

COMMITTEE ON ENERGY AND COMMERCE OVERSIGHT PLAN

U.S. HOUSE OF REPRESENTATIVES

108TH CONGRESS

CONGRESSMAN W. J. “BILLY” TAUZIN, CHAIRMAN

Rule X, clause 2(d) of the Rules of the House requires each standing Committee to adopt an oversight plan for the two-year period of the Congress and to submit the plan to the Committees on Government Reform and House Administration not later than February 15 of the first session of the Congress.

This is the oversight plan of the Committee on Energy and Commerce for the 108th Congress. It includes the areas in which the Committee expects to conduct oversight during the 108th Congress, but does not preclude oversight or investigation of additional matters as the need arises.

**COMMERCE, TRADE, AND CONSUMER PROTECTION
ISSUES**

VEHICLE AND TIRE SAFETY

During the 106th Congress, the Committee’s oversight of the Firestone tire recall matter led to the passage of legislation – the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act – mandating that the National Highway Traffic Safety Administration (NHTSA) institute rulemakings to require the submission of data on safety-related problems, claims, and lawsuits (whether foreign or domestic) from manufacturers of products within NHTSA’s purview, including tires and vehicles. In the 107th Congress, the Committee conducted oversight of NHTSA’s implementation of the TREAD Act, as well as industry’s continuing response to the safety issues that led to its enactment. In the 108th Congress, the Committee intends to continue its review of the implementation of the TREAD Act, including creation of an early warning database system, rollover standard setting, and general vehicle safety issues.

DECEPTIVE ADVERTISING OF HEALTH-RELATED PRODUCTS

During the past two years, the Federal Trade Commission (FTC) has increased its enforcement efforts in the area of deceptive advertising of health-related products, particularly weight-loss supplements. Despite these increased efforts by the FTC to crack down on deceptive advertising in this area, advertising of weight-loss products continues to saturate all advertising mediums. In the 108th Congress, the Committee will examine the enforcement efforts to date of the FTC with respect to deceptive advertising of weight-loss products, and investigate issues related to recidivism in this industry, as well as emerging products that

are being marketed directly to children or are dietary products designed for use exclusively by children.

THE FTC'S CONSUMER PROTECTION EFFORTS

In the 108th Congress, the Committee will continue to review the management, operations, rulemaking, and enforcement actions of the Federal Trade Commission (FTC) in safeguarding consumers. In particular, the Committee will continue to review Commission activity with regard to franchises, business opportunities, telemarketing and identity theft. The Committee also will examine the FTC's consumer protection mandate and performance as part of its reauthorization process.

CONSUMER PRODUCT SAFETY

In the 108th Congress, the Committee will continue to review the management, operations, and activities of the Consumer Product Safety Commission (CPSC) in safeguarding consumers, and particularly their children, from faulty or dangerous products. In particular, the Committee will review the adequacy of the CPSC's data gathering and dissemination efforts with respect to products within its jurisdiction. The Committee also will examine other activities that enhance consumer product safety, such as safety standard organizations.

FINANCIAL ACCOUNTING STANDARDS

The Committee's oversight of corporate accounting scandals during the 107th Congress led to the passage of corporate governance and accounting reform legislation in 2002. In the 108th Congress, the Committee will conduct oversight of accounting standards changes and Financial Accounting Standards Board (FASB) projects implemented in response to the new law and the corporate financial collapses of 2001 and 2002. In particular the Committee will monitor changes to standards relating to accounting for derivatives and hedging, disclosure requirements for guarantees, and disclosures about fair value and revenue recognition. The Committee will seek to ensure that the FASB standard-setting process is independent and transparent, and that the standards set by FASB result in unbiased financial information that reflects economic reality and promotes transparency in corporate disclosure. The Committee also will review the implementation of the funding mechanism provided for FASB through the Public Company Accounting Oversight Board created under last year's corporate reform act.

In addition, the Committee will monitor the progress of the International Accounting Standards Board (IASB) and its effect on U.S. accounting standards and standard setting. The Committee also will review the Securities and Exchange Commission study regarding principles-based accounting to explore the costs and benefits of a rules-based vs. principles-based system of accounting for U.S. companies.

INTERSTATE AND E-COMMERCE

In the 108th Congress, the Committee will continue to examine issues that substantially impact or affect interstate commerce, with particular interest in activities that impede such commerce. The Committee will continue its review of consumer information privacy in the commercial context. The Committee also will continue to examine impediments to electronic commerce, including state legal and regulatory impediments.

In addition, the Committee will continue to review and consider issues relating to private-sector cyber security, fraud, and other criminal issues confronting e-commerce. The Committee also will continue to examine whether there is a need for further liability reform in a number of areas, including product liability and punitive damage awards generally.

TRADE

In the 108th Congress, the Committee will continue to monitor and examine both multilateral trade agreements (including World Trade Organization agreements) and bilateral agreements such as the Singapore and Chile Free Trade Agreements, as those agreements relate to services within the Committee's jurisdiction – including telecommunications, electronic commerce, food and drugs, and energy. The Committee also will examine non-tariff trade barriers, such as legal and regulatory barriers, to electronic commerce and other services within the Committee's jurisdiction. In addition, the Committee will examine the role of the Office of the United States Trade Representative with respect to the assessment of international telecommunications trade and the implementation of trade agreements in this area. The Committee also will continue to examine the issue of foreign government ownership of companies in service industries within the Committee's jurisdiction.

ELECTRONIC COMMUNICATIONS NETWORKS (ECNs)

In the 108th Congress, the Committee will continue to evaluate the role of electronic communications networks (ECNs) in providing competition in the securities marketplace. The Committee will review impediments to competition and innovation in the securities markets, and explore ways to eliminate barriers while preserving investor protections. The Committee also will examine the current issues surrounding the availability of market data, and will consider appropriate treatment of last sale and quotation information.

ATHLETICS

In the 108th Congress, the Committee will continue to conduct oversight of issues affecting amateur athletics, including the role of commercialism, athletic opportunities, drug abuse, and the health and welfare of student athletes. In addition, the Committee will monitor the governance of organizations responsible for administering athletics, including the U.S. Olympic Committee.

TRAVEL AND TOURISM

Following the September 11 terrorist attacks, the travel and tourism industries were severely impacted by the decrease in business and vacation travel. In the 108th Congress, the Committee will review the obstacles that stand in the way of a full recovery for the travel and tourism industries, as well as how the industries, along with Federal and state governments, can encourage and promote the United States as a travel destination for international and domestic passengers.

ENERGY AND AIR QUALITY ISSUES

NATIONAL ENERGY POLICY

During the 108th Congress, the Committee will undertake an examination of national energy policy, examining U.S. policies as they relate to conservation, energy efficiency, production, and consumption of electricity, oil and natural gas, coal, hydroelectric power, nuclear power, and renewable energy. The Committee will examine the impact government policies are having on the exploration, production, and development of domestic energy resources. The Committee will review the Department of Energy's Office of Fossil Energy to ensure that its programs and resources are being optimized to support the domestic petroleum industry. The Committee also will examine global crude oil supplies in light of potential supply interruptions, such as a war with Iraq, political turmoil in Venezuela, and increasing competition from other countries for swing supply. The Committee will examine other issues relating to the nation's current energy infrastructure with a view towards its expansion.

In May 2001, Vice President Cheney and the other members of the National Energy Policy Development Group issued a report on a National Energy Policy. The report recommends specific legislative and regulatory reforms necessary to ensure the nation's long-term energy security and to meet short-term energy needs. The report contains numerous recommendations for action by specific agencies within the Federal government. The Committee will conduct oversight of the activities of these agencies with regard to the recommendations contained in the National Energy Policy report.

THE FEDERAL ENERGY REGULATORY COMMISSION

In the 108th Congress, the Committee will continue to examine the activities of the Federal Energy Regulatory Commission (FERC) relating to electric industry restructuring, protection of consumers, and the development of efficient and vigorous wholesale markets for electricity. In particular, the Committee will focus on FERC's review of applications for regional transmission organizations (RTOs), its review of comments on its proposed standard market design rulemaking, the adequacy and reliability of the nation's interstate transmission grid, and other matters relating to wholesale electricity markets and the development of

infrastructure needed to support such markets. The Committee will examine whether FERC's policies appropriately address the interests of each region of the country, the situation of industry participants with pending RTO applications, and the overall benefits of well-functioning wholesale markets. The Committee also will continue its oversight of FERC's handling of, and lessons learned from, the crisis in California and western electricity markets during 2001-2002, including review of the Commission staff's forthcoming investigative report and the Commission's other enforcement activity.

THE FEDERAL ELECTRIC UTILITIES

In the 108th Congress, the Committee will conduct oversight of the activities of the Federal Power Marketing Administrations (PMAs) and the Tennessee Valley Authority (TVA). The Federal government has been marketing electricity since the 1930s. According to the General Accounting Office (GAO), the Federal government today markets more than 10 percent of the nation's power through the PMAs and TVA. The majority of this power is sold to "preference customers," which includes cooperatives, municipal utilities, irrigation districts, large industrial customers, and military installations. The Committee will conduct oversight of the PMAs and TVA regarding issues such as debt reduction through recovery of costs, consistency with electricity transmission policies of the Federal government to promote competitive wholesale power markets, transmission and generation infrastructure upgrades, and compliance with relevant statutes.

OIL AND NATURAL GAS MARKETS

In the 108th Congress, the Committee will examine the reliability and transparency of natural gas markets, including price indices as well as the industry's use of derivatives and risk management as a means to stabilize commodity prices in the energy sector. The Committee also will examine whether domestic oil and gas companies are disadvantaged compared to foreign companies when competing for exploration and development programs in other countries.

THE STRATEGIC PETROLEUM RESERVE

With a potential war with Iraq looming and the political turmoil in Venezuela reducing oil exports from that country, the Committee will examine the appropriate uses of the Strategic Petroleum Reserve, the Executive Branch's ability to withdraw inventories, and a potential expansion and filling of the reserve to its Congressionally authorized amount of one billion barrels.

CLEAN COAL TECHNOLOGIES

In the 108th Congress, the Committee will continue its review of technological advances and other issues relating to "clean coal." The Committee will examine the potential for various technologies to achieve

increased efficiency, decreased environmental impacts (including air emissions), and the long-term ability of such technology to maintain a diverse energy supply for the nation. Past reviews have indicated that, while some technologies have begun to attract private capital, many technologies have yet to achieve economic viability in the marketplace. Thus, the Committee will examine whether the Federal government has a role to play in the expedited deployment of such power plant equipment, how different incentives could affect the deployment of new technologies, and the likely costs and benefits of different approaches.

GLOBAL CLIMATE CHANGE

The Committee will continue to monitor international negotiations on climate change during the 108th Congress. The Committee will consider whether international agreements are achievable, effective and fair to various U.S. interests. The Committee also will consider whether agreements on climate change are scientifically well grounded. In addition, the Committee will review components of ongoing climate programs – including activities carried out under the Global Change Research Program, the Climate Change Technology Initiative, and Section 1605(b) of the Energy Policy Act of 1992 – to ensure compliance with Congressional intent and guidance in this area.

GENERAL MANAGEMENT OF THE DEPARTMENT OF ENERGY AND ITS NATIONAL LABORATORIES

As in previous Congresses, the Committee will continue its comprehensive review of general management issues at the Department of Energy (DOE), including management of the National Nuclear Security Administration (NNSA) and the national laboratories. The Committee will examine DOE's budget requests and determine whether they are consistent with the Committee's priorities. The Committee will also continue to examine whether DOE is effectively managing the contractors that operate the national laboratories, and whether more competition is necessary in the contracting process. The Committee will continue to review the treatment of whistleblowers by DOE and its contractors.

In the 107th Congress, the Committee began a detailed investigation of procurement and property management deficiencies at Los Alamos National Laboratory, one of DOE's national laboratories run by the University of California. The Committee also recently requested that GAO review procurement and property inventory practices at the other two major national laboratories managed and operated by the University of California – the Lawrence Berkeley and Lawrence Livermore National Laboratories. In the 108th Congress, the Committee will continue to review these matters.

DOE ENVIRONMENTAL MANAGEMENT AND HIGH-LEVEL WASTE CLEAN UP PROGRAM

The Department of Energy's Environmental Management (EM) program initiated a comprehensive accelerated cleanup initiative in Fiscal Year 2003. The Committee will continue its review of this initiative to ensure that increased funding intended to achieve accelerated cleanup will actually result in real cleanup progress. The Committee also will review EM's high-level waste disposal program, including the construction and operation of high-level waste facilities at the Hanford site, the Idaho Environmental and Engineering Laboratory, and the Savannah River site.

THE YUCCA MOUNTAIN PROJECT

In the 107th Congress, the Committee reported H.J. Res. 87 approving the site at Yucca Mountain, Nevada, for the development by the Department of Energy (DOE) of a permanent repository for the disposal of commercial and government-owned spent nuclear fuel and high-level radioactive wastes. DOE cannot begin construction activities at Yucca Mountain until the Nuclear Regulatory Commission approves the construction authorization license. In the 108th Congress, the Committee will oversee DOE's progress toward completing its license application for construction authorization.

SAFETY AND SECURITY OF SPENT NUCLEAR FUEL

Spent nuclear fuel is currently located at hundreds of storage sites across the country at private and government-owned facilities. Spent fuel storage facilities include above-ground dry storage facilities and wet storage basins. Under current Federal plans, spent nuclear fuel will eventually be transported to a permanent disposal facility at Yucca Mountain. In the 108th Congress, the Committee will review issues relating to the current safety and security of spent nuclear fuel in storage, as well as the safety and security of spent nuclear fuel in transport.

DOE NUCLEAR SAFETY PROGRAMS

In the 108th Congress, the Committee will continue its oversight of implementation of nuclear safety regulations by the Department of Energy (DOE) and its contractor employees. As part of this review, the Committee will monitor closely the National Nuclear Security Administration's (NNSA) efforts to coordinate with appropriate nuclear safety offices at DOE to ensure that investigations are initiated and enforcement actions are taken whenever nuclear safety violations occur at facilities managed by NNSA.

DOE SECURITY PROGRAMS

In the 108th Congress, the Committee will continue its extensive oversight of security matters at Department of Energy (DOE) sites, particularly at the national nuclear weapon laboratories, in order to ensure that continuing improvements are made in the protection of classified information and nuclear materials – whether in storage, in use, or in

transport. The Committee also will review DOE's efforts to finalize and implement a new design basis threat for its facilities and laboratories.

THE NUCLEAR REGULATORY COMMISSION

As in previous Congresses, the Committee will review the activities of the Nuclear Regulatory Commission (NRC). The Committee will examine NRC's budget requests, conduct oversight of how the Commission discharges its various responsibilities, and review whether the Commission is an effective regulator of nuclear facilities. In particular, the Committee will monitor closely NRC's efforts to increase security requirements at nuclear facilities and develop a new design basis threat for these facilities. In addition, as part of the Committee's oversight of nuclear safety generally, the Committee will continue its review of nuclear safety issues at the Davis-Besse nuclear power plant – a situation that raises additional concerns about the Commission's ability to conduct adequate safety-related oversight of its regulated facilities.

ADVANCED AUTOMOBILE AND HYDROGEN FUEL INITIATIVES

In the 107th Congress, the Committee began a review of the FreedomCAR program run by the Department of Energy. In the 108th Congress, the Committee will continue to review the Department's FreedomCAR and FreedomFUEL advanced automobile and hydrogen fuels and infrastructure initiatives. This oversight effort will include an assessment of program set-up, cost-effectiveness, the hurdles that must be overcome to develop and bring to market advanced automobile technologies, and the infrastructures necessary to support them. The Committee also will continue to explore advanced vehicle technologies that may provide benefits in the near-term, such as clean diesel and hybrid technologies.

EPA IMPLEMENTATION OF THE CLEAN AIR ACT

In previous Congresses, the Committee has taken an active role in overseeing the Environmental Protection Agency's (EPA) implementation of the Clean Air Act and various amendments to this Act, including such matters as the 1997 revision to ozone and particulate matter standards, EPA's diesel engine certification program, EPA's regional haze program, implementation of Title VI of the Clean Air Act relating to metered-dose inhalers, and other related matters. In the 108th Congress, the Committee will continue to review significant activities regarding the Clean Air Act and the success of various efforts in achieving improved air quality in a manner that allows both administrative flexibility and improved cost-effectiveness. The Committee's review will include oversight of EPA strategies to attain Clean Air Act standards, including the implementation and assessment of vehicle emission inspection and maintenance programs.

IMPLEMENTATION OF THE "EQUIP" PROGRAM

The Farm Security and Rural Investment Act of 2002 significantly revised and expanded the Environmental Quality Incentives Program (EQUIP). This program provides incentive payments and cost-share payments to assist producers in their compliance with local, state and Federal environmental laws regarding soil, water, air quality, and wildlife habitat. Recently, the EQUIP program has funded such items as the purchase of less-polluting diesel generators on farms in California. In the 108th Congress, the Committee will review how both increased funding levels and the broadened legislative focus of the program assists communities in meeting obligations under Federal environmental statutes within the Committee's jurisdiction.

ENVIRONMENT AND HAZARDOUS MATERIALS ISSUES

EPA MANAGEMENT AND OPERATIONS

During the 108th Congress, the Committee intends to continue its general oversight of the Environmental Protection Agency (EPA), including reviewing EPA's mission and identifying programs or initiatives that deviate from that mission. The Committee also will review the agency's funding decisions, resource allocation, grants, research activities, enforcement actions, relations with State and local governments, and program implementation. Moreover, in light of an EPA Office of Inspector General's suggestion that the agency needs to improve its planning, measuring, and accountability practices, the Committee intends to monitor EPA's efforts to correct these deficiencies.

EPA PROTECTION OF SECURITY-RELATED INFORMATION

In the 108th Congress, the Committee will oversee Environmental Protection Agency (EPA) efforts to protect security preparedness and vulnerability information submitted to the agency under the provisions of the Public Health and Bioterrorism Preparedness and Response Act of 2002. In addition, the Committee will review EPA's relationship to, and coordination with, the Department of Homeland Security.

EPA'S RELATIONSHIP WITH THE STATES

In a report released in the previous Congress, the General Accounting Office (GAO) identified the Environmental Protection Agency's (EPA) relationship with the States as a "major performance and accountability challenge," citing disagreements over respective roles and responsibilities, priorities, and the proper conduct of Federal oversight. The Committee intends to monitor EPA's commitment to improving the agency's long-term relationship with the States under the National Environmental Performance Partnership. In addition, the Committee will continue to examine progressions and innovations made in the States' environmental programs, and evaluate whether there are Federal or state-level barriers to further success in these areas.

THE SUPERFUND PROGRAM AND BROWNFIELDS

In past Congresses, the Committee has conducted a review of the Superfund program run by the Environmental Protection Agency (EPA), including (1) regional enforcement and implementation of the cleanup program; (2) program management concerns identified by EPA's Inspector General; and (3) EPA expenditures from the Superfund Trust Fund. In the 108th Congress, the Committee will continue its review of the efficiency, effectiveness, funding, and pace of progress of the Superfund program. As part of the overall Superfund review, the Committee intends to monitor the implementation of the new brownfields remediation and grants law. In particular, the Committee is interested in reviewing whether EPA is properly administering the law and whether existing state brownfields programs are being inappropriately hampered by any implementation or management practices at the Federal level.

RESOURCE CONSERVATION AND RECOVERY ACT IMPLEMENTATION

The Committee will review the Environmental Protection Agency's relationship to the States' toxic waste cleanup programs, and whether Federal program reforms, additional funding, or stronger enforcement under the Resource Conservation and Recovery Act are necessary to expedite cleanups at toxic waste sites.

EPA RISK ASSESSMENT PRACTICES

In the 108th Congress, the Committee will conduct oversight with respect to Environmental Protection Agency risk assessment practices.

SAFE DRINKING WATER ACT AMENDMENTS

In the Safe Drinking Water Act (SDWA) Amendments of 1996, Congress authorized a drinking water state revolving loan fund (DWSRF) program to help public water systems finance infrastructure projects needed to comply with Federal drinking water regulations and to protect public health. Under this program, States receive capitalization grants to make loans for drinking water projects and to support certain other activities. Since the law's enactment, the Committee has examined the Environmental Protection Agency's (EPA) implementation of the 1996 SDWA Amendments, including the conduct and adequacy of safe drinking water research and state funding of drinking water programs. At the end of Fiscal Year 2003, the current authorization for the DWSRF will expire. As part of the Committee's efforts to meet the needs of the nation's drinking water delivery systems and reauthorize the DWSRF, the Committee will continue its review of the 1996 Amendments and the magnitude of any funding "gap" between identified resources and identified needs for drinking water delivery systems. In addition, the Committee will assess EPA's implementation of non-grant components of the 1996 SDWA Amendments, including compliance rates and future safe drinking water delivery challenges.

The Committee also will review EPA's implementation of Title IV of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 with respect to security of drinking water systems from terrorist attack.

DEPARTMENT OF DEFENSE COMPLIANCE WITH ENVIRONMENTAL LAWS

Last year, the Department of Defense (DOD) asserted that its ability to train the country's armed forces is being hampered by certain Federal environmental laws – three of which fall within the jurisdiction of the Committee. As the committee responsible for passage of the Federal Facilities Compliance Act, the Committee will review DOD's environmental activities and ascertain its record of clean-up effectiveness, ongoing monitoring, and compliance with Federal and state environmental laws and regulations. In addition, the Committee will examine DOD's actions in response to two GAO reports issued in the 107th Congress, which raised concerns about DOD's overall environmental efforts at Formerly Utilized Defense Sites.

HEALTH AND HEALTHCARE ISSUES

MEDICARE MODERNIZATION

Given the growing financial pressures facing the Medicare program because of an aging population, the Committee will continue to examine ways to strengthen and modernize the program for current and future generations. Today, Medicare consumes approximately 12 percent of the Federal budget – a number expected to increase to over 30 percent by 2030. In the 108th Congress, the Committee will review proposals to address program growth, examine the adequacy of existing Part A and Part B funding mechanisms, and review proposals to improve beneficiaries' basic benefit packages. Specifically, the Committee will explore initiatives that enhance beneficiary choice, provide patients with better access to preventive benefits and a catastrophic cap on out-of-pocket expenditures, and reform cost-sharing mechanisms.

CHILDHOOD VACCINE SHORTAGES

Since the summer of 2001, there has been a reported shortage of doses to protect children against eight of 11 vaccine-preventable diseases, including chicken pox, diphtheria, and whooping cough. According to the Centers for Disease Control and Prevention (CDC), this vaccine shortage is the worst in 24 years, causing vaccines to be unavailable to millions of children. Moreover, the number of domestic manufacturers of vaccines has dropped from 37 to four. In the 108th Congress, the Committee will examine the factors that may contribute to shortages of vaccines. In particular, the Committee will review whether government policies or regulations in this area provide disincentives to vaccine research, development, and production, and whether the Federal vaccine injury compensation and liability system is working effectively.

SAFETY OF BREAST IMPLANTS

Over the last several years, the Committee has monitored the oversight by the Food and Drug Administration (FDA) of the breast-implant industry and the safety and efficacy of saline-filled and silicone-filled breast implants. Under a provision of the medical device user fee law passed in the last Congress, the National Institutes of Health is required to issue a report this year on the safety of breast implants. In addition, FDA will be reviewing pre-market applications for silicone breast implants this year. Given these developments, the Committee will continue its review in this area during the 108th Congress.

FDA DRUG APPROVAL PROCESS REFORM

Last year, the Subcommittee on Oversight and Investigations held two hearings concerning ImClone Systems and the Food and Drug Administration (FDA) review and rejection of its cancer treatment drug Erbitux. This inquiry revealed inconsistencies in the drug review processes between the two FDA centers that consider drug applications and their policies for interacting with drug companies submitting such applications. By exposing these issues, the Committee helped spur a FDA reorganization of therapeutic drug reviews and other policy changes to improve the drug approval process. The Committee will continue to monitor and examine these FDA policy changes to improve the drug approval process during the 108th Congress.

PRESCRIPTION DRUG SAFETY AND ABUSE

In previous Congresses, the Committee has investigated safety and misuse concerns surrounding several prescription drugs approved for sale by the Food and Drug Administration (FDA), including the acne drug Accutane and the top-selling analgesic Oxycontin. In the 108th Congress, the Committee will continue to monitor issues relating to these two drugs, as well as FDA's pending evaluation of Palladone, another narcotic analgesic.

In the 108th Congress, the Committee also will continue its prior investigations into the safety of imported (and re-imported) drugs, including counterfeit or unapproved drugs and bulk ingredients imported for use in finished drug products. The Committee's efforts will include a continuing review of FDA activities to address the growing problems of prescription drugs being sold illegally to U.S. residents from Internet sites, and the potential consequences such activities pose to public health. In addition, the Committee will continue its review of the growing emergence of Mexican border pharmacies, and the potential threats such sources may pose to U.S. travelers seeking medicines from such sources. The Committee's efforts also will focus on what actions FDA, the Drug Enforcement Administration, and various mail couriers (including the U.S. Postal Service, FedEx, and UPS) are taking to prevent or limit a variety of dangerous drugs (including controlled substances) from illegally entering the United States. Finally, given FDA's pending

investigations of several cases of counterfeit finished drugs found by patients and pharmacists in the United States, the Committee will continue to examine the evolving nature of this issue and the efforts FDA and the pharmaceutical industry are taking to reduce this threat.

NURSING HOMES QUALITY OF CARE

As part of the Committee's jurisdiction over programs administered by the Department of Health and Human Services (HHS), including Medicare Part B and Medicaid, the Committee will examine quality-of-care issues in nursing homes during the 108th Congress. The Committee will monitor HHS' efforts to promote quality care in nursing homes, and whether consumers are receiving sufficient information to help them evaluate quality. Moreover, as part of the Committee's continuing oversight of corporate accountability, the Committee will review the management of publicly-traded nursing homes and the public disclosures to investors concerning the financial health of these companies, particularly given the recent bankruptcies (and subsequent reorganizations) of many of the largest nursing home chains.

CMS' MANAGEMENT OF THE MEDICARE AND MEDICAID PROGRAMS

In the 108th Congress, the Committee will continue to assess the management by the Centers for Medicare and Medicaid Services (CMS) of the fiscal intermediaries and carriers that are responsible for processing all Medicare claims and payments. Although CMS provides overall policy guidance for the administration of Medicare, day-to-day operation of the program is dependent on contractors that process beneficiary claims and make Medicare payments to healthcare providers. The Committee's prior oversight in this area has revealed how several of these contractors fraudulently misrepresented their performance, submitted false financial data, compromised the integrity of audits, and destroyed relevant documents in order to receive greater incentive payments from CMS – and how CMS failed to detect these activities because of lax oversight coupled with complex and often contradictory directives from CMS headquarters and regional offices. In response, CMS initiated significant efforts to reform its management of Medicare contractors, and has sought new authority to expand the types of entities that can serve as Medicare contractors. The Committee will continue to review CMS oversight of these contractors and examine the current contractor eligibility requirements and the Medicare claims payment system.

During the 108th Congress, the Committee also will continue efforts to streamline administrative and regulatory burdens on beneficiaries and providers. As part of this effort, the Committee will monitor CMS' implementation of the Balanced Budget Act of 1997 (BBA), the Balanced Budget Refinement Act (BBRA), the Benefits Improvement and Protection Act (BIPA), as well as any regulatory relief legislation that this Congress may pass. The Committee also will review the Medicare appeals process to evaluate its efficiency and effectiveness in

resolving disputes over Medicare coverage affecting the program's 40 million beneficiaries. The new Medicare appeals process was included in BIPA, which was enacted in 2000. In addition, these laws contain provisions having an impact on the Medicaid program and the State Children's Health Insurance Program (S-CHIP), which the Committee will review as well.

MEDICARE+CHOICE

In the 108th Congress, the Committee will continue to examine the Medicare+Choice market and the policies that affect plans' decisions to participate in the program. Over the last several years, hundreds of plans have withdrawn from the Medicare+Choice program, affecting more than 2.4 million beneficiaries. In addition, many plans have reduced benefits or increased beneficiary cost-sharing, making these plans less attractive to beneficiaries. The Committee will carefully examine these issues, and attempt to identify solutions that will guarantee that beneficiaries will continue to have access to Medicare+Choice plans.

PRESCRIPTION DRUGS

As part of the Congressional effort to enact a new prescription drug benefit for Medicare beneficiaries, the Committee will continue to review issues relating to prescription drugs. These issues will include assessing beneficiaries' pharmaceutical needs, utilization and expenditures, as well as the special circumstances of low-income seniors, and how all of these factors might relate to possible benefit designs. The Committee will examine innovative strategies for harnessing purchasing power to lower costs, and for providing better disease management for Medicare beneficiaries. In addition, the Committee will continue its oversight into the abuses associated with drug-price reporting practices, particularly the use of Average Wholesale Price ("AWP") to set reimbursements for both the Medicare and Medicaid programs.

THE UNINSURED

Forty-one million Americans lack access to health insurance. In the 108th Congress, the Committee will examine ways to expand insurance coverage to these individuals and improve the insurance marketplace.

MEDICARE PREVENTATIVE CARE

As part of its oversight of how the Centers for Medicare and Medicaid Services manages the delivery of health care, the Committee will continue to assess policies concerning beneficiary use and the cost effectiveness of clinical preventive benefits and services under Medicare.

PREVENTING WASTE, FRAUD AND ABUSE IN FEDERAL HEALTHCARE PROGRAMS

The Medicare program continues to be at risk of considerable losses due to waste, fraud and abuse. Because of the program's large size and scope – providing health care coverage for 40 million Americans, with expenditures in excess of \$241 billion each year – the Committee will focus considerable attention on efforts to eliminate improper payments. In particular, the Committee will review Federal financial management processes and controls, and information technology and systems used to prevent and detect fraud.

The Committee also will examine Medicare reimbursement policies to identify and eliminate potential areas in which the program may be vulnerable to fraud and abuse. These initiatives will include an examination of reimbursements to hospitals, skilled nursing facilities, and other providers, including outlier payment issues. The Committee also will review issues relating to healthcare financing highlighted by the recent collapse of National Century Financial Enterprises. In this context, the Committee will examine the pace of reimbursement from Medicaid and Medicare programs, and the potential impact this may have upon providers and their reliance on risky and expensive cash flow financing from lenders such as National Century. The Committee also will examine how these financing arrangements may threaten healthcare providers with bankruptcy, as the National Century case has demonstrated.

REFORM OF THE MEDICAID PROGRAM

Medicaid is a program jointly funded by the Federal government and the States to provide healthcare coverage for approximately 44 million low-income Americans. In Fiscal Year 2001, Medicaid had total expenditures of \$228 billion, with the Federal share equaling approximately 57 percent. It is estimated that total Medicaid spending for Fiscal Year 2002 will, for the first time, exceed spending for Medicare, and Medicaid spending is projected to double within the next ten years. On average, Medicaid currently consumes 15-20 percent of all state budgets, and is often the second largest budget item for States after education expenses.

The challenges inherent in overseeing a program of Medicaid's size, growth and diversity, combined with the open-ended nature of its Federal funding, places the program at risk for exploitation and waste. During the 108th Congress, the Committee will review the Medicaid program to assess its current operations and determine how they may be improved. These efforts will include examining the current system for financing Medicaid, and whether it may create incentives for States and providers to attempt to inappropriately obtain additional Federal funds. The Committee also will focus its attention on the needs of the elderly and disabled populations within Medicaid, and assess new strategies for improving the quality and cost effectiveness of the care they receive. In this regard, the Committee will examine state efforts to modify and improve the Medicaid program, and whether these efforts are meeting the needs of elderly and disabled beneficiaries.

IMAGE-GUIDED BIOPSY

In the 108th Congress, the Committee will examine why image-guided biopsy, a minimally invasive procedure used to determine if a patient has breast cancer, is used significantly less than surgical biopsy. Image-guided biopsy involves less cost to the patient and does not involve general anesthesia, unlike surgical biopsy. Yet surgical biopsy continues to be the method of biopsy most doctors use, despite the lack of data indicating that it is more effective or accurate than image-guided biopsy. Evidence also suggests that many patients are not made aware that they have an option for a less-invasive procedure. The Committee will review whether patients are receiving adequate information about this option, and whether the use of surgical biopsy over image-guided biopsy may result from the larger reimbursement rates under Medicare for the surgical biopsy procedure.

THE CENTERS FOR DISEASE CONTROL AND PREVENTION

Building on the Committee's prior oversight work to ensure the adequacy of Federal, state, and local efforts to respond to bioterrorism and other public health emergencies, the Committee will investigate ways to improve the grant making process at the Centers for Disease Control and Prevention to strengthen the capacity of the public health infrastructure at the state and local level. In particular, the Committee plans to review the effectiveness of current chronic disease prevention programs with respect to reducing the incidence of these diseases. The Committee also will review ways to improve infectious disease surveillance and control.

NATIONAL INSTITUTES OF HEALTH

Over the past five years, Congress has invested considerable additional resources into the National Institutes of Health (NIH), roughly doubling its budget. With approximately \$27 billion per fiscal year, NIH is the largest source of funding for health research in the world. In Spring 2003, the Institute of Medicine is expected to release a report on the organizational structure of NIH, specifically focusing on whether the current structure is meeting the scientific research needs of the United States.

In the 108th Congress, the Committee will conduct an examination of NIH's organizational structure, priority setting, and research activities. In particular, the Committee will examine how NIH exercises oversight over grant-receiving institutions. During one of the Committee's investigations last year, the Committee learned that NIH was providing grants to the Coulston Foundation, a registered animal research facility in Alamogordo, New Mexico, which had recently declared bankruptcy and had been cited by two other Federal agencies for violations of various Federal regulations. This incident raises the question whether NIH oversight ensures that its grant funds are properly managed, and that grantee institutions are not in violation of Federal regulations.

HHS PROGRAMS AFFECTING CHILDREN AND FAMILIES

The Committee will continue to conduct oversight of Department of Health and Human Services grant programs that affect the health of children and families. The Committee will evaluate the current distribution of funding for these programs, assess whether the monies are being spent effectively, and examine the extent to which these programs comply with statutory requirements and Congressional intent. In addition, the Committee will review the implementation of those aspects of the welfare reform provisions that are within the Committee's jurisdiction. These provisions are scheduled for reauthorization this year.

ANTIBIOTIC RESISTANCE

In the 108th Congress, the Committee will review the efforts and recommendations of the Interagency Task Force on Antimicrobial Resistance, which was statutorily authorized under the Public Health Improvement Act of 1999 (P.L. 106-505). This oversight will involve assessment of the Federal surveillance and monitoring programs, prevention and control efforts, and research and development activities relating to antimicrobial resistance.

ORGAN DONATIONS

In the 108th Congress, the Committee intends to review the current organ donation system, and whether improvements can be made to the system in order to increase the availability of donated organs for patients on transplant waiting lists.

DRUG ABUSE TREATMENT & PREVENTION

For the last several years, the Substance Abuse and Mental Health Services Administration (SAMHSA) has been attempting to publish mandatory guidelines for testing of alternative specimens (such as hair, sweat, and oral fluid) and on-site testing techniques for potential drugs of abuse. These alternative testing matrices could help bolster the accuracy and capability of workplace drug testing. The Committee intends to examine the reasons for the delay in publication of these guidelines, and whether the process for issuing these guidelines can be expedited.

The Committee also will review more generally SAMHSA and the programs it administers, in order to identify strengths and weaknesses of the current grant structure. In addition, the Committee will examine the Administration's new initiative to help drug-addicted Americans find needed treatment.

MEDICAL LIABILITY INSURANCE

In the 108th Congress, the Committee will continue to focus on issues relating to medical liability insurance. In particular, the Committee plans to review the extent and causes of the medical liability insurance crisis, which may be contributing to providers' unwillingness to continue practicing in certain jurisdictions and in certain specialties.

PATIENT SAFETY

As part of its jurisdiction over public health, the Committee will continue to address the issues of patient safety and medical errors. In its 1999 report, *To Err Is Human*, the Institute of Medicine estimated that 44,000 to 98,000 Americans die each year as a result of medical errors. While there has been some dispute about the accuracy of these precise estimates, the Committee intends to explore possible incentives to encourage the healthcare industry to reduce medical errors, and will review the Federal government's overall role in promoting patient safety.

PEDIATRIC DRUG TESTING

Late last year, a Federal court ruled that the Food and Drug Administration (FDA) did not have the authority to issue its "Pediatric Rule," which required manufacturers of drugs and biologics to test their drugs intended for adults on children. In light of this decision, the Committee intends to review FDA efforts to ensure the appropriate testing of drugs in children, and will consider whether statutory changes are necessary.

GENERIC DRUG COMPETITION

The Food and Drug Administration (FDA) recently proposed a rule that would re-interpret the 30-month stay provision of the Hatch-Waxman Act, among other things. Prior to the re-interpretation, brand-name drug manufacturers, in limited instances, could obtain multiple 30-month stays to forestall generic competition. The proposed rule would allow for only one 30-month stay. The Committee intends to monitor FDA's promulgation of the final rule during the 108th Congress.

FOOD ALLERGEN LABELING

In the 108th Congress, the Committee intends to review whether the food industry is adequately labeling food products for the presence of eight major food allergens in a manner that is easily understood by consumers.

MEDICAL DEVICE ISSUES

Last year, the President signed into law the Medical Device User Fee and Modernization Act of 2002. Among other things, this legislation required device manufacturers to pay user fees to the Food and Drug Administration (FDA) for the review of their medical devices. In the 108th Congress, the Committee will conduct oversight in this area to ensure timely and effective implementation of this law.

ANIMAL DRUG ISSUES

Approval of animal drugs takes the Food and Drug Administration (FDA) longer than virtually any other drug application. In the 108th

Congress, the Committee will review the reasons for this delay, and consider whether it is necessary to develop a user fee program for animal drugs. Under such a program, industry would pay fees to FDA for review of animal drug applications and, with such fees, FDA would hire additional personnel in order to speed the animal drug review process.

TELECOMMUNICATIONS ISSUES

THE UNIVERSAL SERVICE PROGRAM

In previous Congresses, the Committee has reviewed the operations of the Universal Service Program administered by the Federal Communications Commission (FCC). Universal service was first implemented as a government policy with the Charleston Plan of implicit subsidies in 1951 as a means of ensuring that all Americans enjoyed a ubiquitous, reliable, and affordable communications system. Universal service policies were amended after the breakup of AT&T in the early 1980s and again in the 1996 Telecommunications Act. One of the changes made in 1996 was the expansion of the program to include the subsidization of telecommunications services provided to schools, libraries, and rural health care providers. In the 108th Congress, the Committee will review the effectiveness of the universal service program and evaluate several possible reforms, including whether the fund should be expanded to include additional services, whether the fund should be reduced to account for advances in technology, and whether the methodology for how funds are collected and distributed should be changed.

The part of the program focused on schools, libraries, and rural healthcare providers is known as the “E-Rate” program, and its roughly \$2 billion annual fund is administered for the FCC by an independent company, the Universal Service Administrative Company. All telecommunications carriers that provide interstate and international services pay contributions into the E-Rate program, which are distributed by the FCC in the form of grants to schools, libraries, and rural health care providers. Recent reports by the FCC’s Inspector General and certain public interest groups, as well as recent criminal charges filed by the Department of Justice, indicate the potential for significant fraud, waste, and abuse within the E-Rate program, and suggest a lack of effective oversight of the program by the FCC. In the 108th Congress, the Committee will investigate these reports.

HEALTH OF THE TELECOMMUNICATIONS SECTOR

The prosperity of the telecommunications and technology sector provided a driving force behind the unprecedented economic growth experienced by the United States from 1995 to 2000. The mass-market commercialization of the Internet and the passage of the 1996 Telecommunications Act unleashed a massive investment in telecommunications and Internet companies. This boom, however, turned to bust in 2000 and 2001, as new investment from Wall Street dried up. There has been much analysis and speculation regarding the reasons for

this change of fortunes in the telecommunications industry. Some analysts have suggested a glut in Internet backbone capacity led to the industry's decline; others have suggested that too many local exchange competitors had poor business plans. Investors also shifted from evaluating companies based on revenue growth to evaluating them based upon profitability – and few of these companies were making any profit. In addition, even companies that had been profitable, such as incumbent local exchange carriers and cable companies, faced a decline in profitability due to increased intermodal competition and the overall decline in both business and consumer spending. As a result, hundreds of thousands of employees of telecommunications service and manufacturing companies have lost their jobs and dozens of companies have filed for bankruptcy.

In the 108th Congress, the Committee will examine what caused the downward spiral of the telecommunications sector, whether the causes were purely business-related, or whether there were regulatory or policy reasons for the slowdown.

FCC IMPLEMENTATION OF THE 1996 TELECOMMUNICATIONS ACT

In 1996, Congress enacted a major overhaul of the country's telecommunications laws. Among the many changes made in 1996, two in particular have spurred a tremendous amount of interest and controversy. First, in order to spur multi-platform facilities-based competition among telecommunications providers, Congress required incumbent local exchange carriers (ILECs) to make parts of their networks available to competitors seeking to offer telecommunications services. These competitors then would be able to offer telecommunications services while they gradually built out their own networks. Second, the 1996 Telecommunications Act created, for the first time, a statutory distinction between telecommunications services (essentially transmission services in which information does not change content or form) and information services (which do alter the content or form of information that is being transmitted). Companies interested in offering competitive telecommunications services were granted rights such as the ability to interconnect with an incumbent's network, the permission to resell an incumbent's retail services, the opportunity to enable a telephone customer to keep his or her phone number even if he or she switched carriers, and the right to lease parts of an incumbent's networks and collocate equipment in an incumbent's offices. Information services, on the other hand, were essentially left unregulated.

There has been widespread disagreement about whether the rules implementing these provisions from the 1996 Telecommunications Act have been effective in achieving the goals of the Act. In the 108th Congress, the Committee will continue to examine the implementation of the 1996 Telecommunications Act by the Federal Communications Commission.

The Federal Communications Commission (FCC) has required mobile telecommunications service providers to put technology in their networks and/or consumer handsets that enable a public safety official to determine a wireless caller's location with a certain degree of accuracy. This program, known as E-911, has the potential to save lives in cases in which 911 emergency calls are made from mobile phones but the caller is unable to provide precise location information. However, the deployment of location technology in mobile networks and handsets has been slower than expected. In 2002, former FCC Chief Engineer Dale Hatfield led a study of E-911 implementation and made several findings. He cited the need to bring incumbent local exchange carriers into closer coordination with respect to E-911 implementation. Hatfield also recommended that the FCC urge stakeholders to develop industry-wide procedures for testing and certification of wireless E-911 to ensure that they meet the accuracy requirements specified in the Commission's rules. In addition, Hatfield recommended that there be closer cooperation between the FCC and local and state 911 operations.

In the 107th Congress, the Subcommittee on Telecommunications and the Internet held a hearing on the status of the implementation of E-911. In the 108th Congress, the Committee will continue its examination in this regard and explore the recommendations from the Hatfield report.

DIGITAL TELEVISION

In the Balanced Budget Act of 1997, Congress directed that the Federal Communications Commission (FCC) authorize broadcasters to convert from analog to digital signals by the end of 2006, and beyond 2006 in markets where a sufficient number of households cannot access a digital television signal. While many digital stations already are in operation in major metropolitan areas, the overall conversion to digital television has been criticized as being slow, unorganized and unrealistic. There are a number of open proceedings at the Commission that will impact the success of the transition to digital television. The Committee intends to monitor the FCC's actions in these proceedings to ensure the rapid deployment of digital television in all areas of the country in accordance with the schedule set forth in the Balanced Budget Act of 1997. Further, the Committee plans to continue its in-depth review of the transition to digital television to determine what barriers exist to its full development and deployment.

EFFICIENT USE OF SPECTRUM AND SPECTRUM MANAGEMENT

Management of spectrum within the United States is shared between the Federal Communications Commission (FCC) (governing private sector use of the spectrum) and the National Telecommunications and Information Administration (NTIA) (governing governmental use of the spectrum). Virtually all usable spectrum already has been allocated. The recent popularity and growth of the wireless telecommunications industry has increased demand for the allocation and assignment of additional spectrum in order to provide new services, such as third generation

("3G") wireless services and Wi-Fi. The tension created by the current shortfall has a significant impact on the U.S. economy and the ability of U.S. wireless providers to compete with wireless companies in other nations that are rushing to offer new wireless services. The Committee plans an extensive review of spectrum management functions in the 108th Congress, in order to ensure efficient use of spectrum, particularly by Federal government users. In addition, the Committee will review efforts to promote spectrum sharing that may be beneficial to the promotion of new wireless technologies.

MEDIA OWNERSHIP RULES

The 1996 Telecommunications Act mandated that the Federal Communications Commission (FCC) immediately liberalize a number of its broadcast ownership rules. On an ongoing basis, the Act also requires the FCC to review its ownership rules biennially to "determine whether any of such rules are necessary in the public interest as the result of competition." In September 2002, the FCC consolidated three pending broadcast ownership proceedings into a single Biennial Review on six broadcast ownership rules: the broadcast-newspaper cross-ownership rule; the local radio ownership rule; the television-radio cross-ownership rule; the dual network rule; the local television ownership rule; and the national television ownership rule. In addition to the Biennial Review, the FCC has before it a separate pending proceeding on the cable horizontal ownership cap. The need to reassess these ownership rules was made more urgent by the determination of the U.S. Court of Appeals for the District of Columbia Circuit that, if the Commission is to retain its media ownership rules in their present form, it must first justify their need. In the 107th Congress, the Committee corresponded with the FCC and met with its staff on these issues. The issue of whether the media ownership rules should be relaxed has many proponents and opponents and, during the 108th Congress, the Committee will monitor closely the FCC's progress in these proceedings. A decision on the Biennial Review is expected in Spring 2003.

ICANN

The Internet Corporation for Assigned Names and Numbers (ICANN) governs the management and registration of the domain name system. In the 108th Congress, the Committee plans to examine the structure and operations of ICANN, and its effort – along with that of the National Telecommunications and Information Administration – to privatize the domain name system and determine the rightful ownership of the root server. ICANN also will be selecting and approving an unspecified number of new Internet domains. Past ICANN selections of new domains have been met with considerable controversy, and the Committee will exercise oversight to ensure that the selection process is open, fair, and competitive.

DOT KIDS

During the 107th Congress, the "Dot Kids Implementation and Efficiency Act" was passed into law. That law requires the operator of the ".us" country-code domain to create and maintain the ".kids" secondary domain. In the 108th Congress, the Committee will monitor closely the implementation of the ".kids" domain to ensure that the site is created consistent with the content mandates of the law. The Committee also will exercise oversight over the National Telecommunications and Information Administration's role in the creation and publication of the ".kids" domain.

CONTENT PROTECTION AND ITS RELATIONSHIP TO E-COMMERCE

As the digital arena continues to grow, questions about the protection of intellectual property arise that never existed in an analog world. Because digital copies are as perfect as originals, the question of how to ensure content protection in a digital age is critical in the development of all digital distribution platforms. The methods by which to protect the right of digital content producers, however, may impinge on the traditional expectations that consumers have grown accustomed to from living in the analog world. There also is a threat that particular technological means of content protection may stifle e-commerce and the further development of the Internet. In the 108th Congress, the Committee intends to examine how developing technologies in digital rights management, including watermarking and deterrents for peer-to-peer file sharing, affect traditional content protections. Further, the Committee will review whether traditional content protections warrant any changes, and whether new mechanisms are necessary to strike the proper balance between protecting works and encouraging the continued growth of the digital economy.

INTERNET SPAM AND POP-UP ADVERTISEMENTS

Internet users are expressing increasing frustration over the growing number of unsolicited e-mails they receive from commercial vendors, as well as the frequency of pop-up advertisements during Internet use. In the 108th Congress, the Committee will examine the extent of this problem and any efforts by the government and private sectors to control or limit such practices.

THE CORPORATION FOR PUBLIC BROADCASTING

Congress created the Corporation for Public Broadcasting (CPB) in the Public Broadcasting Act of 1967. Historically, the Committee has been charged with monitoring the activities of CPB and authorizing appropriations. In the 108th Congress, the Committee will continue to review the level of Federal funding necessary for the continuation of public broadcasting from stations across the country. The Committee also will examine issues relating to the efficiency of CPB, its funding mechanisms, and its relationship to the national program distribution

services – the Public Broadcasting Service and National Public Radio. Further, the Committee intends to conduct an examination of the estimated transition costs of the public broadcasters for converting from analog to digital television, as well as the intended uses that public broadcasters have for this new technology.

HOMELAND SECURITY ISSUES

CRITICAL INFRASTRUCTURE ASSURANCE ACTIVITIES

In 1997, the President's Council on Critical Infrastructure Protections recommended that the Federal government initiate increased efforts to ensure that critical infrastructures within the United States, including the electric power grid, telecommunications and transportation systems, and water supplies, are adequately secure from threats posed by malicious actors, foreign governments, and terrorists. Partially in response to this report, President Clinton issued Presidential Decision Directive 63 and created the Critical Infrastructure Assurance Office, which was originally housed within the Department of Commerce but will soon be transferred to the new Department of Homeland Security. In 2001, President Bush expanded upon this structure, and included additional sectors of the economy within this framework. In the previous Congress, the Committee closely followed efforts to improve critical infrastructure protections and, in the 108th Congress, the Committee intends to continue to review infrastructure assurance efforts that affect areas within the Committee's jurisdiction. In particular, the Committee will review protection efforts in the electricity, energy, nuclear, postal/shipping, and information and telecommunications industries, as well as with respect to the food and drinking water supplies and the public health infrastructure.

Specifically with respect to the chemical sector, the Committee expects to receive in March 2003 a report it requested from the General Accounting Office (GAO) on issues relating to chemical facility security, and will review its findings and recommendations. The Committee also will review the efforts of Federal agencies and the private sector to assess the vulnerabilities of such facilities and enhance security measures, including the Department of Justice's implementation of the requirements of the Chemical Safety Information, Site Security and Fuels Regulatory Relief Act of 1999 and whether the Department has access to adequate funding for this purpose.

NUCLEAR SMUGGLING

Because of the large volume of imports and a limited number of resources, the United States Customs Service inspects only about two percent of all cargo containers entering U.S. ports. In addition, Customs' effort to target inspections to suspect shipments is hampered by its reliance on cargo manifest data that is often vague, incomplete, and inconsistent. Because of these limitations, Customs must implement non-intrusive technological devices in order to effectively scan cargo for nuclear and/or radiological materials.

The United States, principally through the Second Line of Defense program run by the Department of Energy (DOE), has installed over 300 sophisticated portal monitors in the former Soviet Union to detect the exportation of smuggled nuclear or radiological materials from those countries. Yet as of November 2002 there were no analogous systems in place in the United States to prevent the importation of nuclear or radiological material. As a result of this Committee's oversight in the 107th Congress, Customs has improved coordination with DOE and has begun to deploy radiation portal monitoring systems along the northern U.S. border in December 2002 and January 2003. Customs plans on installing additional portal monitoring systems along the northern border in the first quarter of 2003. In addition, as a result of past Committee oversight, FedEx and UPS have taken steps to heighten their security procedures to prevent the importation of nuclear material through their systems.

Considerable oversight of these areas will be required to ensure that the U.S. becomes better secured from these threats, and to ensure that scarce resources are not expended on ineffective technologies. In the 108th Congress, the Committee will continue to monitor Federal government and private sector efforts at border crossings, seaports, and mail facilities. The Committee's review will analyze and assess Customs' and DOE's efforts and equipment aimed at detecting and preventing the smuggling of dangerous commerce, particularly nuclear and radiological weapons of mass destruction.

BIOTERRORISM PREPAREDNESS AND RESPONSE

In the 107th Congress, the Committee's oversight of the adequacy of Federal, state and local efforts to prepare for and effectively respond to bioterrorism and other public health emergencies led to the passage of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. In the 108th Congress, the Committee will oversee the implementation of this Act by the Department of Health and Human Services (HHS), and the coordination between HHS and the Department of Homeland Security with respect to setting priorities and goals for bioterrorism-related research and preparedness activities.

As part of this review, the Committee will examine the implementation of pre-event smallpox vaccination of select groups of health care workers (including review of issues relating to liability and compensation for adverse events), as well as the Administration's Bioshield proposal to accelerate the development and stockpiling of new vaccines and countermeasures for dangerous biological agents. The Committee also will review HHS efforts in the area of education and training of certain categories of health care professionals, as well as the implementation of tighter regulatory controls on the possession, use, and transfer of dangerous biological agents.

Further, the Committee intends to monitor the Food and Drug Administration's (FDA) promulgation of rules intended to combat possible bioterrorist activities relating to food products by ensuring that FDA has additional information about foods entering the country and is better able to track food shipments throughout the country. Under last

year's bioterrorism law, FDA must promulgate by October 2003 final rules pertaining to prior notice of food shipments, registration of food facilities, record-keeping requirements, and administrative detention of food shipments.

PUBLIC SAFETY SPECTRUM

A major communications problem identified by the September 11 tragedy was the absence of interoperable spectrum used by public safety officials. Police, fire, and rescue personnel from different jurisdictions often are not able to communicate with each other using their respective communications devices because they operate using different, incompatible frequencies. Finding or creating spectrum bands that could be used for interoperability among different public safety operations is critical if the United States is to be prepared to prevent or mitigate another terrorist strike. Moreover, to the extent that spectrum currently encumbered by broadcasters during the digital transition might be slated for public safety once the broadcaster gives it back, this issue is tied to the digital television transition.

In the 108th Congress, the Committee will examine this interoperability and spectrum management problem, gathering information from public safety officials at the Federal, state, and local level, the Federal Communications Commission, manufacturers of equipment that could be used for public safety purposes, and carriers that offer communications services for public safety operations.

IMPLEMENTATION OF GOVERNMENT-WIDE CYBER SECURITY PROGRAM

The Homeland Security Act of 2002 included a separate legislative provision entitled the Federal Information Security Management Act, which reauthorized and enhanced a government-wide cyber security program under the direction of the Office of Management and Budget (OMB). In the 107th Congress, the Committee reviewed the efforts of Federal agencies within its jurisdiction to comply with the original government-wide cyber security law, which passed in October 2000. During the 108th Congress, the Committee will continue these efforts to ensure that Federal agencies are complying with the cyber security provisions of the new Homeland Security Act.

IMPLEMENTATION OF THE HOMELAND SECURITY ACT

Last year, Congress passed the historic Homeland Security Act of 2002, which created a new Department of Homeland Security to consolidate and coordinate homeland defense activities currently spread throughout the Federal government. The Committee's prior oversight and legislative activities in this area contributed significantly to the development and passage of this legislation. In the 108th Congress, the Committee will oversee the implementation of this new law as it pertains to matters within the Committee's jurisdiction, including critical

infrastructure protection, research and development, and emergency preparedness.

MISCELLANEOUS ISSUES

MISUSE OF GOVERNMENT PURCHASE AND TRAVEL CARDS

In 2002, the Committee's investigation of misuse of government purchase cards at agencies under the jurisdiction of the Committee spurred the Office of Management and Budget (OMB) to take an active role in restructuring and improving the purchase card programs at all Federal government agencies. In the 108th Congress, the Committee will continue to work with OMB to ensure that the new programs are successful in preventing fraud, waste, and abuse in the use of this procurement tool. The Committee also requested that the General Accounting Office (GAO) conduct an audit of the travel card program at the Department of Health and Human Services (HHS). This report is due to be completed in February 2003. The Committee intends to continue its review of the travel card programs at HHS and other relevant agencies.