

110TH CONGRESS }  
*1st Session*

SENATE

{ REPORT  
110-41

R E P O R T  
ON THE ACTIVITIES  
OF THE  
COMMITTEE ON FINANCE  
OF THE  
UNITED STATES SENATE  
DURING THE  
109TH CONGRESS  
PURSUANT TO  
Rule XXVI of the Standing Rules  
OF THE  
UNITED STATES SENATE



MARCH 29, 2007.—Ordered to be printed

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**LETTER OF TRANSMITTAL**

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U.S. SENATE,  
COMMITTEE ON FINANCE,  
*Washington, DC, March 30, 2007.*

Hon. NANCY ERICKSON,  
*Secretary, U.S. Senate,*  
*Washington, DC.*

DEAR MS. ERICKSON: In accordance with rule XXVI of the Standing Rules of the United States Senate and the pertinent unanimous consent order pertaining to this rule, I am transmitting herewith a report on the activities of the Committee on Finance of the United States Senate for the 109th Congress.

Sincerely,

MAX BAUCUS, *Chairman.*



# CONTENTS

	Page
109th Congress—Committee Membership .....	ii
Letter of Transmittal .....	v
Committee Jurisdiction .....	1
Rules of Procedure .....	2
Tax—Summary of Activities .....	5
Hearings and Meetings .....	6
Full Committee Executive Meetings .....	14
Trade—Summary of Activities .....	17
Full Committee Hearings and Meetings .....	20
Subcommittee on International Trade Hearings and Meetings .....	23
Full Committee Executive Meetings .....	24
Informal Meetings .....	25
Health—Summary of Activities .....	27
Welfare .....	27
Full Committee Hearings and Meetings .....	29
Subcommittee on Health Care .....	33
Full Committee Executive Meetings .....	33
Social Security—Summary of Activities .....	35
Full Committee Hearings .....	35
Subcommittee on Long-Term Growth and Debt Reduction .....	36
Oversight and Investigations—Summary of Activities .....	37
Hearings .....	37
Legislation .....	39
Other Oversight Initiatives .....	41
Centers for Medicare and Medicaid Services .....	41
Food and Drug Administration .....	46
Department of Health and Human Services .....	50
Centers for Disease Control .....	51
Federal Bureau of Investigation .....	52
Department of Homeland Security .....	58
Miscellaneous .....	60
Nominations .....	65
Bills and Resolutions referred to the Committee .....	83
Reports, Prints, and Studies .....	84
Official Communications .....	86



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REPORT ON THE ACTIVITIES OF THE COMMITTEE ON  
FINANCE DURING THE 109TH CONGRESS

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MARCH 29, 2007.—Ordered to be printed

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Mr. BAUCUS, from the Committee on Finance,  
submitted the following

**REPORT**

This report reviews the legislative and oversight activities of the Committee on Finance during the 109th Congress. These activities parallel the broad scope of responsibilities vested in the Committee by the Legislative Reorganization Act of 1946, as amended, rule XXV(k) of the Standing Rules of the Senate, and additional authorizing resolutions.

**COMMITTEE JURISDICTION**

Rule XXV(i) of the Standing Rules of the Senate requires reference to this Committee of all proposed legislation, and other matters, dealing with (i) Committee on Finance, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

1. Bonded debt of the United States, except as provided in the Congressional Budget Act of 1974.
2. Customs, collection districts, and ports of entry and delivery.
3. Deposit of public moneys.
4. General revenue sharing.
5. Health programs under the Social Security Act and health programs financed by a specific tax or trust fund.
6. National social security.
7. Reciprocal trade agreements.
8. Revenue measures generally, except as provided in the Congressional Budget Act of 1974.
9. Revenue measures relating to the insular possessions.
10. Tariffs and import quotas, and matters related thereto.
11. Transportation of dutiable goods.

## COMMITTEE RULES

### I. RULES OF PROCEDURE

Rule 1. *Regular Meeting Days.*—The regular meeting day of the committee shall be the second and fourth Tuesday of each month, except that if there be no business before the committee the regular meeting shall be omitted.

Rule 2. *Committee Meetings.*—(a) Except as provided by paragraph 3 of Rule XXVI of the Standing Rules of the Senate (relating to special meetings called by a majority of the committee) and subsection (b) of this rule, committee meetings, for the conduct of business, for the purpose of holding hearings, or for any other purpose, shall be called by the chairman. Members will be notified of committee meetings at least 48 hours in advance, unless the chairman determines that an emergency situation requires a meeting on shorter notice. The notification will include a written agenda together with materials prepared by the staff relating to that agenda. After the agenda for a committee meeting is published and distributed, no nongermane items may be brought up during that meeting unless at least two-thirds of the members present agree to consider those items.

(b) In the absence of the chairman, meetings of the committee may be called by the ranking majority member of the committee who is present, provided authority to call meetings has been delegated to such member by the chairman.

Rule 3. *Presiding Officer.*—(a) The chairman shall preside at all meetings and hearings of the committee except that in his absence the ranking majority member who is present at the meeting shall preside.

(b) Notwithstanding the rule prescribed by subsection (a) any member of the committee may preside over the conduct of a hearing.

Rule 4. *Quorums.*—(a) Except as provided in subsection (b) one-third of the membership of the committee, including not less than one member of the majority party and one member of the minority party, shall constitute a quorum for the conduct of business.

(b) Notwithstanding the rule prescribed by subsection (a), one member shall constitute a quorum for the purpose of conducting a hearing.

Rule 5. *Reporting of Measures or Recommendations.*—No measure or recommendation shall be reported from the committee unless a majority of the committee is actually present and a majority of those present concur.

Rule 6. *Proxy Voting; Polling.*—(a) Except as provided by paragraph 7(a)(3) of Rule XXVI of the Standing Rules of the Senate (relating to limitation on use of proxy voting to report a measure or matter), members who are unable to be present may have their vote recorded by proxy.

(b) At the discretion of the committee, members who are unable to be present and whose vote has not been cast by proxy may be polled for the purpose of recording their vote on any rollcall taken by the committee.

Rule 7. *Order of Motions.*—When several motions are before the committee dealing with related or overlapping matters, the chairman may specify the order in which the motions shall be voted upon.

Rule 8. *Bringing a Matter to a Vote.*—If the chairman determines that a motion or amendment has been adequately debated, he may call for a vote on such motion or amendment, and the vote shall then be taken, unless the committee votes to continue debate on such motion or amendment, as the case may be. The vote on a motion to continue debate on any motion or amendment shall be taken without debate.

Rule 9. *Public Announcement of Committee Votes.*—Pursuant to paragraph 7(b) of Rule XXVI of the Standing Rules of the Senate (relating to public announcement of votes), the results of rollcall votes taken by the committee on any measure (or amendment thereto) or matter shall be announced publicly not later than the day on which such measure or matter is ordered reported from the committee.

Rule 10. *Subpoenas.*—Subpoenas for attendance of witnesses and the production of memoranda, documents, and records shall be issued by the chairman, or by any other member of the committee designated by him.

Rule 11. *Nominations.*—In considering a nomination, the Committee may conduct an investigation or review of the nominee's experience, qualifications, and suit-

ability, to serve in the position to which he or she has been nominated. To aid in such investigation or review, each nominee may be required to submit a sworn detailed statement including biographical, financial, policy, and other information which the Committee may request. The Committee may specify which items in such statement are to be received on a confidential basis. Witnesses called to testify on the nomination may be required to testify under oath.

Rule 12. *Open Committee Hearings.*—To the extent required by paragraph 5 of Rule XXVI of the Standing Rules of the Senate (relating to limitations on open hearings), each hearing conducted by the committee shall be open to the public.

Rule 13. *Announcement of Hearings.*—The committee shall undertake consistent with the provisions of paragraph 4(a) of Rule XXVI of the Standing Rules of the Senate (relating to public notice of committee hearings) to issue public announcements of hearings it intends to hold at least one week prior to the commencement of such hearings.

Rule 14. *Witnesses at Hearings.*—(a) Each witness who is scheduled to testify at any hearing must submit his written testimony to the staff director not later than noon of the business day immediately before the last business day preceding the day on which he is scheduled to appear. Such written testimony shall be accompanied by a brief summary of the principal points covered in the written testimony. Having submitted his written testimony, the witness shall be allowed not more than 10 minutes for oral presentation of his statement.

(b) Witnesses may not read their entire written testimony, but must confine their oral presentation to a summarization of their arguments.

(c) Witnesses shall observe proper standards of dignity, decorum and propriety while presenting their views to the committee. Any witness who violates this rule shall be dismissed, and his testimony (both oral and written) shall not appear in the record of the hearing.

(d) In scheduling witnesses for hearings, the staff shall attempt to schedule witnesses so as to attain a balance of views early in the hearings. Every member of the committee may designate witnesses who will appear before the committee to testify. To the extent that a witness designated by a member cannot be scheduled to testify during the time set aside for the hearing, a special time will be set aside for the witness to testify if the member designating that witness is available at that time to chair the hearing.

Rule 15. *Audiences.*—Persons admitted into the audience for open hearings of the committee shall conduct themselves with the dignity, decorum, courtesy and propriety traditionally observed by the Senate. Demonstrations of approval or disapproval of any statement or act by any member or witness are not allowed. Persons creating confusion or distractions or otherwise disrupting the orderly proceeding of the hearing shall be expelled from the hearing.

Rule 16. *Broadcasting of Hearings.*—(a) Broadcasting of open hearings by television or radio coverage shall be allowed upon approval by the chairman of a request filed with the staff director not later than noon of the day before the day on which such coverage is desired.

(b) If such approval is granted, broadcasting coverage of the hearing shall be conducted unobtrusively and in accordance with the standards of dignity, propriety, courtesy and decorum traditionally observed by the Senate.

(c) Equipment necessary for coverage by television and radio media shall not be installed in, or removed from, the hearing room while the committee is in session.

(d) Additional lighting may be installed in the hearing room by the media in order to raise the ambient lighting level to the lowest level necessary to provide adequate television coverage of the hearing at the then current state of the art of television coverage.

(e) The additional lighting authorized by subsection (d) of this rule shall not be directed into the eyes of any members of the committee or of any witness, and at the request of any such member or witness, offending lighting shall be extinguished.

(f) No witness shall be required to be photographed at any hearing or to give testimony while the broadcasting (or coverage) of that hearing is being conducted. At the request of any such witness who does not wish to be subjected to radio or television coverage, all equipment used for coverage shall be turned off.

Rule 17. *Subcommittees.*—(a) The chairman, subject to the approval of the committee, shall appoint legislative subcommittees. All legislation shall be kept on the full committee calendar unless a majority of the members present and voting agree to refer specific legislation to an appropriate subcommittee.

(b) The chairman may limit the period during which House-passed legislation referred to a subcommittee under paragraph (a) will remain in that subcommittee. At the end of that period, the legislation will be restored to the full committee cal-

endar. The period referred to in the preceding sentences should be 6 weeks, but may be extended in the event that adjournment or a long recess is imminent.

(c) All decisions of the chairman are subject to approval or modification by a majority vote of the committee.

(d) The full committee may at any time by majority vote of those members present discharge a subcommittee from further consideration of a specific piece of legislation.

(e) Because the Senate is constitutionally prohibited from passing revenue legislation originating in the Senate, subcommittees may mark up legislation originating in the Senate and referred to them under Rule 16(a) to develop specific proposals for full committee consideration but may not report such legislation to the full committee. The preceding sentence does not apply to nonrevenue legislation originating in the Senate.

(f) The chairman and ranking minority members shall serve as nonvoting *ex officio* members of the subcommittees on which they do not serve as voting members.

(g) Any member of the committee may attend hearings held by any subcommittee and question witnesses testifying before that subcommittee.

(h) Subcommittee meeting times shall be coordinated by the staff director to insure that—

(1) no subcommittee meeting will be held when the committee is in executive session, except by unanimous consent;

(2) no more than one subcommittee will meet when the full committee is holding hearings; and

(3) not more than two subcommittees will meet at the same time.

Notwithstanding paragraphs (2) and (3), a subcommittee may meet when the full committee is holding hearings and two subcommittees may meet at the same time only upon the approval of the chairman and the ranking minority member of the committee and subcommittees involved.

(i) All nominations shall be considered by the full committee.

(j) The chairman will attempt to schedule reasonably frequent meetings of the full committee to permit consideration of legislation reported favorably to the committee by the subcommittees.

Rule 18. *Transcripts of Committee Meetings.*—An accurate record shall be kept of all markups of the committee, whether they be open or closed to the public. This record, marked as “uncorrected,” shall be available for inspection by Members of the Senate, or members of the committee together with their staffs, at any time. This record shall not be published or made public in any way except:

(a) By majority vote of the committee after all members of the committee have had a reasonable opportunity to correct their remarks for grammatical errors or to accurately reflect statements made.

(b) Any member may release his own remarks made in any markup of the committee provided that every member or witness whose remarks are contained in the released portion is given a reasonable opportunity before release to correct their remarks.

Notwithstanding the above, in the case of the record of an executive session of the committee that is closed to the public pursuant to Rule XXVI of the Standing Rules of the Senate, the record shall not be published or made public in any way except by majority vote of the committee after all members of the committee have had a reasonable opportunity to correct their remarks for grammatical errors or to accurately reflect statements made.

Rule 19. *Amendment of Rules.*—The foregoing rules may be added to, modified, amended or suspended at any time.

## TAX

### SUMMARY OF ACTIVITIES

During the 109th Congress the Finance Committee was able to accomplish many long held goals. Major policy areas the Committee was actively engaged in included: (i) the tax title of the highway bill, (ii) the tax title of the energy bill, (iii) pensions and retirement security, (iv) budget reconciliation, (v) expiring tax provisions, (vi) rebuilding of the Gulf Coast following a series of devastating hurricanes, (vii) repeal of the telephone excise tax, (viii) taxpayer and whistleblower protection. The Committee also held many hearings to reinforce its legislative and oversight functions, including the continued investigation of the role and status of tax-exempt organizations.

In April 2005, the Committee marked-up and reported S. 1230, the “Highway Reauthorization and Excise Tax Simplification Act of 2005” and S. 661, the “United States Tax Court Modernization Act.” S. 1230 and parts of S. 661 were included in a substitute amendment to H.R. 3, the “Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users” (SAFETY-LU). After a successful conference, SAFETY-LU was signed into law on August 10, 2005 (Pub. L. No. 109–59).

On June 16, 2006, the Committee met in Executive Session to consider and report an original bill, the “Energy Policy Tax Incentives Act of 2005,” which was amended to H.R. 6, the “Energy Policy Act of 2005.” The conference agreement was completed on July 27, 2005 and H.R. 6 was signed into law on August 8, 2005 (Pub. L. No. 109–58).

On July 26, 2005, the Committee met in Executive Session to consider and report S. 1953, the “National Employee Savings and Trust Equity Guarantee Act of 2005” (NESTEG). After a conference with the House, most of the product of that conference was introduced as H.R. 4, the “Pension Protection Act of 2006” (PPA 2006). PPA 2006 was signed into law on August 17, 2006 (Pub. L. No. 109–280).

In November 2005, the Committee marked-up and reported S. 2020, the “Tax Relief Act of 2005” (TRA 2005), which passed the Senate on November 18, 2005. Several provisions of TRA 2005 were included in H.R. 4440, the “Gulf Opportunity Zone Act of 2005,” which passed the Senate on December 16, 2005, and was signed into law on December 22, 2005 (Pub. L. No. 109–135). Several other provisions of TRA 2005 were included in H.R. 4297, the “Tax Increase Prevention and Reconciliation Act of 2005” (TIPRA 2005), which passed the Senate on February 2, 2006, and was successfully confereed and signed into law on May 17, 2006 (Pub. L. No. 109–222). Many of the remaining provisions contained in TRA 2005 were included in H.R. 6111, the “Tax Relief and Health Care

Act of 2006,” which passed the Senate on December 2, 2006, and was signed into law on December 20, 2006 (Pub. L. No. 109–432).

In the tax administration area, the Committee marked-up and reported an expanded version of S. 1321, the “Telephone Excise Tax Repeal Act of 2005,” in June 2006. This bill incorporated S. 832, the “Taxpayer Protection and Assistance Act of 2005,” and was renamed S. 1321, the “Telephone Excise Tax Repeal and Taxpayer Protection Assistance Act of 2006.” Included among the provisions in the bill were the repeal of excise tax on telephone and other communications services, regulation of Federal tax return preparers, direct access to e-file Federal income tax returns, and reform of penalty and interest provisions. S. 1321 was reported by Senator Grassley on September 15, 2006, with an amendment in the nature of a substitute and an amendment to the title.

#### HEARINGS AND MEETINGS

##### 2005

February 8, 2005—Hearing on Revenue Proposals in the President’s FY 2006 Budget. Treasury Secretary John Snow testified on the revenue proposals in the Administration’s FY 2006 Budget.

March 1, 2005—Hearing on Financial Status of PBGC and the Administration’s Defined Benefit Plan Funding Proposal. This hearing on the state of defined benefit pension plans focused on the government backer of that system, the Pension Benefit Guaranty Corporation or “PBGC,” and the Administration’s recent proposal to strengthen pension funding. Witnesses included Mr. Bradley D. Belt, Executive Director, Pension Benefit Guaranty Corporation; Mr. Mark J. Warshawsky, Assistant Secretary for Economic Policy, Department of the Treasury; Ms. Ann Combs, Assistant Secretary for the Employee Benefits Security Administration, Department of Labor; Mr. Larry Zimpleman, President, Retirement and Investor Services, Principal Financial Group, on behalf of the Business Roundtable; Mr. Alan Reuther, Legislative Director, United Auto Workers; and Mr. Randall S. Kroszner, Professor of Economics, The University of Chicago Graduate School of Business.

March 16, 2005—Hearing on Expiring Tax Provisions: Live or Let Die. This hearing reviewed tax provisions set to expire at the end of 2005. It focused on the largely business-related provisions that expire annually and examined the merits of other expiring provisions by considering whether particular provisions should be made permanent or allowed to lapse, whether proposed expansions are appropriate or desirable, and whether reforms are needed to make provisions more administrable or more efficient. The Committee heard testimony from The Honorable Robert Carroll, Deputy Assistant Secretary for Tax Analysis, U.S. Department of the Treasury; The Honorable Donald C. Alexander, Partner, Akin, Gump, Strauss, Hauer & Feld, L.L.P.; Mr. Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding, City of New York; Dr. David E. Martin, Chief Executive Officer, M-CAM; Mr. David Hernandez, Vice President of Tax, EDS; Mr. Dale Giovengo, Human Resource Director, Giant Eagle; and

Dr. Hy L. Dubowsky, Director, Economic Development Services, New York State Department of Labor.

April 5, 2005—Hearing on Charities and Charitable Giving: Proposals for Reform. This hearing focused on strengthening the role of charities in America and closing the tax gap as it relates to charities and charitable giving. Testifying before the Committee were The Honorable Mark Everson, Commissioner, Internal Revenue Service; Mr. George K. Yin, Chief of Staff, Joint Committee on Taxation; Mr. Leon Panetta, Director, Panetta Institute for Public Policy; Mr. Mike Hatch, Attorney General, State of Minnesota; Dr. Jane Gravelle, Senior Specialist in Economic Policy, Congressional Research Service; Mr. Richard Johnson, Member, Waller Lansden Dortch and Davis, PLLC; Mr. David Kuo, Former Special Assistant to the President and Deputy Director, White House Office of Faith-Based & Community Initiatives; Mr. Brian Gallagher, President, United Way; and Ms. Diana Aviv, President and CEO, Independent Sector.

April 14, 2005—Hearing on The \$350 Billion Question: How to Solve the Tax Gap. This hearing identified causes of the tax gap—such as underreporting, underpayment, non-filing of taxes, and outright fraud—and presented recommendations for closing the tax gap. Witnesses included The Honorable David Walker, Comptroller General, U.S. Government Accountability Office; Mr. George K. Yin, Chief of Staff, Joint Committee on Taxation; The Honorable Mark Everson, Commissioner, Internal Revenue Service; The Honorable Eileen J. O'Connor, Assistant Attorney General, U.S. Department of Justice; The Honorable Russell George, Inspector General for Tax Administration, U.S. Department of the Treasury; Ms. Nina E. Olson, National Taxpayer Advocate, Taxpayer Advocate Service; Mr. Kevin M. Brown, Commissioner, Small Business/Self Employed Division, Internal Revenue Service; and Ms. Nancy J. Jardini, Chief, Criminal Investigation, Internal Revenue Service.

May 15, 2005—Republican Member's Meeting to discuss Budget Reconciliation.

May 23, 2005—Hearing on Blowing the Cover on the Stealth Tax: Exposing the Individual AMT. The Subcommittee on Taxation and IRS Oversight met to begin the process of educating Senators and the public about the complexity of the alternative minimum tax (AMT) and about how the AMT amounts to a "stealth" tax that traps many unsuspecting taxpayers. The Subcommittee heard testimony from The Honorable Robert Carroll, Deputy Assistant Secretary for Tax Analysis, U.S. Department of Treasury; Dr. Douglas Holtz-Eakin, Director, Congressional Budget Office; Ms. Nina E. Olson, National Taxpayer Advocate, Taxpayer Advocate Service; Dr. Leonard E. Burman, Senior Fellow and co-director of the Urban-Brookings Tax Policy Center, The Urban Institute; Dr. Kevin A. Hassett, Director of Economic Policy Studies, American Enterprise Institute; and Ms. Carol C. Markman, CPA, President, National Conference of CPA Practitioners and Partner at Feldman, Meinberg & Co., LLP.

May 25, 2005—Hearing on Social Security: Achieving Sustainable Solvency. This hearing, the third in a series of hearings on Social Security, focused on a menu of options to achieve sustainable So-

cial Security solvency and addressed the potential payroll “tax gap.” Testifying before the Committee were Dr. Douglas Holtz-Eakin, Director, Congressional Budget Office; Dr. Eugene C. Steuerle, Senior Fellow, Urban Institute; Mr. Stanford G. Ross, former Commissioner of the Social Security Administration; Mr. George K. Yin, Chief of Staff, Joint Committee on Taxation; and The Honorable Russell George, Office of the Treasury Inspector General for Tax Administration, U.S. Department of the Treasury.

June 7, 2005—Hearing on Preventing the Next Pension Collapse: Lessons from the United Airlines Case. This hearing examined the bankruptcy of United Airlines and the massive losses in its employee pension funds by attempting to answer the following questions: how did it happen, why did it happen, and how can Congress prevent it from happening again? Witnesses included The Honorable David M. Walker, Comptroller General of the United States, Government Accountability Office; Mr. Bradley D. Belt, Executive Director, Pension Benefit Guaranty Corporation; Dr. Douglas Holtz-Eakin, Director, Congressional Budget Office; Ms. Patricia A. Friend, International President, Association of Flight Attendants-CWA, AFL-CIO; Mr. Robert Roach, Jr., General Vice President, International Association of Machinists and Aerospace Workers; Captain Duane E. Woerth, President, Airline Pilots Association International; Mr. Glenn F. Tilton, Chairman, President and Chief Executive Officer, United Airlines; Mr. Gerald Grinstein, Chief Executive Officer, Delta Airlines; and Mr. Douglas Steenland, President and Chief Executive Officer, Northwest Airlines.

June 8, 2005—Hearing on The Tax Code and Land Conservation: Report on Investigations and Proposals for Reform. This hearing examined two reports: the report on The Nature Conservancy (TNC) prepared by the Finance Committee staff, and the report on the Department of the Interior’s proposed purchase of mineral rights in Florida from a private organization prepared by the Department of the Interior’s Inspector General. These two reports highlighted how lax procedures by land trusts and improper valuations can give land conservation efforts a bad name. In addition, the hearing discussed the topic of questionable tax planning activities by charities and raised issues about whether charities are acting within the laws governing them as Congress intended and within a manner that justifies their tax exempt status to the public. The hearing also facilitated a discussion about the problems and issues facing Members of Congress as they attempt to ensure that the tax code provisions that encourage donations of conservation easements are effective. Testifying before the Committee were Mr. Jonathan Selib, Tax Counsel, U.S. Senate Committee on Finance; Mr. Dean Zerbe, Tax Counsel and Senior Counsel to the Chairman, U.S. Senate Committee on Finance; Mr. Earl E. Devaney, Inspector General, U.S. Department of Interior; Mr. Steven J. McCormick, President and CEO, Nature Conservancy; Mr. Ira Millstein, Weil, Gotshal & Manges, LLP; Mr. Rand Wentworh, President, Land Trust Alliance; Mr. Timothy Lindstrom, Director of Protection & Staff Attorney, Jackson Hole Land Trust; Mr. Burnet R. Maybank, III, Director,

South Carolina Department of Revenue; and Mr. Steven T. Miller, Commissioner, Tax Exempt and Government Entities Operating Division, Internal Revenue Service.

June 30, 2005—Hearing on Encouraging Savings and Investment: Stay the Course or Change Direction? This hearing of the Subcommittee on Taxation and IRS Oversight reviewed whether certain tax provisions set to expire in 2010—section 179 expensing, the retirement savings contribution credit, and the 15 percent rate on most individual dividends and capital gains—are accomplishing what Congress intended and if their cost is worth the economic benefit. Witnesses included Mr. G. Scott Harding, President and CEO, F.B. Harding, Inc.; Mr. Robert A. Weinberger, Vice President, Government Relations, H&R Block; Mr. David Malpass, Chief Economist, Bear Stearns; Dr. Eric Toder, Senior Fellow, The Urban Institute; Mr. Stephen J. Entin, President and Executive Director, Institute for Research on the Economics of Taxation; and Mr. Brian Graff, Executive Director and CEO, American Society of Pension Professionals & Actuaries.

July 21, 2005—Hearing on Updating Depreciable Lives: Is there Salvage Value in the Current System? This hearing of the Subcommittee on Long-Term Growth and Debt Reduction examined the current tax depreciation system and its effects on long-term economic growth. The Subcommittee heard testimony from Mr. Joseph M. Mikrut, Partner, Capitol Tax Partners; Dr. Thomas S. Neubig, National Director, Quantitative Economics and Statistics, Ernst & Young LLP; Dr. Jane Gravelle, Senior Specialist in Economic Policy, Congressional Research Service, Library of Congress; Mr. Kenneth D. Simonson, Chief Economist, Associated General Contractors of America; and Mr. Christopher R. Anderson, President, Massachusetts High Technology Council, Inc.

September 13, 2005—Hearing on Charities on the Frontline: How the Nonprofit Sector Meets the Needs of America's Communities. This hearing of the Subcommittee on Social Security and Family Policy discussed the role of the charitable community in meeting the needs of America's communities. Witnesses included Mr. Luke Hingson, President, Brother's Brother Foundation; Major George Hood, Director of National Community Relations and Development, The Salvation Army; Dr. Bob Reccord, President and CEO, North American Mission Board, Southern Baptist Convention; Dr. William G. Gale, Senior Fellow, The Brookings Institution; and Dr. C. Eugene Steuerle, Senior Fellow, Urban Institute.

September 28, 2005—Hearing on Hurricane Katrina: Community Rebuilding Needs and Effectiveness of Past Proposals. This hearing focused on efforts to deal with the aftermath of Hurricane Katrina. Along with a distinguished panel of witnesses, the Committee discussed how to find the most efficient and effective ways to use the Federal resources under the Finance Committee's jurisdiction to carry out the overall policy of rebuilding the Gulf Coast region. Witnesses included The Honorable Haley Barbour, via videoconference, Governor, State of Mississippi; The Honorable Kathleen Blanco, Governor, State of Louisiana; The Honorable Bob Riley, via videoconference, Governor, State of Alabama; Mr. George K. Yin, Chief of Staff, Joint Committee on Taxation; Ms. Diana Aviv, President and CEO, Independent Sector; Mr.

Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding for the City of New York; Mr. Gary P. LaGrange, president and CEO, Port of New Orleans, New Orleans, LA and Chairman, American Association of Port Authorities; and Ms. Jean-Mari Peltier, President and CEO, National Council of Farmer Cooperatives.

October 5, 2005—Republican Member’s Meeting to discuss Reconciliation.

October 6, 2005—Hearing on The Future of the Gulf Coast: Using Tax Policy to Help Rebuild Businesses and Communities and Support Families after Disasters. This hearing examined ways in which tax policy can be used effectively to help rebuild businesses and communities and support families in the Gulf Coast region following Hurricane Katrina. The hearing also discussed past successes and failures in using tax policy for disaster relief. Witnesses included The Honorable John W. Snow, Secretary, U.S. Department of the Treasury; The Honorable Jack Kemp, Founder and Chairman, Kemp Partners, and Honorary Co-Chairman, Free Enterprise Fund; The Honorable Tate Reeves, State Treasurer, State of Mississippi; Ms. Dianne Bolen, Executive Director, Mississippi Home Corporation; Mr. Harry Connick Jr., Honorary Chair, Operation Home Delivery, Habitat for Humanity International; Dr. Jane Gravelle, Senior Specialist in Economic Policy, Congressional Research Service, Library of Congress; and Mr. James R. Kelly, Chief Executive Officer, Catholic Charities Archdiocese of New Orleans.

#### HEARINGS AND MEETINGS

##### 2006

January 7, 2006—Hearing on the President’s Fiscal Year 2007 Budget Proposal. Treasury Secretary John W. Snow testified on revenue proposals in the Administration’s 2007 budget.

March 8, 2006—Hearing on Taking a Checkup on the Nation’s Health Care Tax Policy: A Prognosis. This hearing examined the impact of U.S. tax policy on our nation’s health care system and addressed whether the nation is “getting its money’s worth” from existing U.S. health tax incentives. Witnesses included The Honorable Paul H. O’Neill, former Secretary of the Treasury; Dr. Leonard E. Burman, Senior Fellow, Co-Director of the Urban-Brookings Tax Policy Center, Urban Institute; and Mr. Robert W. Lane, Chairman and Chief Executive Officer, Deere & Company.

March 15, 2006—House-Senate Conference on H.R. 4297, Tax Relief Extension Reconciliation Act.

March 16, 2006—Hearing on *Cuno* and Competitiveness: Where to Draw the Line. This hearing of the Subcommittee on International Trade assessed the *Cuno* case and its impact on domestic and international competitiveness. Witnesses included The Honorable George V. Voinovich, United States Senator; Mr. Peter D. Enrich, Professor of Law, Northeastern University School of Law; Mr. Harley Duncan, Executive Director, Federation of Tax Administrators; Mr. Walter Hellerstein, Francis Shackelford Distinguished Professor of Taxation Law, University of Georgia School of Law; Dr. Peter Fisher, Professor, Graduate Program in

Urban and Regional Planning, University of Iowa; and Mr. James H. Renzas, President and Chief Executive Officer, Location Management Services.

April 4, 2006—Hearing on Preparing Your Taxes: How Costly Is It?

This hearing examined the current state of electronic filing services and tax preparation. More specifically, the hearing showcased the successes of the states in the area of electronic filing and scrutinized some bad practices that seem to be pervasive and systemic in the tax preparation industry. The Committee heard from several witnesses including the GAO, the IRS, the Taxpayer Advocate, the Free File Alliance, the National Association of Enrolled Agents, and the Federation of Tax Administrators.

April 6, 2006—Hearing on Saving for the 21st Century: Is America Saving Enough to be Competitive in the Global Marketplace?

This hearing of the Subcommittee on Long-Term Growth and Debt Reduction evaluated current trends in U.S. national savings. The subcommittee heard testimony from Dr. Thomas J. McCool, Director of the Center for Economics, Government Accountability Office; Mr. Jurrien Timmer, Director of Market Research, Fidelity Investments; Dr. Barry P. Bosworth, Senior Fellow, Economic Studies, The Robert V. Rossa Chair in International Economics, The Brookings Institution; and Dr. Lael Brainard, Vice President and Director of the Global Economy Development Center, the New Century Chair in International Economics, The Brookings Institution.

May 23, 2006—Hearing on Encouraging Economic Self-Determination in Indian Country. This hearing of the Subcommittee on Long-Term Growth and Debt Reduction examined the ability of Indian tribes to issue tax-exempt bonds for purposes of infrastructure development and long-term, self-sustaining economic growth. Witnesses included Mr. Raymond C. Etcitty, Esq., Chief Legislative Counsel, Navajo Nation Office of Legislative Counsel; Ms. Lenor A. Scheffler, Esq., Best & Flanagan LLP; Dr. Gavin Clarkson, Assistant Professor, University of Michigan, School of Information, School of Law, Native American Studies; Mr. Scott Schickli, Esq., Orrick Herrington & Sutcliffe LLP; and Mr. Wayne A. Shammel, Esq., General Counsel, Cow Creek Band of Umpqua Tribe of Indians.

June 13, 2006—Hearing on A Tune-Up On Corporate Tax Issues:

What's Going On Under the Hood? This hearing focused on the current state of the U.S. corporate tax system. In addition to discussing corporate tax compliance and enforcement matters, the hearing examined the last-in, first-out (“LIFO”) method of inventory tax accounting and considered lowering tax rates and broadening the tax base in the context of business tax reform. The Committee heard testimony from The Honorable Mark Everson, Commissioner, Internal Revenue Service; The Honorable David Walker, Comptroller General, U.S. Government Accountability Office; The Honorable Eileen J. O'Connor, Assistant Attorney General, Tax Division, U.S. Department of Justice; Dr. George A. Plesko, Associate Professor, Department of Accounting, University of Connecticut School of Business; Mr. Edward D. Kleinbard, Partner, Cleary Gottlieb Steen & Hamilton LLP; and Dr. Martin A. Sullivan, Contributing Editor, Tax Analysts.

- June 29, 2006—Hearing on Small Business Pension Plans: How Can We Increase Work Coverage? This Subcommittee on Long-Term Growth and Debt Reduction hearing focused on small employer coverage and employee participation while discussing Congress's role in helping small businesses and Americans save for retirement. Witnesses at this subcommittee hearing included Dr. Craig Copeland, Senior Research Associate, Employee Benefit Research Institute; Mr. Steve Bjerke, Investment Representative, Edward Jones; Mr. Daniel Hall, Regional Pension Manager, The Standard, StanCorp Equities, Inc.; Ms. Paula Calimafde, Chair, Small Business Council of America; Mr. David C. John, Senior Research Fellow, The Heritage Foundation; and Mr. J. Mark Iwry, Senior Advisor, The Retirement Security Project, and Non-resident Senior Fellow, The Brookings Institution.
- July 25, 2006—Hearing on How Much Should Borders Matter?: Tax Jurisdiction in the Economy. This hearing of the Subcommittee on International Trade addressed the question of whether traditional physical presence based on geographic borders is still the most appropriate standard for tax jurisdiction, and if not, what is the proper standard? The question was examined in two separate contexts: (1) increasing interstate and international commerce over the internet, and (2) business activity taxes (BAT) that are imposed directly by states on businesses or individuals. The Subcommittee heard testimony from three panels. Witnesses included The Honorable Michael B. Enzi, United States Senator from Wyoming; state government officials from Iowa, Montana, and Wyoming; taxation experts; and business community representatives
- July 26, 2006—Hearing on A Closer Look at the Size and Sources of the Tax Gap. This hearing of the Subcommittee on Taxation and IRS Oversight, a follow-up to a 2005 full Finance Committee hearing and a 2006 Budget Committee hearing, examined several aspects of the tax gap, including its size, its causes, and potential solutions for addressing it. Witnesses included Dr. Mark J. Mazur, Director, Research, Analysis, and Statistics, Internal Revenue Service; Mr. Michael Brostek, Director, Tax Issues, Strategic Issues Team, U.S. Government Accountability Office; The Honorable J. Russell George, Treasury Inspector General for Tax Administration; Ms. Nina E. Olson, National Taxpayer Advocate, Taxpayer Advocate Service; and The Honorable Raymond T. Wagner, Jr., Chairman, IRS Oversight Board, Washington, DC, Legal and Legislative Vice President, Enterprise Rent-A-Car Company.
- August 3, 2006—Hearing on Kick-Off for Tax Reform: Tackling the Tax Code. The Committee met to discuss the recommendations of the President's Advisory Panel on Federal Tax Reform. The Committee heard testimony from the following members of the President's Advisory Panel on Federal Tax Reform: The Honorable Connie Mack, III, Chairman, President's Advisory Panel on Federal Tax Reform, Senior Policy Advisor, King & Spalding LLP; The Honorable John Breaux, Vice-Chairman, President's Advisory Panel on Federal Tax Reform, Senior Counsel, Patton Boggs LLP; Ms. Elizabeth Garrett, Member, President's Advisory Panel on Federal Tax Reform, Sydney M. Irmas Professor of Pub-

lic Interest, Law, Legal Ethics, Political Science, and Policy, Planning, and Development, Gould School of Law, University of Southern California; and Dr. James Poterba, Member, President's Advisory Panel on Federal Tax Reform, Mitsui Professor of Economics, Department of Economics, Massachusetts Institute of Technology. Additional witnesses included The Honorable David Walker, Comptroller General, U.S. Government Accountability Office; and Dr. Jane Gravelle, Senior Specialist in Economic Policy, Congressional Research Service.

September 6, 2006—Hearing on Executive Compensation: Backdating to the Future/Oversight of current issues regarding executive compensation including backdating of stock options; and tax treatment of executive compensation, retirement and benefits. This hearing addressed the company practice of “back-dating” stock options in addition to a more general discussion of executive compensation issues. The Committee heard testimony from The Honorable Paul J. McNulty, Deputy Attorney General, United States Department of Justice; The Honorable Mark Everson, Commissioner, Internal Revenue Service; Ms. Linda Thomsen, Director, Division of Enforcement, United States Securities and Exchange Commission; Ms. Nell Minow, Editor, The Corporate Library; Professor Lucian A. Bebchuk, William J. Friedman and Alicia Townsend Friedman Professor of Law, Economic, and Finance, Director, Program on Corporate Governance, Harvard Law School; Professor Charles M. Elson, Edgar S. Woolard, Jr., Chair, John L. Weinberg Center for Corporate Governance, Lerner College of Business and Economics, University of Delaware; and Professor Steven Balsam, Professor of Accounting, The Fox School of Business and Management, Temple University. A statement for the record was also submitted by Mr. Christopher Cox, Chairman, U.S. Security and Exchange Commission.

September 13, 2006—Hearing on Taking the Pulse of Charitable Care and Community Benefits at Nonprofit Hospitals. This hearing considered several issues of non-profit hospitals, including measurements and reporting of community benefit and discounted charges or free care for low-income, uninsured individuals. Witnesses included The Honorable Phill Kline, Attorney General, State of Kansas; Sister Carol Keehan, D.C., President and CEO, The Catholic Health Association of the United States; Mr. Kevin E. Lofton, Chair-Elect, American Hospital Association; Mr. Scott A. Duke, CEO, Glendive Medical Center; Dr. Nancy Kane, Professor of Health Management, Department of Health Policy and Management, Harvard School of Public Health; and Mr. Ray Hartz, Executive Director, Legal Aid Society of Eastern Virginia, Inc.

September 20, 2006—Hearing on Our Business Tax System: Objectives, Deficiencies, and Options for Reform. This hearing examined the objectives, challenges, and deficiencies of the U.S. business tax system as well as reform options to address some of those deficiencies. The Committee heard testimony from The Honorable David Walker, Comptroller General, U.S. Government Accountability Office; Dr. Robert Carroll, Deputy Assistant Secretary for Tax Analysis, U.S. Department of the Treasury; The Honorable Charles Rossotti, Senior Advisor, The Carlyle Group;

Dr. Thomas Neubig, National Director, Quantitative Economics and Statistics, Ernst & Young LLP; Mr. David Bernard, International President, Tax Executives Institute, Inc., Vice President, Tax and Real Estate, Kimberly-Clark Corporation; and Mr. Jeff Johannesen, Managing Director, RSM McGladrey, Inc.

September 26, 2006—Hearing on Health Savings Accounts: The Experience So Far. In this hearing, the Subcommittee on Health Care heard testimony regarding how health savings accounts work in practice and discussed how Congress can improve health savings accounts for current and future participants. Witnesses included Dr. Robert Carroll, Deputy Assistant Secretary for Tax Analysis, U.S. Department of the Treasury; Mr. John Dicken, Director, Health Care Issues, U.S. Government Accountability Office; Mr. Joseph V. Knight, Chief Financial Officer, Setpoint Systems; Dr. Sara R. Collins, Assistant Vice President, Program for the Future of Health Insurance, The Commonwealth Fund; Dr. John C. Goodman, President and Chief Executive Officer, National Center for Policy Analysis, and Mr. Eric C. Beittel, Enders Insurance Associates.

September 28, 2006—Hearing on America's Public Debt: How Do We Keep It From Rising? This hearing of the Subcommittee on Long-Term Growth and Debt-Reduction focused on ways to solve the U.S. budget deficit problem in light of our government's long-term fiscal challenges. Testifying before the Subcommittee were Mr. Robert L. Bixby, Executive Director, The Concord Coalition; Dr. Peter R. Orszag, Joseph A. Pechman Senior Fellow, Deputy Director, Economic Studies, The Brookings Institution; Mr. Chris Edwards, Director of Tax Policy Studies, Cato Institute; and The Honorable Charles W. Stenholm, Former Member of Congress.

December 5, 2006—Hearing on Report Card on Tax Exemptions and Incentives for Higher Education: Pass, Fail, or Need Improvement? This oversight hearing addressed the topic of tax benefits for higher education. More specifically, the hearing looked at incentives provided to families and students to help pay for higher education and the significant tax breaks provided to colleges and universities as tax-exempt organizations. Witnesses included Mr. Daniel Golden, Deputy Bureau Chief, Boston Bureau, The Wall Street Journal; Dr. Bridget Terry Long, Associate Professor of Education and Economics, Harvard University; Dr. James Johnson Duderstadt, President Emeritus, University Professor of Science and Engineering, University of Michigan; Ms. Patricia McGuire, President, Trinity (Washington) University; Dr. Susan M. Dynarski, Associate Professor of Public Policy, Kennedy School of Government, Harvard University; and Mr. Michael Brostek, Director, Tax Issues, Strategic Issues Team, U.S. Government Accountability Office.

#### FULL COMMITTEE EXECUTIVE MEETINGS

##### 2005

April 19, 2005—Executive Session to consider an original bill entitled, "Highway Reauthorization and Excise Tax Simplification Act of 2005" and, the Chairman's mark to S. 661, the "United States Tax Court Modernization Act."

June 16, 2005—Executive Session to consider an original bill entitled, “Energy Policy Tax Incentives Act of 2005.”

July 26, 2005—Executive Session to consider an original bill entitled, the “National Employee Savings and Trust Equity Guarantee Act of 2005.”

November 15, 2005—Executive Session to consider an original bill that will include the Committee’s budget reconciliation instructions pertaining to expiring tax provisions and also additional incentives for hurricane affected areas.

*2006*

June 28, 2006—Executive Session to consider S. 1321, the “Telephone Excise Tax Repeal Act of 2005,” and an amendment that incorporates S. 832, the “Taxpayer Protection and Assistance Act of 2005,” and S. 3569, the “U.S.-Oman Free Trade Agreement Implementation Act.”



## **TRADE**

### **SUMMARY OF ACTIVITIES**

During the 109th Congress, the Committee exercised its oversight responsibilities and acted upon many important issues related to customs and international trade law and the American economy.

In the first session, the Committee convened hearings on economic relations between the United States and China, and on the Dominican Republic-Central America-United States Free Trade Agreement. In addition, the Subcommittee on International Trade held hearings on the United States-Bahrain Free Trade Agreement and the status of ongoing negotiations in the World Trade Organization. The Committee also convened an informal meeting to consider proposed legislation implementing the Dominican Republic-Central America-United States Free Trade Agreement, and another informal meeting to consider proposed legislation implementing the United States-Bahrain Free Trade Agreement. Separately, members of the Committee participated in two meetings of the bipartisan, bicameral Congressional Oversight Group (COG). During these two COG meetings, members met with respective United States Trade Representatives, i.e., Ambassador Robert B. Zoellick and Ambassador Robert J. Portman, to discuss priorities and strategies for both potential and ongoing bilateral and multilateral trade negotiations.

Separately, the Committee convened in open executive session to consider: S. 1307, the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act; S.J. Res. 18, a joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003; and S. 2027, the United States-Bahrain Free Trade Agreement Implementation Act. The Committee also held confirmation hearings for Robert J. Portman to be United States Trade Representative, Executive Office of the President; Shara L. Aranoff to be a Member of the United States International Trade Commission; Susan C. Schwab to be Deputy United States Trade Representative, Executive Office of the President; Karan K. Bhatia to be Deputy United States Trade Representative, Executive Office of the President; Franklin L. Lavin to be Under Secretary of Commerce for International Trade, United States Department of Commerce; Richard T. Crowder to be Chief Agricultural Negotiator, Office of the United States Trade Representative, Executive Office of the President; David M. Spooner to be Assistant Secretary of Commerce for Import Administration, United States Department of Commerce; and David Steele Bohigian to be Assistant Secretary of Commerce, Market Access and Compliance, United States Department of Commerce.

During 2005, the Chairman worked to include a repeal of the Continued Dumping and Subsidy Offset Act (CDSOA) in the Deficit Reduction Act of 2005 (Pub. L. 109–171), in order to bring the United States into compliance with its obligations as a member of the World Trade Organization. The Chairman also worked to extend nondiscriminatory treatment (normal trade relations treatment) to the products of Ukraine. On November 18, 2005, S. 632, a bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Ukraine, was discharged from the Committee by unanimous consent and passed by the Senate, without amendment, by unanimous consent. Corresponding legislation was not, however, passed by the House of Representatives in 2005. Instead, the House passed H.R. 1053, a bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Ukraine, on March 8, 2006. That bill was not referred to the Committee, but was instead passed by the Senate, without amendment, by unanimous consent on March 9, 2006. The President signed H.R. 1053 into law on March 23, 2006 (Pub. L. 109–205).

In the second session, the Committee convened hearings on: the Administration's trade agenda for 2006; U.S.-China economic relations (revisited); authorizations of customs and trade functions; the United States-Peru Trade Promotion Agreement; and S. 3495, a bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam. In addition, the Subcommittee on International Trade held hearings on: the United States-Oman Free Trade Agreement; Cuno and competitiveness—where to draw the line; How much should border taxes matter?—tax jurisdiction in the new economy; and the North American Free Trade Agreement at year twelve. The Committee also convened an informal meeting to consider proposed legislation implementing the United States-Oman Free Trade Agreement, and another informal meeting to consider proposed legislation implementing the United States-Peru Trade Promotion Agreement. Members of the Committee also participated in one COG meeting, during which members met with United States Trade Representative Susan C. Schwab to discuss priorities and strategies for bilateral and multilateral trade negotiations. The Committee convened one additional Members' Meeting with Ambassador Schwab to discuss the status of the ongoing Doha Development Round negotiations of the World Trade Organization; the United States-Peru Trade Promotion Agreement; the United States-Colombia Trade Promotion Agreement; and any other trade matters of interest to members, including the process by which the Administration consults with the Committee during the negotiation and implementation of trade agreements pursuant to the Trade Promotion Authority contained in the Trade Act of 2002 (Pub. L. 107–210).

Separately, the Committee convened in open executive session to consider S. 3569, the United States-Oman Free Trade Agreement Implementation Act, and S. 3495, a bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam. The Committee also held confirmation hearings for W. Ralph Basham to be Commissioner of Customs, United States Department of Homeland Security; Susan C. Schwab

to be United States Trade Representative, Executive Office of the President; John K. Veroneau to be Deputy United States Trade Representative, Executive Office of the President; Dean A. Pinkert, to be a Member of the United States International Trade Commission; and Irving A. Williamson, to be a Member of the United States International Trade Commission.

During 2006, the Chairman and Ranking Member of the Committee worked together to develop and introduce a number of important customs and trade bills, including S. 2467, the United States Trade Enhancement Act of 2006 (which included a provision to suspend the new shipper bonding privilege and a separate title to overhaul U.S. laws pertaining to oversight of currency exchange rates); and S. 3658, the Customs and Trade Facilitation Reauthorization Act of 2006 (which authorized the Bureau of Customs and Border Protection (CBP) in the United States Department of Homeland Security and included an overhaul of U.S. customs laws to reflect the establishment of CBP). The Chairman and Ranking Member also worked together to include a number of miscellaneous tariff bills in H.R. 4, the Pension Protection Act of 2006 (Pub. L. 109-280), and H.R. 6111, the Tax Relief and Health Care Act of 2006 (Pub. L. 109-432). Also included in H.R. 4 was the provision suspending the new shipper bonding privilege that had been included in S. 2467, while H.R. 6111 included, *inter alia*, a provision to extend nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam; the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006; the Africa Investment Incentive Act of 2006; the Andean Trade Preferences Extension Act; and a two-year extension of the generalized system of preferences (GSP) program. Finally, the Chairman and Ranking Member engaged in extensive negotiations and consultations with the chairs and ranking members of the Committee on Commerce, Science, and Transportation, and the Committee on Homeland Security and Governmental Affairs, over the development of H.R. 4954, the Security and Accountability For Every (SAFE) Port Act of 2006 (Pub. L. 109-347), in order to ensure that the national economic security interests of the United States were appropriately advanced in the legislation in addition to U.S. port security interests.

The Chairman also worked to include in H.R. 4297, the Tax Increase Prevention and Reconciliation Act of 2005 (Pub. L. 109-222), a repeal of binding contract relief for foreign sales corporation (FSC)/extraterritorial income (ETI) contracts that had been grandfathered under the American Jobs Creation Act of 2004 (Pub. L. 108-357), in order to bring the United States into compliance with its obligations as a member of the World Trade Organization. In addition, the Chairman facilitated the renewal of trade sanctions against Burma. S.J. Res. 38, a joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003, was introduced on May 26, 2006, and referred to the Committee. A companion resolution, H.J. Res. 86, had been introduced in the House of Representatives on May 19, 2006. H.J. Res. 86 was passed by the House of Representatives on July 11, 2006. That resolution was not referred to the Committee, but was instead passed by the Senate, without amendment, by

voice vote on July 26, 2006. The President signed H.J. Res. 86 on August 1, 2006 (Pub. L. 109–251).

Separately, the Chairman led one congressional delegation to Brazil and Argentina as part of the Committee's oversight of ongoing negotiations in the World Trade Organization. In Brazil, the delegation met with, inter alia, the Minister of Foreign Affairs, Celso Amorim; the Minister of Agriculture, Roberto Rodrigues; the Minister of Development, Industry and Trade, Luiz Fernando Furlan; and several members of the National Congress of Brazil. In Argentina, the delegation met with, inter alia, the Minister of Foreign Affairs, International Trade and Worship, Jorge Taiana; the Secretary of Agriculture, Livestock, Fisheries, and Food, Miguel Santiago Campos; the Governor of the Central Bank of Argentina, Martin Redrado; and several members of the National Congress of Argentina.

#### FULL COMMITTEE HEARINGS AND MEETINGS

##### 2005

February 2, 2005—Meeting: Congressional Oversight Group with Ambassador Robert B. Zoellick, United States Trade Representative.

April 13, 2005—Hearing: “The U.S.-Central America-Dominican Republic Free Trade Agreement.” Received testimony from Ambassador Peter F. Allgeier, Deputy United States Trade Representative, and two panels of representatives from the private sector including Patricia A. Forkan, President, Humane Society International, and Mark Levinson, Chief Economist and Director of Policy, UNITE HERE, regarding the free trade agreement concluded with Costa Rica, El Salvador, Nicaragua, Honduras, Guatemala, and the Dominican Republic.

April 21, 2005—Hearing: “Nomination of Robert J. Portman, to be United States Trade Representative.” Received testimony from the Hon. Robert J. Portman. The nominee was ordered favorably reported by the Committee on April 26, 2005.

May 24, 2005—Hearing: “Nomination of Shara L. Aranoff, to be a Member of the International Trade Commission.” Received testimony from Shara L. Aranoff (among other non-trade related nominees). The nominee was ordered favorably reported by the Committee on July 29, 2005.

June 23, 2005—Hearing: “U.S.-China Economic Relations.” Received testimony from Senator Collins; Senator Bayh; Senator Graham; Senator Stabenow; the Honorable Alan Greenspan, Chairman, Board of Governors, The Federal Reserve Board; the Honorable John W. Snow, Secretary, United States Department of the Treasury; and a panel of representatives from the private sector including Dr. Kenneth Rogoff, Thomas D. Cabot Professor of Public Policy, Department of Economics, Harvard University. The hearing examined a number of tensions in economic relations between the United States and China.

September 8, 2005—Meeting: Congressional Oversight Group with Ambassador Robert J. Portman, United States Trade Representative.

October 18, 2005—Hearing: “Nomination of Susan C. Schwab, to be Deputy United States Trade Representative, Executive Office of the President; Karan K. Bhatia, to be Deputy United States Trade Representative, Executive Office of the President; and Franklin L. Lavin, to be Under Secretary of Commerce for International Trade, United States Department of Commerce.” Received testimony from the three nominees (among other non-trade related nominees). The three nominees were ordered favorably reported by the Committee on October 25, 2005.

December 14, 2005—Hearing: “Nomination of Richard T. Crowder, to be Chief Agricultural Negotiator, Office of the United States Trade Representative, Executive Office of the President; David M. Spooner, to be Assistant Secretary of Commerce for Import Administration, United States Department of Commerce; and David Steele Bohigian, to be Assistant Secretary of Commerce, Market Access and Compliance, United States Department of Commerce.” Received testimony from the three nominees (among other non-trade related nominees). The three nominees were ordered favorably reported by the Committee on December 16, 2005.

## 2006

February 16, 2006—Hearing: “The Administration’s Trade Agenda for 2006.” Received testimony from Ambassador Robert J. Portman, United States Trade Representative, regarding, inter alia, the implementation of existing trade agreements; the status of ongoing bilateral and multilateral trade negotiations; the Administration’s various trade enforcement efforts; and the Administration’s top-to-bottom review of U.S. trade relations with China.

March 29, 2006—Hearing: “U.S.-China Economic Relations Revisited.” Received testimony from Ambassador Karan K. Bhatia, Deputy United States Trade Representative, Executive Office of the President; the Honorable Timothy D. Adams, Under Secretary of the Treasury for International Affairs, United States Department of the Treasury; the Honorable Franklin L. Lavin, Under Secretary of Commerce for International Trade, United States Department of Commerce; and a panel of representatives from the private sector including Dr. C. Fred Bergsten, Director, Institute of International Economics. The hearing examined developments in trade and economic relations between the United States and China since the Committee conducted its first oversight hearing in June 2005, as well as the Administration’s strategies and priorities for improving such relations.

April 5, 2006—Hearing: “Nomination of W. Ralph Basham, to be Commissioner of Customs, United States Department of Homeland Security.” Received testimony from W. Ralph Basham. The nominee was ordered favorably reported by the Committee on May 18, 2006.

April 26, 2006—Hearing: “Authorizations of Customs and Trade Functions.” Received testimony from the Honorable Stephen Koplan, Chairman, United States International Trade Commission; the Honorable Julie Myers, Assistant Secretary, U.S. Immigration and Customs Enforcement, United States Department of

- Homeland Security; the Honorable Jay Ahern, Acting Commissioner of Customs, U.S. Customs and Border Protection, United States Department of Homeland Security; the Honorable Timothy Skud, Deputy Assistant Secretary of Tax, Trade, and Tariff Policy, United States Department of the Treasury; and a panel of representatives from the private sector. The hearing reviewed the operation of customs and trade functions in the Federal Government in order to assist the Committee in preparing legislation to reauthorize those functions. On July 13, 2006, the Chairman introduced S. 3658, the Customs and Trade Facilitation Reauthorization Act of 2006, on behalf of himself and the Ranking Member. Senators Bingaman, Wyden, Conrad, and Lincoln were subsequently added as cosponsors of the bill.
- May 16, 2006—Hearing: “Nomination of Susan C. Schwab, to be United States Trade Representative, Executive Office of the President.” Received testimony from Ambassador Susan C. Schwab. The nominee was ordered favorably reported by the Committee on May 22, 2006.
- June 29, 2006—Hearing: “The U.S.-Peru Trade Promotion Agreement.” Received testimony from the Honorable Everett Eissenstat, Assistant United States Trade Representative for the Americas, Executive Office of the President, and a panel of representatives from the private sector including Richard L. Trumka, Secretary-Treasurer, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), regarding the trade promotion agreement concluded with Peru.
- July 12, 2006—Hearing: “S. 3495—A bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam.” Received testimony from Ambassador Karan K. Bhatia, Deputy United States Trade Representative, Executive Office of the President; the Honorable Eric John, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, United States Department of State; and two panels of representatives from the private sector including Chris Seiple, President, Institute for Global Engagement, and T. Kumar, Advocacy Director for Asia, Amnesty International, regarding the extension of permanent normal trade relations to Vietnam.
- July 19, 2006—Members’ Meeting with Ambassador Susan C. Schwab, United States Trade Representative, to discuss the status of the ongoing Doha Development Round negotiations of the World Trade Organization; the United States-Peru Trade Promotion Agreement; the United States-Colombia Trade Promotion Agreement; and any other trade matters of interest to members, including the process by which the Administration consults with the Committee during the negotiation and implementation of trade agreements pursuant to the Trade Promotion Authority contained in the Trade Act of 2002 (Pub. L. 107-210).
- September 21, 2006—Hearing: “Nomination of John K. Veroneau, to be Deputy United States Trade Representative, Executive Office of the President.” Received testimony from John K. Veroneau (in addition to one other non-trade related nominee). The nominee was ordered favorably reported by the Committee on September 27, 2006.

September 27, 2006—Meeting: Congressional Oversight Group with Ambassador Susan C. Schwab, United States Trade Representative.

December 5, 2006—Hearing: “Nomination of Dean A. Pinkert, to be a Member of the International Trade Commission; Irving A. Williamson, to be a Member of the International Trade Commission.” Received testimony from the two nominees (among other non-trade related nominees). The two nominees were ordered favorably reported by the Committee on December 6, 2006.

SUBCOMMITTEE ON INTERNATIONAL TRADE  
HEARINGS AND MEETINGS

2005

October 6, 2005—Hearing: “U.S.-Bahrain Free Trade Agreement.” Received testimony from the Honorable Shaun Donnelly, Assistant United States Trade Representative for Europe and the Mediterranean, Executive Office of the President, and a panel of representatives from the private sector including Robert C. Baugh, Executive Director, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), and David Hamod, President and CEO, National U.S.-Arab Chamber of Commerce, regarding the free trade agreement concluded with Bahrain.

October 27, 2005—Hearing: “The Status of World Trade Organization Negotiations.” Received testimony from Ambassador Peter Allgeier, Deputy United States Trade Representative, Executive Office of the President, and a panel of representatives from the private sector including Craig Lang, President, Iowa Farm Bureau Federation, regarding the status of the ongoing Doha Development Round negotiations of the World Trade Organization.

2006

March 6, 2006—Hearing: “The U.S.-Oman Free Trade Agreement.” Received testimony from Ambassador Susan C. Schwab, Deputy United States Trade Representative, Executive Office of the President, and a panel of representatives from the private sector including Thea M. Lee, Policy Director for Legislation, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), and David Hamod, President and CEO, National U.S.-Arab Chamber of Commerce, regarding the free trade agreement concluded with Oman.

March 16, 2006—Hearing: “*Cuno* and Competitiveness: Where to Draw the Line.” Received testimony from Senator Voinovich and a panel of representatives from both academia and the private sector, as well as from Harley T. Duncan, Executive Director, Federation of Tax Administrators, regarding the decision of the United States Court of Appeals for the Sixth Circuit in the case of *Cuno v. DaimlerChrysler* and S. 1066, the Economic Development Act of 2005.

July 25, 2006—Hearing: “How Much Should Borders Matter?: Tax Jurisdiction in the New Economy.” Received testimony from Senator Dorgan; Senator Enzi; the Honorable Christopher Rants, Speaker, Iowa House of Representatives; and two panels of representatives from both the private sector and state taxation au-

thorities, regarding the taxation of remote sales over the Internet and S. 2152, the Sales Tax Fairness and Simplification Act. September 11, 2006—Hearing: “NAFTA at Year Twelve.” Received testimony from the Honorable John Melle, Deputy Assistant United States Trade Representative for North America, Executive Office of the President; the Honorable Cathy Saucedo, Director, Special Enforcement, U.S. Customs and Border Protection, United States Department of Homeland Security; and a panel of representatives from the private sector and non-governmental organizations including Dr. Sidney Weintraub, William E. Simon Chair in Political Economy, Center for Strategic & International Studies, and Sandra Polaski, Senior Associate and Director, Trade, Equity, and Development Project, Carnegie Endowment for International Peace, regarding U.S. trade and investment relationships with Canada and Mexico.

#### FULL COMMITTEE EXECUTIVE MEETINGS

##### 2005

June 28, 2005—Executive Session: “S. 1307, the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act, and S.J. Res. 18, a joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003.” In order to allow Committee members ample opportunity to voice their views on S. 1307, the Chairman held the meeting open until the following day.

June 29, 2005—Executive Session: “S. 1307, the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act, and S.J. Res. 18, a joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003.” The Committee ordered S. 1307 favorably reported without amendment, by voice vote, a quorum being present. The Committee unanimously ordered S.J. Res. 18 favorably reported without amendment, by voice vote, a quorum being present. See Report No. 109–128 for S. 1307, and Report No. 109–101 for S.J. Res. 18.

November 18, 2005—Executive Session: “S. 2027, the United States-Bahrain Free Trade Agreement Implementation Act.” The Committee ordered S. 2027 favorably reported without amendment, by recorded vote, 20 ayes, 0 nays, a quorum being present. See Report No. 109–199.

##### 2006

June 28, 2006—Executive Session: “S. 3569, the U.S.-Oman Free Trade Agreement Implementation Act.” The Committee ordered S. 3569 favorably reported without amendment, by recorded vote of those present and voting, 10 ayes, 3 nays, a quorum being present. See Report No. 109–364.

July 27, 2006—Executive Session: “S. 3495, a bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam.” In the absence of a quorum, the Chairman recessed the meeting subject to the call of the Chair.

July 31, 2006—Executive Session: “S. 3495, a bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam.” The Committee ordered S. 3495 favorably reported without amendment, by recorded vote, 18 ayes, 0 nays, 2 present, a quorum being present. See Report No. 109–321.

#### INFORMAL MEETINGS

##### 2005

June 14, 2005—Informal Meeting: “Proposed legislation implementing the U.S.-Central America-Dominican Republic Free Trade Agreement.” The Committee considered draft implementing legislation and a draft Statement of Administrative Action for implementation of the Dominican Republic-Central America-United States Free Trade Agreement, which were submitted pursuant to the cooperative procedures provided in the Trade Act of 2002 for the approval of trade agreements. During the meeting, one amendment was approved by voice vote, a quorum being present. The Committee subsequently voted to approve the informal recommendations, as amended, by recorded vote, 11 ayes, 8 nays (with one additional nay vote by proxy), a quorum being present.

November 9, 2005—Informal Meeting: “Proposed legislation implementing the U.S.-Bahrain Free Trade Agreement.” The Committee considered draft implementing legislation and a draft Statement of Administrative Action for implementation of the United States-Bahrain Free Trade Agreement, which were submitted pursuant to the cooperative procedures provided in the Trade Act of 2002 for the approval of trade agreements. The Chairman introduced one modification to the draft Statement of Administrative Action. The Committee subsequently voted to approve the informal recommendations, as modified, by recorded vote, 20 ayes, 0 nays, a quorum being present.

##### 2006

May 18, 2006—Informal Meeting: “Proposed legislation implementing the U.S.-Oman Free Trade Agreement.” The Committee considered draft implementing legislation and a draft Statement of Administrative Action for implementation of the United States-Oman Free Trade Agreement, which were submitted pursuant to the cooperative procedures provided in the Trade Act of 2002 for the approval of trade agreements. The Chairman introduced one modification to the draft Statement of Administrative Action. During the meeting, one amendment was approved by recorded vote, 18 ayes, 0 nays, a quorum being present. The Committee subsequently voted to approve the informal recommendations, as modified and amended, by recorded vote, 19 ayes, 0 nays, a quorum being present.

July 27, 2006—Informal Meeting: “Proposed legislation implementing the U.S.-Peru Trade Promotion Agreement.” The Committee considered draft implementing legislation and a draft Statement of Administrative Action for implementation of the United States-Peru Trade Promotion Agreement, which were

submitted pursuant to the cooperative procedures provided in the Trade Act of 2002 for the approval of trade agreements. Without objection, the Committee adopted a modified version of an amendment to the draft Statement of Administrative Action offered by Senators Conrad, Thomas, Wyden, Baucus, Grassley, and Bunning. In the absence of a quorum, the Chairman recessed the meeting subject to the call of the Chair.

July 31, 2006—Informal Meeting: “Proposed legislation implementing the U.S.-Peru Trade Promotion Agreement.” The Committee voted to approve the informal recommendations, as amended, by recorded vote, 12 ayes, 7 nays, 1 present, a quorum being present.

## **HEALTH**

### **SUMMARY OF ACTIVITIES**

The Committee on Finance under the leadership of Chairman Charles Grassley completed work on important legislation affecting Medicare, Medicaid, TANF and other health policy issues in its jurisdiction during the 109th Congress. During the first session, the Committee focused primarily on achieving savings required of it under the terms of the Budget Resolution but also held hearings on how to improve quality in Medicare.

On October 25, 2006, the Committee considered and reported the Finance Committee provisions for S. 1932, "The Deficit Reduction Omnibus Reconciliation Act of 2005."

As part of the budget reconciliation process, the Senate Finance Committee's legislation achieved \$10 billion in net savings from Medicare and Medicaid by reducing wasteful spending and making other programmatic changes.

Ultimately, the conference agreement on S. 1932, re-titled as the Deficit Reduction Act, made some of the most significant changes to the Medicaid program in the past 30 years including sweeping changes to allow states to provide different benefit packages and increased cost-sharing to certain populations. The bill made significant changes in senior's ability to access Medicaid's long-term care benefit by limiting senior's ability to transfer financial assets before becoming eligible for Medicaid and making other changes affecting senior's ability to hold certain assets while being eligible for Medicaid.

Another key provision in the bill addressed Medicaid fraud and abuse by encouraging states to implement state false claims acts. The Federal False Claims Act has been the single most important available tool to recover the billions of dollars stolen through fraud or misspent every year, and committee members believed that adoption of a comparable act at the State level would lead to substantial savings for State Medicaid programs. In addition, the DRA reduced projected shortfalls in FY 06 Federal funds for the State Children's Health Insurance Program (SCHIP). The final bill also provided \$2 billion in funding for relief to the states for health care costs resulting from Hurricane Katrina.

The final conference report for the DRA was considered and passed by the Senate on December 21, 2006 and was signed into law by the President on February 8, 2006.

During the second session of the 109th Congress, the Committee held hearings on implementation of the new prescription drug benefit, on healthcare coverage for small business, on physician-owned hospitals, and on the growing problems caused by the Methamphetamine epidemic for the child welfare system.

On June 8, 2006 the Committee considered the Medicare, Medicaid, and SCHIP Indian Health Care Improvement Act of 2006, and the Improving Outcomes for Children Affected by Meth Act of 2006. Both were reported favorably by the Committee.

The final executive session of the 109th Congress considered S. 2010, the Elder Justice Act. The legislation highlighted several ways to combat the growing incidence of elder abuse each year in this country. The legislation enjoyed bipartisan support and was unanimously recommended to the full Senate.

Following the Congressional elections of 2006, the Committee acted to ensure the continuation of critical health care programs by developing legislation to update certain payment policies, establish a voluntary quality reporting system for physicians, extend expiring provisions in the Medicare and Medicaid programs, and clarify legislative intent for certain Medicaid provisions enacted in the Deficit Reduction Act of 2005.

Chairman Grassley and Ranking Member Baucus developed legislation in the Senate and, subsequently, in conjunction with the House Ways and Means and Energy and Commerce Committees, H.R. 6111, the Tax Relief and Health Care Act, was developed.

The bill eliminated a 5-percent reduction in Medicare physician reimbursement scheduled to take effect in January of 2007 and maintained reimbursement at the same level as in 2006. It also provided incentives for health care providers to deliver better quality care by establishing a voluntary quality reporting program for physicians and other eligible professionals who report quality measures beginning July 1, 2007 and through December 31, 2007, and the legislation established a 1.5 percent bonus incentive payment for those who successfully participate in the program. The legislation also established a \$1.35 billion fund to assist with physician payments in 2008. In addition, the legislation extended several expiring provisions enacted by the Medicare Prescription Drug, Improvement, and Modernization Act to help ensure beneficiaries' continued access to needed medical services.

These included a provision extending the 1.0 floor in the Work Geographic Index for any locality in which the Index is less than 1.0, a provision continuing direct payments to independent laboratories for physician pathology services, a provision continuing Medicare reasonable cost payments for lab tests in small rural hospitals and extending payment for brachytherapy devices based on hospital costs. The legislation also authorized reimbursement for the administration by physicians of vaccines covered under the Medicare Part D program. Another important provision included in the final bill will result in improved accountability for the Medicare program with regard to fraud, abuse and payment errors by increasing funding for the Health Care Fraud and Abuse Control Account. The legislation codified the maximum rate at which a state can tax its health care providers under a state's Medicaid plan at 5.5 percent through fiscal year 2011. The final bill also extended the Transitional Medical Assistance program and funding for abstinence education for two quarters of fiscal year 2007. The legislation also provided for a one-year extension of the therapy caps exceptions policy established in the Deficit Reduction Act. In addition, the legislation provided a 1.6 percent update to the composite rate

for dialysis services under Medicare effective April 1, 2007, and made technical corrections to clarify legislative intent for certain Medicaid provisions enacted in the Deficit Reduction Act of 2005. After passage by the House, the bill was passed by the full Senate on December 9, 2006 and sent to the President for his signature.

At the end of the session, Senators Grassley and Baucus worked with other members to develop legislation to redirect existing unspent fiscal year 2004 and 2005 SCHIP funds to reduce funding shortfalls experienced by some states. This provision was included as an amendment to H.R. 6164, the National Institutes of Health Reform Act. The amended bill was passed by the full Senate on December 9, 2006, passed by unanimous consent in the House, and sent to the President for his signature.

#### FULL COMMITTEE HEARINGS AND MEETINGS

##### 2005

February 16, 2005—Hearing: “The President’s Budget Proposals.”

The focus of the hearing was to provide an opportunity for Secretary Leavitt to discuss the Administration’s priorities for the Department of Health and Human Services in the President’s Fiscal Year 2006 proposed budget.

The Honorable Michael O. Leavitt, Secretary of the Department of Health and Human Services, was the only witness.

March 8, 2005—Hearing: “Physician Owned Specialty Hospitals: In the Interest of Patients or a Conflict of Interest?”

The purpose of the hearing was to hear from the Medicare Payment Advisory Commission about the findings of a study it undertook on physician-owned specialty hospitals which were released to the public on March 8, 2006, as well as testimony from representatives of both community and specialty hospitals. Witnesses included Mr. Glenn Hackbarth, Chairman, Medicare Payment Advisory Commission (MedPAC), Mr. Tom Gustafson, Deputy Director, Center for Medicare Management, CMS, Dr. Alan H. Pierrott, Past President, American Surgical Hospital Association and Chief Executive Officer, PSC Health, Inc., Mr. Larry Veitz, Chief Executive Officer, Lookout Memorial Hospital, and Dr. J. Andy Sullivan, Chief Medical Officer, Oklahoma University, Medical Center.

June 15, 2005—Hearing: “The Future of Medicaid: Strategies for Strengthening American’s Vital Safety Net.” The hearing considered the bipartisan recommendations of the National Governors Association and others on steps that Congress should take to strengthen the Medicaid program for the future in the context of the fiscal challenges to this vital safety net program.

Witnesses on the first panel included the Honorable Mark Warner, Governor, State of Virginia and the Honorable Mike Huckabee, Governor, State of Arkansas.

Witnesses on the second panel included Alan Weil, J.D., Executive Director and President, National Academy for State Health Policy, Jeanne Lambrew, Ph.D., Senior Fellow at the Center for American Progress, and Stuart M. Butler, Ph.D.,

Vice President, Domestic and Economic Policy Studies, The Heritage Foundation.

July 27, 2005—Hearing: “Improving Quality in Medicare: The Role of Value-Based Purchasing.” The purpose of this hearing was to better understand the role of value-based purchasing (also called pay-for-performance) in improving the quality of care for Medicare beneficiaries while also addressing the problem of increasing health care costs.

The witnesses provided perspectives from the government, consumers, and providers. Witnesses included Mr. Herb Kuhn, Director, Center for Medicare Management, Centers for Medicare and Medicaid Services (CMS), Mr. Mark Miller, Executive Director, The Medicare Payment Advisory Commission (MedPAC), Dr. Byron Thames, M.D., Board Member, AARP, Dr. Nancy H. Neilsen, M.D., Ph.D., Speaker of the House of Delegates, American Medical Association, Mr. Leo P. Brideau, President & CEO, Columbia St. Mary’s, Milwaukee, WI (representing the American Hospital Association), and Dr. James J. Mongan, M.D., President and CEO, Partners HealthCare.

## 2006

January 25, 2006—Members’ Meeting: “Medicare Prescription Drug Benefit Implementation.” The Members’ Meeting provided an opportunity for Finance Committee Members to discuss issues that arose during initial weeks of the Medicare prescription drug benefit and the Administration’s responses to those issues. Administration participants included the Secretary of Health and Human Services and the Administrator of the Centers for Medicare & Medicaid Services.

February 8, 2006—Hearing: “Implementation of the New Medicare Drug Benefit.” The goal of this hearing was to provide an opportunity for the Centers for Medicare and Medicaid Services (CMS) to inform the committee concerning Part D implementation issues encountered during the initial days of the new Medicare drug benefit and address the steps taken by the Agency to correct them.

In addition to Administrator McClellan, the hearing included testimony from representatives of two prescription drug plans, a chain pharmacy, an independent pharmacy, and groups involved in educating and enrolling beneficiaries. The witnesses consisted of the Honorable Mark McClellan, MD, Ph.D., Administrator, Centers for Medicare and Medicaid Services, William Fleming, PharmD., Vice President, Pharmacy Management, Humana Inc., KY, Susan E. Rawlings, President, Senior Services, WellPoint, David W. Bernauer, Chairman and CEO, Walgreen Co., Tobey Schule, R. Ph., Owner of Sykes Pharmacy, Joy Paeth, Chief Executive Officer, Area Agency on Aging of Southwestern Illinois, and Pamela Willoughby, R.N., Faith Community Nurse, St. Johns Episcopal Church and Bedford Presbyterian Church.

February 9, 2006—Hearing: “The President’s Fiscal Year 2007 Budget Proposal.” The focus of the hearing was to provide an

opportunity for Secretary Leavitt to discuss the Administration's priorities for the Department of Health and Human Services (HHS) in the President's Fiscal Year 2007 proposed budget.

The Honorable Michael O. Leavitt, Secretary, Department of Health and Human Services, was the only witness.

April 6, 2006—Hearing: "Health Care Coverage for Small Business: Challenges and Opportunities." As part of the Committee's ongoing effort to address the problem of the uninsured, the hearing considered the challenges faced by small businesses in providing health care coverage for their employees.

The witnesses included Mr. Joe Rossman, Vice President, Associated Builders and Contractors, Dr. Deborah Chollet, Senior Fellow, Mathematica Policy Research, Dr. Len Nichols, Director, Health Policy Program, New America Foundation, and Mr. Todd McCracken, President, National Small Business Association.

April 25, 2006—Hearing: "The Social and Economic Effects of the Methamphetamine Epidemic on America's Child Welfare System." This hearing focused on the strain on America's child welfare system caused by the methamphetamine epidemic.

The witnesses on the first panel featured parents and families in recovery from meth addiction. They included: Ms. Allison Bruno, Ms. Aaronette Noble, Mr. Darren Noble, and Mr. Joey Binkley.

Witnesses on the second panel included Mr. Kevin T. Frank, Regional Administrator for the Department of Public Health and Human Services, Child and Family Services Division in South Central Montana, Nancy K. Young, Ph.D., Director, Children and Family Futures, Inc. National Center on Substance Abuse and Child Welfare, and Reverend Fredrick Aigner, Ph.D., President/CEO, Lutheran Social Services of Illinois.

May 10, 2006—Hearing on Child Welfare: "Fostering Permanence: Progress Achieved and Challenges Ahead for America's Child Welfare System." This hearing examined child welfare issues generally, and specifically focused on the Promoting Safe and Stable Families Program and the Mentoring of Children of Prisoners programs. The statutory authorization for both programs was scheduled to expire at the end of fiscal year 2006. Witnesses included: Joan Ohl, Commissioner of the Administration for Children, Youth, and Families; Jackie Hammers-Crowell, former foster child and foster care advocate; Gary Stangler, Executive Director, Jim Casey Youth Opportunities Initiative; Arlene Templer MSW, ACSW, CRC, Confederate Sallish and Kootenai Tribe, Department of Human Resources Development, Social Services Division Manager, Pablo, Montana; and Joe Kroll, executive director, North American Council on Adoptable Children.

May 11, 2006—Members' Meeting: "Pharmaceutical Manufacturer Patient Assistance Programs." The purpose of the meeting was to discuss pharmaceutical manufacturer patient assistance pro-

grams (PAPs) and their continued operation alongside the Medicare prescription drug benefit. Participants included: David Brennan, CEO, AstraZeneca Pharmaceuticals PLC; Peter R. Dolan, CEO Bristol-Myers Squibb Company; Sidney Taurel, Chairman & CEO Eli Lilly & Company; David Stout, President of Pharmaceutical Operations, GlaxoSmithKline; Seth H.Z. Fischer, Company Group Chairman, North America Pharmaceuticals, Johnson & Johnson; Ian Spatz, Vice President, Merck & Co., Inc; Karen Katen, Vice Chairman, Pfizer, Inc; Fred Hassan, Ph.D., Chairman & CEO, Schering-Plough Corporation; Billy Tauzin, President & CEO, PhRMA.

May 17, 2006—Hearing: “Physician-Owned Specialty Hospitals: Profits before Patients?” The purpose of the hearing was to re-examine the issue of physician ownership of specialty hospitals utilizing information that was recently obtained through an investigation into these facilities by committee staff. The witnesses included the Reverend Mike Wilson, Pastor, Sellwood Baptist Church, the Honorable Mark McClellan, Administrator, Centers for Medicare and Medicaid Services, Ms. Cindy Morrison, Vice President, Sioux Valley Hospital, Mr. Dan Mulholland, Harty, Springer & Mattern, P.C., Mr. John M. House, MD, Managing Partner, Urology Associates of North Texas, and Chairman of the Board, USMD Hospital, representing the American Surgical Hospital Association, and Mr. James Cobey, MD, Orthopedic Surgeon, Washington, DC.

September 7, 2006—Members’ Meeting: “Issues Related to Withholding of Medicare Advantage and Medicare Prescription Drug Plan Premiums from Beneficiaries’ Social Security Checks.” The Goal of the meeting was to provide Members with an opportunity to ask the CMS Administrator and SSA Commissioner questions related to the withholding of premiums and the erroneous refunds made to beneficiaries. Participants included Dr. Mark McClellan, CMS Administrator and Jo Anne Barnhart, Social Security Commissioner.

September 12, 2006—Hearing: “Breaking the Methamphetamine Supply Chain: Law Enforcement Challenges.” The purpose of this hearing was to gather information on the latest strategies to combat the methamphetamine trade and associated money laundering activities, and to examine the effectiveness of partnerships that some local authorities have built with Federal resources and in partnership with Federal Agencies.

The first panel featured witnesses from local law enforcement and included Lt. Dan Springer, Commander of the Missouri River Drug Task Force, Mr. Carl Venne, Crow Tribal Chairman, Tribal Leaders Council Chairperson, and Advisory Member of the Montana Meth Project, and Mr. Sean McCullough, Special Agent in Charge, Iowa Division of Narcotics Enforcement.

The second panel featured witnesses from Federal law enforcement and included Mr. Joseph T. Rannazzisi, Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration, Mr. Gregory Passic, Director, Office of Drug

Interdiction, U.S. Customs and Border Protection and Mr. C. Andre Martin, Director, Operations Policy & Support, IRS Criminal Investigation.

SUBCOMMITTEE ON HEALTH CARE

2006

July 25, 2006—Hearing: CHIP at 10: A Decade of Covering Children. The focus of the hearing was to examine the history of the Children's Health Insurance Program and highlight the successes of the program throughout the last decade. Witnesses included the Honorable Edward M. Kennedy, United States Senator, the Honorable Mark McClellan, Administrator, Centers for Medicare and Medicaid Services, Ms. Evelyne Baumrucker, Analyst, Congressional Research Service, and Mr. Chris Peterson, Analyst, Congressional Research Service.

November 16, 2006—Hearing: The Chip Program From the States' Perspective. The purpose of this hearing was to have State directors of the CHIP program share their perspectives and examine any possible problems and challenges that might arise when the Senate works towards reauthorizing the program in the future. The witnesses included Mr. Nate Checketts, Director of Bureau of Access, Utah Department of Health; Ms. Sharon Carte, Executive Director, West Virginia CHIP, Ms. Ann C. Kohler, Director, Division of Medical Assistance and Health Services, Department of Human Services, Mrs. Tobi Drabczyk, representing her family, Ms. Nina Owcharenko, The Heritage Foundation, and Ms. Lisa C. Dubay, Associate, Bloomberg School of Health, Johns Hopkins University.

FULL COMMITTEE EXECUTIVE MEETINGS

2005

October 25, 2005—Executive Session to consider the Finance Committee's budget reconciliation instructions to reduce the growth of outlays as contained in H. Con. Res. 95.

The Finance Committee considered items under its jurisdiction on October 25, 2005 and reported its Budget Reconciliation legislation to the Committee on the Budget. The Chairman's mark saved approximately \$10 billion over a 5-year period by reducing wasteful and unnecessary spending, closing loopholes, taking steps to pay providers more accurately, and improving oversight. Some of the savings were directed to make improvements to the Medicaid program and provide immediate help for individuals affected by Hurricane Katrina.

The legislation increased and preserved coverage under Medicare and Medicaid and provided improved access to health care for over 500,000 disabled children. It also saved states from having to cut or eliminate coverage for over 697,000 low-income beneficiaries currently enrolled in the SCHIP program.

President Bush signed the conference agreement on the Deficit Reduction Act of 2005 into law on February 8, 2006.

June 8, 2006—Executive Session to consider “Medicare, Medicaid, and SCHIP Indian Health Care Improvement Act of 2006” On June 8, 2006, the Finance Committee considered and favorably reported the Medicare, Medicaid and SCHIP Indian Health Care Improvement Act of 2006.

The Chairman’s mark dealt with issues within the “Indian Health Care Improvement Act” (IHICIA) which were under the Finance Committee’s jurisdiction, such as issues related to Medicare, Medicaid, and SCHIP.

The full IHICIA (S. 1057) had been earlier reported favorably out of the Senate Indian Affairs Committee on March 16, 2006. The Finance Committee’s action on the Medicare, Medicaid, and SCHIP Indian Health Care Improvement Act cleared these provisions for consideration by the full Senate.

June 8, 2006—Executive Session to consider “Improving Outcomes for Children Affected by Meth Act of 2006.” The Committee also considered at this Executive Session the “Improving Outcomes for Children Affected by Meth Act of 2006,” S. 3525.

The bill amended subpart 2 of part B of the title IV of the Social Security Act to improve outcomes for children in families affected by methamphetamine abuse and addiction by reauthorizing the Promoting Safe and Stable Families program which provides grants to States, territories, and tribes for the provision of four categories of services to children and families: family support, family preservation, time-limited reunification, and adoption promotion and support.

The bill was ordered reported to the full Senate by the Committee. This legislation was approved unanimously by the full Senate on July 13, 2006. The final legislation, after amendments between the houses and with a final title of “Child and Family Services Improvement Act of 2006,” was approved by the Senate and the House on September 26, 2006 and was signed by the President on September 28, 2006 (P.L. 109–288).

August 3, 2006—Executive Session to consider “S. 2010, the Elder Justice Act.” The Committee favorably reported the Elder Justice Act to the Senate on August 3, 2006.

The legislation was designed to address the serious problem of elder abuse. The number of older individuals who are abused each year is believed to be between 500,000 and 5 million. Many experts also believe that many cases of elder abuse are never reported to competent authority. The legislation included provisions which would improve the quality, quantity, and accessibility of information about elder abuse; increase knowledge of how best to combat elder abuse and support promising projects in the elder abuse field; develop forensic capacity; increase prosecutions; and increase training in elder abuse of law enforcement and other appropriate personnel.

The bill gained bi-partisan support and was passed unanimously by the members of the Committee. While the full Senate did not consider S. 2010, a study to address the feasibility of the collection of data relating to elder abuse and exploitation was included in H.R. 6111.

## **SOCIAL SECURITY**

### **SUMMARY OF ACTIVITIES**

During the 109th Congress, the Committee held a series of hearings on the long-term outlook for Social Security and options for making the program solvent on a sustainable basis. It also held a hearing on the administrative challenges facing the Social Security Administration.

#### **FULL COMMITTEE HEARINGS**

February 2, 2005—Hearing: “Long-Term Outlook for Social Security.” This hearing featured the testimony of Douglas Holtz-Eakin, Director, Congressional Budget Office; Washington, DC and Stephen Goss, Chief Actuary, Social Security Administration, Baltimore, MD. The testimony presented the latest actuarial projections of the Social Security program’s long-term finances.

April 26, 2005—Hearing: “Proposals To Achieve Sustainable Solvency, With and Without Personal Accounts.” This hearing featured the testimony of Robert Pozen, Chairman, MFS Investment Management, Boston, MA; Michael Tanner, Director, Project on Social Security Choice, Cato Institute, Washington, DC; Peter Ferrara, Senior Fellow, Institute for Policy Innovation, Director of the Social Security Project, Free Enterprise Fund, Washington, DC; Peter R. Orszag, Joseph A. Pechman Senior Fellow, Economic Studies, The Brookings Institution, Washington, DC; Joan Entmacher, Vice President for Family Economic Security, National Women’s Law Center, Washington, DC. The testimonies presented various options to address Social Security’s long-term financial deficits through a combination of tax and benefit changes. The testimony also examined whether or not the creation of personal accounts could help achieve sustainable solvency.

May 25, 2005—Hearing: “Social Security: Achieving Sustainable Solvency.” This hearing featured the testimony of Douglas Holtz-Eakin, Director, Congressional Budget Office, Washington, DC; Eugene C. Steuerle, Senior Fellow, Urban Institute, Washington, DC; Stanford G. Ross, former Commissioner of the Social Security Administration, Washington, DC; George K. Yin, Chief of Staff, Joint Committee on Taxation, Washington, DC; Russell George, Office of the Treasury Inspector General for Tax Administration, U.S. Department of the Treasury, Washington, DC. The testimony presented various options to address Social Security’s long-term deficits through a combination of tax and benefit changes. The testimony also examined whether or not closing the tax gap could help achieve sustainable solvency.

March 14, 2006—Hearing: “Administrative Challenges Facing the Social Security Administration.” This hearing featured the testimony of Jo Anne B. Barnhart, Commissioner, Social Security Administration, Baltimore, Maryland; Patrick P. O’Carroll, Jr., Inspector General, Social Security Administration, Baltimore, Maryland; Richard E. Warsinskey, President, National Council of Social Security, Management Associations, Inc., Cleveland, Ohio; Eileen Sweeney, Co-Chair, Social Security Task Force, Consortium for Citizens with Disabilities Senior Fellow, Center on Budget and Policy Priorities, Washington, DC; Erwin Hathaway, Social Security Disability Insurance beneficiary, Trego, Montana. The testimony highlighted the increasing responsibilities being placed on the Social Security Administration in the areas of Medicare, immigration, and identity fraud. The testimony also examined the adverse impact these additional responsibilities have on the agency’s ability to perform its primary duties. The hearing discussed the role of Continuing Disability Reviews (CDRs) and how CDRs are not being performed at the optimal level due to administrative budget issues. The fact that CDRs save approximately \$10 (ten) dollars for each dollar spent on CDRs was also highlighted at the hearing. Related to budget constraints, the long waiting times that disability applications must endure to receive a resolution of their disability application was also discussed. To better understand how the long wait times affect constituents, a disability beneficiary from Montana described his almost four year ordeal of waiting for final resolution of his application for disability benefits.

#### SUBCOMMITTEE ON LONG-TERM GROWTH AND DEBT REDUCTION

September 28, 2006—Hearing: “America’s Public Debt: How Do We Keep It From Rising?” This hearing featured the testimony of Robert L. Bixby, Executive Director, The Concord Coalition, Arlington, VA; Peter R. Orszag, Joseph A. Pechman Senior Fellow, Deputy Director, Economic Studies, The Brookings Institution, Washington, DC; Chris Edwards, Director of Tax Policy Studies, Cato Institute, Washington, DC; Charles W. Stenholm, Former Member of Congress, Washington, DC. The testimony highlighted the long-term fiscal challenge facing the Federal Government and it examined various options to address this challenge.

## OVERSIGHT AND INVESTIGATIONS

### SUMMARY OF ACTIVITIES

Congressional authority to conduct oversight is extensive and powerful. Numerous Supreme Court decisions have established and supported the broad and encompassing power in the Congress to engage in oversight and investigation. In the seminal Supreme Court ruling in *McGrain v. Daugherty* (1927), the Court declared that, “the power of inquiry—with the process to enforce it—is an essential and appropriate auxiliary to the legislative function.” In the landmark decision in *Watkins v. United States* (1957), the Court emphasized that Congress’ investigative power is at its peak when the subject is alleged waste, fraud, abuse, or maladministration within the government department. Senator Charles E. Grassley, Chairman of the Committee on Finance, takes seriously his constitutional oversight responsibilities and has tirelessly worked to keep the Federal Government effective, transparent, and accountable.

During the 109th Congress, the Chairman’s oversight efforts ranged from examining certain practices and fraud at the Department of Health and Human Services (“HHS”), the Centers for Medicare and Medicaid Services (“CMS”), and the Food and Drug Administration (“FDA”) to the agencies of the Department of Agriculture (“USDA”), the Securities and Exchange Commission (“SEC”), the Department of Housing and Urban Development (“HUD”), the Federal Bureau of Investigation (“FBI”), and the Department of Homeland Security (“DHS”). The Chairman continued working to control fraud, waste, and abuse including the misuse of government-issued credit cards in the aftermath of Hurricanes Katrina and Rita and mismanagement and corruption at the Federal Aviation Administration. Highlights of the Committee’s investigations ranged from targeting fraud and abuse in the Medicaid prescription drug program to ensuring that the Government has adequate supplies of vaccines stockpiled in the event of an anthrax attack. The Chairman also continued to champion whistleblowers in government and private industry to come forward and expose fraud and wrongdoing for the public good. The Chairman also continued to rely heavily on the services and expertise of the Government Accountability Office (“GAO”) and the various agency inspectors general.

### HEARINGS

#### *Medicaid Waste, Fraud and Abuse*

A two-day oversight hearing was held June 28–29, 2005 entitled, “Medicaid Waste, Fraud and Abuse: Threatening the Health Care Safety Net.” This hearing examined the various vulnerabilities of

the Medicaid program which threaten both the long term sustainability of the Medicaid program and the quality of care provided to Medicaid beneficiaries. The Medicaid program was originally designed to provide healthcare coverage for the most vulnerable populations, including low-income Americans, children, pregnant women, individuals with disabilities, and the elderly. With the ever increasing costs of healthcare in the United States and the increasing role Medicaid is asked to fill, the Committee chose to examine fraud, waste and abuse in the Medicaid program.

The topics covered included the misappropriation of Federal funds through the upper payment level ("UPL") rules and intergovernmental transfer ("IGT") policies under the Medicaid program. Title XIX of the Social Security Act authorizes Federal Medicaid funds to be provided to the states to finance health care for low-income, elderly, and disabled individuals, subject to states' compliance with certain Federal requirements. Among these is the requirement that states' payment for services be consistent with efficiency, economy, and quality of care, and not exceed the upper payment limit of what Medicare pays for comparable services. A panel of experts including officials from the GAO, CMS, and the Office of the Inspector General for the Department of Health and Human Services ("HHS-OIG") discussed new reports issued on both UPLs and IGTs in addition to releasing a report on states' use of contingency fee consultants to enhance Federal share of Medicaid monies.

Day two of the hearing discussed the topics of prescription drug pricing in the Medicaid program and the transfer of personal assets in order to qualify for Medicaid coverage. The panel opened with testimony from a qui tam relator who used the Federal False Claims Act to unearth a fraud scheme perpetrated by a large pharmaceutical company. In doing so, the panel discussed the various complex pricing mechanisms used to calculate the prices for prescription drugs covered by Medicaid, and compared them to changes enacted in the Medicare program by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("MMA"). The conclusion the panel reached was that Medicaid pays too much for prescription drugs and that an update to the formula that Medicaid uses to pay for prescription drugs is warranted and would help to free more dollars in the program for other services.

Asset transfers were also an issue of focus during the second day of the hearing. Asset transfers are essentially a scenario of seniors who transfer significant portions of their assets in order to qualify for Medicaid prior to requiring long term care. In Chairman Grassley's opening statement, he pointed out that in 2003, the GAO designated Medicaid a high-risk program because of escalating concerns about the quality of Federal oversight and the sheer size of the program. In Fiscal Year 2003, Medicaid spending was nearly \$274 billion and was expected to double over the next decade. Because the Medicare and Medicaid programs are so large, even a small amount of fraud, waste and abuse is cause for concern. The Committee will continue to monitor this program in the 110th Congress.

### *Specialty Hospitals*

In May 2006, the Committee convened a hearing to examine several issues relating to the widespread growth of specialty hospitals and their effect on the Medicare system. At issue during the hearing was the impact that these arrangements had on patient safety and quality of care. The Committee also examined the various arrangements used to finance these hospitals. The Committee was concerned that many times, these arrangements would involve “sweetheart” deals with specialty physicians. With such deals, investors were often offered no to low-interest loans, investment without risk, and in some instances agreements to purchase land prior to significant appreciation. The Committee’s investigation leading up to the hearing also identified at least 40 specialty hospitals that were constructed despite a congressional moratorium on building such. Also at issue for the hearing was CMS enforcement and oversight of the issue. The Committee will continue to monitor this issue in the 110th Congress.

### *Border Security*

In August 2006, the Committee held a follow-up hearing to a 2003 hearing regarding lax controls near our nation’s borders. In 2006, the Committee convened the hearing entitled, “Border Insecurity, Take Two: Fake IDs Foil the First Line of Defense.” The purpose of the hearing was to examine the progress made in further securing and strengthening various points of entry to our borders. The hearing presented an opportunity to demonstrate how the nation’s border crossings are still extremely vulnerable. At issue was the publication of a GAO report where the investigative agency portrayed their ability to send investigators across the border without proper identification; in this case GAO investigators easily passed through using fraudulent documents and identifications. The Committee subsequently issued a new request to the GAO to identify weaknesses in Northern and Southern border crossings where there is little CBP presence. The Committee will continue to monitor this issue in the 110th Congress.

### *Nomination of Daniel Levinson for Inspector General of the Department of Health and Human Services*

In February 2005, the Oversight Committee oversaw the successful nomination of Daniel Levinson to be Inspector General of the Department of Health and Human Services. Mr. Levinson was reported favorably out of Committee and confirmed by the U.S. Senate.

## LEGISLATION

### *Budget Reconciliation and the Deficit Reduction Act of 2005*

The Committee considered a number of reforms to the Medicare and Medicaid programs as part of the Deficit Reduction Act of 2005 (“DRA”). Among the key reforms to the Medicaid program were some ground breaking anti-fraud provisions which were directly related to vulnerabilities highlighted as part of the Committee’s two-day hearing on Medicaid fraud, waste, and abuse.

Among the changes, the first major reform included amending the payment formula for prescription drugs from the average wholesale price to the average manufacturer price. The second major change included as part of the DRA was the enhancement of recovery by the Medicaid program for payments made when a beneficiary already has some form of insurance. Known as third party liability, this loophole costs Medicaid hundreds of millions of dollars per year.

The third anti-fraud provision was perhaps the most significant. As noted in the Committee's hearing on Medicaid fraud, whistleblower lawsuits often provide the most information to the government in helping to curb abuses of government programs. Whistleblower lawsuits have been filed with the Federal government for over 100 years as part of the Federal False Claims Act ("FCA"), also known as Lincoln's law. Originally passed to help curb abuses resulting from war profiteering, the FCA has long been recognized as the premier law for preventing fraud in government programs. As part of the Medicaid package in the DRA, the Committee included two provisions further extending the reach of the FCA. The first provision would provide an incentive to states to pass a state FCA that contains, at a minimum, the same provisions as the Federal version. The second provision would require employers of corporations doing business with Medicaid to educate their employees about the FCA and how it works. Taken together, these provisions represent a major step forward in helping to prevent future fraud in the Medicaid program.

*S. 930—Food and Drug Administration Safety Act of 2005*

In response to escalating questions of the FDA's ability to respond to safety issues for pharmaceutical drugs and medical devices, Senator Grassley and Senator Christopher Dodd (D-CT) introduced the Food and Drug Administration Safety Act of 2005. The purpose of the legislation is to establish a new, permanent office of safety for postmarketing drug evaluation. The legislation would require the director of the new center to conduct activities to ensure the safety and effectiveness of FDA approved drugs and licensed biological products, including: (1) conducting postmarket risk assessment and surveillance of such drugs and products; (2) determining whether a postmarket study is required; (3) contracting, or requiring the sponsor of such a drug or product to contract, with the holders of domestic and international surveillance databases to conduct epidemiologic and other observational studies; (4) determining whether a drug or product may present an unreasonable risk to the health of patients or the general public; (5) taking corrective action if such an unreasonable risk may exist; and (6) making information about the safety and effectiveness of such drugs and biological products available to the public and health care providers in a timely manner.

*S. 470—Fair Access to Clinical Trials Act of 2005*

In 2005, Senator Grassley, along with Senators Dodd, Johnson (D-SD), and Wyden (D-OR) introduced the Fair Access to Clinical Trials Act of 2005 ("FACT Act"). This legislation was proposed following a string of incidents of drug sponsors not publishing adverse

clinical trial results for experiment drugs in their pipeline. The FACT Act requires the Director of the National Institutes of Health (NIH), to establish and operate a data bank of information on clinical trials, to include: (1) a clinical trials registry of health-related interventions conducted to test the safety or effectiveness of any drug, biological product, or device intended to treat serious or life-threatening diseases and conditions; and (2) a clinical trials results database of health-related interventions to test the safety or effectiveness of any drug, biological product, or device.

## OTHER OVERSIGHT INITIATIVES

### CENTERS FOR MEDICARE AND MEDICAID SERVICES

#### *Information Technology Programs*

Chairman Grassley requested that the GAO conduct two separate reviews of information technology at HHS. The first review sought to address concerns regarding the coordination of funding and oversight for information technology projects within HHS at the Department level. GAO discovered that, (1) HHS' senior investment board does not regularly review component agencies information technology ("IT") investments, even when component agency IT investments account for 89 percent of the discretionary IT funding at HHS—or \$2.049 billion in FY 2006, (2) HHS does not evaluate the performance of its IT portfolio on a regular basis and does not conduct post-implementation reviews to ensure the maximization of IT investments, and (3) HHS currently has no structured mechanism in place to ensure that component agencies are implementing investment processes in line with those of the department. GAO concluded that HHS will continue to be challenged in its ability to make informed and prudent investment decisions in managing its annual, multi-billion dollar IT investment portfolio.

The second audit requested an assessment of information technology programs at CMS. Among the findings, GAO determined that, (1) CMS' investment management guide does not reflect current processes used by HHS, (2) procedures for selecting and re-selecting investments are not fully documented, (3) CMS has not designed procedures for involving the board in efforts to systematically review the progress of IT projects and systems in meeting cost, schedule, risk and benefit expectations, (4) critical processes and procedures for portfolio management have not been implemented by CMS, (5) CMS lacks the key capabilities needed to manage its investments as a portfolio, and (6) CMS does not have a comprehensive plan to coordinate and guide its improvement efforts. GAO's conclusion was that CMS' capabilities to manage its internal investments are limited and until CMS establishes the key practices required to build the investment foundation and manage its investments as a portfolio, CMS will not have the capabilities it needs to ensure that investments supporting its multibillion-dollar Medicare and Medicaid programs are being managed to minimize risk and maximize reward. The Committee will continue to monitor this issue in the 110th Congress.

*Effectiveness of Quality Improvement Organizations*

In 2005, the Committee began to receive a series of allegations concerning the integrity, effectiveness and administration of various state and regional Quality Improvement Organizations (“QIO” or “QIOs”). In addition to allegations at the individual QIOs, the Committee also received allegations concerning mismanagement and integrity problems at CMS. Chairman Grassley, along with Ranking Member Max Baucus (D-MT), requested information from CMS, the American Health Quality Association, and various state and regional QIOs on a broad range of matters. More specifically, the Chairman and Ranking Member requested information (e.g., contracts, travel expenses, board compensation, and performance audits) to ensure beneficiaries were receiving quality care and pertinent information in a timely and appropriate manner. The Chairman also requested that the GAO and the HHS-OIG evaluate the fiscal integrity, beneficiary complaint process, and quality of nursing home care of QIOs. The Committee will continue its oversight of the QIOs in the 110th Congress.

*Oncology Demonstration Project*

Chairman Grassley requested the HHS-OIG to evaluate the cost and effectiveness of the CMS oncology demonstration to improve the quality of care for chemotherapy patients. Under this demonstration, CMS provides a \$130 allowance each time a chemotherapy provider reports on a Medicare patient’s levels of nausea and/or vomiting, pain, and fatigue—three conditions commonly experienced as symptoms of cancer or side effects of cancer treatment. Medicare beneficiaries are liable for a co-payment of \$26 each time their provider bills the demonstration codes in conjunction with their chemotherapy. Among other things, the OIG discovered that chemotherapy patients were paying for services already covered as part of their routine care. In light of the HHS-OIG’s preliminary findings, Chairman Grassley wrote to President Bush to urge that problems with the demonstration be addressed quickly to ensure that public funds and patients’ out-of-pocket expenses are spent effectively and efficiently. According to the HHS-OIG, beneficiary liability for the demonstration during the first six months of 2005 was \$22 million. CMS estimated that Medicare and its beneficiaries will spend \$300 million under this demonstration project. Senator Grassley asked that CMS work with the cancer community and other relevant stakeholders to identify ways to use money from the Medicare program and its beneficiaries to improve both quality and outcomes of care for cancer patients and achieve value for money spent. He also requested a list of all demonstration participants and the amounts collected by those participants, which include physicians who received over \$300,000 from the demonstration.

*Tissue Banks*

The Committee initiated an inquiry of tissue bank oversight in response to patients, nation-wide, receiving human tissue implants that were allegedly harvested without consent and donors and tissue not properly screened and tested for bacteria, virus, and other contaminants. The Committee has requested information from and

is reviewing documentation submitted by the FDA which is responsible for tissue bank oversight. Additionally, the Committee continues to engage the American Association of Tissue Banks, the HHS-OIG, and the Congressional Research Service to determine how to improve tissue bank oversight. This Committee investigation is ongoing.

#### *Medicaid Drug Prices*

Chairman Grassley and Ranking Member Baucus continued their inquiry into the use of an exception to the best-price reporting requirements that applies to the Medicaid drug rebate program. The Chairman and Ranking Member sent request letters to the major pharmaceutical manufacturers to inquire about their practices with respect to the exception. To participate in the drug rebate program, a drug company must report to the government its best price, which is the lowest price at which its drug was sold to any purchaser in the United States. Congress created an exception to best-price reporting to encourage drug companies to continue making drugs available to charitable organizations at cheaper than market rates. Concerns have been raised that this exception has been used primarily as a tool to promote the use of certain drugs and has not been limited to charitable organizations. The Committee issued its findings in a letter to CMS in January 2007, but this investigation is ongoing.

#### *Pharmaceutical Companies' Use of Educational Grants*

Chairman Grassley and Ranking Member Max Baucus wrote to 18 leading drug manufacturers and five leading biotech companies to inquire about their use of education grants for the promotion of off-label drugs and medical devices. The purpose of the request was to determine whether, and to what extent, educational grants are used to support activities that are not sponsored or organized by professional organizations or do not involve formal educational presentations and determine if further guidance or legislation is needed. Educational grants were identified by the Department of Health and Human Services Office of Inspector General as a key risk area in its 2003 OIG Compliance Program Guidance for pharmaceutical manufacturers. The Chairman stated that he wanted to be sure that educational grants are not just a "backdoor way to funnel money to doctors and other individuals who can influence prescribing and purchasing of particular prescription medicines, including off-label prescriptions." Given the potential risk that off-label promotion creates for overutilization of Federal monies, the Committee is working to ensure that Federal monies are protected and utilized to the fullest extent with the lowest risk of waste and mismanagement. The Committee's inquiry into this matter is ongoing.

#### *Quality of Care in Nursing Homes*

The Chairman continued his vigorous oversight of the nursing home industry to ensure that Medicaid and Medicare beneficiaries receive the quality of care that they deserve. The Chairman conducted various oversight efforts in the 109th Congress to ensure that this goal was achieved. One example includes an inquiry into

CMS about a possible loophole in the Federal regulations which do not specifically require nursing homes to report serious patient injuries where the cause of the injury is known and the injury did not result from mistreatment or abuse. Chairman Grassley also wrote letters to five organizations involved in improving health quality that had previously committed to ensuring that additional Medicare reimbursement, provided beginning in 2003, would be spent on direct patient care. In 2003, Chairman Grassley helped secure a measurable increase in Medicare reimbursement for Skilled Nursing Facilities (“SNF”), resulting in more than \$7 billion in additional reimbursement in the past two years. In the letters, the Chairman expressed concern that facilities could not demonstrate that the additional \$7 billion attributable to the increased funding was spent on direct patient care. Chairman Grassley also asked the HHS-OIG to review the 2004 cost reports submitted by SNFs to CMS to determine the proportion of SNFs reporting increased spending on direct patient care. Chairman Grassley also continued to monitor CMS’s efforts to address problems identified by the GAO in its 2004 report entitled *Nursing Home Fire Safety: Recent Fires Highlight Weaknesses in Federal Standards and Oversight*. CMS recently issued a new regulation requiring nursing homes to install smoke detectors in patient rooms and public areas of those older nursing homes that do not have sprinkler systems or hardwired smoke detectors and it has taken additional steps to address the GAO recommendations. In addition, in 2006, CMS issued a new regulation requiring all pre-existing nursing homes to have sprinkler systems installed in their facilities. The Committee will continue to monitor this issue in the 110th Congress.

#### *Quality of Care for End Stage Renal Disease*

As part of the Chairman’s continuing efforts to improve patient care at dialysis facilities, Senator Grassley and Representative Pete Stark (D-CA) wrote to CMS about its proposed rule updating conditions of coverage for end stage renal disease facilities. The letter congratulated CMS for the long awaited changes to the conditions of coverage, which had not been updated in almost 30 years. Chairman Grassley and Congressman Stark also noted that the proposed rule addressed many of the recommendations made by the GAO.

#### *University of Medicine and Dentistry of New Jersey*

The Chairman and Ranking Member, through published media reports, became aware of allegations of Medicaid fraud, corruption, and mismanagement at the University of Medicine and Dentistry of New Jersey (“UMDNJ”). UMDNJ is one of New Jersey’s, and one of the country’s, largest health care universities and medical research facilities. Chairman Grassley and Ranking Member Baucus urged Governor Jon Corzine to reign in fraud, corruption, and mismanagement at the UMDNJ. The Chairman and Ranking Member requested that the Governor’s office, in cooperation with UMDNJ officials, provide a comprehensive briefing on their plans to ensure that the UMDNJ is free from corruption and fraud and managed in the best interests of the citizens of New Jersey and American taxpayers. The names of UMDNJ internal “whistleblowers” who

may have first warned university officials and legal counsel of the potential criminal fraud and misconduct were also requested.

Subsequent to media reports of the Chairman and Ranking Member's letter to Governor Corzine, the former Vice President of Ambulatory Care at UMDNJ, Adam Henick, contacted the Committee staff and agreed to be interviewed. Mr. Henick had initially reported irregularities and problems with the Medicare and physician billing methodology of the University Hospital. After repeatedly reporting these problems to UMDNJ officials he was fired without cause from his position after approximately 2½ years. Subsequently, the UMDNJ came under scrutiny by Federal authorities for double-billing Medicaid and allegations of additional fraud and mismanagement. To avoid criminal prosecution, the UMDNJ entered into a two year Deferred Prosecution Agreement with the U.S. Attorney's Office, District of New Jersey, approved by the school's trustees, allowing for a Federal monitor with broad control to be in place at the UMNDJ. The Committee will keep abreast of developments at the UMDNJ.

#### *Pharmacy Benefit Managers*

In 2006, the Committee received allegations regarding certain practices at mail order pharmacies where management may have prevented pharmacists from acting in the best interests of the patients they serve, including Medicare and Medicaid beneficiaries. As a result of these allegations, the Committee sent letters to three of the major pharmacy benefit managers in the industry inquiring about their practices relative to this concern. Among many concerns, the Committee received allegations suggesting that mail order pharmacies were: (1) pressuring staff pharmacists to increase the number of prescriptions each staff pharmacist handles per hour, (2) interfering with pharmacist judgment by denying requests to contact physicians when pharmacists are presented prescriptions that are illegible or otherwise unintelligible, (3) ignoring complaints raised by staff pharmacists regarding problems with automated software that cause prescriptions to be filled incorrectly, and (4) misrepresenting the published error rate at mail order facilities to mask the true number of errors.

#### *Power Mobility Devices*

The Committee has a long-standing commitment to ensuring that Medicare funds used for power mobility devices ("PMDs") are used effectively and efficiently. In 2004, the Committee conducted a hearing examining the extent to which Medicare overpaid for PMDs. As a result of this hearing and reports by the GAO and HHS-OIG, CMS began the process of modifying the payment schedule for PMDs. CMS' change in the fee schedule led to significant modifications for payments in the industry to eliminate the problems identified in the wide body of work concerning fraud, waste and abuse for this benefit. The Committee worked with CMS throughout its payment restructuring process to ensure that fair and adequate payments were made while ensuring that safeguards were in place to prevent fraud, waste and abuse. A new fee schedule went into effect on November 15, 2006.

## FOOD AND DRUG ADMINISTRATION

*Medicaid Reimbursements for Adderall and Adderall XR*

As part of the Committee's continuing oversight of the safety of prescription drugs, many of which are paid for with taxpayer dollars through the Medicare and Medicaid programs, an examination was conducted into a number of allegations regarding Adderall and Adderall XR. Adderall is a prescription amphetamine most often used to treat Attention Deficit Hyperactivity Disorder ("ADHD") in both children and adults. According to an HHS-OIG estimate, Medicaid reimbursed for several million prescriptions over the past four years for Adderall and Adderall XR. Committee staff were advised that a series of meetings relating to Adderall and Adderall XR (Adderall meetings) were held between the FDA and its Canadian counterpart, Health Canada. Health Canada announced that it had suspended market authorization of Adderall due to safety information concerning the association of sudden deaths, heart-related deaths, and strokes in both children and adults taking usual recommended doses. Information obtained by Committee suggests that during a recent Adderall meeting, one or more FDA employees requested that the Canadian government refrain from suspending the use of Adderall XR because there was concern that FDA could not handle another "drug safety crisis." The Committee will continue to address this issue should any developments develop.

*PolyHeme*

The Committee led an inquiry into the FDA's handling of a large clinical trial for Polyheme, a synthetic blood substitute that is currently in wide-spread clinical trials in major metropolitan areas. The clinical trial relies upon an informed-consent exception in regulations relating to human subject protection. Specifically, the exception allows for testing human subjects in emergency situations without requiring their consent. While the Committee recognizes the need to conduct clinical trials in such situations, Senator Grassley was concerned with the way safety information was distributed by both the sponsor and the FDA. Essentially, consistent information was not presented to each of the test sites. Moreover, questions were raised about the level of community awareness that non-informed consent trials were in fact taking place. Those who wished not to participate in the clinical trial were required to wear a wrist-bracelet indicating such. It appeared that many people in the areas of the trials were not aware that such a trial was taking place. In addition, Senator Grassley voiced concern with the fact that in some instances, when authentic blood became available to a patient, it was withheld as part of the study.

*Delay in Labeling Changes for Viagra*

Chairman Grassley initiated an investigation into the delay for labeling changes for Viagra, a prescription drug for erectile dysfunction ("ED"). At issue was whether the FDA and the drug sponsor took the necessary and timely steps to inform doctors and patients of permanent blindness associated with the use of the drug.

Senator Grassley was specifically troubled that the FDA did not initiate label change discussions with the sponsor until more than

a year after the Office of New Drugs (“OND”) was first made aware of non-arteritic anterior ischemic optic neuropathy risks (“NAION”).

According to the safety evaluator monitoring adverse events associated with Viagra, OND was under time pressures to approve new drugs, so safety concerns often need to “fit in” wherever they could. Senator Grassley stated that this is yet another example of the “separate but unequal” relationship between OND and the Office of Drug Safety at the FDA.

In a letter to the FDA, Senator Grassley asked how the agency planned to inform patients who have been prescribed erectile dysfunction drugs, including Viagra, of the blindness risks. According to the safety evaluator, conversations between physicians and their patients about NAION and ED drug use do not typically take place before patients are prescribed the medication. This is usually because physicians prescribing Viagra, such as urologists, may not be aware of the risks. Ophthalmologists who would address the condition are not in the position to prescribe ED drugs.

Senate Grassley noted that this creates an environment for underreporting to the FDA of NAION that occurs in patients who have taken Viagra or another ED drug. Ultimately, the drug sponsor, and other sponsors of the same drug class, made labeling changes that made note of these risks.

#### *Management at the Center for Biologics Evaluation and Research*

Chairman Grassley initiated an investigation involving the FDA’s approval of a human immunodeficiency virus (“HIV”) test kit over the objections of the FDA employee responsible for reviewing the product. It was alleged that the test kit’s sponsor had a cozy relationship with FDA management and that the FDA employee who objected to approval of the test kit was threatened with retaliation for bringing complaints forward. The Chairman sent several letters to the FDA requesting documentation relating to the approval of the test kit in addition to interviewing several FDA employees involved in the matter. Documentation submitted by FDA demonstrated that it had conducted a thorough investigation of the test kit’s safety and efficiency that supported the decision to approve it. However, the investigation revealed significant problems with the management of the approval process in the approving division, including problems with the dispute resolution process. The Chairman is concerned that the management problems uncovered in this investigation are present throughout the FDA. The Committee has concluded this investigation.

#### *Cyberonics*

In February 2005, Senator Grassley and Senator Baucus initiated an inquiry into the FDA’s handling of Cyberonics, Inc.’s (“Cyberonics”) pre-market approval application to add a new indication—treatment-resistant depression (“TRD”)—to Cyberonics’ Vagus Nerve Stimulation (“VNS”) Therapy System, an implanted device. On July 15, 2005, the FDA approved the device for TRD. The FDA approved the VNS Therapy System for TRD based upon a senior official overruling the comprehensive scientific evaluation of more than 20 FDA scientists, medical officers, and management

staff who reviewed Cyberonics' application over the course of 15 months. The official approved the device despite the conclusion of the FDA reviewers that the data provided by Cyberonics in support of its application for a new indication did not demonstrate a reasonable assurance of safety and effectiveness sufficient for approval of the device for TRD. The FDA has publicized differences of scientific opinion within the agency when it has announced other controversial regulatory decisions. Throughout the review of Cyberonics's application, the team of FDA scientists, medical officers, and management staff involved recommended that the device not be approved for TRD. However, at every stage of the review, the team was instructed by the FDA official, who ultimately made the decision to approve the device, to proceed with the next stage of pre-market review. The Committee staff issued a report to the Chairman and Ranking Member of the Committee concerning these findings in February 2006.

*Dr. Victoria Hampshire*

In 2005 and 2006, Senator Grassley wrote to the FDA after receiving allegations that a drug sponsor conducted an independent investigation into Dr. Victoria Hampshire, an FDA scientist and a commissioned officer in the Public Health Service. This investigation was conducted for the purpose of discrediting Dr. Hampshire because of her work cataloging adverse events for a product the company produced, information which ultimately led to the product's removal from the market. One fact that the investigation uncovered was that the FDA provided inaccurate statements to the general public in stating that the investigation into Dr. Hampshire was conducted with her knowledge and was not a criminal investigation. A thorough document review by the Committee revealed these two statements to be false. Senator Grassley and the Committee also sought information on how the agency interacted with the drug sponsor to actively discredit Hampshire for her work cataloging adverse events. Documents and information obtained by the Committee show that the then-FDA commissioner and chief counsel held a private meeting with the manufacturer at which no notes or minutes were taken. This meeting took place shortly before the FDA removed Hampshire as a presenter at its advisory meeting for the company's product. The Committee found issue with the event since a meeting of this nature was required by FDA regulations to retain accurate transcripts and notes of the meeting. However, no documents relevant to this event were created. This matter is currently ongoing.

*Pharmacy Compounding of Drugs*

In 2006, the Committee received allegations concerning the inappropriate compounding of inhalation drugs. Specifically, the allegation was that some pharmacies, in particular mail-order pharmacies and durable medical equipment ("DME") suppliers may be producing and/or providing unsafe and/or ineffective or less effective nebulizer medications by inappropriately compounding prescription drugs. While recognizing the various legitimate needs for compounding medications, Senator Grassley remains concerned about the health and safety of the patients using these drugs as

well as the financial impact that unsafe and/or ineffective compounded medications may have on the Medicare program in particular and the health care system generally. The Committee will continue its oversight of this matter into the 110th Congress.

#### *Ketek*

In April 2006, Senator Grassley initiated an investigation into the FDA's approval and post-market surveillance of telithromycin ("Ketek"), an antibiotic approved by the FDA in April 2004.

The Committee first became concerned when it discovered that the FDA approved the drug despite a fraudulent clinical study of the drug.

Citing this concern, the Committee contacted both the FDA and HHS to request documents and access to FDA investigators conducting a criminal investigation. However, over the course of the investigation, it became apparent to the Chairman that both agencies were stonewalling the process. The agencies have selectively provided documents to the Committee while withholding certain pieces of information based on an interpretation of executive branch policies.

Senator Grassley remained concerned about this lack of cooperation. He, and Ranking Member Baucus, issued two subpoenas to HHS and FDA to produce both documents and access to the Special Agent in charge of the criminal investigation. Senator Grassley also traveled to the HHS headquarters in Washington, DC to try to meet with the Special Agent. The agency, however, continues to restrict access to the Special Agent as well as certain documents.

In December 2006, the Committee reported on a portion of its findings to the Commissioner of the FDA. This review is currently ongoing.

#### *SFBC*

In November 2005, the Committee examined the practices of SFBC, the largest clinical research organization ("CRO") in the country, following media reports that the CRO had failed to adequately safeguard test subjects involved in clinical trials. In particular, after a critical article was published about the company, reports began to emerge that three test subjects who provided information to the publication were threatened and intimidated by managers at SFBC for their cooperation.

In addition to examining this CRO, the Committee also began looking at the entire CRO industry as well as FDA's oversight of the industry. The Committee concluded that serious deficiencies were present at SFBC and that the company and the FDA had not done all they could to protect test subjects at the center.

SFBC has closed the testing center in question and has reorganized the company. While Senator Grassley's investigation into SFBC has concluded, he will continue to monitor the industry and work to ensure that the FDA is providing proper and effective oversight of human subject studies.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Transfer of Medicare Administrative Appeals*

Chairman Grassley and Ranking Member Baucus continued their oversight of the transfer of Medicare administrative appeals from the Social Security Administration (“SSA”) to HHS as mandated by section 931 of the Medicare Modernization Act (“MMA”). Chairman Grassley and Ranking Member Baucus wrote to Secretary Leavitt and Commissioner Barnhart regarding concerns leading up to the July 1, 2005 transfer and questioned whether the limited number of on-site facilities for in-person hearings was in line with the intent of the MMA. HHS responded that it believed a limited presence in the field—only four sites nationally—would be supplemented through the extensive use of video-conferencing. The Committee continues to monitor this matter.

*Anthrax Vaccine Stockpile*

Chairman Grassley initiated an investigation into the Project BioShield contract between HHS and VaxGen to purchase 75 million doses of VaxGen’s new, experimental anthrax vaccine for the Strategic National Stockpile. Letters to the Secretary of HHS raised concerns about the decision to buy vaccine from a single manufacturer. Senator Grassley also questioned claims made by HHS in a press release that a stronger and more effective anthrax vaccine was available. The new anthrax vaccine, however, did not exist, and HHS immediately removed the press release from its website when Grassley brought this to the agency’s attention.

Senator Grassley also examined the adequacy of the nation’s current stockpile of anthrax vaccine. HHS had not stockpiled a single dose of anthrax vaccine since the anthrax incidents of October 2001, and it took the agency close to two years to negotiate the purchase of an existing vaccine for the stockpile.

Senator Grassley asked HHS what steps the agency was taking to ensure that the national stockpile has adequate supplies of vaccines in the event of an anthrax attack.

HHS purchased 5 million doses of the licensed anthrax vaccine for the stockpile and anticipates purchasing more.

The Committee will continue monitoring this matter.

*Allegations of Employee Misconduct at the DAIDS*

Chairman Grassley and Ranking Member Baucus investigated allegations of scientific and employee misconduct, including allegations of sexual harassment, within the Division of AIDS (“DAIDS”) at the National Institutes of Health (“NIH”). These allegations were brought to their attention by Dr. Jonathan Fishbein, the former director of DAIDS’s Office for Policy in Clinical Research Operations. Senator Grassley also asked the HHS-OIG to conduct a separate investigation.

The HHS-OIG completed its investigation and issued a report of its findings to the Chairman and Ranking Member in early 2006. Dr. Fishbein asserted that he was told by NIH that his employment would be terminated because he had complained to his supervisor about the inappropriate and unprofessional conduct of another DAIDS employee and acted on his concerns regarding the

conduct of DAIDS-sponsored clinical research. Senator Grassley was troubled that the individuals included in Dr. Fishbein's allegations were the same individuals responsible for preparing the justification for terminating his employment with the NIH.

Dr. Fishbein was placed on administrative leave for almost a year before his employment was terminated on July 1, 2005.

Senators Grassley and Baucus wrote to the NIH to voice concerns that the actions and events surrounding Fishbein's termination appeared to be retaliation against Dr. Fishbein. Those actions and events also suggested broader, more systemic problems related to the management and functioning of DAIDS, which NIH has acknowledged and informed the Chairman and Ranking Member that the agency is addressing those problems.

Dr. Fishbein was ultimately reinstated to his position. The Committee continues to monitor NIH's progress in resolving problems in DAIDS.

#### *Organ Transplant Centers*

The Committee initiated an investigation of Federal oversight of organ transplant centers. The Committee's involvement began in 2005 in response to investigative reporting conducted by the L.A. Times. The L.A. Times investigation initially found that a Saudi national allegedly paid to move to the top of the organ transplant waiting list at St. Vincent Medical Center in Los Angeles. The Committee began an inquiry of this incident. The L.A. Times subsequently identified a functionally inactive transplant center at the University of California Irvine ("UCI") which the committee also inquired about. The Committee completed its inquiry of St. Vincent and UCI transplant centers, but continues to conduct a broader investigation of transplant system oversight.

As part of this broader inquiry, the Committee asked the GAO to conduct a review of the effectiveness of transplant center oversight. The Committee has also requested information from the HRSA and CMS, the two Federal agencies responsible for oversight of the organ transplant system.

The Committee is also engaging the United Network for Organ Sharing ("UNOS") which is a private contractor that administers the organ procurement and transplantation network on behalf of HRSA to determine their role in oversight of the nation's transplant system. The investigation is currently ongoing.

#### CENTERS FOR DISEASE CONTROL

Senator Grassley wrote to Centers for Disease Control and Prevention ("CDC") Director Julie Gerberding and to other CDC officials concerning reported deficiencies in the process by which CDC monitors and seeks to improve the abilities of state and local public health departments to respond to public health emergencies such as bioterrorism, pandemic influenza, and natural disasters. Improvements in emergency response preparedness are largely the result of billions of dollars in grants awarded to the states by the Federal Government through cooperative agreements between the states and the CDC. Officials at the CDC provided briefings in response to the inquiries. CDC officials acknowledged during those briefings that the CDC has not yet been able to develop a stable

set of metrics that can be uniformly applied across the nation to measure the abilities of state health departments to quickly and effectively respond to public health emergencies. The CDC officials reported that the agency is constantly reviewing and developing the metrics and that the agency had recruited state and local health officials and subject matter experts to participate in the development of the metrics so that they provide valid measures of preparedness. Because of the importance of this issue to the safety of the American people, Senator Grassley became a co-requestor on a request for an evaluation by GAO of the process by which the CDC develops the metrics used by the CDC to evaluate the preparedness of state and local public health offices to respond to emergencies.

Senator Grassley also wrote letters to Dr. Gerberding expressing concern over reports of serious employee morale problems at the CDC. The CDC denied the existence of any morale problems and asserted that if any such problems did exist, they were the result of stresses brought on by a large-scale reorganization of the agency. CDC officials claimed that these stresses would diminish with the passage of time and that employee morale should gradually improve. The CDC also provided the Committee with data indicating that the agency had not yet suffered losses of significant numbers of employees. The CDC asserted that this data contradicts the reported problems with employee morale.

The Committee continues to monitor employee morale at CDC and seeks to ensure that CDC officials are aware that problems with employee morale will have a negative influence on the ability of the agency to respond to future public health emergencies.

#### FEDERAL BUREAU OF INVESTIGATION

##### *Sharing of Information by Law Enforcement Agencies*

Senator Grassley wrote to FBI Director Robert Mueller regarding reported problems with information sharing between Federal agencies in the aftermath of the tragic events of September 11, 2001. The letter to Director Mueller concerned representations made by the FBI to both Congress and the media that the development of the FBI's Investigative Data Warehouse ("IDW"), a computer database and networking system, provided counterterrorism investigators with "one stop shopping" for all information available from Federal law enforcement agencies on terrorism suspects. A cursory review by the Committee of a list of sources of the information accessible through IDW queries revealed that the list failed to include the information contained in computer databases controlled by other major Federal law enforcement agencies. The letter from Senator Grassley requested a complete listing of all sources of information accessible to a terrorism investigator conducting queries on suspects through IDW. Committee staff determined that the list of sources of information provided to the Committee by the FBI indeed failed to include the information contained in databases controlled by other major Federal law enforcement agencies who have publicly claimed to be actively involved in investigations of terrorist organizations. Senator Grassley will request explanations from both the FBI and the non-participating agencies for their failures

to engage in the sharing of information on terrorism suspects. It is the position of Senator Grassley that this information developed by our nation's law enforcement agencies does not belong to the agencies themselves but that the information instead belongs to the American people, and is always to be used for our nation's protection. The Committee continues to monitor this situation.

*Misconduct by Supervisory FBI Personnel*

Senator Grassley joined with Judiciary Committee Chairman Arlen Specter (R-PA) and Ranking Member Patrick Leahy (D-VT) in writing a letter to FBI Director Robert Mueller concerning reports of unethical conduct and possible criminal activities by FBI officials involved in supervising the FBI's investigation of the suspicious circumstances surrounding the death of Baltimore, Maryland, Assistant United States Attorney ("AUSA") Jonathan Luna. The letter followed the release of a report by the Office of the Inspector General, U.S. Department of Justice ("DOJ-OIG"). The report criticized the FBI's Inspection Division for failing to refer certain allegations to the FBI's Office of Professional Responsibility ("OPR") allegations that FBI supervisors had engaged in acts of serious misconduct and possible criminal offenses. Further, it was reported that FBI supervisors were suspected of having had an improper personal relationship with AUSA Luna. This field agent was thereafter subjected to abusive and potentially criminal mistreatment by her supervisors. The letter also expressed concern that the DOJ-OIG report indicated that during a series of interviews with agents of the FBI's Inspection Division, the subject FBI supervisors had given sharply conflicting statements concerning their treatment of the victim field agent. These conflicting statements indicated a lack of candor among the supervisors and possible violations by those supervisors of Federal criminal statutes that prohibit the making of false statements to law enforcement officials. During a briefing, the Director of the FBI's Office of Professional Responsibility reported that no disciplinary action(s) would be taken by the FBI against the supervisors. This incident appears to be one of many in which the FBI has wrongfully given preferential treatment to FBI supervisory personnel involved in acts of misconduct or criminal activities. Senator Grassley continues to monitor this situation.

*FBI Mishandling of Terrorism Investigation*

Senator Grassley wrote a letter to FBI Director Robert Mueller regarding the reported negligent failure of the FBI to seek a court order authorizing the non-consensual monitoring of telephone conversations in an investigation of persons believed to be involved in raising funds to support terrorist activities. The letter of inquiry resulted from reports made by a former Special Agent in Charge for the Houston, Texas, office of U.S. Immigration and Customs Enforcement ("ICE"). It was reported that the FBI office in Houston failed to seek a court order authorizing wiretaps in a case developed by ICE agents but reported to the FBI in accordance with the terms of a Memorandum of Understanding ("MOU") between the two agencies. This MOU provided that the FBI would have primary investigative jurisdiction in cases involving funds to support ter-

rorism. Houston ICE agents also reported that toll records for the targeted telephones indicated that in negligently failing to seek the order, FBI agents had missed valuable opportunities to intercept numerous calls that were placed to a telephone associated with a known terrorist suspect. The FBI provided the Committee with briefings and reports on this issue and it became apparent to the Committee from these briefings and reports that FBI officials were making multiple conflicting statements and providing widely-varying accounts on the circumstances surrounding the FBI's failure to seek the wiretap authorization. These conflicting statements from FBI personnel have thwarted efforts by the Committee to properly identify the specific FBI officials responsible for the FBI's failure to conduct an investigation that had national security importance. The conflicts in statements are also disturbingly indicative of a lack of candor and integrity on the parts of FBI personnel. FBI Director Mueller concurred with the position of the Committee that the FBI should have addressed this investigation more quickly. He also reported to the Committee that steps were being taken to educate FBI field offices on their responsibilities under the Memorandum of Understanding between the FBI and ICE. The Committee has closed this investigation.

*Mishandling by FBI of Terrorism Financing Investigation and Retaliation by the FBI Against FBI Agent Who Reported Mishandling of Investigation*

Senator Grassley, Senate Judiciary Chairman Specter, and Ranking Senate Judiciary Committee Member Leahy wrote joint letters to both U.S. Department of Justice Inspector General Glenn A. Fine and FBI Director Robert Mueller regarding information received from former FBI Special Agent Michael German concerning the FBI's handling of an investigation of persons believed to be supporting terrorism. The reported mismanagement of the investigation by the FBI was deemed to be particularly disturbing. Specifically, Agent German reported to the Committee that the subjects of the investigation had ties to both foreign terrorist organizations and domestic terrorist organizations and that the investigation indicated that steps were being taken by members of those terrorist organizations to become allies in their efforts to commit terrorist activities against the United States. In response to requests from the Committee, the FBI and the Inspector General provided information on the terrorism financing investigation. Senators Grassley, Specter and Leahy also expressed concerns to the FBI and the Inspector General that Agent German appears to have suffered retaliation from the FBI as a result of his reporting the mishandling of this investigation to his FBI superiors and to Congress. A report prepared by the Inspector General concluded that an investigation of the FBI's handling of Agent German's information indicated that he had, in fact, suffered acts of retaliation from high-ranking officials of the FBI. The Committee continues to examine this matter.

*Mismanagement of Resources Available for Counterterrorism Investigations and Retaliation Against FBI Whistleblower*

Senator Grassley wrote a joint letter with Senate Judiciary Committee Chairman Specter and Ranking Member Leahy to FBI Director Robert Mueller regarding the FBI failure to utilize the experience and expertise of Bassem Youssef, an Arab-American Special Agent of the FBI. After meeting with his superiors, Agent Youssef suffered acts of retaliation by the FBI, including the refusal to transfer Youssef to the agency's International Terrorism Operations Section ("ITOS"). After the FBI received the letter of complaint from Senators Grassley, Specter and Leahy, the agency relented and transferred Agent Youssef to ITOS, where he now serves as a supervisory agent. Senator Grassley will continue to monitor this situation.

*FBI Mishandling of Information Relating to Terrorist Activities*

Senator Grassley wrote letters to FBI Director Robert Mueller regarding the mishandling of critical information available to the FBI in the months leading up to the September 11, 2001, terrorist attack on the United States. One of the letters made reference to testimony given by Minneapolis, Minnesota, FBI Agent Harry Samit during the sentencing hearing for convicted terrorist Zacarias Moussaoui. Agent Samit testified during that hearing that attempts by the Minneapolis office of the FBI to investigate Moussaoui were thwarted at the agency's headquarters level by FBI supervisors who refused to support the investigation. Agent Samit even described the refusal of those supervisors to support the Moussaoui investigation as being "criminally negligent." Inquiries by Congress revealed that these supervisors, rather than being disciplined or dismissed from service, had actually been promoted and that one of them had even been promoted to a position in which he supervised all of the terrorism investigations being conducted by the FBI in one of America's largest cities. Senator Grassley's letter requested information on how and why the FBI reached the decision to promote this supervisor. The FBI responded to Senator Grassley's inquiries with a letter advising him that the FBI had referred allegations concerning the handling of the Moussaoui investigation to the DOJ-OIG, for investigation. The letter from the FBI further reported that the DOJ-OIG had completed their investigation and that the DOJ-OIG was seeking permission of the Court to release to the public that portion of the report that related to the FBI's investigation of Moussaoui. Senator Grassley will continue to monitor this situation as is warranted.

*Misconduct by FBI Officials in Saudi Arabian FBI Office*

Senator Grassley joined with Senate Judiciary Committee Chairman Specter and Ranking Member Leahy in writing letters to FBI Director Robert Mueller regarding allegations of misconduct and mismanagement in the Riyadh, Saudi Arabia FBI Legat Office. The allegations included failures by the FBI Legat in Saudi Arabia to pursue thousands of investigative leads, inappropriate behavior by senior FBI officials assigned to the Legat Office, providing prostitutes to FBI agents on temporary duty assignments to the Legat Office, and the destruction by FBI officials of documents that re-

lated to the investigation of the September 11, 2001, terrorist attacks on the United States. The letter requested that the FBI provide the Committee with inspection reports for the Riyadh office and a briefing from FBI officials on steps being taken by the FBI to correct the problems in that office. The FBI provided Congress with a briefing on steps taken by the FBI to correct the reported problems in the Riyadh office and provided copies of the office's inspection reports. This matter is now closed.

*Preferential Treatment Wrongfully Being Afforded to Supervisory FBI Personnel in Disciplinary Matters*

Senator Grassley wrote letters to FBI Director Robert Mueller concerning the decision reached by FBI officials who allegedly retaliate against Special Agent Cecilia Woods for reporting to FBI officials that her former supervisor Gil Torrez had engaged in an inappropriate sexual relationship with a paid FBI informant. Torrez was then the FBI's Legal Attache for Panama. After reporting the misconduct by Torrez, Agent Woods alleged that she was targeted by the FBI for reporting the misconduct and was subjected by the FBI to a series of disciplinary actions that ultimately resulted in her early retirement from the agency. Circumstances support that these actions against Woods were taken for the purpose of retaliating against her for reporting that supervisor, Torrez, eventually admitted to engaging in an illicit sexual relationship with a paid FBI informant and was also investigated and disciplined. After discovering that Torrez's employment had not been terminated by the FBI, despite Torrez having engaged in a sexual relationship with a paid informant, the Committee requested a copy of the FBI's written standards for discipline of agents involved in various acts of misconduct. Senator Grassley found it disturbing that the FBI's written standards of conduct do not mandate immediate dismissal from the FBI of all agents who engage in sexual misconduct with paid informants. Senator Grassley will continue to follow-up on this matter.

*Retaliation by FBI Against Agent Who Reported Deficiencies in FBI Counterterrorism Efforts*

Senator Grassley and Senator Leahy wrote letters to U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller concerning acts of retaliation taken by the FBI against Special Agent Robert G. Wright. It was alleged that once Agent Wright made public statements criticizing the commitment and ability of many FBI supervisors to conduct international terrorism investigations, he was subjected to multiple disciplinary investigations. Agent Wright continues to be employed by the FBI. This matter is now closed.

*Information Sharing by Counterterrorism Agencies and Compatibility of Their Computer Systems*

Senator Grassley wrote a letter to National Intelligence Director John Negroponte concerning persistent failures by the FBI and DHS to develop computer information systems that are compatible with one another. This system incompatibility prevents the agencies from effectively sharing information with one another and ad-

ditionally diminishes the ability of the intelligence community to gather and analyze intelligence from the two systems. Director Negroponte was asked in the letter to describe any efforts being made by his office to pursue better coordination and standardization of computer databases and to thereby ensure seamless sharing of information among Federal agencies that are a part of the intelligence community. In a reply letter, the Office of the Director of National Intelligence (“DNI”) reported that in response to Presidential directives mandating the use of common information sharing standards across the Federal Government, the Office of the Program Manager, Information Sharing Environment (“ISE”) had been created to ensure that all Federal systems that contain terrorism information are compatible. The DNI further reported that the ISE was working to resolve all issues relating to the compatibility of the Federal systems, to specifically include those used by DOJ and DHS. Senator Grassley will continue to monitor this situation.

#### *Mishandling of Anthrax Investigation*

Senator Grassley wrote a letter to Attorney General Alberto Gonzales regarding apparent mishandling by the FBI of the agency’s investigation of the October, 2001, mailings of letters laced with anthrax to several targets in the United States, including members of Congress and the national media. The investigation has not resulted in any persons being charged with this crime. The letter expressed concern that the investigation appears to have been hindered by the FBI’s institutional resistance to criticism and dissent and by the misallocation of resources toward protecting the FBI’s image rather than protecting the United States. Senator Grassley also expressed dissatisfaction with the FBI’s refusal to provide Congress with periodic briefings on the status of the investigation. He requested both a briefing on the status of the investigation and a number of documents and records relating to the case. The Attorney General responded with a refusal to provide either the requested documents or a briefing on the status of the investigation, citing DOJ’s policy against disclosing non-public information concerning pending law enforcement and litigation issues. Senator Grassley along with 34 other Members of Congress requested a briefing from the FBI. The Committee is currently awaiting a response.

#### *Intervention on Behalf of FBI Special Agent*

Senator Grassley wrote a letter to FBI Director Robert Mueller on behalf of an Iowa constituent who had been selected for employment by the FBI as a Special Agent. After being offered employment and in reliance upon the FBI’s job offer, the selectee had sold his business and entered into a non-competitive agreement. Only a few days before he was scheduled to begin training at the FBI Academy, the agency withdrew its offer of employment. Senator Grassley requested an explanation for the FBI’s decision to withdraw the offer of employment. The FBI reviewed the decision to withdraw the employment offer and decided to re-extend the offer to the applicant. He is now serving as a Special Agent of the FBI. This matter is now closed.

*Weaknesses in FBI Linguistic Capabilities*

Senator Grassley and Senator Leahy continued to receive periodic information from the FBI concerning efforts to improve the agency's linguistic translations capabilities and security. Senator Grassley and Senator Leahy first contacted the FBI in 2002 to express their concerns over reports that the FBI was unable to quickly and accurately translate recorded conversations and documents in languages most commonly used by terrorists. Since 2002, the FBI has invested considerable effort and resources toward improving the agency's language capabilities. Senator Grassley will continue to monitor the agency's language translation program to ensure that the agency will be prepared to protect the United States from future terrorist attacks.

## DEPARTMENT OF HOMELAND SECURITY

*Fraud, Abuse and Mismanagement at CIS*

Senator Grassley wrote a letter to U.S. Citizenship and Immigration Service ("CIS") Director Emilio Gonzalez regarding reports of fraud, abuse and mismanagement at CIS. The letter from Senator Grassley was prompted by reports of delayed and incomplete evaluations by CIS of many applications for immigration benefits. The letter also requested information on allegations that some 2,500 alien files that contained derogatory information had not been turned over to ICE agents for criminal investigation. Perhaps most significant were reports that CIS failed to conduct timely internal investigations of more than 2,000 complaints of misconduct by CIS employees. At the time of the letter, CIS reportedly assigned only five field investigators to the unit responsible for conducting internal investigations of employee misconduct.

Senator Grassley requested access to the written complaints received or developed by CIS so that they could be reviewed by the Committee in an effort to determine the severity of the employee misconduct alleged in them. Committee staff reviewed more than 1,500 written complaints, identified the complaints that appeared to require additional scrutiny, and requested additional information on the matters alleged in those complaints. Director Gonzalez subsequently met with Senator Grassley and Committee staff and pledged that in the future, his office will be committed to making national security and fraud prevention the number one priority at CIS.

Senator Grassley plans to follow-up on this matter.

*Lack of Cooperation Between DHS Agencies*

Senator Grassley wrote a letter to U.S. Customs and Border Protection ("CBP") Commissioner Robert Bonner concerning reports that thousands of immigration benefits adjudicators for CIS had been denied access to information contained in CBP's computer databases. Much of the information contained in those CBP databases is needed by the CIS immigration benefits adjudicators to determine whether applications for immigrations benefits should be approved. The reason the CIS adjudicators were denied access was the expiration of their security clearances, which are required by CBP for all persons seeking access to the CBP computer databases.

In the letter, Senator Grassley expressed his concern that CIS immigration benefits adjudicators were being denied the tools necessary to do their jobs and that this situation posed a national security risk. He also requested information on the reasons for the delays in granting security clearances to CIS immigration benefits adjudicators and asked for information on steps being taken by CBP to increase inter-agency cooperation with CIS. Senator Grassley plans to follow-up on this matter.

*Criminal Sexual Misconduct by Senior DHS Official*

Senator Grassley wrote letters to Secretary of Homeland Security Michael Chertoff regarding the department's response to the involvement of ICE senior executive Frank Figueroa in criminal misconduct involving a minor female. Figueroa, who was then the Special Agent in Charge of the ICE office in Tampa, Florida, was convicted on Florida state criminal charges related to an incident in which he exposed himself to a minor female seated in the food court of a Florida shopping mall. After his arrest by local law enforcement officers, Figueroa was allowed by ICE to use his accrued sick and annual leave to reach his retirement eligibility date and to then retire from ICE with a full lifetime pension. Senator Grassley objected to the decision reached by ICE officials to allow Figueroa to retire with a full pension after being found guilty of having committed sex offenses against a minor. Senator Grassley requested a briefing from ICE officials on the matter. During the briefing, ICE officials reported to Committee staffers that Merit Service Protection Board ("MSPB") guidelines and the timeframes required for prosecution of criminal cases in the state of Florida combined to make it impossible for ICE to be successful in any efforts to terminate Figueroa's employment prior to his retirement eligibility date. This matter is now closed.

*Potentially Dangerous Errors in Processing Applications for Immigration Benefits*

Senator Grassley wrote a letter to CIS Director Emilio Gonzalez regarding information received by the Committee from an employee of CIS indicating that CIS adjudication officers had not been properly trained in conducting queries of law enforcement databases. The whistleblower reported that as a result of this lack of training, CIS adjudication officers were not conducting all of the database queries necessary to determine whether or not applicants for immigration benefits had been identified by law enforcement agencies as suspected terrorists, sex offenders, or other criminal suspects. As a result, it is possible that immigration benefits were granted by CIS to persons whose presence in this nation poses a danger to national security and public safety. Senator Grassley has requested a review of all immigration benefits granted by CIS and a briefing on steps taken by CIS to correct this problem with the agency's operations.

*Appointment of Unqualified Persons to Key Counterterrorism Positions*

Senator Grassley wrote a letter to DNI John Negroponte expressing his concerns over the appointment of Gary Bald as head of the National Security Service. The concerns relate to the testimony

given by Bald in response to questions that he answered during the taking of a sworn deposition. The questions related to Bald's position on the importance of nominees to key counterterrorism investigative positions having subject matter expertise on topics that are related to counterterrorism. Bald's answers indicated that he did not believe that subject matter expertise on topics related to counterterrorism was necessary for candidates to be considered for appointment to key counterterrorism investigative positions. In the letter, Senator Grassley expressed his belief to Director Negroponte that senior managers in the nation's war on terrorism need to have unquestionable credentials, substantial counterterrorism experience, and subject matter expertise. Senator Grassley will continue to monitor counterterrorism positions in the United States government must not be positions for on-the-job training.

*Admission of Taliban Spokesman into United States on Student Visa*

Senator Grassley wrote a letter to Secretary of State Condoleezza Rice and Secretary of Homeland Security Michael Chertoff regarding the admission of former Taliban spokesman Sayed Rahmatullah Hashemi into the United States on a student visa. Media reports indicate that Hashemi, while serving as a leader of the Taliban, made public statements defending both the terrorist activities of Osama bin Laden and the 2001 destruction by the Taliban of two ancient towering statues of Buddha that had been carved into some cliffs in Afghanistan. Senator Grassley requested copies of Hashemi's application for a student visa and all other documents that were used by the U.S. State Department in reaching the decision to grant Hashemi's application to enter the United States on a student visa. Those documents were provided to the Committee by the U.S. State Department and the documents are being analyzed by Committee staff to identify those flaws and/or deficiencies in the visa application and/or the application review process that resulted in the admission of Hashemi into the United States.

MISCELLANEOUS

*Waste, Fraud, Conflict of Interest, and Inappropriate Political Influence Related to FAA Contractor*

Senator Grassley wrote to U.S. Department of Transportation ("DOT") Inspector General Kenneth Mead regarding reported allegations of waste, fraud, conflict of interest, and inappropriate political influence related to a contract between the Federal Aviation Administration ("FAA") and Crown Consulting, Inc., for the development of computer software for the FAA's military operations division. Information received by the Committee indicated that Crown Consulting, Inc., failed to fulfill the requirements of the contract and had engaged in suspicious activities such as billing for some \$30,000 in office furniture that was unaccounted for, as well as billing for leased properties in Australia, a \$3,500 per month auto lease, and unauthorized and unexplained trips to Las Vegas, Nevada,. The FAA terminated the contract for convenience rather

than for negligence on behalf of the contractor. The Committee intends to follow-up on this matter.

#### *Costs of Relocating Government Employees*

Chairman Grassley continued action on his earlier investigation into relocation expenses for Federal employees. Accordingly, he sent letters to Joshua Bolton, Director of the Office of Management and Budget, and Stephen A. Perry, Administrator of the General Services Administration (“GSA”) to inquire about delays in responding to past questions about GSA’s efforts to ensure that it received complete, accurate data about employee moves. Further, Senator Grassley inquired about measures GSA had taken to revise faulty Relocation Income Tax Allowance provisions. GSA provided the requested information and worked with the Government-wide Relocation Advisory Board (“GRAB”) to address the Chairman’s concerns. The advisory board ultimately developed a report with multiple recommendations for improving government relocation practices in the areas of administration and management, budget tracking and data collection, relocation reimbursement, residence transactions, and transportation and storage. The Committee will continue to monitor GSA’s efforts to implement the GRAB recommendations.

Chairman Grassley also sent a separate series of letters to the Postmaster General inquiring about miscellaneous relocation expense allowance payments of \$10,000, \$25,000, and in one case \$50,000 to United States Postal Service (“USPS”) executives. These allowances were paid in addition to other relocation related costs and were not required to be supported by receipts, allowing employees to pocket any money not used for relocation related expenses. After a review of its benefit policies, the USPS limited the miscellaneous relocation expense to the equivalent of two weeks’ base pay.

#### *Backlogged Whistleblower Complaints and Disclosure Cases*

Chairman Grassley wrote a letter to the Office of Special Counsel (“OSC”) with respect to wide-spread reports of backlogged whistleblower cases at the office. The OSC’s primary mission is to safeguard the merit system by protecting Federal employees and applicants from prohibited personnel practices, especially reprisal for whistleblowing. In conjunction with staff of the U.S. House of Representatives, Committee on Government Reform, an internal review was conducted of OSC’s handling and disposition of backlogged whistleblower complaints and disclosures cases. This bi-partisan review examined closed cases that were handled by OSC’s Complaints Examining Unit (“CEU”) and Disclosure Unit (“DU”). In particular, the review team focused on the disposition and resolution of hundreds of backlogged cases in the CEU and DU. In conducting this review, the team acknowledged that there were historical problems in the OSC that gave rise to the backlog of cases. The OSC initiated and organized a Special Projects Unit (“SPU”) that ultimately resolved the issue of backlogged whistleblower disclosure and Prohibited Personnel Practice (“PPP”) cases. The key factors in the resolution of the backlog by the SPU included the recruitment of subject matter experts to handle and evaluate cases

and policy and procedural changes to prevent the backlog from re-occurring.

Committee staff also examined the number of cases in the Investigations and Prosecution Division (“IPD”) including the number of cases pending over and above the statutory 240-day determination period. This statutory time-frame determination period mandated by law that no later than 240-days after the date of receipt of an allegation of a PPP, the OSC is to make a determination whether there are reasonable grounds to believe a PPP has occurred, exists, or is to be taken. If the OSC is unable to make the required determination within the statutory 240-day time period, an additional period of time for determination shall be granted; if agreed upon by OSC and the person submitting the allegation. The initial concern was that in reducing the backlog of cases in the CEU and increasing the rate of referrals, OSC may have increased the backlog of cases in the IPD. The review discerned that this did not occur and the number of cases in the IPD did not disproportionately increase in relation to the decrease of cases in the CEU. The matter is currently closed.

#### *Use of Offshore Vehicles and Transactions to Evade Taxes*

Chairman Grassley and Ranking Member Baucus initiated an investigation into the use of offshore vehicles and transactions to evade U.S. taxes. The Committee suspects that offshore hedge funds may provide a vehicle for domestic investors to evade U.S. tax by masquerading as foreign investors through the use of offshore corporations and trusts, especially in tax haven countries. The Chairman and Ranking Member requested the assistance of the GAO, Forensic Audit and Special Investigations unit to conduct and develop this investigation. The Committee was interested in having GAO investigators attempt to identify specific offshore vehicles or abusive schemes used to evade U.S. taxes, particularly any involving hedge funds. In addition, the Committee also requested that GAO investigators test due diligence of financial institutions involved in any transactions conducted offshore, particularly with regard to establishing accounts and beneficial ownership. The Committee requested that GAO develop a plan to perform undercover operations and to use innovative techniques necessary to show how financial institutions and other entities assist U.S. taxpayers in these abusive schemes. The Chairman authorized the GAO, pursuant to section 6103(f) (4) of the Internal Revenue Code, to have access to the necessary protected tax information to complete this requested work. GAO’s work is ongoing and the Committee is awaiting completion of the investigation and subsequent report.

#### *USDA/APHIS, VS, NVSL and CVB*

Senator Grassley wrote to the Secretary of the USDA to request a briefing on the various problems and issues arising at the Animal Plant Health Inspection Service, Veterinary Services, National Veterinary Services Laboratory (“NVSL”) and Center for Veterinary Biologics (“CVB”), referred to collectively as the Labs, in Ames, Iowa. Senator Grassley was inquiring into allegations that the Labs have been grossly mismanaged. Both current and former employees of the Labs contacted his office about systemic and long-

standing problems that were not being addressed by USDA management. Interviews conducted with both current and past employees of the Labs detailed how they are mismanaged and the employees were working in a climate of fear and intimidation. The interviewees claimed that this mismanagement resulted in the retirement of competent employees, overall poor morale, a loss of creativity and a fear of reporting wrongdoing and mistakes. These allegations were coupled with yet additional allegations of discrimination, cronyism and favoritism where the best qualified candidates were neither being hired nor promoted to key positions. According to those interviewed and the documents reviewed, it appeared that the USDA was advised and had been aware of these concerns for years.

The requested briefing was provided to Committee staff by the USDA (acting) Under Secretary for Marketing and Regulatory Programs. The Under Secretary outlined the USDA's efforts to address the allegations of mismanagement and employee problems reported at the Labs. It was reported that the USDA had initiated steps to begin addressing these longstanding complaints and allegations including conducting an off-site forum with employees of the Labs and members of the USDA Coalition of Minority Employees, replacing the existing NVSL Director and appointing an (interim) Director, with significant human resources, planning, evaluation, and management experience. Committee staff was further advised that the (interim) Director would conduct a complete analysis of the workforce and develop a plan to correct any problems that may exist. These changes were a step in the right direction; however, problems still linger at the CVB. The Chairman will continue to monitor USDA and its efforts to address and alleviate these problems.

#### *Legal Services Corporation*

Senator Grassley, along with Congressman Christopher Cannon (R-UT) and Senate Health, Education, Labor and Pensions Chairman Michael Enzi (R-WY) began an investigation into inappropriate expenditures by the Legal Services Corporation ("LSC"). The primary mission of the LSC is to provide legal counsel to underprivileged members of our society. The Members became concerned after learning that many of the expenditures at LSC seemed excessive and not necessarily indicative of the mission of the group. The investigation uncovered widespread mismanagement of funds and lavish expenditures by members of the LSC board. A few examples of mismanagement include using a limousine service for meetings in-town, having the board's annual meeting at a luxury hotel while adequate space was available at LSC headquarters, and even excessive purchases such as \$14 for a cookie at an annual meeting. After a series of inquiries and meetings with the respective congressional staffs, LSC has now made proactive changes in order to prevent the aforementioned problems. Specifically, LSC is taking the following steps: following General Services Administration ("GSA") policy on first class travel and meal purchases; the LSC president is doing a cost comparison in order to minimize LSC reimbursements for her travel; eliminating a 200 percent per diem for board members; holding its annual meeting at LSC head-

quarters; minimizing other meeting related expenses such as cookies and other unnecessary items; minimizing excessive meal costs; following GSA standards for lodging; developing a policy regarding chauffeured car services; revising its policy regarding business entertainment; revising its personnel manual; and establishing direct access between the LSC treasurer and the Committee on Finance. Congress also requested that the GAO conduct two reviews of LSC and will continue to monitor LSC's progress in improving its operations.

#### *Abramoff Investigation*

Investigations into the activities of Jack Abramoff began after a Washington Post story by Susan Schmidt in February, 2004 entitled "A Jackpot From Indian Gaming Tribes; PR Firms Paid \$45 million Over 3 Years."

Department of Justice investigations culminated in a guilty plea by Jack Abramoff to charges of conspiracy, mail and wire fraud, bribery, and evasion of Federal income tax in January of 2006.

The Senate Finance Committee staff investigation examined the use and potential abuse by Mr. Abramoff of tax-exempt organizations. This investigation continued a long-term effort by the Finance Committee to oversee the activities of nonprofits and to seek reforms in the tax law affecting these organizations.

Subpoenas were issued to the Preston Gates and Greenberg Traurig law firms in the fall of 2005. After reviewing materials obtained through those subpoenas, mostly e-mail correspondence, the Democratic staff identified potentially troubling transactions with five nonprofits.

A report issued in October, 2006 entitled "Investigation of Jack Abramoff's Use of Tax-Exempt Organizations" outlined these transactions and the issues arising from the use of nonprofits by Mr. Abramoff for lobbying and public relations for his clients. Sufficiently serious issues were identified to justify referring this report and the materials gathered by the Committee staff to the Department of Justice, the Department of Treasury, and the Internal Revenue Service.

The Democratic staff also identified a number of reforms that could be considered by the Finance Committee in the nonprofit sector.

## NOMINATIONS

**Jeffrey Robert Brown**, of Illinois, to be a Member of the Social Security Advisory Board for a term expiring Sept. 30, 2008, vice Bradley D. Belt, resigned, to which position he was appointed during the last recess of the Senate.

Dec. 5, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Social Security Administration)

**Andrew G. Biggs**, of New York, to be Deputy Commissioner of Social Security for a term expiring Jan. 19, 2013. (Reappointment)

Nov. 13, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Social Security Administration)

**Andrew G. Biggs**, of New York, to be Deputy Commissioner of Social Security for the remainder of the term expiring Jan. 19, 2007, vice James B. Lockhart III.

Nov. 13, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Social Security Administration)

**Anthony W. Ryan**, of Massachusetts, to be an Assistant Secretary of the Treasury, vice Timothy S. Bitsberger.

Nov. 13, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 5, 2006—Committee on Finance. Hearings held.

Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1022. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

- Robert F. Hoyt**, of Maryland, to be General Counsel for the Department of the Treasury, vice Arnold I. Havens, resigned.  
 Sept. 29, 2006—Received in the Senate and referred to the Committee on Finance.  
 Nov. 14, 2006—Committee on Finance. Hearings held.  
 Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.  
 Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.  
 Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1023. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.  
 Dec. 9, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

- Michele A. Davis**, of Virginia, to be an Assistant Secretary of the Treasury, vice Antonio Fratto.  
 Sept. 28, 2006—Received in the Senate and referred to the Committee on Finance.  
 Nov. 14, 2006—Committee on Finance. Hearings held.  
 Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.  
 Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.  
 Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1021. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.  
 Dec. 9, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

- Phillip L. Swagel**, of Maryland, to be an Assistant Secretary of the Treasury, vice Mark J. Warshawsky, resigned.  
 Sept. 26, 2006—Received in the Senate and referred to the Committee on Finance.  
 Dec. 5, 2006—Committee on Finance. Hearings held.  
 Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.  
 Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.  
 Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1020. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.  
 Dec. 9, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

- Dana K. Bilyeu**, of Nevada, to be a Member of the Social Security Advisory Board for a term expiring Sept. 30, 2010, vice Gerald M. Shea, term expired.  
 Sept. 20, 2006—Received in the Senate and referred to the Committee on Finance.  
 Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1019. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Confirmed by the Senate by Voice Vote.  
(Organization: Social Security Administration)

**Mark J. Warshawsky**, of Maryland, to be a Member of the Social Security Advisory Board for a term expiring Sept. 30, 2012, vice Harold Daub, term expired.

Sept. 20, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1018. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Confirmed by the Senate by Voice Vote.  
(Organization: Social Security Administration)

**Michael J. Astrue**, of Massachusetts, to be Commissioner of Social Security for a term expiring Jan. 19, 2013, vice Jo Anne Barnhart.

Sept. 15, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Social Security Administration)

**Daniel Meron**, of Maryland, to be General Counsel of the Department of Health and Human Services, vice Alex Azar, II, to which position he was appointed during the last recess of the Senate.

Sept. 7, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Department of Health and Human Services)

**Irving A. Williamson**, of New York, to be a Member of the United States International Trade Commission for the term expiring June 16, 2014, vice Stephen Koplan, term expired.

Sept. 7, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 5, 2006—Committee on Finance. Hearings held.

Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1016. Subject to nominee's commitment to respond to re-

quests to appear and testify before any duly constituted committee of the Senate.

Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1016. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: United States International Trade Commission)

**Dean A. Pinkert**, of Virginia, to be a Member of the United States International Trade Commission for the term expiring Dec. 16, 2015, vice Jennifer Anne Hillman, term expiring.

Sept. 7, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 5, 2006—Committee on Finance. Hearings held.

Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1015. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1015. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: United States International Trade Commission)

**Robert K. Steel**, of Connecticut, to be an Under Secretary of the Department of the Treasury, vice Randal Quarles.

Sept. 6, 2006—Received in the Senate and referred to the Committee on Finance.

Sept. 21, 2006—Committee on Finance. Hearings held.

Sept. 27, 2006—Committee on Finance. Ordered to be reported favorably.

Sept. 27, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Sept. 27, 2006—Placed on Senate Executive Calendar. Calendar No. 935. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Sept. 29, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

**Peter E. Cianchette**, of Maine, to be a Member of the Internal Revenue Service Oversight Board for a term expiring Sept. 14, 2010, vice Nancy Killefer, term expired.

Sept. 5, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Department of the Treasury)

**John K. Veroneau**, of Virginia, to be a Deputy United States Trade Representative, with the Rank of Ambassador, vice Susan C. Schwab, resigned.

Aug. 3, 2006—Received in the Senate and referred to the Committee on Finance.

Sept. 21, 2006—Committee on Finance. Hearings held.

Sept. 27, 2006—Committee on Finance. Ordered to be reported favorably.

Sept. 27, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Sept. 27, 2006—Placed on Senate Executive Calendar. Calendar No. 934. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Sept. 29, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Executive Office of the President)

**Henry M. Paulson, Jr.**, of New York, to be Secretary of the Treasury, vice John W. Snow, resigned.

June 19, 2006—Received in the Senate and referred to the Committee on Finance.

June 27, 2006—Committee on Finance. Hearings held.

June 28, 2006—Committee on Finance. Ordered to be reported favorably.

June 28, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

June 28, 2006—Placed on Senate Executive Calendar. Calendar No. 745. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

June 28, 2006—By unanimous consent agreement, debate set for June 28, 2006.

June 28, 2006—Considered by Senate pursuant to previous order.

June 28, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

**Eric Solomon**, of New Jersey, to be an Assistant Secretary of the Treasury, vice Pamela F. Olson, resigned.

May 9, 2006—Received in the Senate and referred to the Committee on Finance.

July 13, 2006—Committee on Finance. Hearings held.

Dec. 7, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 7, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 7, 2006—Placed on Senate Executive Calendar. Calendar No. 1024. Subject to nominee's commitment to respond to re-

quests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Confirmed by the Senate by Voice Vote.  
(Organization: Department of the Treasury)

**Susan C. Schwab**, of Maryland, to be United States Trade Representative, with the rank of Ambassador Extraordinary and Plenipotentiary, vice Robert J. Portman.

May 3, 2006—Received in the Senate and referred to the Committee on Finance.

May 16, 2006—Committee on Finance. Hearings held.

May 22, 2006—Committee on Finance. Ordered to be reported favorably.

May 22, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

May 22, 2006—Placed on Senate Executive Calendar. Calendar No. 663. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

June 7, 2006—By unanimous consent agreement, debate and vote set for June 8, 2006.

June 8, 2006—Considered by Senate pursuant to order of June 7, 2006.

June 8, 2006—Confirmed by the Senate by Voice Vote.  
(Organization: Executive Office of the President)

**Deborah L. Wince-Smith**, of Virginia, to be a Member of the Internal Revenue Service Oversight Board for a term expiring Sept. 14, 2010, vice Larry L. Levitan, term expired.

May 1, 2006—Received in the Senate and referred to the Committee on Finance.

Nov. 14, 2006—Committee on Finance. Hearings held.

Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1014. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Confirmed by the Senate by Voice Vote.  
(Organization: Department of the Treasury)

**Catherine G. West**, of the District of Columbia, to be a Member of the Internal Revenue Service Oversight Board for a term expiring Sept. 14, 2008, vice Karen Hastie Williams, term expired.

May 1, 2006—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Department of the Treasury)

**Donald V. Hammond**, of Virginia, to be a Member of the Internal Revenue Service Oversight Board for a term expiring Sept. 21, 2010, vice Robert M. Tobias, term expired.

May 1, 2006—Received in the Senate and referred to the Committee on Finance.

Sept. 29, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate at adjournment of the Senate on Sept. 29, 2006.

(Organization: Department of the Treasury)

**Paul Cherecwich, Jr.**, of Utah, to be a Member of the Internal Revenue Service Oversight Board for a term expiring Sept. 14, 2009, vice Charles L. Kolbe, term expired.

May 1, 2006—Received in the Senate and referred to the Committee on Finance.

Nov. 14, 2006—Committee on Finance. Hearings held.

Dec. 6, 2006—Committee on Finance. Ordered to be reported favorably.

Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1013. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

**W. Ralph Basham**, of Virginia, to be Commissioner of Customs, Department of Homeland Security, vice Robert C. Bonner, resigned.

Jan. 31, 2006—Received in the Senate and referred to the Committee on Finance.

Apr. 5, 2006—Committee on Finance. Hearings held.

May 18, 2006—Committee on Finance. Ordered to be reported favorably.

May 18, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

May 18, 2006—Placed on Senate Executive Calendar. Calendar No. 640. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

May 26, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Department of Homeland Security)

**Daniel Meron**, of Maryland, to be General Counsel of the Department of Health and Human Services, vice Alex Azar II.

Nov. 16, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Department of Health and Human Services)

**Richard T. Crowder**, of Virginia, to be Chief Agricultural Negotiator, Office of the United States Trade Representative, with the rank of Ambassador, vice Allen Frederick Johnson, resigned.

Nov. 16, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 14, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–502.

Dec. 16, 2005—Committee on Finance. Ordered to be reported favorably.

Dec. 16, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 16, 2005—Placed on Senate Executive Calendar. Calendar No. 482. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 17, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Executive Office of the President)

**David M. Spooner**, of Virginia, to be an Assistant Secretary of Commerce, vice James J. Jochum, resigned.

Nov. 10, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 14, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–502.

Dec. 16, 2005—Committee on Finance. Ordered to be reported favorably.

Dec. 16, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 16, 2005—Placed on Senate Executive Calendar. Calendar No. 481. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 17, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of Commerce)

**Thomas R. Saving**, of Texas, to be a Member of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund for a term of four years. (Reappointment)

Nov. 7, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Federal Insurance Trust Funds)

**Thomas R. Saving**, of Texas, to be a Member of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a term of four years. (Reappointment)

Nov. 7, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Federal Insurance Trust Funds)

**John L. Palmer**, of New York, to be a Member of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a term of four years. (Reappointment)

Nov. 7, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Federal Insurance Trust Funds)

**Thomas R. Saving**, of Texas, to be a Member of the Board of Trustees of the Federal Hospital Insurance Trust Fund for a term of four years. (Reappointment)

Nov. 7, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Federal Insurance Trust Funds)

**John L. Palmer**, of New York, to be a Member of the Board of Trustees of the Federal Hospital Insurance Trust Fund for a term of four years. (Reappointment)

Nov. 7, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Federal Insurance Trust Funds)

**John L. Palmer**, of New York, to be a Member of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund for a term of four years. (Reappointment)

Nov. 7, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 9, 2006—Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.

(Organization: Federal Insurance Trust Funds)

**Susan C. Schwab**, of Maryland, to be a Deputy United States Trade Representative, with the rank of Ambassador, vice Linnet F. Deily, resigned.

Nov. 2, 2005—Received in the Senate and referred to the Committee on Finance.

Nov. 10, 2005—Senate Committee on Finance discharged by Unanimous Consent.

Nov. 10, 2005—Confirmed by the Senate by Voice Vote.

(Organization: Executive Office of the President)

**Susan C. Schwab**, of Maryland, to be a Deputy United States Trade Representative, with the rank of Ambassador, vice Peter F. Allgeier.

Oct. 6, 2005—Received in the Senate and referred to the Committee on Finance.

Oct. 18, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–371.

Oct. 25, 2005—Committee on Finance. Ordered to be reported favorably.

Oct. 25, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Oct. 25, 2005—Placed on Senate Executive Calendar. Calendar No. 404. Subject to nominee's commitment to respond to re-

quests to appear and testify before any duly constituted committee of the Senate.

Oct. 28, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Executive Office of the President)

**Antonio Fratto**, of Pennsylvania, to be an Assistant Secretary of the Treasury, vice Robert Stanley Nichols.

Oct. 6, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 14, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–502.

Dec. 16, 2005—Committee on Finance. Ordered to be reported favorably.

Dec. 16, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 16, 2005—Placed on Senate Executive Calendar. Calendar No. 480. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 17, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of the Treasury)

**David Steele Bohigian**, of Missouri, to be an Assistant Secretary of Commerce, vice William Henry Lash, III, resigned.

Oct. 6, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 14, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–502.

Dec. 16, 2005—Committee on Finance. Ordered to be reported favorably.

Dec. 16, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 16, 2005—Placed on Senate Executive Calendar. Calendar No. 479. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 17, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of Commerce)

**Karan K. Bhatia**, of Maryland, to be Deputy United States Trade Representative, with the Rank of Ambassador, vice Josette Sheeran Shiner.

Sept. 15, 2005—Received in the Senate and referred to the Committee on Finance.

Oct. 18, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–371.

Oct. 25, 2005—Committee on Finance. Ordered to be reported favorably.

Oct. 25, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Oct. 25, 2005—Placed on Senate Executive Calendar. Calendar No. 403. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Oct. 28, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Executive Office of the President)

**James S. Halpern**, of the District of Columbia, to be a Judge of the United States Tax Court for a term of fifteen years. (Re-appointment)

Sept. 6, 2005—Received in the Senate and referred to the Committee on Finance.

Oct. 18, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–371.

Oct. 25, 2005—Committee on Finance. Ordered to be reported favorably.

Oct. 25, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Oct. 25, 2005—Placed on Senate Executive Calendar. Calendar No. 402. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Oct. 28, 2005—Confirmed by the Senate by Voice Vote.

(Organization: The Judiciary)

**John E. Maupin, Jr.**, of Tennessee, to be a Member of the Social Security Advisory Board for a term expiring Sept. 30, 2010, vice Gerald M. Shea, term expired.

Sept. 6, 2005—Received in the Senate and referred to the Committee on Finance.

Sept. 20, 2006—Received message of withdrawal of nomination from the President.

(Organization: Social Security Administration)

**Clay Lowery**, of Virginia, to be a Deputy Under Secretary of the Treasury, vice Randal Quarles.

Sept. 6, 2005—Received in the Senate and referred to the Committee on Finance.

Oct. 18, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–371.

Oct. 25, 2005—Committee on Finance. Ordered to be reported favorably.

Oct. 25, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Oct. 25, 2005—Placed on Senate Executive Calendar. Calendar No. 401. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Oct. 28, 2005—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

**Franklin L. Lavin**, of Ohio, to be Under Secretary of Commerce for International Trade, vice Grant D. Aldonas, resigned. Senate Banking, Housing, and Urban Affairs Senate Banking, Housing, and Urban Affairs

Sept. 15, 2005—Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 109–414.

July 29, 2005—Received in the Senate and referred to the Committee on Finance.

Sept. 29, 2005—Referred to the Committee on Banking, Housing, and Urban Affairs by unanimous consent on

Sept. 29, 2005 as a joint referral.

Sept. 29, 2005—Committee on Banking, Housing, and Urban Affairs. Ordered to be reported favorably.

Oct. 18, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–371.

Oct. 25, 2005—Committee on Finance. Ordered to be reported favorably.

Sept. 29, 2005—Reported by Senator Shelby, Committee on Banking, Housing, and Urban Affairs, without printed report.

Oct. 25, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Oct. 25, 2005—Placed on Senate Executive Calendar. Calendar No. 400. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Oct. 28, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of Commerce)

**Vincent J. Ventimiglia, Jr.**, of Maryland, to be an Assistant Secretary of Health and Human Services, vice Jennifer Young.

July 18, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 14, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–502.

Dec. 19, 2005—Committee on Finance. Ordered to be reported favorably.

Dec. 19, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 19, 2005—Placed on Senate Executive Calendar. Calendar No. 483. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 21, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of Health and Human Services)

**Robert M. Kimmitt**, of Virginia, to be Deputy Secretary of the Treasury, vice Samuel W. Bodman, resigned.

June 29, 2005—Received in the Senate and referred to the Committee on Finance.

July 20, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–219.

July 29, 2005—Committee on Finance. Ordered to be reported favorably.

July 29, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

July 29, 2005—Placed on Senate Executive Calendar. Calendar No. 307. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

July 29, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of the Treasury)

**Kevin I. Fromer**, of Virginia, to be a Deputy Under Secretary of the Treasury, vice John M. Duncan.

June 6, 2005—Received in the Senate and referred to the Committee on Finance.

July 20, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–219.

July 29, 2005—Committee on Finance. Ordered to be reported favorably.

July 29, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

July 29, 2005—Placed on Senate Executive Calendar. Calendar No. 306. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

July 29, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of the Treasury)

**Philip D. Morrison**, of the District of Columbia, to be an Assistant Secretary of the Treasury, vice Pamela F. Olson, resigned.

May 26, 2005—Received in the Senate and referred to the Committee on Finance.

Oct. 7, 2005—Received message of withdrawal of nomination from the President.

(Organization: Department of the Treasury)

**Randal Quarles**, of Utah, to be an Under Secretary of the Treasury, vice Brian Carlton Roseboro.

May 26, 2005—Received in the Senate and referred to the Committee on Finance.

July 20, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–219.

July 29, 2005—Committee on Finance. Ordered to be reported favorably.

July 29, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

July 29, 2005—Placed on Senate Executive Calendar. Calendar No. 305. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

July 29, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of the Treasury)

**Sandra L. Pack**, of Maryland, to be an Assistant Secretary of the Treasury, vice Teresa M. Ressel, resigned.

May 16, 2005—Received in the Senate and referred to the Committee on Finance.

July 20, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–219.

July 29, 2005—Committee on Finance. Ordered to be reported favorably.

July 29, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

July 29, 2005—Placed on Senate Executive Calendar. Calendar No. 303. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

July 29, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of the Treasury)

- Shara L. Aranoff**, of Maryland, to be a Member of the United States International Trade Commission for a term expiring Dec. 16, 2012, vice Marcia E. Miller, term expired.  
 Apr. 27, 2005—Received in the Senate and referred to the Committee on Finance.  
 May 24, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–265.  
 July 29, 2005—Committee on Finance. Ordered to be reported favorably.  
 July 29, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.  
 July 29, 2005—Placed on Senate Executive Calendar. Calendar No. 308. Subject to nominee’s commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.  
 July 29, 2005—Confirmed by the Senate by Voice Vote.  
 (Organization: United States International Trade Commission)
- Charles E. Johnson**, of Utah, to be an Assistant Secretary of Health and Human Services, vice Janet Hale, resigned.  
 Apr. 25, 2005—Received in the Senate and referred to the Committee on Finance.  
 May 24, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–265.  
 July 20, 2005—Committee on Finance. Ordered to be reported favorably.  
 July 20, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.  
 July 20, 2005—Placed on Senate Executive Calendar. Calendar No. 216.  
 July 22, 2005—Confirmed by the Senate by Voice Vote.  
 (Organization: Department of Health and Human Services)
- Alex Azar II**, of Maryland, to be Deputy Secretary of Health and Human Services, vice Claude A. Allen, resigned.  
 Apr. 19, 2005—Received in the Senate and referred to the Committee on Finance.  
 May 24, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–265.  
 July 20, 2005—Committee on Finance. Ordered to be reported favorably.  
 July 20, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.  
 July 20, 2005—Placed on Senate Executive Calendar. Calendar No. 215.  
 July 22, 2005—Confirmed by the Senate by Voice Vote.  
 (Organization: Department of Health and Human Services)
- Robert J. Portman**, of Ohio, to be United States Trade Representative, with the rank of Ambassador Extraordinary and Plenipotentiary, vice Robert B. Zoellick, resigned.  
 Apr. 13, 2005—Received in the Senate and referred to the Committee on Finance.  
 Apr. 21, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–215.

Apr. 26, 2005—Committee on Finance. Ordered to be reported favorably.

Apr. 26, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Apr. 26, 2005—Placed on Senate Executive Calendar. Calendar No. 74. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Apr. 27, 2005—Cloture motion presented in Senate.

Apr. 28, 2005—Vote on cloture motion withdrawn by unanimous consent in Senate.

Apr. 28, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Executive Office of the President)

**Timothy D. Adams**, of Virginia, to be an Under Secretary of the Treasury, vice John B. Taylor.

Apr. 6, 2005—Received in the Senate and referred to the Committee on Finance.

May 24, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–265.

July 29, 2005—Committee on Finance. Ordered to be reported favorably.

July 29, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

July 29, 2005—Placed on Senate Executive Calendar. Calendar No. 304. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

July 29, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of the Treasury)

**Suzanne C. DeFrancis**, of Maryland, to be an Assistant Secretary of Health and Human Services, vice Kevin Keane.

Apr. 4, 2005—Received in the Senate and referred to the Committee on Finance.

May 24, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–265.

July 20, 2005—Committee on Finance. Ordered to be reported favorably.

July 20, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

July 20, 2005—Placed on Senate Executive Calendar. Calendar No. 214.

July 22, 2005—Confirmed by the Senate by Voice Vote.  
(Organization: Department of Health and Human Services)

**Daniel R. Levinson**, of Maryland, to be Inspector General, Department of Health and Human Services, vice Janet Rehnquist, resigned.

Jan. 24, 2005—Received in the Senate and referred to the Committee on Finance and when reported, to be sequentially referred to the Committee on Homeland Security and Governmental Affairs for not more than 20 days, pursuant to an order of the Senate of Jan. 20, 2005.

Feb. 17, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–73.

Mar. 17, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Mar. 17, 2005—Committee on Finance. Ordered to be reported favorably.

Mar. 17, 2005—Referred to the Committee on Homeland Security and Governmental Affairs for not more than 20 days, pursuant to an order of the Senate of Jan. 20, 2005.

Apr. 13, 2005—Senate Committee on Homeland Security and Governmental Affairs discharged by Unanimous Consent. Pursuant to an order of the Senate of Jan. 20, 2005.

Apr. 13, 2005—Placed on Senate Executive Calendar. Calendar No. 57. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

June 8, 2005—Confirmed by the Senate by Voice Vote.

(Organization: Department of Health and Human Services)

**Harold Damelin**, of Virginia, to be Inspector General, Department of the Treasury, vice Jeffrey Rush, Jr., resigned. Jointly referred to Senate Finance and Senate Homeland Security and Governmental Affairs.

Jan. 24, 2005—Received in the Senate and referred to the Committee on Finance and when reported, to be sequentially referred to the Committee on Homeland Security and Governmental Affairs for not more than 20 days, pursuant to an order of the Senate of Jan. 20, 2005.

Feb. 17, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–73.

Mar. 9, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Mar. 9, 2005—Committee on Finance. Ordered to be reported favorably.

Mar. 9, 2005—Referred sequentially to the Committee on Homeland Security and Governmental Affairs for not more than 20 days, pursuant to an order of the Senate of Jan. 20, 2005.

Mar. 17, 2005—Senate Committee on Homeland Security and Governmental Affairs discharged by Unanimous Consent. and confirmed.

Mar. 17, 2005—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

**Raymond Thomas Wagner, Jr.**, of Missouri, to be a Member of the Internal Revenue Service Oversight Board for a term expiring Sept. 14, 2009. (Reappointment)

Jan. 24, 2005—Received in the Senate and referred to the Committee on Finance.

Feb. 17, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–73.

Mar. 9, 2005—Committee on Finance. Ordered to be reported favorably.

Mar. 9, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Mar. 9, 2005—Placed on Senate Executive Calendar. Calendar No. 24.

Mar. 16, 2005—Confirmed by the Senate by Voice Vote.

(Organization: Department of the Treasury)

**Jeffrey Robert Brown**, of Illinois, to be a Member of Social Security Advisory Board for a term expiring Sept. 30, 2008, vice Bradley D. Belt, resigned.

Jan. 4, 2005—Received in the Senate and referred to the Committee on Finance.

Dec. 14, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–502.

Dec. 6, 2006—Reported by Senator Grassley, Committee on Finance, without printed report.

Dec. 6, 2006—Placed on Senate Executive Calendar. Calendar No. 1017. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Dec. 9, 2006—Confirmed by the Senate by Voice Vote.

(Organization: Social Security Administration)

**Michael O. Leavitt**, of Utah, to be Secretary of Health and Human Services, vice Tommy G. Thompson, resigned.

Jan. 4, 2005—Received in the Senate and referred to the Committee on Finance.

Jan. 19, 2005—Committee on Finance. Hearings held. Hearings printed: S.Hrg. 109–170.

Jan. 25, 2005—Committee on Finance. Ordered to be reported favorably.

Jan. 18, 2005—Committee on Health, Education, Labor, and Pensions. Hearings held. Hearings printed: S.Hrg. 109–56.

Jan. 25, 2005—Reported by Senator Grassley, Committee on Finance, without printed report.

Jan. 25, 2005—Placed on Senate Executive Calendar. Calendar No. 6. Subject to nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Jan. 26, 2005—Confirmed by the Senate by Voice Vote.

(Organization: Department of Health and Human Services)



**BILLS AND RESOLUTIONS REFERRED  
TO THE COMMITTEE**

There were 1622 Senate bills and 7 House bills referred to the Committee for consideration during the 109th Congress. In addition, 24 Senate and House resolutions (joint, concurrent or simple resolutions) were referred to the Committee.

## REPORTS, PRINTS, AND STUDIES

During the 109th Congress, the Committee and supporting Joint Committees, prepared and issued 18 reports, special prints, and studies on the following topics:

Title	Senate Report	To accompany
UNITED STATES-OMAN FREE TRADE AGREEMENT IMPLEMENTATION ACT.	109-364 .....	S. 3569
ELDER JUSTICE ACT .....	109-337 .....	S. 2010
TELEPHONE EXCISE TAX REPEAL AND TAXPAYER PROTECTION AND ASSISTANCE ACT OF 2006.	109-336 .....	S. 1321
A BILL TO AUTHORIZE THE EXTENSION OF NONDISCRIMINATORY TREATMENT (NORMAL TRADE RELATIONS TREATMENT) TO THE PRODUCTS OF VIETNAM FILED, UNDER AUTHORITY OF THE ORDER OF THE SENATE OF AUGUST 4, (LEGISLATIVE DAY AUGUST 3) 2006.	109-321 .....	S. 3495
MEDICARE, MEDICAID, AND SCHIP INDIAN HEALTH CARE IMPROVEMENT ACT OF 2006.	109-278 .....	S. 3524
IMPROVING OUTCOMES FOR CHILDREN AFFECTED BY METHACT OF 2006.	109-269 .....	S. 3525
UNITED STATES-BAHRAIN FREE TRADE AGREEMENT IMPLEMENTATION ACT FILED UNDER AUTHORITY OF THE ORDER OF THE SENATE OF NOVEMBER 18, 2005.	109-199 .....	S. 2027
NATIONAL EMPLOYEE SAVINGS AND TRUST EQUITY GUARANTEE ACT.	109-174 .....	S. 1953
DOMINICAN REPUBLIC-CENTRAL AMERICA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION ACT FILED, UNDER AUTHORITY OF THE ORDER OF THE SENATE OF JULY 29, 2005.	109-128 .....	S. 1307
APPROVING THE RENEWAL OF IMPORT RESTRICTIONS CONTAINED IN THE BURMESE FREEDOM AND DEMOCRACY ACT OF 2003.	109-101 .....	S.J. Res. 18
HIGHWAY REAUTHORIZATION AND EXCISE TAX SIMPLIFICATION ACT OF 2005.	109-082 .....	S. 1230
UNITED STATES TAX COURT MODERNIZATION ACT .....	109-064 .....	S. 661
PERSONAL RESPONSIBILITY AND INDIVIDUAL DEVELOPMENT FOR EVERYONE ACT (PRIDE).	109-051 .....	S. 667
REPORT ON THE ACTIVITIES OF THE COMMITTEE ON FINANCE OF THE UNITED STATES SENATE DURING THE 108TH CONGRESS PURSUANT TO RULE XXVI OF THE STANDING RULES OF THE SENATE.	109-048 .....	
RULES OF PROCEDURE .....	S.Prt. 109-3 ...	
REPORT OF STAFF INVESTIGATION OF THE NATURE CONSERVANCY.	S.Prt. 109-27	

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Title	Senate Report	To accompany
REVIEW OF THE FDA'S APPROVAL PROCESS FOR THE VAGUS NERVE STIMULATION THERAPY SYSTEM FOR TREATMENT-RESISTANT DEPRESSION.	S.Prt. 109-45	
MINORITY STAFF REPORT—INVESTIGATION OF JACK ABRAMOFF'S USE OF TAX-EXEMPT ORGANIZATIONS.	S.Prt. 109-68	

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## **OFFICIAL COMMUNICATIONS**

During the 109th Congress, a total of 805 official communications were submitted to the Committee. Of these, 5 were Presidential Messages; 745 were Executive Communications—these communications include reports to advise and inform the Congress, required annual or semi-annual agency budget and activities summaries, and requests for legislative action. The committee also received 90 Petitions and Memorials.