tell whether or how well counternarcotics efforts are contributing to the goals and objectives of the national drug control strategy, which results in an inability to prioritize the use of limited resources; (9) there is no panacea for resolving all of the problems associated with illegal drug trafficking; (10) however, a multi-year plan that describes where, when, and how U.S. agencies intend to apply resources would provide a more consistent approach; (11) this plan should include performance measures and long-term funding needs linked to the goals and objectives of the international drug control strategy; (12) ONDCP should, at least annually, review the plan and make appropriate adjustments; and, (13) with this multiyear plan, program managers and policymakers can make more-informed decisions on priorities.

b. Benefits.—The United States has spent billions of dollars on international drug control and interdiction efforts but illegal drugs still flow into this country. A major factor is that international drug-trafficking organizations have become sophisticated, multibil-

lion-dollar industries capable of changing tactics to elude new U.S. drug control efforts and corrupting the institutions of drug-producing and transit countries. U.S. efforts have also been hampered by competing foreign policy objectives, inconsistent funding for U.S. international drug control plans, and a lack of ways to measure the success of counternarcotics efforts. Although no panacea exists that will curb illegal drug trafficking, a multi-year plan that sets out funding needs linked to goals and objectives would provide a more consistent approach to drug control efforts. GAO also believes that improved uses of technology and intelligence and the development of a centralized "lessons learned" system could bolster counternarcotics efforts.

2. "Environmental Cleanup at DOD: Better Cost-Sharing Guidance Needed at Government-Owned, Contractor-Operated Sites," March 1997, GAO/NSIAD–97–32

a. Summary.—This report examines Department of Defense [DOD] policies and practices regarding cleanup of environmental contamination at government-owned, contractor-operated [GOCO] plants, as a follow-up to previous reports which demonstrated inconsistent policies and practices on cost sharing. GAO reviewed nine higher-cost case studies at the Defense Logistics Agency [DLA] and the military services (1) to assess the consistency of cost-sharing practices across DOD and (2) to compare the service cleanup estimates against DOD's. Specifically, GAO identified the actions taken and the types of arrangements for sharing cleanup costs between the Government and other responsible parties, and examined site-specific cleanup cost data.

The services' policies and practices for having contractors share cleanup costs still vary widely. Not withstanding GAO recommendations to do so, DOD has not given the services adequate guidance for making decisions on whether and when to seek recovery of environmental cleanup costs incurred by DOD from contractors and other parties at GOCO facilities. The Army authorized indemnifying its operating contractors from cleanup costs at ammunition plants; the Navy policy requires cost-recovery efforts, but has not initiated timely requests for cost sharing or followed up; and the Air Force is beginning to seek participation in cleanup costs from its operating contractors.

Regarding cleanup at GOCO facilities visited by GAO, DOD's fiscal year 1994 report to Congress included costs that were closer to the military services' supporting data than DOD's reported fiscal year 1993 estimates. DOD's estimates for cleaning up the 78 GOCO facilities increased from $1.4 billion in fiscal year 1993 to $3.6 billion in 1994, but decreased somewhat to $3.3 billion in 1995. Although DOD and the services have addressed GAO's recommendations to improve cost information, their estimates of past and projected costs still differ, and not all costs were included.

Because Superfund holds parties liable for the billions of dollars needed to remedied past contamination regardless of wrongdoing, it is important that DLA and the services deal with potentially responsible parties on the basis of consistent policy and accurate data. However, the lack of DOD guidance on cost sharing has permitted inconsistencies in approaches to cost sharing, and the poten-

tial for some parties to be held responsible for cleanup costs, while others in similar situations are not. If cost sharing agreements are reached, omissions in historical information and cost data may inhibit the recovery of all appropriate costs.

b. Benefits.—This report highlights DOD's lack of accurate accounting data and a coherent and consistent department-wide policy for determining cleanup costs at GOCO sites. In addition, this reports the likelihood of higher and previously unplanned cleanup costs to the Congress. To address the inconsistencies in cost sharing approaches and the potential for disparate treatment of other responsible parties described in this report, GAO recommends that the Secretary of Defense issue guidance to DOD components to resolve current disparities and to promote future consistent treatment of all parties in cost recovery decisions. So that sufficient data will be available for cost sharing negotiations and program oversight, GAO also recommends that the Secretary of Defense direct the military services and DLA to: (1) Identify, to the extent it has not already been done, whether parties other than the government were involved with any contamination, as part of environmental cleanup preliminary assessments at GOCO facilities; (2) Obtain all relevant data regarding other responsible parties identified, whether or not wrongdoing is an issue; (3) Gather and maintain the most timely and accurate DOD cost data available in DLA, military service, and other agencies' records; and (4) Provide consistent estimates, including all cleanup costs for DOD's environmental reports to Congress, regardless of the source of funds.

3. "Drug Control: Update on U.S. Interdiction Activities in the Caribbean and Eastern Pacific." October 1997, GAO/NSIAD–98–30

a. Summary.—Since GAO's April 1996 report "Drug Control: U.S. Interdiction Efforts in the Caribbean Decline [NSIAD–96–119]" the amount of drugs smuggled and the counternarcotics capabilities of host countries and the United States have remained largely unchanged. Cocaine trafficking through the Caribbean and Eastern Pacific regions continues, and drug traffickers are still relying heavily on maritime modes of transportation. Recent information shows that traffickers are using "go-fast" boats, fishing vessels, coastal freighters, and other vessels in the Caribbean and fishing and cargo vessels with multiton loads in the Eastern Pacific. Also, recent estimates indicate that, of all cocaine moving through the transit zone, 38 percent (234 metric tons) is being shipped through the Eastern Pacific. Although the United States has continued to provide technical assistance and equipment to many Caribbean and other transit zone countries, the amount of cocaine seized by most of the countries is small relative to the estimated amounts flowing through the area. The counterdrug efforts of many transit zone countries continue to be hampered by limited resources and capabilities. Moreover, the United States does not have bilateral maritime agreements with 12 transit zone countries to facilitate interdiction activities. Also, since the April 1996 report, the United States has increased funding but has had limited success in detecting monitoring, and interdicting air and maritime trafficking in the transit zone. JIATF–East assets devoted to these efforts have stayed at almost the same level. However, drug-trafficking events

are usually not detected and, when detected, often do not result in narcotics seizures. U.S. counternarcotics officials believe that the Eastern Pacific, "a major drug-threat area." could benefit from greater attention. JIATF–East has requested additional resources from DOD to address Eastern Pacific drug trafficking, believing that cocaine seizures it supports could be doubled. DOD has not determined, what, if any, additional support will be allocated to the Eastern Pacific above current force levels. In 1996, the U.S. Customs Service and the U.S. Coast Guard initiated two intensive operations in and around Puerto Rico and the U.S. Virgin Islands that resulted in increased cocaine seizures and a disruption in drug-trafficking patterns.

b. Benefits.—In response to GAO's recommendation in their April 1996 report that ONDCP develop a regional plan of action, ONDCP officials told GAO that it developed an overall strategy that identifies agency roles, missions, and tasks to execute the drug strategy and establish task priorities. However, the strategy does not include quantitative objectives for activities that would establish a defined baseline for developing operational plans and resource requirements. According to GAO, ONDCP's performance measurement system remains incomplete, as of October 1, 1997, because proposed measurable targets, the core of ONDCP's system, were still under review. Until these measurable targets are developed, it will not be possible to hold agencies accountable for their performance. In addition, law enforcement agencies with jurisdiction in the Caribbean are in the process of developing a regional plan led by DEA, the FBI, and the U.S. Customs Service. This plan was expected to be completed by January 1998.

4. "Safe and Drug-Free Schools: Balancing Accountability With State and Local Flexibility." October 1997, GAO/HEHS–98–3

a. Summary.—The Safe and Drug-Free Schools program is one of several substance abuse- and violence-prevention programs funded by the Federal Government. The act that authorizes the program requires a variety of Federal, State, and local actions to ensure accountability. These actions involve four major types of accountability mechanisms: (1) an application process, requiring approval of State and local program plans; (2) monitoring activities by State agencies; (3) periodic reports and evaluations; and (4) the use of local or substate regional advisory councils. In combination, these mechanisms address accountability for both how funds are spent and progress toward achieving national, State, and locally defined goals.

The Department of Education oversees State programs directly and local programs indirectly through required State actions. Its State oversight is a combination of activities required by the act and other generally applicable requirements. Working along with States, Education reviews, helps States to revise, and, finally, approves State plans—which include a description of planned State-level activities, criteria for selecting high-need districts that will receive supplemental funds, and plans for monitoring local activities—before disbursing funds. In addition, Education conducts on-site monitoring visits. To allow States and localities enough flexibility to meet their needs, Education has issued no program-specific

regulations on the act. Education does, however, require States to conform to general and administrative regulations and advises States on program matters, such as allowable expenditures, through nonbinding guidance. In addition, the Department may get involved in resolving allegations of impropriety in the use of funds. For example, Education, in response to allegations about Drug-Free Schools programs, reviewed programs in West Virginia and participated in resolving adverse audit findings in Michigan. To date, however, no overall evaluations of the Safe and Drug-Free Schools program have been completed.

b. Benefits.—The major purpose of the Safe and Drug-Free Schools programs is to help the Nation's schools provide a disciplined environment conducive to learning by eliminating violence in and around schools and preventing illegal drug use. States and localities have wide discretion in designing and implementing programs funded under the act. They are held accountable for achieving the goals and objectives they set as well as for the Federal dollars they spend. As permitted under the act, States and localities are delivering a wide range of activities and services. Likewise, accountability mechanisms have been established and appear to be operating in ways consistent with the act.

The lack of uniform information on program activities and effectiveness may, however, create a problem for Federal oversight. First, with no requirement that States use a consistent set of measures, the Department faces a difficult challenge in assembling the triennial reports so that a nationwide picture of the program's effectiveness emerges. Second, although Education provides a mechanism for States to report information annually, under the act, nationwide information on effectiveness and program activities may only be available every 3 years, which may not be often enough for congressional oversight.

SUBCOMMITTEE ON THE POSTAL SERVICE

1. "Information on Post Office Closures, Appeals, and Affected Communities," March 1997. GAO/GGD–97–38BR

a. Summary.—At the request of Subcommittee Chairman McHugh, the General Accounting Office reported on the Postal Service's closure of post offices. A Post Office closure is when the Postal Service permanently closes the operations of an independent post office [IPO], eliminates the position of the postmaster associated with that office, and provides the customers with alternative postal services, such as highway contract routes, rural route services, or community post offices.

In a 1996 report, GAO reported that of 39,140 post offices, stations branches and other postal outlets, about 45 percent reported total revenues that were about $1.1 billion lower than their total expenses in fiscal year 1995.

The Postal Reorganization Act of 1970 provides that no small post office can be closed for economic reasons alone. For some years after the act, Congress appropriated funds to reimburse the Postal Service for the "public service costs" that the Postal Service incurred in retaining postal operations in communities where the post offices were not self-sustaining. In 1976, Congress added to

the provisions to govern whether and how the Service is to close post offices. These provisions included that prior to closing a post office, the USPS must consider the effects on the community served, the postal employees affected by the closure, the Government policy to provide effective and regular postal service to all areas of the country as well as any economic savings to the Service resulting from the closure. The customers must be provided with a written proposal and adequate notice at least 60 days prior to the proposed date for the closure of the post office and what lead to the decision to close the post office. About 28,000 post offices, headed by a postmaster, are subject to the statutory closing restrictions. The Postal Rate Commission is authorized to affirm the proposal or remand the issue to the Postal Service for reconsideration, using Postal Service data. Though the Postal Service is not required to notify the PRC of the outcome of the reconsideration, the PRC must rule on appeals no later than 120 days after receiving it.

The Postal Service has closed 3,924 post offices since 1970. There have been 296 appeals of closures to the PRC which affirmed 170 of the Postal Service's proposals. Three circumstances may prompt the Postal Service to consider whether to close a post office: vacancy in the postmaster position (due to promotion, transfer, retirement or death); emergency suspension of a post office's operations (as in circumstances such as a fire, natural disaster or termination of a lease); and special circumstances (such as incorporation of two communities into one). In fiscal year 1995, 239 post offices were closed, and in 1996, 161 post offices were closed.

b. Benefits.—By commissioning this study, the Postal Service is alerted to the subcommittee's oversight concerns about retention of small and rural post offices. This report provides important information to Congress and to the communities facing postal closures. It encapsulates the process for closing post offices.

2. "Postal Reform in Canada: Canada Post Corporation's Universal Service and Ratemaking," March 1997. GAO/GGD–9745/BR

a. Summary.—The General Accounting Office responded to Subcommittee Chairman McHugh's request to provide information on the 1981 reform initiative of the Canadian postal system which ultimately became the Canadian Post Corp. [CPC], a Crown Corp.—a commercial function operating for public purposes in which the Canadian Government is the only shareholder—which was given broad authority to address existing problems within the Canadian postal system. The GAO report covered matters relating to universal mail service, CPC ratemaking and key events affecting the CPC since its establishment.

The CPC Act provided that the CPC Board of Directors would be selected by the Canadian Government, designate a minister to oversee the CPC and approve proposed CPC regulations, approve its 5 year-plans, annual operating and capital budgets. The CPC is subject to antitrust law which is executed by Canada's Bureau of Competition Policy. The CPC is required to endeavor to operate on a self-sustaining financial basis.

It is reported that the CPC incurred operating losses from its inception through fiscal year 1988. In 1989 it reported its first profit and also reported profits in 4 of the 7 fiscal years 1990 through

1996. CPC has now paid dividends. In 1994, it became subject to Federal income tax. The term "universal service" is not mentioned in the CPC Act but it does cite "maintaining basic customary postal service," and must consider several conditions in providing a standard of service which will meet the needs of communities of similar size. The CPC does not require basic letter mail service at uniform price, but it is CPC policy to do so. The CPC Act provides that the Canadian Post has the "exclusive privilege" of collecting and delivering most letter mail in Canada; this accounts for about 50 percent of CPC's operating revenue. In an attempt to improve mail service, the CPC reduced mail delivery from 6 to 5 days a week and dropped mail delivery for businesses in urban areas from several times a day to once a day. CPC provides mail delivery less frequently, as infrequently as once a week, to about 200 communities in the remote regions of northern Canada. CPC reduced the number of post offices it owned by closing post offices and privatizing 50 percent of its post offices, which are now typically in conveniently located, privately owned outlets like grocery stores, which can provide longer operating hours and a wider range of services. Most of the conversions took place prior to February 1994 when the Government put a moratorium on the conversion program.

The CPC sets some of its postal rates by regulation. These are generally single-piece domestic and international letters, and prescribing rates of postage discounts on mailable matter prepared in the form defined by regulation. Under the CPC Act, reasonable opportunity is provided for interested parties to comment on the regulations subject to government approval, though it does not specify how these comments are to be addressed. The comments are analyzed and sent to the Minister responsible for CPC and then the proposed regulation is approved by the Board of Directors. In 1996, the only postal rates established by regulation were for basic domestic and international single-piece letters, international printed matter—including newspapers and periodical—literature for the blind and some registered mail products. Non-regulated rates, those set by agreement, must be approved by the CPC Board of Directors or others within the CPC. These rates may relate to variations of postage rates based on bulk mailing or preparation of mail in a manner which would expedite processing and provision of experimental services for periods not exceeding 3 years. The CPC, over the years, has sought and received government approval to remove a number of rate categories from the regulatory process and now most of the postal rates are established without regulation and without government approval. These products include bulk mail, overnight or urgent delivery, unaddressed advertised mail and parcels. Nonregulated postage rates fall into generic and nongeneric rates. Generic rates apply to discounted bulk-business letter mail, advertising mail, parcels, and courier services. These rates are available to anyone who meets bulk mail requirement. Nongeneric postage rates are established though negotiated, confidential agreements, customized for individual, large-volume business customers and approved by CPC officials below the top level through authority delegated by the Board of Directors. These are generally for mail other than letter, such as parcels and unaddressed advertising mail.

The CPC Act provides that rates issued by regulation must be fair, reasonable and consistent. The rates are established by taking into account the basic customary service obligation, providing uniform basic letter rates and limiting rates to the rise in the Consumer Price Index. The total revenues provided must be sufficient to defray expenses incurred by the CPC in the conduct of its operations. The established pricing policies comply with the CPC Act and the antitrust provisions of the Competition Act. An independent auditing firm ensures that the CPC is allocating and distributing costs properly for ratemaking purposes. The detailed cost and revenue data is considered to be commercially sensitive.

b. Benefits.—The information reported in this study provides useful information to the subcommittee in its efforts to reform the U.S. Postal Service to make it more competitive in an era when it is facing extreme competition because of advances made in the electronic and technological fields.

3. "U.S. Postal Service: Information on Emergency Suspensions of Operations at Post Offices," April 1997, GAO–GGD–97–70R

a. Summary.—Subcommittee Chairman McHugh requested information on emergency suspension of operations at post offices by the Postal Service. The Postal Reorganization Act of 1970 mandates that no post office can be closed for economic reasons alone. In 1976, Congress added provisions that govern whether and how the Postal Service can close post offices and give the customers the right to appeal the determination to the Postal Rate Commission. However, emergency suspensions cannot be appealed because they are not governed by statute. These closures are set within the Postal Operations Manual and the Post Office Discontinuance Guide (Handbook–101). They provide that Service district managers, Customer Service and Sales, may suspend the operations of any post office under their jurisdiction when an emergency or other condition requires such action. An emergency is defined as an occurrence that creates a threat to the safety and health of postal employees or customers, or to the security of the mail. This may include, among other situations, a natural disaster; termination of a lease or rental agreement when other suitable accommodations are unavailable; lack of qualified personnel to operate the post office; severe health or safety hazard in the work environment; severe damage to, or destruction of, the post office building; and lack of adequate measures to safeguard the office or its revenues. Service procedures require that the senior vice president, Marketing be notified immediately by the district managers, who must also notify affected customers by individual letter of the effective date and the reason for the suspension, the alternative service available, the nearest post office and its hours of operation, and the name and telephone number of a person to contact for more information. Alternative postal service must be established as soon as possible after a suspension and, if there is time, a community meeting should be convened. District managers are required to decide within 6 months of a suspension whether to reopen the post office or to initiate a study to determine the feasibility of permanently closing the post office. The post office remains in suspension status while the study is initiated and there is no set time for completion

of the study. The Postal Service reports that since the beginning of 1992 through March 1997, the operations of 651 post offices were suspended, the greatest number occurring in 1993, primarily because of the early out retirement incentive which resulted in a number of postmasters retiring early in 1993. Many of the post offices lost their lease at that time because the retiring postmaster owned the building or qualified people were not available to continue the operations of the post office. As of March 1997, 470 post offices were under emergency suspensions. The average time of the suspension was 4.3 years.

b. Benefits.—There was much postal patron concern regarding the emergency closing of post offices because of the inconveniences they caused. This study by the GAO puts into concise form the number of emergency suspensions and why the post offices were closed.

4. "U.S. Postal Service: Information About Restrictions on Mailbox Access," May 1997. GAO/GGD–97–85

a. Summary.—At the request of Subcommittee Chairman McHugh, the GAO responded to subcommittee concerns to evaluate if changes are needed to 18 U.S.C. 1725, the law that gives the Postal Service exclusive access to mailboxes, known as the "mailbox restriction." The Postal Service relies on the provision to protect postal revenue, facilitate efficient and secure delivery of mail and ensure the privacy of postal customers. Some postal competitors believe that the provision is unnecessary, unfair and restricts their business and, therefore, should be repealed. No studies have been made to substantiate the claims of either the Postal Service or the competitors. GAO reported that Congress adopted the mailbox restriction rule in 1934 to prevent the delivery of unstamped matter in mailboxes, which was occurring during that time and adversely impacting postal revenues. Civic groups which had placed the unstamped material in the mailboxes claimed that the restriction abridged their first amendment rights to free speech and the press.

In 1981, the U.S. Supreme Court upheld the constitutionality of the mailbox restriction, ruling that the law and enforcement actions were not geared to the content of the message place in mailboxes. It also found that mailboxes are essential to mail delivery and that postal customers agree to abide by laws and regulations that apply to mailboxes in exchange for the Postal Service agreeing to deliver and pick up mail in them. Based on their national study, the GAO found about 66 percent reported that their household received mail in unlocked mailboxes. About 82 percent of the adults surveyed are opposed to allowing just anyone to put materials into their mailbox. However, 58 percent favored granting mailbox access to express mail companies such as Federal Express and United Parcel Service. About 49 percent endorsed allowing other companies, such as utilities, to have access; 38 percent favored magazines and newspapers, and 29 percent agreed to having catalogs, coupons or ads. The Postal Service, postal labor unions and management associations, and a contractors' association expressed that the mailbox restriction should not change. The Justice Department also opposed change because the restriction deters the distribution of sex-

ually explicit materials to mailboxes because there are some laws and regulations governing the distribution of these materials only to mail delivered by the Postal Service and would not be applicable to others if they utilized the mailboxes for delivery. Most mailer groups also agreed with the mailbox restriction should remain but others differed.

The Postal Inspection Service which is responsible for enforcing postal laws, did not have data on the number of mail thefts but reported that it was not a serious problem because the mailbox restriction deters mail theft and makes it easier to resolve the cases. Under current law a violation of the mailbox restriction provision can be punished by a fine but not by imprisonment. The maximum fine for each offense is $5,000 for individuals and $10,000 for organizations.

b. Benefits.—In its deliberations on postal reform, the subcommittee considered a demonstration project to relax the mailbox rule. This provision became a hotly debated issue but no empirical data was available until this GAO study was completed. As a result of the GAO finding, this measure has been dropped from the legislative proposal.

5. "The Results Act: Observations on the Postal Service's June 1997 Draft Strategic Plan," July 1997, GAO/GGD–97–163R

a. Summary.—The majority leader, chairmen of the Committees on the Budget, Appropriations and Government Reform and Oversight asked for GAO review of the drafts prepared by cabinet departments of strategic plans as required by the Government Performance and Results Act. Subcommittee Chairman McHugh requested that the Postal Service be included in this review. This report assessed whether the Postal Service was in compliance with the Results Act, whether the major statutory responsibilities were reflected in the submitted text, whether the Postal Service addressed major management problems, whether the Service had capacity to provide reliable information for measuring results and whether the strategic plan shows input from consultation and interagency coordination for cross-cutting functions. For several years, the Postal Service has been using its own strategic planning system, *CustomerPerfect!,* based on the Malcolm Baldrige National Quality Award, to set its goals and it provided a strong basis for addressing the Results Act requirements. Recognizing that the strategic planning process is ongoing and iterative, the GAO observed that the Postal Service draft plan generally included the six components required by the act and provided useful information, but that the discussion could be strengthened to meet the requirements of the act. Though the plan showed the major statutory responsibilities, GAO determined that the Service should have elaborated on and discussed major management problems and submitted a more complete mission statement, general goals and objectives, and strategies to achieve the goals and objectives.

The Results Act requires that strategic plans contain a description of how goals and objectives are to be achieved including a description of operational processes, skills and technology, and human, capital information and other resources necessary to meet these goals. The GAO also suggested that the plan could better dis-

cuss how these components may be affected by key management problems, such as labor-management relations, the need to strengthen internal controls to protect revenues and ensuring the integrity of acquisitions. The Postal Service provided multiple goals. GAO commented that the Postal Service faces a difficult challenge in successfully implementing all the projected goals. Even though it recognizes the challenges, the Postal Service needs to explain how its executives will manage the process.

b. Benefits.—This overview by the GAO will provide the Postal Service with an objective, unbiased assessment of its presentation of goals and projections for the future. A more refined product from the Postal Service will enable Congress to perform its oversight duties with clearer direction and, by charting its course with more refinement, Postal Service customers will be served by a more efficient and goals oriented agency. Clearly, the Postal Service stakeholders will have a better vision of how the Postal Service will compete in an electronic communications market. The Postal Service will benefit from the expressed clarity of purpose, expressing accuracy and effectiveness of delivery performance, appropriateness of measurements of postal productivity and the measurement of business and residential customer satisfaction.

6. U.S. Postal Service: "Issues Related to Governance of the Postal Service," August 1997, GAO/GGD–97–141

a. Summary.—Subcommittee Chairman McHugh requested that GAO furnish information regarding the governance of the Postal Service which would be beneficial in the subcommittee's efforts to reform the Postal Service. The objectives were to identify major areas of concern or issues that former and current Governors of the Postal Service may have regarding the Board and to compare the major characteristics, similarities or differences, of the Postal Service Board of Governors with the characteristics of other boards of government-created corporations or corporation-like organizations. Nine other entities were chosen for comparison (Fannie Mae, Freddie Mac, TVA, RTB, FDIC, AMTRAK, CPB, Canada Post, Australia Post). Additionally, the GAO provided information on governance issues to assist in the postal reform endeavor. Present and former Governors of the Postal Service indicated that attention should be given to several areas: the limitations on the Board to establish postage rates; the inability of the Board to pay the PMG more than the level I of the Executive Schedule; the lack of pay comparability of the Board; and amending the qualification requirements of Board appointees to ensure they have the necessary experience to oversee a major Government entity.

b. Benefits.—Prior to the issuance of this report, no other study was available to answer questions pertinent to the subcommittee's interest in comparison of the Postal Service with other entities of like characteristics. This report contains invaluable information for the subcommittee's use.

7. "Little Progress Made in Addressing Persistent Labor-Management Problems," October 1997, GAO/GGD–97–85 and GAO/T–GGD–98–7

a. Summary.—This report was submitted in response to Subcommittee Chairman McHugh's request that the GAO review the efforts of the Postal Service to enhance employee working conditions and the overall performance of the Service. This report contains updated material to GAO's 1994 report, "U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor." The GAO had made several recommendations to the Service to improve labor-management relations. The current report determined the status and results of the identified concerns in the previous report and made recommendations to help alleviate the problems. The GAO ascertained that the problems still exist because the Postal Service and the unions and management groups cannot concur on how best to address the concerns; therefore, the GAO recommendations have not been implemented in most cases, though employee officials indicated that some of the initiatives would be workable. Improving relations between labor and management continues to be an ongoing challenge and concern, particularly since the communications arena is becoming inevitably competitive. This material was the subject of a subcommittee hearing on November 4, 1997 at which GAO testified.

b. Benefits.—Employee salaries represent 80 percent of the cost for services for the USPS. Additionally, as the Postal Service faces increased competition, and in an effort to contain costs associated with employee grievances, it is imperative that labor-management relations be improved and costs contained. The GAO report of 1994 prompted the Postal Service to call a summit in October 1997, in an effort to start implementing some of the recommendations that it proposed to improve relations and expedite the grievance process.

V. Prior Activities of Current or Continuing Interest

STANDING COMMITTEE

1. *Line Item Veto.*—As part of its comprehensive effort to reduce the Federal deficit and control runaway Federal spending, the 104th Congress sought to strengthen the power of the President to rescind appropriations by passing the Line Item Veto Act, Public Law 104–130, 110 Stat. 1200, (codified at 2 U.S.C. § 691 et. seq.) as an amendment to the Impoundment Control Act of 1974, Public Law 93–344 (codified as amended at 2 U.S.C. § 683); Committee on Government Reform and Oversight Report No. 104–11, Pt. II, January 30, 1995.

Once the President signed the act into law, and utilized the new authority afforded by the act, several Members of Congress sought relief in Federal District Court, asserting the act offends Article 1 of the Constitution. The committee is following the activity of the executive, judicial and legislative branches concerning the continuing viability and utilization of the authority of the act.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

1. Review public safety in the District of Columbia.
2. Continue investigation into the District of Columbia's financial condition, to include the District's accumulated operating deficits.
3. Oversight of the District of Columbia's education emergency Board of Trustees and temporary superintendent/CEO Julius Becton.
4. Continue monitoring the Blue Plains Wastewater Treatment Facility and the operation and performance of the Water and Sewer Authority.
5. Investigation of the Washington Aqueduct.
6. Review the operations of the Lorton Corrections Facility.
7. Continue to monitor the closing of Pennsylvania Avenue and the impact of the Federal Government's security reviews.

SUBCOMMITTEE ON HUMAN RESOURCES

1. Department of Veterans Affairs handling of medical claims by Gulf War veterans.
2. Federal and State child support enforcement program implementation and coordination.
3. HUD takeover of the Chicago Housing Authority and the department's capacity to manage that and other distressed housing authorities.
4. Head Start and Early Head Start programs.
5. Efforts to combat fraud against Medicare and Medicaid in the home health care industry and in nursing homes.

6. Maximizing the use and efficiency of computers in the Social Security system.
7. FDA drug advertising, promotion and labeling policies.
8. Operation of the Vaccines for Children program.
9. Department of Labor enforcement authority and activities with regard to sweat shops, racketeering and organized crime.
10. HUD management of public housing tenant initiatives.
11. FDA standards for assessment of risk, safety and efficacy of medical devices, including breast and jaw implants.
12. Health Care Finance Administration efforts to control the growth of Medicare and Medicaid expenditures.
13. AIDS funding.
14. Monitoring of emerging infectious diseases by the Centers for Disease Control and Prevention.
15. Health Care Finance Administration's proposed "Medicare Transaction and Information Systems."
16. HUD compliance with statutory deadline to end the use of "welfare hotels" and other unfit transient facilities.
17. Mission and level of coordination between the NLRB, National Mediation Board, the Federal Mediation and Conciliation Service and the Railroad Retirement Board.
18. Social Security Disability Income claims screening for alcohol and drug abuse.
19. FDA regulation of health claims for dietary supplements.
20. Organizational structure of the Equal Employment Opportunities Commission.
21. Review of rural health programs.
22. Status of FDA action on the backlog of food additive petitions.
23. Department of Veterans Affairs/Department of Defense Hospital coordination.
24. Preventing teen pregnancy.
25. Department of Labor management of Multiemployer Welfare Arrangements with regard to health care fraud.
26. Unfunded Mandates Reform Act (Public Law 104–4) compliance.
27. Organizational structure and effectiveness of the Office of Workers Compensation Program.
28. Pre-emption of State governments by Federal health and safety agencies.
29. Safety of the Nation's blood supply.
30. Department of Education's direct student lending program.
31. Quality of health care provided by the Indian Health Service.
32. Medicare reimbursement for durable medical equipment.
33. National Institute of Health grant allocations process.
34. Ensuring medical records privacy.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

The subcommittee will continue its investigations and oversight work in the following areas within its jurisdiction:

1. The activities of the Drug Enforcement Administration in the drug war.

2. The efforts of the Office of National Drug Control Policy in coordinating the National Drug Control Program agencies.

3. The Department of Defense with respect to areas which fall under subcommittee jurisdiction.

4. The U.S. Coast Guard's active involvement in international drug interdiction.

5. The U.S. Customs Service and their involvement in the drug war.

6. The use of the National Guard in multi-jurisdictional areas.

7. Oversight of the National Aeronautic and Space Administration.

8. The efficiency of the National Archives and Records Administration.

9. Issues relating to Operation Lightning Strike.

10. The operations of the Department of State with respect to the drug war.

11. The efficiency of the drug treatment programs.

12. The Immigration and Naturalization Program "Citizenship USA."

13. Oversight of the Safe and Drug-Free Schools Program.

14. Investigation of the waste in defense inventory management at the Defense Logistics Agency.

15. Oversight of counternarcotics intelligence coordination, analysis and dissemination.

16. Oversight of Federal sentencing guidelines.

SUBCOMMITTEE ON THE POSTAL SERVICE

The subcommittee will continue its investigations and oversight work in the following areas within its jurisdiction.

1. Operation of the U.S. Postal Service. The subcommittee will continue to exercise its general oversight authority through the conduct of general oversight hearings.

2. Postal Service labor-management relations. The subcommittee is interested in keeping the avenues of communication open between labor and management in an effort to minimize grievance related activities and raising the levels of productivity among all levels of employees within the Postal Service.

3. Cooperation between the Postal Service and the Postal Inspection Service and the Postal Service Inspector General's Office. The Inspector General's Office was created a year ago. The effectiveness of the IG's office is dependent on mutual respect and professionalism between the offices, and adequate funding for that office. The subcommittee is fully committed to ensuring that the integrity and effectiveness of the office is protected so that it will ensure oversight responsibilities of the Postal Service and help to protect the Service from waste, fraud and abuse.

VI. Projected Programs for the 105th Congress, 2nd Session

SUBCOMMITTEE ON THE CIVIL SERVICE

A. LEGISLATIVE PROGRAM

A number of civil service matters have come before the subcommittee requiring passage of legislation. Some are addressed in bills already introduced, while others are being drafted. The subcommittee expects to deal with the following legislative matters:

1. H.R. 240, the Veterans Employment Opportunities Act of 1997, which passed the House in April 1997. The subcommittee will work to seek passage in the Senate.
2. H.R. 1836, Federal Employees Health Care Protection Act of 1997, which passed the House in November 1997. The subcommittee will work to seek passage in the Senate.
3. H.R. 2675, Federal Employees Group Life Insurance Improvement bill, which passed the House in November 1997. The subcommittee will seek passage in the Senate.
4. H.R. 2676, The Internal Revenue Service Restructuring and Reform Act of 1997, which passed the House in November 1997. The subcommittee anticipates significant changes to the personnel provisions during Senate deliberations and will participate in subsequent reviews.
5. H.R. 1337, Haskell Indian Nations University and Southwestern Indian Polytechnic Institute Administrative Systems Act. The subcommittee anticipates early passage of this bill.
6. A bill to correct the problem of Federal employees having been placed in the wrong retirement system. The subcommittee proposes to address this issue jointly with the Committee on Ways and Means.
7. A bill to provide improved access to health care for military families and retirees. H.R. 1631 among several other bills has been introduced to address this problem. The subcommittee proposes to address this issue jointly with the Committee on National Security.
8. An omnibus civil service bill to address matters in the following areas:

   a. strengthen performance management requirements—reward good performance; deal more readily with poor performers;

   b. streamline and consolidate the employee grievance and appeals process;

   c. provide greater flexibility in personnel management rules and procedures;

   d. enhance the security of Federal retirement funds and employee contributions;

   e. provide more choices for Federal employees in their health and life insurance benefits;

f. reform the Federal worker's compensation system (FECA—Worker's Comp) to provide greater equity and eliminate fraud and abuse.

9. A bill to create a new benefit option for Federal employees to purchase long term care for themselves or members of their immediate families.

10. As in previous years the subcommittee anticipates having to deal with civil service related provisions in the annual Budget Resolution and Budget Reconciliation Acts for fiscal year 1999.

11. As in previous years the subcommittee anticipates having to deal with civil service related provisions in the annual Defense Authorization Act for fiscal year 1999.

12. As in previous years the subcommittee anticipates having to deal with civil service related provisions in various appropriations acts for fiscal year 1999.

13. Following investigative hearings over violations of the Pendleton Act and the Hatch Act in the course of recent Presidential election campaigns, the subcommittee will consider legislative reforms to these acts.

B. OVERSIGHT AND INVESTIGATIVE PROGRAM

The subcommittee has a number of matters under consideration in its oversight program. Hearings will be scheduled on a number of these topics in order to more fully develop the public record. These issues include the following:

1. Violations of the Hatch Act and Pendleton Act.

2. Sexual harassment in the Federal workplace.

3. Use and abuse of authorities to hire temporary Federal employees.

4. The practice of paying Federal employees for doing no constructive work.

5. Abuses in Intergovernmental Personnel Act appointments.

6. Federal affirmative action programs and employment discrimination in the Federal workplace.

7. The use of official time by Federal employees to pursue union work and to lobby; examine the extent of Federal subsidies to Federal unions.

8. Frequency and extent of problems in OPM processing of retirement claims.

9. OPM's management of the FEHB program.

10. Accuracy and validity of wage and salary surveys used to set annual Federal pay adjustments (Federal Employees' Pay Comparability Act of 1990).

11. Oversight of human resource issues in the National Performance Review [NPR] and Performance Based Organizations [PBOs].

12. Oversight of the Merit Systems Protection Board.

13. Oversight of the Office of Special Counsel.

14. Oversight of the Federal Labor Relations Board.

15. Oversight of the Federal division of the Equal Employment Opportunity Commission.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

A. LEGISLATION

1. Economic Development; Convention Center.

B. OVERSIGHT HEARINGS

1. District of Columbia Public Schools—facilities, enrollment, academic performance.
2. District of Columbia Metropolitan Police Department—reorganization and crime fighting programs management and personnel.
3. District of Columbia Water and Sewer Authority—operation and improvement of facilities, privatization review, facility and personnel management, and selling bonds.
4. District of Columbia Chief Financial Officer—financial management, financial status tax collection, vendor payments and management initiatives.
5. Corrections Trustee for the Lorton Prison closure—review progress of duties of the Corrections Trustee as identified in Public Law 105–33, Title XI, Subtitle C.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

1. *Year 2000 Problem.*—The subcommittee will continue its active oversight of the Government's effort to prepare for the year 2000 date change. A series of hearings will begin in February with oversight of the Federal Aviation Administration's year 2000 problem. The subcommittee will also work with the Office of Management and Budget to continue to strengthen and expand quarterly reporting requirements from all Federal agencies. Further, the subcommittee will work with the General Accounting Office and agency Inspectors General to improve verification of the quality of reporting.
2. *The Government Performance and Results Act.*—The subcommittee will continue its oversight of implementation of the Results Act as performance plans are produced government-wide for the first time. The subcommittee will hold the first in a series of hearings in mid-February. The subcommittee will consider legislation that will amend both strategic and performance planning provisions of the Results Act.
3. *Oversight of Federal Property Laws.*—The subcommittee will hold a series of hearings on Federal property laws. The Federal Property and Administrative Services Act has not been reauthorized since its inception in 1949. This law and its authorities will be re-examined with a view to determining whether economy and efficiency would be enhanced by amendments.
4. *Federal Debt Collection.*—The subcommittee will continue its activities in the area of debt collection improvement. It will hold a series of hearings on implementation of the Debt Collection Improvement Act of 1996, and will consider legislation aimed at benefit fraud reduction and promotion of asset sales.
5. *Oversight of the U.S. Customs Service.*—The subcommittee will continue its investigation into an imbalance in staffing by the U.S. Customs Service between the East and West Coasts. The sub-

committee plans field hearings in Miami and New York as well as further hearings in Washington, DC.

6. *The Federal Election Commission.*—The subcommittee will examine the management practices at the Federal Election Commission. The hearing will focus on issues of enforcement, including the audit process, and disclosure, among others.

7. *The Federal Advisory Committee Act.*—With the assistance of the General Accounting Office, the subcommittee will examine the current use of Federal advisory committees by the Federal Government. Hearings are anticipated.

8. *The Electronic Freedom of Information Act.*—The subcommittee has jurisdiction over several government-wide information laws, including the Freedom of Information Act, the Privacy Act, the Federal Advisory Committee Act, and the Government in the Sunshine Act. The subcommittee conducts regular oversight of the compliance of Federal departments and agencies with the requirements of these laws.

The subcommittee will conduct oversight hearings on the Freedom of Information Act with particular focus on the role of electronic reporting in the timeliness of responses to Freedom of Information requests.

9. *The Inspectors General Act.*—The Inspectors General Act became law in 1978. The subcommittee will observe the 20th anniversary of this important law with a series of hearings. The hearing will focus on ways to make the Offices of Inspectors General more efficient and effective in implementation of the act.

10. *Federal Financial Management.*—The subcommittee will continue a variety of oversight initiatives in the area of financial management. The Chief Financial Officers Act of 1990 required agencies to audit revolving funds, trust funds and all funds that resembled commercial enterprises. The 1994 Government Management Reform Act extended the CFO requirements to cover all agency resources, with agency-wide audited financial statements due in March 1997, and Federal Government-wide audited financial statements due in March 1998. The act is an important tool in improving the financial management of Federal departments and agencies.

The subcommittee will examine with particular care the financial management problems at the Department of Defense and the Internal Revenue Service. The subcommittee also plans hearings on financial management at the Social Security Administration and the Health Care Financing Administration.

11. *Medical Records Privacy.*—The Health Insurance Portability and Accountability Act of 1996 gave Congress a deadline of August 1999 to enact legislation protecting the privacy of medical records. Several bills have been introduced on this issue and referred to the subcommittee. The subcommittee held a hearing entitled "Medical Records Privacy" in the 1st session. It will hold further hearings and play an active role in shaping legislation in the 2d session.

SUBCOMMITTEE ON HUMAN RESOURCES

A. LEGISLATION

1. Comprehensive Preventive Health and Promotion Act of 1997 (H.R. 177, 105th Congress).
2. Family Services Improvement Act of 1997 (H.R. 1480, 105th Congress).
3. Health Care Fraud and Abuse Act of 1997 (H.R. 362, 105th Congress).
4. Subsidy Termination for Overdue Payments Act of 1997 (H.R. 399, 105th Congress).
5. Unfunded Federal Mandates Relief Act of 1997 (H.R. 62, 105th Congress).

B. OVERSIGHT

1. VA efforts to diagnose and treat Gulf War veterans.
2. VA health care enrollment priorities.
3. Blood supply safety and Hepatitis-C notification.
4. Adequacy of informed consent in Federal research.
5. Management of organ and tissue donation programs.
6. Regulation of medical foods and clinical nutrition.
7. Impacts of antibiotic resistance on public health.
8. Effects of Federal mandates on local education.
9. The Department of Labor's "one stop" career centers initiative.
10. Job Corps curriculum and training contractors.
11. Management of the Early Head Start program.
12. Privatization of social service delivery in the context of welfare reform.
13. Management of teen pregnancy prevention and abstinence promotion programs.
14. The use of compliance plans in reducing health care fraud.
15. Regulation of managed care.
16. DOL pension security enforcement.
17. HUD contracting practices and contract management capacity.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

Drug policy oversight will continue, with a heavy emphasis on source and transit zone interdiction, source country programs, prevention, treatment, and law enforcement.

1. Reauthorization of the Office of National Drug Control Policy will continue to require accountability from the counterdrug efforts and will be completed in the upcoming session.
2. Oversight of the 1998 National Drug Control Strategy.
3. Oversight of the Office of National Drug Control Policy and it's corresponding responsibility to coordinate the counterdrug efforts of the National Drug Control Program agencies.
4. Investigation of the waste in defense inventory management at the Defense Logistics Agency.
5. Investigation of the "Citizenship USA" program implemented by the Immigration and Naturalization Service to promote voter

registration. Specific focus on the role the Office of the Vice President in developing and maintaining this program.

6. Review of President's annual decision to certify or decertify countries which he determines to be either "major drug-transit countries" or "major illicit drug producing countries."

7. Review of defense appropriations for fiscal year 1998.

8. Oversight of disaster relief programs managed by the Federal Emergency Management Agency.

9. Continued oversight of the National Archives and Records Administration.

10. Oversight of the Safe and Drug-Free Schools program.

11. Review of Southwest Border narcotics interdiction, support, and coordination.

12. Examination of the effectiveness of Federal, State, and local drug prevention programs.

13. Oversight of Federal law enforcement and military efforts along the Southwest Border.

14. Oversight of counternarcotics intelligence coordination, analysis and dissemination.

15. Oversight of Federal efforts to combat domestic and international money laundering.

16. Federal information security procedures and maintenance.

17. Federal sentencing guidelines.

SUBCOMMITTEE ON THE POSTAL SERVICE

A. INVESTIGATIONS

The subcommittee will continue its review of selected programs and activities that are under its jurisdiction. The subcommittee will commence investigation of issues which occur and problems that are brought to its attention.

Ongoing investigations are:

1. *Presort Mail Fraud.*—The subcommittee received information from time to time regarding the Postal Service's lax monitoring of Presorted Mail. The information obtained from this investigation will help the Postal Service to focus on revision of their policies for acceptance of mail and payment for services.

2. *Investigation of Disparate Treatment in Discipline Between Craft and Management Employees.*—Craft employees have alleged disparate levels of disciplinary treatment between labor and management. The subcommittee has observed and has been informed of situations where management personnel are treated with greater leniency when it comes to standards of discipline as compared with rank-and-file employees whose infractions may have been minor in comparison. The subcommittee has identified the following specific instances: for example, a Postmaster was found to have been involved in a hit and run accident in a Postal vehicle after hours and failed to report the accident as required. He subsequently was found to have lied to Postal Inspectors and officials when questioned regarding the incident. He ultimately was transferred to a smaller postal facility without any degradation in pay or grade. In contrast, a craft employee who requested leave to watch her son play in the Little League World Series was denied such leave.

When she attended the game, she was subsequently disciplined for her action.

Union officials have reported numerous cases of alleged disparate disciplinary treatment vis-a-vis craft and management employees. Disparate treatment frustrates employees and results in more grievances. Such treatment also raises questions regarding management responsibility and accountability for such action. Subcommittee Chairman McHugh raised these concerns with the Postmaster General and the Deputy Postmaster General.

The dialog which as been opened between labor and management, and under the oversight of the subcommittee, should provide frank discussions to hold management and workers to the same standards. This will remove some of the existing friction which presently exists between labor and management and will provide mutual benefits to both parties.

3. *Outsourcing.*—The subcommittee is concerned regarding the Postal Service's management of employing outside contract employees to perform core Postal Service functions. Recognizing that labor costs currently exceed 80 percent of total Postal Service operating costs, the subcommittee encourages the Service to identify ways to better control its operating expenses. However, the subcommittee wants to ensure that any cost-cutting measures do not result in a degradation of service. The subcommittee will focus on whether, and to what extent, the Postal Service is utilizing outsourcing contracts, whether such costs result in long-term savings, the impact such measures have on service and future plans for outsourcing.

4. *Monitoring Data Quality.*—The subcommittee is continuing its oversight of the quality of data submitted by the Postal Service to the Postal Rate Commission during the conduct of rate and reclassification proceedings. This issue was first raised during the conduct of the general oversight hearings in the 104th Congress. The subcommittee subsequently worked with the Service, the Rate Commission and GAO in facilitating the choice of an independent contractor to study and recommend ways of improving the quality of Postal Service data.

5. *Delivery Point Sequencing.*—Delivery Point Sequencing [DPS] is the final phase of the letter automation program. DPS completes the automation program by replacing the carriers manual sorting with automated sequencing of letters to eliminate in-office work hours and increase delivery hours. The Postal Service has invested about $5 billion in letter automation since the program began in 1982, with approximately 38 percent of these funds devoted toward research, development and implementation of DPS.

To date, GAO had identified Postal Service savings of approximately about $6.5 billion from letter automation and it projects about the Service to achieve $20.5 billion in savings by 2005. Though the 1992 Postal reorganization slowed the installation of equipment and some of the projects, USPS implementation of DPS appears to be on schedule. USPS credits DPS for the avoidance of 1,300 new routes that would have been needed to accommodate address growth in 1997. Though there are savings in these areas, employee grievances regarding the implementation of DPS need to be resolved before real savings are realized.

The study will determine whether the nationwide implementation of delivery point sequencing is on schedule and whether the project is producing the cost savings in carrier work hours that have been anticipated. The chairman has requested the GAO to evaluate the system. Full implementation of DPS should enable Postal Service personnel to significantly reduce the time postal carriers spend manually sorting letter mail. The quicker the procedure is implemented, the quicker the Postal Service can realize savings. The chairman has requested the GAO to evaluate whether DPS is on schedule and the system whether it will achieve its anticipate savings.

6. *International Mail Market.*—The subcommittee will study how Congress can ensure that the Postal Service competes effectively and fairly in the international mail market. In particular, the subcommittee is interested in knowing whether customs treatment by major trading partners of items sent through Global Package Link differs from customs treatment afforded equivalent shipments by private companies. Subcommittee Chairman McHugh has written to the General Accounting Office to examine this issue.

7. *Electronic commerce/new and non-postal products.*—The chairman has requested the General Accounting Office to evaluate the statutory and regulatory constraints for the Postal Service regarding the Service's provision of electronic products and how it affects the Service's ability to develop, test, and market these products. This study would also review and define what non-postal activities, joint ventures and strategic alliances the Postal Service may be engaged in and the past, present and future costs associated with these non-postal activities. The subcommittee is interested in the current array of postal products that the Postal Service considers to be the core or traditional products, how and in what ways this array may change over the next 5 years and the impact such revenues as derived from the provision of these products have on the ability to provide and support the Service's universal delivery obligations.

8. *U.S. Postal Service' Participation in the Universal Postal Union.*—Postal Service competitors have brought complaints before the subcommittee concerning the USPS acting as sole representative of U.S. interests before international governmental bodies and tribunals. The subcommittee recognizes the USPS as the leading provider of postal services in our country. However, many agreements and decisions flowing from representation at these international bodies affect competitor concerns as well. The subcommittee is interested in learning whether a neutral authority, such as the U.S. Trade Representative, representing all U.S. interests, both the USPS and competitors, would better benefit our postal structure.

B. LEGISLATION

1. The subcommittee will continue working on H.R. 22, the Postal Reform Act of 1997. Extensive hearings were held by the subcommittee on this legislation in the 104th and thus far in the 105th Congress. It is expected that the legislation will be voted on by late spring or early summer.

2. The subcommittee will continue to consider such bills and resolutions as may be referred to it.

VIEWS OF THE RANKING MINORITY MEMBER

While I agree with elements of the chairman's Interim Report, there are several sections that warrant a response as discussed below. It should also be pointed out that this report should not be considered an official committee report, because it was not approved by the committee.

COMMENTS ON MATTERS OF INTEREST, FULL COMMITTEE

OVERSIGHT OF IMPLEMENTATION OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT OF 1993

The Interim Report substantially distorts the October 30, 1997, hearing record on "The Results Act: Are We Getting Results?" By failing to mention the testimony of the Director of the Office of Management and Budget and the written testimony of the Acting Comptroller General, James Hinchman, the report leaves the impression that the agency strategic plans submitted under the Government Performance and Results Act conflicted with the statute. In fact, OMB Director Raines made the point in his testimony that the executive branch made a commitment early in 1997 to deliver agency strategic plans that were both timely and compliant with the statute. Based on the submissions to Congress October 1, 1997, OMB believed that commitment had been kept. Acting Comptroller General Hinchman made the point in his written statement that agency strategic plans were much improved over earlier drafts. He concluded that the final strategic plans of the agencies provide a workable foundation for the next stages of GPRA implementation.

CAMPAIGN FUNDRAISING INVESTIGATION

The section of the Interim Report regarding the campaign fundraising investigation distorts the record of the committee and has little relation to any actual events. An objective evaluation of the record will indicate that the committee spent $5 million on its partisan investigation in 1997 and uncovered virtually nothing that was not already reported by the Senate Governmental Affairs Committee or media organizations, such as the New York Times, L.A. Times, Washington Post, or the Wall Street Journal.

COMMENTS ON OTHER INVESTIGATIONS

REVIEW OF THE FEDERAL GOVERNMENT'S ACQUISITION STRATEGY REGARDING THE FEDERAL TELECOMMUNICATIONS SYSTEM OF 2001 PROGRAM

The Interim Report distorts the committee's record with regard to the Cooperative Purchasing Program. The report states that the committee strongly supported the complete repeal of Section 1555 of FASA, the Federal Acquisition Streamlining Act. In general, this

section should probably be deleted in its entirety, as the committee has held no hearings nor taken any legislative action with regard to the provision in the 105th Congress. The Cooperative Purchasing Program authorized by this section of law has never been implemented, and insufficient data exists to make any definitive conclusion about its impact on the private sector.

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

The Interim Report's section on the activities of the Government Management, Information, and Technology Subcommittee contains a gratuitously partisan and completely unsubstantiated comment which presumably refers to the committee's investigation into the White House Travel Office in the 104th Congress. The contention that those hearings "demonstrated" that associates of the President used their access to promote their own business interests is not supported by the record. Allegations, innuendo and hearsay may have been repeated by some Members of the majority, but little, if anything, was ever "demonstrated."

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

The Investigation of the White House Database

This investigation is ostensibly part of the committee's campaign finance investigation. Contrary to the majority's conclusions, this investigation has not produced any concrete benefits—other than eating up enormous sums of taxpayer dollars since it began in June 1996.

This investigation has also prevented the subcommittee from fulfilling its legislative and oversight responsibilities. Despite having a staff of seven, the subcommittee marked up no legislation and held only three hearings in 1997.

Investigation of OIRA's Review of the NAAQS Rules

Contrary to the majority's conclusions, OIRA's review of the NAAQS appears to have been thorough and legal. Its analysis estimated that the health and environmental benefits of the NAAQS would be between $20 and $100 billion a year, significantly more than the costs. Furthermore, OIRA has been cooperative by answering numerous production requests, requests for interviews, and other information requests. In fact, former Administrator of OIRA, Sally Katzen, testified in front of the subcommittee on this issue and answered all of its questions.

Securities and Exchange Commission

The subcommittee's investigation of the Securities and Exchange Commission is an example of the extraordinary abuse of the subcommittee's powers and procedures. These abuses are described in the July 15, 1997, Wall Street Journal opinion column, "Business World: Fly First Class (With the Other Criminals)."

Oversight of the U.S. Army Corps of Engineers Wetlands Programs

In its report, the majority fails to note that wetlands have numerous benefits: they improve water quality by filtering out pollutants; they provide a home for a large variety of plants and animals; they are important to the fishing industry; and they prevent flooding.

In 1780, the lower 48 States had about 220 million wetlands; today we have about 104 million. Protections such as the Clean Water Act and the Swampbuster Program have significantly slowed the rate at which we lose wetlands; however, we have not yet reached a level of no net loss. A recent study found we are losing about 117,000 acres a year. About 78 percent of the current conversions of wetlands to non-wetlands are conversions to agricultural uses.

Moreover, it is not always the number of acres that is important, but the quality of the wetlands. One large protected area may be more important than a number of very small wetlands that add up to more acreage. Furthermore, a smaller but older wetland area can be more valuable because of the diversity of flora and fauna it supports. Others are important because of their proximity to polluted waterways.

Oversight of the Security and Exchange Commission's "Disclosure of Accounting Policies for Derivative Financial Instruments and Derivative Commodity Instruments"

The conclusions in this section of the report are controversial and not necessarily supported by the record before the subcommittee.

EPA's Particulate and Ozone Rulemaking

This section of the report is full of erroneous conclusions and is contradicted by much of the evidence and testimony presented to the subcommittee.

GAO Findings on Superfund Cleanup

This section of the report relies heavily on a GAO analysis of EPA's Superfund Program. At the subcommittee's hearing, however, substantial problems were raised with GAO's methodology. The majority's conclusions are not warranted.

Office of Management and Budget's "Report to Congress on the Costs and Benefits of Federal Regulations"

The subcommittee's conclusions are not justified. Given the limited time and available resources, many feel OMB did an adequate job. In 1997, OMB estimated that benefits of regulations in 1997 exceeded costs by about $19 billion.

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

National Drug Control Policy

In this section the report gives short shrift to the Baltimore needle exchange program, which is a model for the country in terms of community support, safeguards, and public health impact. By describing the program as "self-selecting," the majority seems to be

dismissing out of hand the program's documented successes. With regard to the discussion of the Drug Control Policy hearing on Columbia, the report reads, "The hearing was characterized by a sense of enormous disappointment with the United States State Department and United States Embassy in Colombia during Mr. Frechette's tenure, both on policy decisions and management issues." The majority, by criticizing Mr. Frechette, appears to be personalizing a larger disagreement over policy, primarily the administration's decision to decertify Colombia and its insistence on the Government of Colombia's acquiescence to end-use monitoring agreements (to ensure that our military assistance isn't used to perpetrate human rights abuses).

Department of Defense Inventory Management

The Interim Report's section on the activities of the National Security, International Affairs, and Criminal Justice Subcommittee describes the subcommittee's oversight of inventory management problems at the Department of Defense. There are serious problems with that system, and the opportunity exists to save billions of taxpayer dollars. The conclusion that such savings should be plowed back reflexively into the Department of Defense is not necessarily justified. Such policy decisions may well be opposed by Republican and Democratic members of the committee.

Immigration and Naturalization Service Program Citizenship USA

In this section the report contains unsupported, conclusory observations that the INS "consciously weakened, discarded or ignored" legal and procedural requirements and "deliberately concealed" problems with the program. Although problems with the program are well-documented and largely undisputed, the majority's characterization that the INS intentionally naturalized ineligible applicants or knowingly mismanaged the naturalization program for political gain is unfair and inaccurate.

Oversight of the Census Bureau and Census 2000

The majority report conveniently ignores the facts and substitutes for those facts inflammatory rhetoric designed to bolster their fears that an accurate census count might endanger their majority in Congress.

The plan for the 2000 census is not ill conceived nor does it "present the most imminent danger of wasting taxpayers' funds" as claimed by the majority report. In fact, just the opposite is true. The Census Bureau has proposed a plan that will produce a census that is more accurate than 1990. In response to that plan the majority has repeatedly claimed it would spend any amount necessary for a census with old fashioned methods, even though those methods would produce a census with a error rate in excess of 10 percent.

In 1991, Representative Rogers, now chairman of the Appropriations Subcommittee on Commerce, Justice, and State, testified before Congress that there is a need for:

> an independent review of the Census that is *fundamental* in nature. A back-to-basics, zero-based study that begins with no preconceived notions about what we collect or

> how we collect it. For that reason, I have pursued the idea of having the National Academy of Sciences conduct such a review. The Academy is credible, experienced, and more importantly, independent. Plus, I have been satisfied they can pull together a panel of reputable minds, capable of blending fresh, policy view points, with an understanding of statistical methods.

In 1992 Congress passed H.R. 3280, "A bill to provide for a study, to be conducted by the National Academy of Sciences, on how the Government can improve the decennial census of population, and on related matters." That study laid out the blueprint for the 2000 census.

The Census Bureau took the recommendations from the two National Academy of Sciences panels of experts and crafted them into a plan for the 2000 census that improved the accuracy of the census and was less expensive than doing it the old way. That plan was presented to Congress, and in hearings held by the National Security Subcommittee in 1995, the only criticism was not that the plan included the use of sampling, but rather that it did not go far enough in using sampling to augment a traditional count. Both the GAO and the Inspector General testified that the plan was too conservative in the use of sampling and should go further.

The inclusion of the 2000 census on the GAO high risk report series was not because the census plan included the use of sampling, which the GAO supports. GAO views the 2000 census as a high risk because of the failure of Congress to either give legislative direction for the census or accept the administration's plan. It is the indecision of Congress which creates the risk, not the use of sampling. Congress has further put the census at risk by funding the planning activities in 1996 and 1997 at only 80 percent.

The majority report asserts that the use of sampling is both illegal and unconstitutional. However, that assertion ignores both court cases and legal opinions from the Department of Justice. Every court that has ruled on the legality and constitutionality of sampling has ruled in favor of its use. The Department of Justice under Presidents Carter, Bush, and Clinton has expressed in writing the opinion that the use of sampling is both legal and constitutional.

In 1996 the Supreme Court ruled that Congress had ceded its authority to run the Census to the Secretary of Commerce, and in doing so, gave the Secretary broad latitude to determine how the census would be conducted. The majority has attempted several times to modify that authority, but in each case has failed to generate sufficient support for their position to suggest that they could override a Presidential veto. In the spirit of cooperation, the administration has agreed to move forward planning for two censuses: one that uses sampling to achieve a fair and accurate census; and one that excludes modern scientific methods, and repeats the errors of the past which disadvantage the poor and minorities. The administration has agreed to this dual planning process despite the fact that it places an extreme burden on the Census Bureau, and ultimately is likely to be a waste of taxpayers funds.

While the majority report professes great concern about the 2000 census, the subcommittee held only one hearing on the census dur-

ing the first session of the 105th Congress. At that hearing it was suggested that vigorous outreach could count those who were missed in the 1990 census, and the efforts of the cities of Milwaukee and Cincinnati were presented as examples. Unfortunately, both of those cities had undercounts significantly higher than the national average, and both had undercounts nearly 4 times the level of undercount in its respective State. It was also suggested that local outreach should start earlier for the 2000 census than it did for the 1990 census. The Census Bureau agreed with that assessment, and included in their budget request for fiscal 1997 funds for outreach and promotion. Unfortunately, the 20 percent reduction in funding provided by the Congress forced postponement of those efforts.

The administration has put forward a plan for the 2000 census that will achieve a fair and accurate result while containing the costs to the American public. The Government Reform majority has objected to those plans, but has failed to put forward any alternative that will correct the errors that occurred in 1990. Their only advice is to "spend more money." Experts overwhelmingly say that throwing money at the problem will not work. The solution lies in applying sound scientific methods, as developed in the Census Bureau's plan. The administration has been a sound steward of the taxpayer's funds, while the House majority has repeatedly called for squandering taxpayer's dollars on a census that will be less accurate, and unfair to millions of Americans.

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