

NOMINATIONS OF DAVID A. SAMPSON, TO BE
DEPUTY SECRETARY AND JOHN J. SULLIVAN,
TO BE GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE

HEARING

BEFORE THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

MAY 18, 2005

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ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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**NOMINATIONS OF DAVID A. SAMPSON, TO BE
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THE DEPARTMENT OF COMMERCE**

WEDNESDAY, MAY 18, 2005

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 10:10 a.m. in room SR-253, Russell Senate Office Building, Hon. Trent Lott presiding.

**OPENING STATEMENT OF HON. TRENT LOTT,
U.S. SENATOR FROM MISSISSIPPI**

Senator LOTT. The hearing will now come to order. Today's hearing will be short, so I will forego a lengthy statement so that the nominees can answer any questions that may need to be addressed to them by the Committee Members. I urge other Senators that may be here just to submit their statements for the record.

Although, Senator Rockefeller, if you would like to speak at great length, certainly you would be recognized to do so.

On April 4, 2005, the President nominated Dr. David Sampson to be Deputy Secretary of Commerce. Dr. Sampson currently serves as Assistant Secretary of Commerce for Economic Development. We welcome Dr. Sampson and his family.

Are they here?

Dr. SAMPSON. Yes, sir.

Senator LOTT. Let us recognize this good-looking family out here. How many have we got lined up there?

Dr. SAMPSON. My wife and twin sons, John and Matt.

Senator LOTT. All right. Oh, double trouble, no question about that.

[Laughter.]

Senator LOTT. But thank you, Mrs. Sampson, for sacrificing to allow your husband to serve his country in this way. But I hope you find some enjoyment in it too.

Today's witnesses may have learned a little bit about the importance of fish to Members of this Committee. I did have a large chart with a smiling fish so you would think National Marine Fisheries Service every morning, Dr. Sampson. But I decided that you had been briefed in advance to the importance of fisheries.

Both witnesses' full statements will be made a part of the record. Dr. Sampson, again, we congratulate you.

And also, Mr. Sullivan, you currently serve as Deputy General Counsel of the Defense Department. And you clerked for Justice Souter. And we welcome you and your family here this morning. Are they here? Could we recognize them?

Mr. SULLIVAN. Thank you, Senator. Yes. I have my mother-in-law with me, Grace Rodriguez, and my two boys, Jack and Teddy Sullivan.

Senator LOTT. Well, they look very sharp in those fancy ties and coats.

Congratulations to both of you. This is a credit to you to be recognized, to be nominated for these very important positions. Mr. Sullivan, both you and Dr. Sampson, you are going to have very critical positions at the Department of Commerce. Of course, this Committee will be following your activities very closely.

May I yield to Senator Rockefeller for any opening comments you would like to make?

**STATEMENT OF HON. JOHN D. ROCKEFELLER IV,
U.S. SENATOR FROM WEST VIRGINIA**

Senator ROCKEFELLER. Well, I will be brief, Mr. Chairman, as I always am. I did not have a chance to talk to Mr. Sullivan, but I had a wonderful conversation with Dr. Sampson. And we discussed the importance of manufacturing, the importance of jobs, the importance of what do you do when people 48 years old, you know—and nobody has really good answers. But it was a sensitization—is that the right word? Sensitivity training.

And the Department of Commerce is huge for West Virginia. We actually discovered yesterday that we have the seventh largest inland port in America.

Senator LOTT. Where is that?

Senator ROCKEFELLER. Huntington, it is very big.

International trade, we discussed, and the importance of having fair trade, as well as free trade. Sometimes it is easy to say both, but hard to differentiate when it comes to the practice of it. We work very, very closely with you. I expressed to you the importance of just you, as an individual, to this country and to my state.

Trent Lott and I share a lot of the same kinds of problems and urgencies. And so I discussed these things with you. And we had a very, very good conversation, I thought.

Mr. Sullivan, your task, obviously, is tremendously important.

You are a lawyer, are you not, Trent?

Senator LOTT. Used to be.

Senator ROCKEFELLER. And I am not. But that is a large responsibility on your part. So we tend to try and work closely with you all. And we need you. And you need us, to a certain extent. And it should produce a productive relationship. I am very glad that you are both here, as well as your families.

Dr. SAMPSON. Thank you, Senator.

Mr. SULLIVAN. Thank you, Senator.

Senator LOTT. We are honored to have with us this morning to speak on behalf of Dr. Sampson, I believe, Senator Kay Bailey Hutchison, who is a very valued Member of this Committee.

Senator Hutchison, we would be glad to open with your statement and, after that, have you join us, if you can, at the podium.

**STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. Well, thank you, Mr. Chairman. I am very pleased to be here to introduce my long-time friend. I have worked with him for a long time in Texas. And now he is going to be nominated for the position of Deputy Secretary of Commerce. He is an assistant secretary now and has done a terrific job as the principal advisor on policy development to the Secretary. He has established funding priorities to find grant investment policy guidelines. And in his role as directing operations of the Economic Development Administration, he initiated a reorganization of that part of the Commerce Department for the first time in the 37 years of the Department of Commerce history.

Also, in addition to his professional background, he has a wonderful track record of vision and character and commitment to whatever job he holds. Before he assumed his present job at the Department of Commerce, he was involved in economic development activities at the state level in Texas. He was appointed by then Governor Bush to serve as Vice Chairman of the Texas Strategic Economic Development Planning Commission and then later chaired the Texas Council on Workforce and Economic Competitiveness.

So I think he has had deep experience in exactly what we want the Commerce Department to do. And that is find ways to create a better economic climate in our country and create more jobs and keep our industry in America and make sure that we have a healthy business climate in our country.

Dr. Sampson was the president and CEO of the Arlington Chamber of Commerce before he came into government. He led an aggressive business development and retention program there and was known as an effective leader throughout our state. He is a graduate of David Lipscomb University and earned his doctorate at Abilene Christian University. He currently resides in Northern Virginia, but I think his heart is still in Texas. And it is my honor to introduce him, someone that I know will do a great job for our country at this very important time in our economic period.

Senator LOTT. Well, thank you, honored colleague. We are very proud of the work you do. We know that you have pride in this nominee. I mean, it sounds like he has an excellent background and credentials. I am really pleased to learn of his experience in economic development and his knowledge of a variety of issues at the Commerce Department. When you look at the Commerce Department, it has a huge jurisdictional responsibility, all the way from trade to fisheries and other economic development. It is a very important department. And we have to have good, strong leadership there.

So, Dr. Sampson, we will be glad to hear from you at this point.

**STATEMENT OF DR. DAVID A. SAMPSON, NOMINEE TO BE
DEPUTY SECRETARY OF THE DEPARTMENT OF COMMERCE**

Dr. SAMPSON. Thank you, Mr. Chairman. I am honored to appear before you as the President's nominee to be Deputy Secretary of the U.S. Department of Commerce. And I am deeply grateful to the President for the opportunity to serve and his confidence. And I ap-

preciate Secretary Gutierrez's confidence and support, as well. And I also want to thank the Members of this Committee for their courtesies in visiting with me over the past couple of months.

Today I would like to be able to give you a better sense of what I hope to accomplish as Deputy Secretary of Commerce, if given that opportunity. And let me begin by stating my very strong commitment to the core mission of the Department of Commerce.

At the Department, we serve the American people by helping to create the right conditions for economic growth and expanding opportunity. We promote innovation. We foster entrepreneurship. We enhance competitiveness, and we encourage environmental stewardship. The Deputy Secretary of the Department of Commerce effectively serves as the agency's chief operating officer, overseeing the Department's 38,000 employees and \$6.5 billion budget. And I also understand the Deputy Secretary acts as the Secretary's primary advisor and surrogate.

As you have mentioned, the Department addresses a wide range of very important challenges to our Nation's economy every day from marine fisheries to international trade, the census, and various other scientific, environmental, technological, and economic areas.

With the support of the Committee and the hardworking men and women of the Department, I am confident that I can maintain the high standards set by my predecessors and support Secretary Gutierrez's commitment to excellence. If confirmed by the Senate, I will try to bring my valuable experience to the Office of the Deputy Secretary. I am very proud of the track record that EDA has accomplished over the past 4 years and I am very appreciative of both the career and political staff that I have had the honor to work with.

During my tenure, I have learned a lot about the Department of Commerce in interacting with other bureaus. But I clearly recognize that there is a lot still to learn. I welcome that challenge. I, if confirmed, will support the Secretary as he directs the Department's focus on economic growth and job creation. We will open foreign markets. We will insist that our trading partners comply with the full terms of their agreements with us. We will foster technological innovation. We will defend intellectual property rights. And we will implement effective export controls. We will promote the wise stewardship of our natural resources and oversee the collection of sound economic statistics to inform good policy.

And if confirmed, I look forward to working with this Committee on these and other matters.

In closing, I have been literally blessed with family, friends, and opportunity. And I am equally grateful especially for my wife Karen and my sons Matt and John for their support.

Mr. Chairman, thank you again for this opportunity to appear before the Committee and for your consideration of my nomination. And I would be pleased to respond to any questions the Committee may have.

[The prepared statement of Dr. Sampson follows:]

PREPARED STATEMENT OF DR. DAVID A. SAMPSON, NOMINEE TO BE DEPUTY
SECRETARY OF THE DEPARTMENT OF COMMERCE

Mr. Chairman, Senator Inouye, and Members of the Committee,

I am honored to appear before you as the President's nominee to become Deputy Secretary of the U.S. Department of Commerce. I am grateful to President Bush for the opportunity to serve. And I deeply appreciate Secretary Gutierrez's confidence and support. Let me also thank the Members of this Committee.

Today, I would like to give you a better sense of what I hope to accomplish as Deputy Secretary of Commerce, if given that opportunity. Let me begin by stating my strong commitment to the core mission of the Department of Commerce. At the Department, we serve the American people by helping to create the right conditions for economic growth and expanded opportunity. We promote innovation. We foster entrepreneurship. We enhance competitiveness. And we encourage environmental stewardship.

The Deputy Secretary of the Department of Commerce effectively serves as the Agency's chief operating officer, overseeing the Department's 38,000 employees and \$6.5 billion budget. The Deputy Secretary also acts as the Secretary's primary advisor and surrogate. The Department addresses a wide range of important challenges every day: From marine fisheries to international trade, the Census, and various other scientific, environmental, technological, and economic areas, the Department's work takes place on a global basis.

With the support of the Committee, and the hardworking men and women of the Department, I am confident that I can maintain the high standards set by my predecessors and support Secretary Gutierrez's commitment to excellence.

If confirmed by the Senate, I would bring valuable experience and knowledge to the office of Deputy Secretary. For the past four years, I have served as the Assistant Secretary for Economic Development.

Our primary focus has been achieving results for people-in-need through leading-edge, market-based economic development strategies in partnership with distressed regions and communities. At the same time, we have also focused on embedding good management practices at EDA.

I am proud that EDA was one of the first federal programs to adopt a fully functioning Balanced Scorecard system. This system has helped EDA to execute our strategy to raise performance throughout the organization. And it has helped us to deliver stronger results for the American people.

The Balanced Scorecard played a large role in driving EDA's success when the President's Office of Management and Budget evaluated our performance with their Program Assessment Rating Tool (PART). Overall, EDA scored in the top tiers of federal programs.

Also, as you know, the Congress reauthorized EDA in 2004. During the past several years, EDA's job creation efforts have been greatly strengthened by a pattern of increased private sector leverage of federal grant dollars. We understand that an economic development project does not begin to approach its potential until the private sector joins the enterprise through investment and involvement.

During my tenure at EDA, one of the President's early statements has been a guiding objective. He said "every American who is looking for work should be able to find a job." That mission has been my focus since the day I was confirmed as Assistant Secretary. The Committee can be confident that it will remain my primary goal as Deputy Secretary.

Several of the positions I held prior to joining the Department had a particular bearing on my preparation to serve effectively as Deputy Secretary.

Most recently, I served as President & Chief Executive Officer of the Arlington, Texas Chamber of Commerce. Concurrently, I served within then-Governor Bush's Administration by leading the Texas Council on Workforce and Economic Competitiveness as Chairman and serving as Vice Chair of the Texas Strategic Economic Development Planning Commission.

My experience in the public and private sectors has taught me that the Federal Government can play an important role in economic development and the creation of jobs by fostering the conditions that allow the private sector to thrive and increase employment.

While I am now familiar with the full Department's operations and programs, I know that the job of staying well-informed never ends. I welcome that challenge, And I will dedicate myself to meeting the high expectations for our Department from the President, the Secretary, and this Committee.

If confirmed, I will support the Secretary as he directs the Department's focus on economic growth and job creation. We will open foreign markets. We will insist that our trading partners comply with the full terms of our trade agreements. We will

foster technological innovation. We will defend intellectual property rights. We will implement effective export controls. We will promote the wise stewardship of our natural resources. And we will oversee the collection of sound economic statistics. If confirmed, I look forward to working with this Committee on these and other matters.

In closing, I have been richly blessed with family, friends, and opportunity. I am deeply grateful, especially for my wife Karen and my twin sons, Matt and John.

Mr. Chairman, thank you again for this opportunity to appear before you today, and for your consideration of my nomination. I would be pleased to respond to any questions you may have.

A. BIOGRAPHICAL INFORMATION

1. Name: David Allan Sampson.
2. Position to which nominated: Deputy Secretary of Commerce.
3. Date of Nomination: April 4, 2005.
4. Address: Residence: information not released to the public. Office: 1401 Constitution Avenue, NW, Washington, DC 20230.
5. Date and Place of Birth: July 2, 1957 in Washington, Indiana.
6. Provide the name, position, and place of employment for your spouse (if married) and the names and ages of your children (including stepchildren and children by a previous marriage).

Spouse: Karen Nichols Sampson is a social worker. She is currently employed as a Schedule C appointee at the Department of Health and Human Services as Special Assistant to the Commissioner, The Commission on Children, Youth, and Families.

Children: John David Sampson, 11 years old; Matthew Nicholas Sampson, 11 years old.

7. List all college and graduate degrees. Provide year and school attended.

David Lipscomb University, Nashville, TN, BA, 1978.

New Orleans Baptist Theological Seminary, M. Div., 1982.

Abilene Christian University, Abilene, TX, D. Min, 1991.

8. List all management-level jobs held and any non-managerial jobs that relate to the position for which you are nominated.

Vice President of Business Services, The Arlington Chamber, Arlington, Texas from 1992–1995.

President and CEO, The Arlington Chamber, Arlington, Texas from 1995–2001.

Assistant Secretary of Commerce for Economic Development, U.S. Department of Commerce, from 2001–present.

9. List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments, other than those listed above, within the last five years.

Board of Directors, Texas Association of Business and Chambers of Commerce, from 1998–2000.

Texas Council on Workforce and Economic Competitiveness, Austin, Texas. State Commission, Chairman, 1999–2001.

10. List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business, enterprise, educational or other institution within the last five years.

General Partner, T BAR 4 Cattle Company, Gaineville, Texas. Partnership dissolved in December 2001 per ethics agreement when nominated for Assistant Secretary of Commerce for Economic Development.

11. Please list each membership you have had during the past ten years or currently hold with any civic, social, charitable, educational, political, professional, fraternal, benevolent, or religious organization, private club, or other membership organization. Include dates of membership and any positions you have held with any organization. Please note whether any such club or organization restricts membership on the basis of sex, race, color, religion, national origin, age, or handicap.

Rotary Club of Arlington, Texas from 1983–1999.

Arlington Ministerial Association, Arlington, Texas from 1982–1991. President in 1985.

Shady Valley Golf Club, Arlington, Texas from 1983–2001.

Arlington Choral Society Board of Directors from 1984–1985. President in 1985.

Arlington Chamber of Commerce from 1985–1991. Member of the Board of Directors.

International Churchill Society from 1984–present.

Park Row Church of Christ from 1982–2001.

None of the above listed organizations restricts membership on the basis of sex, race, color, religion, national origin, age, or handicap.

12. Have you ever been a candidate for public office? I have never been a candidate for public office.

13. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$500 or more for the past 10 years.

George W. Bush for Governor, 1998, \$1,000.

George W. Bush, Bush for President, Inc., 2000, \$1,000.

George W. Bush, Bush-Cheney 2004, (primary) Inc., \$2,000.

14. List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognition for outstanding service or achievements.

Air Force Commendation Medal.

Debate Scholarship, David Lipscomb University in 1975.

Paul Harris Fellow, Rotary International, in 1998.

Distinguished Alumni Award, David Lipscomb University, College of Arts and Humanities, in 2003.

15. Please list each book, article, column, or publication you have authored, individually or with others, and any speeches that you have given on topics relevant to the position for which you have been nominated. Do not attach copies of these publications unless otherwise instructed.

Articles written while CEO of the Arlington Chamber:

Doing a Checkup on Arlington's Health, *Arlington Star-Telegram*, 2/6/97.

The Values of Doing Business, *Arlington Star-Telegram*, 3/11/97.

GM Plant's Future Depends on its Workers, *Arlington Star-Telegram*, 3/18/97.

Are More Jobs Not Always Better, *Arlington Star-Telegram*, 4/1/97.

Giving Commerce Department Legs to Stand on in Texas, *Arlington Star-Telegram*, 4/15/97.

Arlington, Let's Stay on this Economic Trail, *Arlington Star-Telegram*, 6/3/97.

What Makes Economic Growth Run? It's No Mystery, *Arlington Star-Telegram*, 10/14/97.

The U.S. Needs Fast-track Trade Authority, *Arlington Star-Telegram*, 10/21/97.

The Cloud on Texas' Bright Economic Horizon, *Arlington Star-Telegram*, 1/21/98.

Community Colleges Are the Key, *Arlington Star-Telegram*, 3/24/98.

Tomorrow's Workforce Depends on Quality of Today's Education, *Arlington Star-Telegram*, 8/4/98.

Why Be Concerned about Economic Development Anyway, *Arlington Star-Telegram*, 8/18/98.

GM Plant Called up to Bat Once Again, *Arlington Star-Telegram*, 12/8/98.

Don't Forget Tax Credits in Building Knowledge-based Economy, *Arlington Star-Telegram*, 3/23/99.

Keeping the Economic Engines Running, *Arlington Star-Telegram*, 5/11/99.

Setting Texas' Economic Development Program on the Right Road, *Arlington Star-Telegram*, 2/8/00.

Tiny Technology Means Big Gains for City, *Arlington Star-Telegram*, 2/22/00.

Globalization, Sumo Wrestlers and Sprinters, *Arlington Star-Telegram*, 4/4/00.

GM Arlington Going for World Class, *Arlington Star-Telegram*, 5/2/00.

Economy Looks to the Future, but Our Degree Plans Don't, *Arlington Star-Telegram*, 8/22/00.

Developing the Community and Work Force Means More Wealth, Less Poverty, *Arlington Star-Telegram*, 12/27/00.

What Are Texas' Top Business Communities Seeking? *Arlington Star-Telegram*, 2/13/01.

A Model for Education in the New Economy, *Arlington Star-Telegram*.

Texas Strategic Economic Development Plan, 1998–2008.

Texas Strategic Economic Development Planning Commission, 10/30/98.

Speeches while serving as Assistant Secretary

Opening Statement of David A. Sampson,
Nominee to be Assistant Secretary of Commerce for Economic Development,
Committee on Environment and Public Works,
United States Senate,
Washington, D.C., July 25, 2001.

Remarks of David A. Sampson,
U.S.-Mexican Border Summit,
The University of Texas—Pan American,
Edinburg, TX, August 24, 2001.

Remarks of David A. Sampson,
Council for Urban Economic Development,
Philadelphia, PA, September 10, 2001.

Remarks of David A. Sampson,
Department of Labor Region 1,
Conference Newark, NJ, October 26, 2001.

Testimony of David A. Sampson,
Committee on Environment and Public Works,
United States Senate,
Washington, D.C., November 1, 2001.

Remarks of David A. Sampson,
U.S./Mexico Strategic Alliance Conference,
Juarez, Mexico,
November 7, 2001.

Remarks of David A. Sampson,
EDA Austin Regional Office Southwestern Region,
Mid-Year Training Conference Oklahoma City, OK, November 8, 2001.

Remarks of David A. Sampson,
Christ's Haven for Children Dinner,
Dallas, TX, November 16, 2001.

Remarks of David A. Sampson,
National Indian Economic Development Conference,
Oklahoma City, OK, December 6, 2001.

Remarks of David A. Sampson,
National Governors Association,
Workforce Development Policy Forum,
New Orleans, LA, December 7, 2001.

Remarks of David A. Sampson,
An Economic Strategy for the 21st Century,
January 8, 2002.

Remarks of David A. Sampson,
Department of Labor Region IV,
Leadership Roundtable,
January 11, 2002.

Remarks of David A. Sampson,
National Association of State Workforce Board Chairs,
February 23, 2002.

Remarks of David A. Sampson,
National Association of Counties,
Annual Legislative Conference,
March 2, 2002.

Testimony of David A. Sampson,
U.S. Senate Committee on Environment and Public Works,

Brownfields Revitalization,
March 6, 2002.

Remarks of David A. Sampson,
Arkansas Workforce Investment Board,
March 19, 2002.

Remarks of David A. Sampson,
International Consuls Ball,
March 23, 2002.

Remarks of David A. Sampson,
EDA Philadelphia Region,
Economic Development Conference,
April 6, 2002.

Remarks of David A. Sampson,
MAPDD Annual Conference,
May 2, 2002.

Remarks of David A. Sampson,
EDA Chicago Regional Office Annual Conference,
May 9, 2002.

Remarks of David A. Sampson,
New York State Economic Development Council Meeting,
May 24, 2002.

Remarks of David A. Sampson,
National Governors Association,
Georgia Eastern Region Competitiveness Summit,
June 6, 2002.

Remarks of David A. Sampson,
David Lipscomb University,
July 9, 2002.

Remarks of David A. Sampson,
Department of Labor Workforce Innovation 2002 Conference,
July 9, 2002.

Remarks of David A. Sampson,
Texas Workforce Commission Conference,
Dallas, Texas,
September 4, 2002.

Remarks of David A. Sampson,
EDA Seattle Regional Office Regional Forum,
San Diego, California,
September 5, 2002.

Remarks of David A. Sampson,
S.W. Florida Hispanic Chamber of Commerce,
The White House,
September 19, 2002.

Remarks of David A. Sampson,
International Economic Development Council,
Oakland, California,
September 23, 2002.

Remarks of David A. Sampson,
Abilene Christian University,
Abilene, Texas,
September 30, 2002.

Remarks of David A. Sampson,
Abilene Civic Leaders Meeting,
Abilene, Texas,
September 30, 2002.

Remarks of David A. Sampson,
National Association of Development Organizations,
NADO 35th Annual Training Conference,
Reno, Nevada,
October 1, 2002.

Remarks of David A. Sampson,
State Science and Technology Institute Conference,
Dearborn, Michigan,
October 3, 2002.

Remarks of David A. Sampson,
East Mississippi Business Development Corporation,
Meridian, Mississippi,
October 14, 2002.

Remarks of David A. Sampson,
Association of University Research Parks 17th Annual Conference,
New Orleans, Louisiana,
October 31, 2002.

Remarks of David A. Sampson,
Tech Transfer Showcase,
Patuxent River, Maryland,
November 12, 2002.

Remarks of David A. Sampson,
EDA Austin Office Regional Forum,
Santa Fe, New Mexico,
December 12, 2002.

Remarks of David A. Sampson,
Ft. Walton Rotary Club,
Ft. Walton Beach, Florida,
January 29, 2003.

Remarks of David A. Sampson,
American Water Works Association and Water Environment Federation 2003
Joint Management Conference,
Dallas, Texas,
February 10, 2003.

Remarks of David A. Sampson,
National Association of Workforce Boards,
Washington, D.C.,
March 4, 2003.

Remarks of David A. Sampson,
International Economic Development Council,
IEDC Economic Development Summit,
Washington, D.C.,
March 6, 2003.

Remarks of David A. Sampson,
National Association of Regional Councils,
Washington Policy Conference,
Washington, D.C.,
March 17, 2003.

Remarks of David A. Sampson,
Embracing Regional Collaboration and Enhancing Community Success Summit,
Dallas, Texas,
March 24, 2003.

Remarks of David A. Sampson,
Portland, Oregon Business Alliance,
Washington, D.C.,
April 10, 2003.

Remarks of David A. Sampson,
Federal Reserve Bank of Kansas City,
Center for the Study of Rural America,
April 28, 2003.

Remarks of David A. Sampson,
Commonwealth North,
Anchorage, Alaska,
May 28, 2003.

Remarks of David A. Sampson,
Organization for Economic Cooperation and Development Territorial Develop-
ment Policy Committee High Level Meeting,
June 25, 2003.

Remarks of David A. Sampson,
Pittsburgh Technology Council,
Pittsburgh, Pennsylvania,
July 9, 2003.

Remarks of David A. Sampson,

Balanced Scorecard Summit,
Washington, D.C.,
September 16, 2003.

Remarks of David A. Sampson,
Governor's Homeland Security Conference,
Virginia Military Institute,
October 29, 2003.

Remarks of David A. Sampson,
ACCE Annual Conference,
Charlotte, North Carolina,
October 30, 2003.

Remarks of David A. Sampson,
Future Forward Economic Alliance Summit,
Boone, North Carolina,
November 20, 2003.

Remarks of David A. Sampson,
Council on Competitiveness Conference,
Cleveland, Ohio,
November 21, 2003.

Remarks of David A. Sampson,
Southwest Regional Conference,
San Antonio, Texas,
December 9, 2003.

Remarks of David A. Sampson,
National Congress for Community Economic Development,
Washington, D.C.,
March 9, 2004.

Remarks of David A. Sampson,
National Rural Development Partnership,
Policy Consultation,
Rural Cabinet Meeting,
Arlington, Virginia,
March 17, 2004.

Remarks of David A. Sampson,
Internal Economic Development Council,
Washington, D.C.,
March 19, 2004.

Remarks of David A. Sampson,
Greater Waterbury Chamber of Commerce,
Waterbury, Connecticut,
March 24, 2004.

Remarks of David A. Sampson,
32nd Annual New Mexico First Town Hall Dinner,
April 15, 2004.

Remarks of David A. Sampson,
National Baseball Hall of Fame,
Cooperstown, New York,
May 10, 2004.

Remarks of David A. Sampson,
Council on Competitiveness Conference,
Coeur d'Alene, Idaho,
May 27, 2004.

Remarks of David A. Sampson,
Texas Workforce Commission,
Austin, Texas,
June 23, 2004.

Remarks of David A. Sampson,
Casper Area Economic Alliance Annual Dinner,
Casper, Wyoming,
June 26, 2004.

Remarks of David A. Sampson,
West Texas Legislative Summit,
San Angelo, Texas,
August 5, 2004.

Remarks of David A. Sampson,
 “The Innovation Continuum”—A Conference Hosted by the Council On Competitiveness & Rensselaer Polytechnic Institute,
 Troy, New York,
 September 8, 2004.

Remarks of David A. Sampson,
 Kansas City Area Development Council,
 Quarterly Meeting,
 Kansas City, Missouri,
 September 16, 2004.

Remarks of David A. Sampson,
 OECD World Forum of Key Indicators,
 Palermo, Italy,
 November 12, 2004.

Remarks of David A. Sampson,
 OECD International Conference on Innovation and Regional Development,
 Tuscany, Italy,
 November 25, 2004.

Remarks of David A. Sampson,
 St. Louis Regional Competitiveness Summit,
 St. Louis, Missouri,
 February 17, 2005.

Remarks of David A. Sampson,
 White House Briefing to the National Congress of American Indians,
 Washington, D.C.,
 March 2, 2005.

Remarks of David A. Sampson,
 SBA Conference “Pulling it Together: The Role of Entrepreneurship in Economic Development” Conference,
 Washington, D.C.,
 March 7, 2005.

Remarks of David A. Sampson,
 Downtown Waco, Inc. Dinner,
 Waco, Texas,
 March 9, 2005.

Remarks of David A. Sampson,
 National Council on Community Economic Development,
 NCCED 10th Annual Policy Summit,
 Washington, D.C.,
 March 14, 2005.

Remarks of David A. Sampson,
 National League of Cities,
 “Congressional Cities Conference,”
 Washington, D.C.,
 March 14, 2005.

Remarks of David A. Sampson,
 International Economic Development Council,
 General Session,
 Washington, D.C.,
 March 15, 2005.

Periodicals written while serving as Assistant Secretary:

Technology Fuels Growth,
 Op-Ed Page,
Albuquerque Journal
 Albuquerque, New Mexico,
 December 16, 2002.

A Message from David A. Sampson,
 Economic Development America,
 Spring 2004.

A Message from David A. Sampson,
 Economic Development America,
 Summer 2004.

A World of Opportunity: The Case for Optimism in the Worldwide Economy,
 Economic Development America,

Fall 2004.

Our Universities: Accelerators for Economic Growth,
Economic Development America,
Winter 2004.

16. Please identify each instance in which you have testified orally or in writing before Congress in a non-governmental capacity and specify the subject matter of each testimony: None.

B. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers: None.

2. Do you have any commitments or agreements, formal or informal, to maintain employment, affiliation, or practice with any business, association, or other organization during your appointment? No.

3. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated: None.

4. Describe any business relationship, dealing, or financial transaction which you have had during the last 5 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated: None.

5. Describe any activity during the past 5 years in which you have been engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy.

None prior to commencing my service with this Administration. During my Federal Government service I have helped draft or edit letters to Members of Congress and Senators, appeared before Congressional Committees, and met with Members of Congress, Senators, and Congressional staff regarding the Administration position on various issues, including legislation.

I served as the Administration's point person on behalf of the "Economic Development Administration Reauthorization Act of 2004." In that capacity, I met with individual Members of Congress and their staff to discuss the bill and testified before Congressional Committees.

In February 2005, President Bush proposed the "Strengthening America's Communities Initiative" in his FY06 Budget Submission. As Assistant Secretary of Commerce for Economic Development, I have met with Members of Congress and their staff to explain the proposal and testified before the House Subcommittee on Federalism and the Census, as well as the House Transportation Subcommittee on Economic Development and Public Buildings.

6. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

I will consult with ethics officials of the Department of Commerce and take whatever action is deemed necessary and appropriate to resolve or avoid any potential conflict of interest.

C. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics by, or been the subject to any court, administrative agency, professional association, disciplinary committee, or other professional group? No.

2. Have you ever been investigated, arrested, charged, or held by an Federal, State, or other law enforcement authority of any Federal, State, county, or municipal entity, other than for a minor traffic offense?

In June 2003, the Department of Commerce Office of Inspector General (OIG) received an anonymous complaint alleging that I had violated conflict of interest rules relative to the award of an EDA grant to the University of Texas at Arlington Technology Incubator. The OIG, after a thorough investigation, found that the allegation had no merit, and in fact, found unequivocally, that I took no action to affect the award of the grant, and there was no violation of law or regulation by the agency.

3. Have you or any business of which you are or were an officer ever been involved as a party in an administrative agency proceeding or civil litigation? No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be disclosed in connection with your nomination.

Over the past 4 years, I have led the Economic Development Administration through significant change, including a reorganization, the introduction of investment policy guidelines and funding priorities for its activities, the implementation of a balanced scorecard, and application of rigorous performance management of personnel. While this resulted in a dramatic improvement of EDA's overall performance (as evidenced in OMB's PART analysis rating EDA as the highest performer among Federal Government's 18 community and economic development direct grant programs), it also resulted in a 20 percent reduction of headquarters staff. It is possible that some internal and external groups that opposed these management initiatives may take issue with my nomination.

6. Have you ever been accused, formally or informally, of sexual harassment or discrimination on the basis of sex, race, religion, or any other basis? If so, please explain.

As the head of a bureau at the Department of Commerce, I am ultimately responsible for all personnel decisions taken by all supervisors in the bureau. It is my understanding that during my four years at the Department, only one employee initiated a discrimination case against the Department through the administrative process open to all federal employees. Four other cases existed at the time I became Assistant Secretary. These were settled or dismissed, and one is pending decision. There have been no findings of discrimination.

D. RELATIONSHIP WITH THE COMMITTEE

1. Will you ensure that your department/agency complies with deadlines for information set by congressional committees?

If confirmed by the Senate, I will make it a high priority to ensure the department complies with deadlines set by congressional committees.

2. Will you ensure that your department/agency does whatever it can to protect congressional witnesses and whistle blowers from reprisal for their testimony and disclosures?

If confirmed by the Senate, I will make it a priority to ensure that the department protects congressional witnesses and whistle blowers from reprisal.

3. Will you cooperate in providing the Committee with requested witnesses, including technical experts and career employees, with firsthand knowledge of matters of interest to the Committee?

If confirmed by the Senate, I will make it a priority to ensure the Committee has access to witnesses and subject matter experts to assist in your oversight and policy development responsibilities.

4. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

If confirmed by the Senate, it will be a personal priority to make myself available to appear and provide testimony before Congressional Committees.

Senator LOTT. Thank you, Dr. Sampson.

Let us go ahead with John Sullivan and his testimony on behalf of his nomination to be General Counsel of the Department of Commerce. I read your resume. It is very interesting. You certainly have plenty of legal experience and good experience working as the Deputy General Counsel at the Department of Defense.

I also noted that you served as a law clerk to Judge John Minor Wisdom of the Fifth Circuit Court of Appeals——

Mr. SULLIVAN. That is correct, Senator.

Senator LOTT. in New Orleans, Louisiana. Whether you agree with his decisions or not, he certainly has a well-earned reputation for having some of the brightest and subsequently most successful law clerks of just about any appellate court judge in this country. So just the fact that you clerked with him probably boosts your credentials even more.

Mr. SULLIVAN. Thank you very much, Senator. It was a great honor to——

Senator LOTT. Well, having said that, we would be glad to hear your statement this morning.

**STATEMENT OF JOHN J. SULLIVAN, NOMINEE TO BE GENERAL
COUNSEL OF THE DEPARTMENT OF COMMERCE**

Mr. SULLIVAN. Thank you, Mr. Chairman, Members of the Committee. I am honored to appear before you today as the President's nominee to serve as the General Counsel of the U.S. Department of Commerce. I am grateful and honored that President Bush has given me this opportunity. And I am deeply gratified by the confidence and support shown to me by Secretary Gutierrez.

I would also like to thank this Committee and its staff for the courtesies they have extended to me in this confirmation process.

The General Counsel of the Department of Commerce is the agency's chief legal officer, providing advice to the Secretary and senior officials as they perform their vital work. The breadth of the Department's responsibilities and activities are reflected in the complex legal environment in which it operates. Competently handling the complex legislative and regulatory issues faced daily in the Department, from the regulation of international trade to management of marine fisheries and a multitude of other functions, all those issues will present a formidable challenge, but one that I welcome.

If confirmed by the Senate, I believe I will bring substantial relevant experience to the position of General Counsel. In 20 years of law practice, I have had the privilege of serving in a wide variety of positions, as a law clerk to Judge John Minor Wisdom in New Orleans and to Supreme Court Justice David H. Souter of New Hampshire and was counselor to the assistant attorney general in charge of the Office of Legal Counsel at the Justice Department.

I have been a partner in the law firm of Mayer, Brown, Rowe and Maw here in the D.C. office. And as you mentioned, Senator, my current position, I am the Deputy General Counsel of the Defense Department. In all of these roles, in representing clients in trial and appellate proceedings, complex regulatory matters, and international business transactions, I believe I have developed the skills and experience necessary to address the legal changes facing the Commerce Department.

I also know that I have much to learn about the Department, its programs, and the laws and regulations that govern its operations. As I look forward to beginning this education, I know that I will be well supported by the deep and talented staff of career lawyers and other professionals at the Department. I am confident that with their support I will perform my duties with the skill and professionalism that President Bush and you expect and deserve.

In this regard, there is no more important duty for the General Counsel than to serve as the chief ethics lawyer for the Department. Compliance with the letter and spirit of the ethics laws is a top priority for Secretary Gutierrez. I share a strong commitment to ensuring that the employees of the Department act with the utmost integrity and honesty. And I will strive to ensure that the Department's programs are implemented in that spirit.

I also have a keen appreciation for the role of this Committee and the other committees of the Congress in enacting the laws under which the Department operates and in conducting oversight of the manner in which those laws are executed. I would welcome

the opportunity to work with you as the Department pursues its multiple missions.

Permit me to conclude by saying that I believe that public service is a special privilege and responsibility. If confirmed, I will commit my utmost energy, integrity, and devotion to serving the President and the American people. Thank you again for the opportunity to appear before you today and for your consideration of my nomination.

I would be pleased to respond to any questions you may have. Senator LOTT. Thank you.

[The prepared statement of Mr. Sullivan follows:]

PREPARED STATEMENT OF JOHN J. SULLIVAN, NOMINEE TO BE GENERAL COUNSEL OF
THE DEPARTMENT OF COMMERCE

Mr. Chairman. Senator Inouye, Members of the Committee, I am honored to appear before you today as the President's nominee to serve as the General Counsel of the U.S. Department of Commerce. I am grateful and honored that President Bush has given me this opportunity, and I am deeply gratified by the confidence and support shown to me by Secretary Gutierrez. I would also like to thank this Committee and its staff for the courtesies they have extended to me.

The General Counsel of the Department of Commerce is the agency's chief legal officer, providing advice to the Secretary and senior officials as they perform their vital work. The breadth of the Department's responsibilities and activities are reflected in the complex legal environment in which it operates. Competently handling the myriad legislative and regulatory issues faced daily in the Department—from regulation of international trade to management of marine fisheries and a multitude of other functions—will present a formidable challenge, but one that I welcome.

If confirmed by the Senate, I believe I would bring substantial relevant experience to the position of General Counsel. In 20 years of law practice, I have had the privilege of serving in a wide variety of positions: as a law clerk to Judge John Minor Wisdom and to Supreme Court Justice David H. Souter; as Counselor to the Assistant Attorney General in charge of the Office of Legal Counsel at the Justice Department; as a partner in the international law firm of Mayer, Brown, Rowe & Maw; and my current position as Deputy General Counsel of the Department of Defense. In all of these roles—in representing clients in trials and appellate proceedings, complex regulatory matters, and international business transactions—I believe I have developed the skills and experience necessary to address the legal challenges facing the Commerce Department.

I also know that I have much to learn about the Department, its programs, and the laws and regulations that govern its operations. As I look forward to beginning this education, I know that I will be well supported by the deep and talented staff of career lawyers and other professionals at the Department. I am confident that, with their support, I will perform my duties with the skill and professionalism that President Bush and you expect and deserve.

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I also have a keen appreciation for the role of this Committee, and the other Committees of the Congress, in enacting the laws under which the Department operates and in conducting oversight of the manner in which those laws are executed. I would welcome the opportunity to work with you as the Department pursues its multiple missions.

Permit me to conclude by saying that I believe that public service is a special privilege and responsibility. If confirmed, I will commit my utmost energy, integrity and devotion to serving the President and the American people. Thank you again for the opportunity to appear before you today, and for your consideration of my nomination.

I would be pleased to respond to any questions you may have.

A. BIOGRAPHICAL INFORMATION

1. Name (Include any former names or nicknames used): John Joseph Sullivan.
2. Position to which nominated: General Counsel of the United States Department of Commerce.
3. Date of Nomination: May 10, 2005.
4. Address (List current place of residence and office addresses):
 Residence: information not released to the public.
 Office: Deputy General Counsel (Legal Counsel), United States Department of Defense, Room 3B688, 1600 Defense Pentagon, Washington, DC 20301-1600.
5. Date and Place of Birth: November 20, 1959: Boston, MA.
6. Provide the name, position, and place of employment for your spouse (if married) and the names and ages of your children (including stepchildren and children by a previous marriage).
 Wife: Graciela Maria Rodriguez,
 Partner, King & Spalding LLP,
 1700 Pennsylvania Avenue, NW.,
 Washington, DC 20006-4706.
 Children: John Hugh Sullivan, 14,
 Katherine Ann Sullivan, 11,
 Edward Albert Sullivan, 8.
7. List all college and graduate degrees. Provide year and school attended.
 Brown University, A.B. in Political Science and History, 1981.
 Columbia University School of Law, J.D., 1985.
8. List all management-level jobs held and any non-managerial jobs that relate to the position for which you are nominated.
 Deputy General Counsel, United States Department of Defense (2004–present).
 Partner, Mayer, Brown, Rowe & Maw (1997–2004).
 Associate, Mayer, Brown & Platt (1993–1996).
 Counselor to the Assistant Attorney General, Office of Legal Counsel, United States Department of Justice (1991–1992).
 Law Clerk, Justice David H. Souter, Supreme Court of the United States (1990–1991).
 Associate, Paul, Weiss, Rifkind, Wharton & Garrison (1987–1990).
 Law Clerk, Judge John Minor Wisdom, United States Court of Appeals for the Fifth Circuit (1985–1986).
9. List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above, within the last five years: None.
10. List all positions held as an officer, director, trustee, partner, proprietor, agent, representative or consultant of any corporation, company, firm, partnership, or other business, enterprise, educational or other institution within the last five years.
 Partner, Mayer, Brown, Rowe & Maw, 1997–2004.
11. Please list each membership you have had during the past ten years or currently hold with any civic, social, charitable, educational, political, professional, fraternal, benevolent or religious organization, private club, or other membership organization. Include dates of membership and any positions you have held with any organization. Please note whether any such club or organization restricts membership on the basis of sex, race, color, religion, national origin, age or handicap.
 Member, New York Bar, 1987–present.
 Member, D.C. Bar, 1993–present.
 Member, Federalist Society, 1990–present.
 General Counsel, Phil Gramm for President, 1995.
 Head Coach, Montgomery Youth Hockey Association, 1997–2004.
 None of these organizations restricts membership on the basis of sex, race, color, religion, national origin, age or handicap.
12. Have you ever been a candidate for public office? If so, indicate whether any campaign has any outstanding debt, the amount, and whether you are personally liable for that debt: No.

13. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$500 or more for the past 10 years.

Floyd, Charles, via Floyd for Congress Committee, 12/15/2003—\$500.00.

Ryan, Jack, via Jack Ryan for U.S. Senate, 02/06/2004—\$500.00.

Bush, George W., via Bush for President Inc., 05/13/1999—\$1000.00.

Bush, George W., via Bush-Cheney 2004 (Primary) Inc., 05/29/2003—\$2000.00.

Bush, George W., via Bush-Cheney 2004 Compliance Committee Inc., 08/18/2004—\$2000.00.

Republican National Committee, 12/26/2003—\$500.00.

Total Contributions: \$6,500.00.

14. List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognition for outstanding service or achievements: None.

15. Please list each book, article, column, or publication you have authored, individually or with others, and any speeches that you have given on topics relevant to the position for which you have been nominated. Do not attach copies of these publications unless otherwise instructed.

“Federal Preemption: Two Renditions of a Fundamental Theme,” *Inside Litigation* (October 1998); “Appeals to the Supreme Court,” *Business and Commercial Litigation in Federal Courts* (West 1998); “Supreme Court Bypasses Airbag Preemption Case,” Legal Opinion Letter, Washington Legal Foundation (1996); Note, “The Equal Access to Justice Act in the Federal Courts,” 84 *Colum. L. Rev.* 1089 (1984).

16. Please identify each instance in which you have testified orally or in writing before Congress in a non-governmental capacity and specify the subject matter of each testimony: None.

B. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers.

I continue to maintain an interest in a 401(k) savings plan established by my former employer (Mayer, Brown, Rowe & Maw). As disclosed in my attached financial disclosure form (SF-278), my account is vested in diversified mutual funds and no contributions to this account have been (or will be) made since the termination of my employment in February 2004.

2. Do you have any commitments or agreements, formal or informal, to maintain employment, affiliation or practice with any business, association or other organization during your appointment? No.

3. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

If appointed to the position of General Counsel, I will take actions necessary to avoid a conflict of interest with the duties of that position. Specifically, within 90 days of appointment I will take the following actions.

I will divest my stock holdings and the holdings of my spouse and dependent children in the following companies:

Caremark Rx, Inc.

Chevron-Texaco Corp.

Citigroup Corp.

Comcast Corp.

Emerson Electric Co.

General Electric Company

International Business Machines Corp.

Procter & Gamble.

Until I have divested these interests, I will not participate personally and substantially in a particular matter that will have a direct and predictable effect on the above-referenced companies unless my participation is permitted due to a regulatory exemption or conflict of interest waiver.

My remaining financial interests do not require recusal from any duties as General Counsel because they are covered by regulatory exemptions to 18 U.S.C. § 208 or are otherwise not conflicting financial interests. However, in the event I obtain any interests that require my disqualification from participating in particular matters as General Counsel, I will comply with such disqualification requirements un-

less my participation is permitted due to a regulatory exemption or conflict of interest waiver.

In addition, I will not personally and substantially participate in any particular matter in which my wife's law firm, King & Spalding LLP, has a financial interest unless I am permitted to participate due to a regulatory exemption or conflict of interest waiver. Furthermore, pursuant to 5 CFR § 2635.502, I will not participate in any particular matter involving specific parties in which any client of my spouse is or represents a party, unless I am permitted to participate under ethics regulations.

I will issue a statement memorializing my recusals within 90 days of my confirmation.

In the event my participation in a matter from which I am disqualified is important to the government, I will seek advice from an ethics official on means to resolve a conflict of interest.

4. Describe any business relationship, dealing, or financial transaction which you have had during the last 5 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated: None.

5. Describe any activity during the past 5 years in which you have been engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy.

I represented, on a pro bono basis, the Special Operations Warrior Foundation, which sought a federal charter from Congress.

6. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

If appointed to the position of General Counsel, I will take actions necessary to avoid a conflict of interest with the duties of that position. Specifically, within 90 days of appointment I will take the following actions.

I will divest my stock holdings and the holdings of my spouse and dependent children in the following companies:

- Caremark Rx, Inc.
- Chevron-Texaco Corp.
- Citigroup Corp.
- Comcast Corp.
- Emerson Electric Co.
- General Electric Company
- International Business Machines Corp.
- Procter & Gamble.

Until I have divested these interests, I will not participate personally and substantially in a particular matter that will have a direct and predictable effect on the above-referenced companies unless my participation is permitted due to a regulatory exemption or conflict of interest waiver.

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In addition, I will not personally and substantially participate in any particular matter in which my wife's law firm, King & Spalding LLP, has a financial interest unless I am permitted to participate due to a regulatory exemption or conflict of interest waiver. Furthermore, pursuant to 5 CFR § 2635.502, I will not participate in any particular matter involving specific parties in which any client of my spouse is or represents a party, unless I am permitted to participate under ethics regulations.

I will issue a statement memorializing my recusals within 90 days of my confirmation.

In the event my participation in a matter from which I am disqualified is important to the government, I will seek advice from an ethics official on means to resolve a conflict of interest.

C. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority of any Federal, State, county, or municipal entity, other than for a minor traffic offense? No.

3. Have you or any business of which you are or were an officer ever been involved as a party in an administrative agency proceeding or civil litigation? No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be disclosed in connection with your nomination: None.

6. Have you ever been accused, formally or informally, of sexual harassment or discrimination on the basis of sex, race, religion or any other basis? No.

D. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency complies with deadlines for information set by congressional committees? Yes.

2. Will you ensure that your department/agency does whatever it can to protect congressional witnesses and whistle blowers from reprisal for their testimony and disclosures? Yes.

3. Will you cooperate in providing the Committee with requested witnesses, including technical experts and career employees, with firsthand knowledge of matters of interest to the Committee? Yes.

4. Are you willing to appear and testify before any duly constituted Committee of the Congress on such occasions as you may be reasonably requested to do so? Yes.

Senator LOTT. Thank you very much, gentlemen.

I am pleased to recognize that Senator Bill Nelson from Florida has recognized us. And in a moment I would recognize him for a statement or any questions he would like to make.

Just one sort of statement and then a question for you, Dr. Sampson. This is parochial perhaps in nature, but it certainly involves a broad part of the country. I am from Pascagoula, Mississippi. I grew up on the banks of the Pascagoula River rowing in a small skiff six miles off the coast to the nearest island, Round Island. I grew up fishing. I grew up next door to shrimpers and oystermen and red snapper fishermen and hardworking, great men and women, who worked tough hours but are really great people, too. They were my neighbors. They were my friends. They were my classmates.

And so for 36 years in my public career as a staff member, as a Congressman and a Senator, I have been working to try to be sensitive to particularly the Gulf of Mexico fisheries in general, at all levels, conservation, sports, and commercial. And I must confess my bent toward commercial because I do think that they are farming the seas and are an important part of our economy. They provide a lot of income to the economy and a good living for the people that participate.

And, of course, they are like farmers of the land. They are quite often influenced or affected by the weather and, you know, overfishing, which they have to control. But for years, I have been battling for fisheries in the Gulf, quite often a pretty lonely battle and only with marginal success. The National Marine Fisheries budget always shortchanges the Gulf. Between 2003 and 2005, the portion of the NMFS going to the Gulf of Mexico varied between 7 to 9 percent, only 7 to 9 percent, while the portion of the Nation's fish caught in the Gulf of Mexico averaged 17 percent by weight, 21 percent by value. Meanwhile, the percentage of NMFS budget being held at headquarters has risen from 20 to 24 percent. It seems to me like priorities are a little misplaced.

This is a Republican Administration. We are supposed to be pushing more money out of this city of what is available into where the rubber meets the road or the hook hits the water. And that has not been happening. The other way has been what has been happening.

Now I have met many times with the Secretary of Commerce. Secretary Evans, when he left, he sent me a nice letter with a fish at the bottom, drawn on the bottom of this letter. And I gave him a fish tie as he left. And when I met with the new Secretary, this was the point I emphasized.

But I have also met with the NMFS administrator, Bill Hogarth, in March. I asked him to provide me with apportionment by region of the Administration's 2006 request for NMFS, the justification for it, how they are going to adjust this inadequacy. And I have not received all of the information yet.

Now at the very minimum, you talk about respect, Mr. Sullivan, for the Congress and the Committee. It seems to me that while you may not be able to comply with our request for the region, you could at least provide the information on what the situation is and what the situation is going to be.

So here are my two questions for you, Dr. Sampson. One, will you see to it I get this information? And two, will you help us address this disparity in funding?

Dr. SAMPSON. With respect to your first question, Mr. Chairman, being responsive to Members of Congress is a very high priority for me, has been over the last 4 years. And I will ensure that you receive a response very promptly to your request for information.

With respect to your second question, I have lived all of my adult life in Gulf Coast states. I went to graduate school in New Orleans. I have lived all of my adult life in Texas. And I am committed to working with the Gulf region to ensure the funding needed to meet resource management needs is appropriately allocated and look forward to working with you and this Committee to that end, if I have the chance to serve.

Senator LOTT. I will give you a map that shows the apportionment by region. And I will be glad to have it blown up for your wall, if you would like. But for now, I will give you just this map.

Now Senator Hutchison from Texas and Senator Bill Nelson from Florida and Senator Rockefeller from the north side of the Gulf would all appreciate your cooperation.

[Laughter.]

Senator Rockefeller.

Senator ROCKEFELLER. Thank you, Mr. Chairman.

Let me address this to both of you. During the Clinton Administration, it was the Department of Commerce that was meant to decide what was going to happen about steel policy. Now when I bring up the word steel policy, Chairman Lott tends to die, because he says, "Here we go again." But I am not—

Senator LOTT. I have been with you on occasion. Do not forget that.

Senator ROCKEFELLER. I know that. And I am not doing it for the purpose of discussing steel. It is a philosophical point. And there was a very interesting dynamic which caused a fairly substantial rift, actually, between myself and President Clinton for a number

of years. And that is that the Department of Commerce sort of discusses what should be our policy with WTO, what should be our policy with the trade representatives, that, too, but what should be our policy about making sure that we keep manufacturing, that the steel industry remain healthy.

We understand that Brazil and China and others are—the Department of Commerce’s policy was pretty good. The problem was that when we would have meetings of the steel caucus, it was Secretary Ruben who became the Department of Commerce. And he had decided that this was a completely open world for free trade. And I understand that. One has to be a realist here. But he spoke for the President. And in fact, he, I think, influenced the President to back away from his commitment to West Virginia to try and help our steel industry.

And the result was our steel industries have been through bankruptcies and all kinds of situations. And relatively few people are working. And I care about that because now, as Governor, I literally—with Weirton Steel, which I think is the eighth largest producer, they were about to close down because of labor-management strife. And I went up with some people and spent a number of weeks and actually turned it around, saved it. And they became an ESOP, actually the largest ESOP. I don’t think United was an ESOP at that point.

But what was interesting is the fact that there is the State Department, there is Treasury, there is monetary policy, there are all kinds of other things. The Department of Commerce economic decisions, manufacturing decisions, never stand on their own, because in a sense they cannot, because they are just part of the picture.

So once you say something is part of the larger picture, then that tends to marginalize what you might be trying to think of in the Department of Treasury or the Treasury of the United States would say: Well, no we cannot do that because we have this and that political problem, or somebody else would say: Well, we have special problems with China or Brazil, other things that we have to tend to.

And I am interested in your sort of reaction on the part of each of you to that very real situation. I do not mimic the situation, but it was one that turned out to be very destructive to us.

Dr. SAMPSON. Well, Senator, obviously I cannot speak about what happened in the previous Administration. What I would say is that the President’s 2001 steel initiative, I think, was a very bold step. Secretary Evans was a critical player in advising the President on that approach. And I know that Secretary Gutierrez is a key member of the President’s economic team. The President has asked him to head the prosperity pillar for the Security and Prosperity Partnership between Canada, the U.S., and Mexico that is currently underway.

And this Administration is committed to a very strong and robust steel, domestic steel, industry. And that will be the goal toward which we will continue to work.

Senator ROCKEFELLER. Which, before I call on Mr. Sullivan, leads me to the second part of that, which is that you are quite right that the President got very high marks in West Virginia for doing the Section 201. But what happened thereafter, almost nobody in West

Virginia really understood, or across the country understands where steel is produced. And that is that Bob Zoellick, then USTR, took 95 percent of what the Section 201 covered and exempted it from Section 201.

So that was little noticed. The 201 was greatly noticed. But the effect was catastrophic. And it is that pull between agencies and pull between larger and smaller priorities, which is interesting to me.

Mr. Sullivan, do you have any point you want to—

Mr. SULLIVAN. Senator, the only observation I would make, I really am new to the Department's issues and steel in particular, but I have a lot of experience in my prior government service with the interagency process and how it works. And I am committed to helping Secretary Gutierrez achieve his goals for the President. The President has entrusted him with substantial responsibilities. And I am aware of how the interagency process can work and sometimes not work. And I am committed to helping Secretary Gutierrez in that process.

Senator ROCKEFELLER. OK. And did you have a—

Mr. SAMPSON. Senator, other than to say my next door neighbor owns a steel company. And so I hear about this issue not only here but at Little League ball games and across the fence. So I am quite aware of the ramifications of our decisions here in Washington on manufacturers and users of steel policy.

Senator ROCKEFELLER. I look forward to supporting you both. Thank you.

Senator LOTT. Thank you, Senator.

Senator Nelson?

**STATEMENT OF HON. BILL NELSON,
U.S. SENATOR FROM FLORIDA**

Senator BILL NELSON. Thank you, Mr. Chairman.

I just want to ask one question of Mr. Sampson. It is a very important position. And I understand he is a tremendously credentialed person for this high-level executive responsibility of Number 2 in the Department.

I would just like your opinion. There is legislation that has been filed by Senator Santorum of Pennsylvania. And what the legislation does, it says that if there is a competitive alternative to a government website, that the government cannot compete with the competitive alternative. The obvious example is in your Department. At the direction of President Bush upon his inauguration, he directed that all the agencies of government would come out with a website so that information would be freely and quickly available to the people of the United States.

This particular website for the National Weather Service was especially helpful and critical when four hurricanes hit my state within a 6-week period starting last hurricane season, as a matter of fact. Now I do not know what the weather is like in Pennsylvania, but I know getting information about hurricanes can be a matter of life and death to people in Florida, as was the case. As a matter of fact, there were recorded nine billion, with a b, hits on the National Weather Service website during that 6-week period of those hurricanes. That, by the way, far exceeds the number of hits

on any government website. The most up until that point had been the six million hits on the NASA website when the Rover landed on the surface of Mars.

Now what Senator Santorum's bill S. 786 would do would require the elimination of the website because there is a company in his state, AccuWeather, that offers the same information. And so it would require that the government not be in competition.

Now that is—I have laid out the case. Tell me what your feelings are.

Mr. SAMPSON. Well, Senator, first of all, weather is a very important part of our function. About 30 percent of the economy of the United States is affected by the weather, not to mention the life and safety issues that you have so clearly articulated. I am not aware that the Administration has issued a statement on the Santorum bill at this point. What I can tell you is that, if confirmed by the Senate, I will be committed to a very strong, robust national weather service complete system at the Department of Commerce. And we will work to ensure that information is readily available to the American citizens.

I am aware that this is an important issue. I have been very broadly briefed on this. But as I said, I am not aware that there is a statement of position on this particular bill at this time, which I think was just recently filed.

Senator NELSON. OK. That is good enough. And I hope I do not have to come see you in the future to remind you of your statement today. Because I think reason and common sense will prevail. Particularly, by the way, within 2 weeks we are now entering the next hurricane season.

And Mr. Chairman, I would just say in passing that I want to commend to you the service that NOAA does and the hurricane trackers. I have flown on those hurricane hunters, in fact was flying on the one when the first hurricane, Charlie, was south of Cuba, as they are dropping the sondes in predesignated points along the route, measuring all kinds of data. It comes back to the airplane real time, is formulated and sent by satellite to the National Hurricane Center, which then computes the data which gives us so much of a better accuracy in predicting the path and the ferociousness of a hurricane.

And I would commend to you on some of their propeller-driven aircraft that they use for lower altitudes, they need some more. So having been there and seen what the valuable service is, I would commend that to you as you get into the deliberations on those hurricane hunters.

Senator LOTT. Senator Nelson, you do know where the Air Force's hurricane hunters originate from, do you not?

Senator NELSON. Well, you must be telling me Mississippi.

Senator LOTT. Keesler Air Force Base, Mississippi. We are very proud of their work. And being the beneficiaries of some hurricane attention, we share all of your concerns. And we appreciate the service they provide.

Thank you very much, gentlemen. Congratulations to you for being nominated. And best wishes in the confirmation process and in your job when you are confirmed.

This hearing is adjourned.

[Whereupon, at 10:43 a.m., the hearing was adjourned.]

A P P E N D I X

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DAVID VITTER TO
DR. DAVID A. SAMPSON

Question. As you may know, Louisiana's crawfish industry has been battered for years by imports of dumped crawfish tail meat from China. There has been an antidumping duty order in place since 1997, but it has been circumvented on a massive scale and Customs has collected only about five percent of the antidumping duties owed to the United States. Some of those duties have been provided to the domestic crawfish industry under the Continued Dumping and Subsidy Offset Act (CDSOA) and have played a vital role in allowing the industry to rebuild and remain competitive.

In the past, nearly all of the duty collections have come from "automatic liquidation" of entries by shippers that do not have their own individual duty deposit rates and have not asked the Department of Commerce to conduct an administrative review of their entries. These shippers have waived their right to review by Commerce and have thus consented to the liquidation of their entries at the China-wide rate of 223.01 percent. Previously, Commerce has ordered Customs to perform "automatic liquidation" of such entries shortly after the deadline for requesting an administrative review has lapsed. This year, without any notice to the domestic industry, Commerce has reversed itself and is refusing to issue the "automatic liquidation" instruction to Customs with respect to entries made during 2003–2004. If Commerce persists in this course, there will likely be virtually no CDSOA funds available for the domestic crawfish industry this year. This will cause serious additional damage to an industry which has already become the poster child for poor enforcement of the antidumping laws. This single case already accounts for more than 80 percent of all delinquent AD/CVD duties.

As Deputy Secretary will you make assurances that the Department of Commerce will take immediate action to expedite the issuance of the "automatic liquidation" instructions for 2003–2004? I would also like for you to ensure that the domestic crawfish industry receives a full and fair opportunity for notice and comment before Commerce changes its prior practice on "automatic liquidation" in this case.

Answer. I appreciate your and your constituents' concerns regarding the issuance of automatic liquidation instructions in the administrative reviews of the antidumping duty order on crawfish from China. This situation has arisen as a result of last summer's reorganization of Import Administration and the fact that there was not a consistent practice on the issuance of automatic liquidation instructions in cases involving non-market economy (NME) countries (such as China) among the three enforcement offices that were responsible for conducting such cases prior to the reorganization.

As a result of the reorganization, the NME-related casework of those three offices was consolidated into a single office—the Office of Non-Market Economy Compliance. Since the consolidation, that office has been working to ensure that uniform policies are applied across all proceedings before it. With respect to the issuance of liquidation instructions in cases involving non-market economy countries, the prevailing practice was not to issue automatic liquidation instructions at the outset of a proceeding, but rather to wait until the conclusion of the proceeding. As you and your constituents know, a different practice was previously followed for several years with respect to the antidumping order on crawfish.

In the current crawfish review, in an effort to ensure consistency across proceedings, a decision was made not to issue automatic liquidation instructions at the outset of the review, in contrast to the action taken in earlier reviews. I regret that your constituents were not given an opportunity to comment on this change in practice, and I have expressed my concerns about it to senior Import Administration officials.

Import Administration will be issuing shortly a *Federal Register* notice requesting public comments on whether its current practice on the issuance of automatic liquidation instructions in NME proceedings should be revised. This notice will allow

your constituents an opportunity to recommend changes to the current practice and offer their suggestions on how the practice might be improved. I understand that there may be conflicting views among various domestic industries on this question, so I would encourage your constituents who are interested in this issue to participate actively in this comment process.

Finally, with respect to the duty collection issue you raised during our recent conversation, U.S. Customs and Border Protection (CBP) is responsible for collecting duties from U.S. importers of crawfish tail meat from China. To the extent you have not already done so, you or your staff may wish to contact appropriate officials within the CBP to discuss the issue further.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
DR. DAVID A. SAMPSON

Question 1. Can you describe the progress and status of the President's Manufacturing Initiative?

Answer. The "Manufacturing in America Report" included 57 recommendations to enhance U.S. manufacturing competitiveness. Responsibility for these recommendations stretches across various agencies and the Congress.

Of the 57 Recommendations, 21 have been initiated, some on an ongoing basis:

1. Create an Assistant Secretary of Commerce for Manufacturing and Services.
2. Create a new Office of Industry Analysis.
3. Establish a President's Manufacturing Council to provide oversight and advice on the implementation of the Manufacturing Initiative.
4. Coordinate Manufacturing Extension Partnership centers with other Commerce programs.
5. Promote the protection of U.S. intellectual property abroad by expanding cooperative efforts with developing country trading partners.
6. Investigate aggressively allegations of theft of intellectual property that would violate commitments made under TRIPS or similar provisions of bilateral or regional agreements.
7. Establish an Office of Investigations and Compliance within Commerce.
8. Establish a Task Force within Commerce's Import Administration to pursue the elimination of Foreign Unfair Trade Practices.
9. Establish an office within Import Administration to coordinate cases involving non-market economies.
10. Enhance the U.S. Government's efforts on behalf of U.S. manufacturing by consolidating Commerce Department export promotion functions.
11. Accelerate implementation of the President's National Export Strategy.
12. Review the existing structure of the U.S. foreign-trade zone program to determine how it could be enhanced to provide a greater incentive to manufacture in the U.S.
13. Promote health savings accounts.
14. Adopt and implement bar coding of medical products.
15. Reduce the burden of regulations on manufacturing enterprises.
16. Create an interagency working group on manufacturing research and development.
17. Encourage the Small Business Innovation Research and Small Business Technology Transfer Programs to focus on manufacturing.
18. Enact class-action reform.
19. Expand the reach of programs designed to provide technical assistance.
20. Promote global recognition of U.S. technical standards.
21. Create an interagency federal task force to address the structural economic challenges faced by manufacturing-dependent communities.

Question 2. If manufacturing is such an important priority for the Administration, why does the President continue to cut the Manufacturing Extension Partnership, a program that assists small and medium sized manufacturers become more competitive?

Answer. The fiscal discipline required in developing this budget forced us to make some tough choices. The Administration proposes to fund the Hollings Manufacturing Extension Partnership Program (Hollings MEP) at \$46.8 million, 50 percent

of the FY 2005 grant level. At this level, the Administration will maintain a national network of centers while focusing funding based on centers' performance and need. The FY 2006 Budget is not intended to reduce the number of centers. One of the strengths of the Hollings MEP network has been its utility to other federal agencies; we will continue to aggressively pursue partnerships to leverage the network. Last year, federal partners provided an additional \$7 million in funding to centers.

Question 3. Last year, the Congress passed a bill, S. 1134, reauthorizing the Economic Development Administration. Could you please update the Committee on the progress that has been made implementing the Act including a timeline for Issuance of regulations?

Answer. EDA's regulations have been drafted and are in the final stages of the clearance process.

Question 4. When do you expect the Administration will put forward a nominee to head the Economic Development Administration?

Answer. The Administration is committed to the nomination of an individual to serve as Assistant Secretary of Economic Development as soon as possible. Such an announcement will be made by the White House.

Question 5. We have learned about a proposed buyout of staff at the Economic Development Administration (EDA). Given the fact that the Congress so far has shown no indication that it will approve the consolidation of economic development agencies in the proposed Strengthening America's Communities Initiative, do you think reducing manpower is the wisest course? If manpower is reduced and appropriations are not reduced, how will the EDA fulfill its mission as required by Public Law 108-373?

Answer. A series of flat or decreasing budgets since FY 2002 for salaries and expenses (S&E) combined with increasing costs for salaries and inflation have required that EDA absorb approximately \$1.2 million annually from its S&E base, the equivalent of 10-11 FTE. Through FY 2004, savings realized from the Headquarters Restructuring combined with other cost reduction measures have enabled EDA to operate within the resources available.

EDA received another reduced budget in FY 2005. In order to continue to effectively manage within the resources available this fiscal year, EDA must reduce its workforce. In order to accomplish this with the minimum adverse impact possible, EDA is proposing to offer Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments (buyouts) for up to the amount of funds available.

While the Congress has not yet addressed an appropriation for the Strengthening America's Communities Initiative, the House Commerce, Justice and Science Appropriations Subcommittee FY 2006 mark for EDA would appropriate \$53 million less in program funding and \$3.5 million less in S&E funding than the FY 2005 levels. EDA must plan for this significantly larger budget reduction of 12 percent, making the accomplishment of buyouts in FY 2005 even more important for the Agency to be able to continue to operate without adverse actions such as furloughs or involuntary reductions.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
DAVID A. SAMPSON

Question 1. As you know, an independent Commission last year released a comprehensive report on U.S. ocean policy. This report included more than 200 recommendations on ways to improve U.S. ocean policy. Have you reviewed this report? As you will have jurisdiction over the National Oceanic and Atmospheric Administration, how do you plan to incorporate some of these recommendations?

Answer. While I have not personally read the entire report of the U.S. Commission on Ocean Policy, I have been briefed on the report and I am familiar with its contents. In December 2004, the Administration released its response to the Ocean Commission Report in the "U.S. Ocean Action Plan." This Action Plan identifies immediate, short-term, and long-term actions that will provide the direction for the future of U.S. ocean policy. Specifically, the Action Plan includes activities that are designed to: improve Federal coordination; develop an ocean research priorities plan and implementation strategy; build an ocean-observing system; support market-based fisheries; and develop and deploy new state-of-the-art research vessels. Along with the U.S. Ocean Action Plan, the President signed an Executive Order that created a Cabinet-Level Committee on Ocean Policy that will advise the President on domestic policies concerning ocean-related matters. I am committed to assist the Administration in the implementation of the U.S. Ocean Action Plan and the rec-

ommendations of the Committee on Ocean Policy to ensure the vitality of our ocean resources.

Question 2. Do you view our trade deficit as a problem?

Answer. The trade deficit is a matter of concern to the United States, but not the only measure of the success of our economic policies. Our strong GDP growth relative to the major regional economies around the globe is a significant driver in our ability to purchase goods and services from abroad. Slow economic growth in our major trading partners has slowed the appetite for U.S. goods and services. We must continue to promote expansionary growth policies in those countries.

Additionally, We must continue to increase exports by improving the competitiveness of American companies and leveling the playing field for U.S. goods and services. We also need to increase domestic savings, which the President is addressing through tax reforms.

Question 3. What steps is the Commerce Department taking to prepare for the possible transfer of Community Development grants to the agency from HUD?

Answer. The Department of Commerce has a team analyzing the staffing, infrastructure and administrative requirements for the new bureau. The Administration will develop projections for the Salaries and Expense requirements of the Strengthening America's Communities Initiative in conjunction with legislative authority granted by Congress and recommendations from relevant federal agencies and various stakeholders.

Question 4. What expertise exists at Commerce to administer the CDBG program?

Answer. It should be noted that the President's Strengthening America's Communities Initiative is not a consolidation of the CDBG program into the Department of Commerce. The Initiative will transfer funding for 18 community and economic development programs across the Federal Government into one housed within the Department of Commerce. We anticipate that the new program will incorporate the full range of flexible uses available under all of the current grant programs. The Strengthening America's Communities Initiative is not simply a community development or a housing assistance program (a common use of CDBG funding)—it is an extremely flexible community and economic development program that can, at a community's discretion, provide assistance associated with any number of different community needs or local development priorities.

One of the key reasons the President selected the Department of Commerce as the home for the new program is that of all the federal departments engaged in community and economic development, the Commerce Department has had the most success in leveraging the resources of the private sector.

Furthermore, the Department of Commerce has a 40-year track record of providing grants to both urban and rural areas in support of community and economic development initiatives in all 50 states and U.S. territories. The Department of Commerce manages a broad array of grant programs in the Economic Development Administration, the Minority Business Development Agency, the National Institute of Standards and Technology and the National Oceanic and Atmospheric Administration.

Currently, Commerce manages an active \$2.3 billion portfolio of grants and loans specifically focused on community and economic development, encompassing diverse types of projects such as public works, economic adjustment, disaster recovery assistance, military base realignment, strategic planning, and economic development research.

The Department also funds an extensive network of University Centers, regional development councils, economic development districts, and community development organizations, whose missions are to promote community and economic and development initiatives. All this experience will be incorporated into the Commerce Department's administration of the President's initiative.

Question 5. I believe America's communities deserve the same financial support and service from our government as the efforts to rebuild in Afghanistan and Iraq. How do I respond to my constituents who write me that we are cutting important domestic programs for community and economic development, while spending more money abroad to rebuild Iraq?

Answer. The President is proposing to focus scarce resources on America's neediest communities. Currently there are 35 federal programs in seven different agencies that address economic and community development. In Fiscal Year (FY) 2005, Congress allocated \$16.2 billion to these programs. For FY 2006, the President is proposing to spend \$15.5 billion on these programs, a reduction of only 4 percent. This 4 percent reduction across community and economic development programs is consistent with spending restraint in other non-defense, non-homeland security areas. The FY 2006 Budget reflects the President's commitment to providing the

critical resources for our Nation's highest priorities: fighting the war on terror, strengthening our homeland defenses, and sustaining the momentum of our economic recovery. Overall, the Budget focuses on priorities while targeting resources on the most successful and results-oriented programs.

