



Committee On Finance

Max Baucus, Ranking Member

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**Statement of U.S. Senator Max Baucus
Nominations of Daniel Levinson, Harold Damelin, and Ray Wagner
Before the Finance Committee**

“We are here today to consider the nominations of Daniel Levinson to be Health and Human Services (HHS) Inspector General, Harold Damelin to be Treasury Inspector General, and Ray Wagner for another term on the Internal Revenue Service (IRS) Oversight Board. These are important positions. They require independence, skill, and judgment.

At the birth of our nation, the Continental Congress appointed an inspector general to oversee the army. The Continental Congress charged that inspector general with ensuring that its scarce resources were spent wisely during time of war. There are reports that then General George Washington resented the presence of someone questioning his decisions. Plainly, not much has changed.

Mr. Damelin, like that first inspector general, you are charged with overseeing an entity that helps protect our freedom. The Treasury Department is the front line of the war on terrorist financing. The department’s efforts can stop a terror cell before it plots its next attack. Without this quiet work — done with computers and diplomacy, instead of tanks and guns — America and the world would be a far more dangerous place.

Despite some success on the terror financing front, much remains to be done. We must guard our resources vigorously. The government has limited resources to monitor the activities of dangerous terrorists around the globe. But the administration has allowed its obsession with Fidel Castro to supersede the war on terror. The Treasury Department has consistently diverted funds from combating the financing of terrorists to banning the traveling of tourists. There are terrorist camped around the globe. But grandmothers traveling to Havana are not among them.

Mr. Damelin, I will look to you to provide leadership in overseeing this area. You need to ensure that our terrorist financing dollars are well spent. Our liberty depends on it.

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Mr. Levinson, the office for which you have been nominated has had its share of troubles. Career employees were driven out. Morale is low. And the independence of the last Senate-confirmed HHS Inspector General was called into question. Even apart from the controversy surrounding the office, just running the operation is extraordinarily demanding. The inspector

general must identify systemic weaknesses of waste, abuse, and inefficiency. It must conduct fraud investigations whenever warranted.

Because of the number of programs and the huge financial disbursements involved, this inspector general's office is the largest in the entire federal government. It employs more than 1,500 auditors, investigators, and support staff, spread out across the country. Your tenure would begin at a time when a great deal of attention will be focused on the office for several reasons:

- First, concerns abound about drug safety and the FDA's role in approving and monitoring drugs.
- Second, given the current fiscal situation, the Medicare and Medicaid programs are under ever-increasing scrutiny. The administration has proposed cutting \$60 billion from the Medicaid program.
- And finally, implementation of the prescription drug benefit and other provisions of the Medicare Modernization Act continues apace. Enrollment in the prescription drug benefit begins in less than 9 months.

Your office has an important role to play in these and other issues. Mr. Levinson, you will need to hit the ground running. I expect you to be an effective and independent leader.



Mr. Wagner, I am glad to have you back before the Finance Committee. The IRS Oversight Board serves an important function. The board oversees the Internal Revenue Service in its administration, execution, and application of the tax laws. I know that I have given the Oversight Board a hard time in the past. But I am glad that the board — and you in particular — have shown real leadership.

Your independence is a valued asset. So is your willingness to confront the IRS Commissioner and the Secretary of the Treasury on tough issues. Toughness and independence like the kind you have shown are too rare today in Washington. Congress, taxpayers, and the American people are fortunate to have you as the Chair of the IRS Oversight Board.



I am eager to hear from all the nominees, and wish you all luck.”

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