

**TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATIONS FOR
FISCAL YEAR 2002**

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATIONS

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NOTE: Under Committee Rules, Mr. Young, as Chairman of the Full Committee, and Mr. Obey, as Ranking
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

MICHELLE MRDEZA, JEFF ASHFORD, KURT DODD, and TAMMY HUGHES,
Staff Assistants

PART 3

**STATEMENTS OF MEMBERS OF CONGRESS AND OTHER
INTERESTED INDIVIDUALS AND ORGANIZATIONS**



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Appendix 6, Larson Testimony, page 1 of 1 page.

Questions by the Subcommittee on Treasury, Postal Service, and General Government
Regarding Errors in the National Firearms Registration and Transfer Record,
a National Firearms Act (NFA) program, and responses
by the Bureau of Alcohol, Tobacco and Firearms (ATF)

May 2000

Question: How much is ATF spending to improve technology, staffing and training to address its regulatory function?

Answer: ATF no longer categorizes its activities by regulatory and enforcement since the development of its strategic plan. The activity structure is now Reduce Violent Crime, Collect the Revenue, and Protect the Public.

Reviews by the Treasury Department Office of Inspector General (OIG) indicated some weaknesses in records kept in the National Firearms Registration and Transfer Record, and could not confirm that no NFA permits were inadvertently destroyed, inappropriately added, or do not reflect that licensees were deceased. While ATF found nothing in the OIG report to justify a statutory or administrative change in the NFA or its administration, it is making efforts to automate and clarify its records. ATF has also placed guidance on its web site regarding NFA administration, including information on its policy for transfers for heirs and estates.

Question: What is the timetable for completing a searchable database of NFA license information? How much will this project cost? Would completion of this make it possible to confirm the completeness and accuracy of the NFRTR? What is the percentage of NFA licenses currently outstanding? How many transfers were made from deceased licensees in 1997-99?

Answer: ATF installed an improved NFA database in 1997 and does have the ability to perform NFA record searches. Also ATF is imaging and indexing all NFA documents going back to 1934, thereby further enhancing our retrieval capabilities. At the end of 1999 there were 1,148,984 NFA firearms currently registered in the National Firearms Registration and Transfer Record. ATF approves transfers of lawfully registered NFA firearms to lawful heirs on a regular basis, however, we do not specifically track those transfers.

Question: For the years 1997-99, how many NFA-governed items for which transfers from decedent were sought by an heir did ATF confiscate because there was no NFRTR record of a valid license?

Answer: We have no knowledge of any instance where ATF confiscated a lawfully registered firearm from a legal heir.

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May 23, 2000

The Honorable Jim Kolbe, Chairman
Subcommittee on Treasury, Postal Service
and General Government
House of Representatives
B-307 Rayburn House Office Building
Washington, D.C. 20515

Attention: Mr. Jeffrey Ashford

Dear Chairman Kolbe:

This letter provides my qualified opinion on the Bureau of Alcohol, Tobacco and Firearms' responses to three questions asked of them by your Committee. These questions were on the underlying backbone technology of the firearms record system, the efforts to measure and upgrade its "searchability" and finally, the way decedents are handled. I take these up very briefly below and then offer some concluding comments. A statement of my qualifications is also enclosed.

Technology question. My reading of the OIG reports suggests that very serious problems were uncovered in ATF's recordkeeping systems. In fact, in my long experience, I cannot think of any instance where poorer results were obtained. I was greatly troubled, therefore, by ATF's comment that it "... found nothing in the OIG report to justify a statutory or administrative change...." The automation remedies offered are too vague and general to assess their thoroughness. The fact that no timetable was offered is a concern, nonetheless. Moreover, there is no mention of any benchmarking with other federal agencies, like the IRS, SSA or SBA which all have excellent record keeping systems.

Searchability question. I found the ATF answer to be unresponsive and too general to be useful. For example, again, no timetable is offered. There are no details on how the indexes will be built by ATF and how index quality will be assured, measured and maintained. The handling of decedent records is likely to be a serious weakness and not to have a system to deal with it seems a failure of due diligence.

Heirs question. It is not surprising that ATF has no knowledge of confiscating "a lawfully registered firearm from a legal heir." In responding to the previous question, ATF indicated that it has no system to identify or track the firearm transfers to heirs. The Social Security Administration regularly provides fact of death information which could be used to do systematic checking, certainly for the years 1997-99. This is public information available on the Internet. There is no evidence that ATF examined this source in its response to the Committee.

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Conclusions. I can only offer a qualified opinion on the ATF's answers but if their responses are to be taken at face value, two conclusions arise: (1) ATF has serious material weaknesses in its firearm registration system which it has yet to acknowledge and (2) the ATF steps taken to improve its recordkeeping clearly lack thoroughness and probably lack timeliness as well.

Recommendations. Let me offer three recommendations to the Committee for its consideration: (1) ATF should be asked to engage an outside audit organization to give a more complete assessment of the weaknesses in their existing firearms system. The scope of the OIG audit was too narrow. These audits should be annual, including a full test of the system from registration to retrieval. The Post Office has such audit practices and offers a model of the completeness needed. (2) ATF should be asked to conduct a thorough benchmarking effort looking at recordkeeping practices and how they are changing both within government and in organizations like insurance companies that have to keep files for long periods. This benchmarking will require another (separate) outside contractor experienced in conducting such studies. (3) The use of record linkage technologies to test and update the ATF firearms system to reduce its isolation are worth study. A match with the SSA decedent file is an example, but there are other government systems that might be looked at too. Possibly legislation would be needed but before seeking legislation ATF should engage one or more experts in record linkage techniques as consultants on the present "matchability" of the system and needs for its future "matchability."

Please feel free to call me (202-261-5886) for any additional assistance on this matter. In the interests of brevity, some of my answers may have been cryptic. For this I apologize.

Sincerely,



Fritz J. Scheuren, Ph.D.
Senior Fellow
The Urban Institute

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FRITZ J. SCHEUREN, Ph.D.

Résumé

EMPLOYMENT

Senior Fellow, The Urban Institute, 1999 to present.

National Technical Director, Statistical Sampling Economics Group, Ernst and Young, LLP, 1996 to 1999.

Professor of Statistics, The George Washington University, 1994 to 1996.

Director, Statistics of Income Division, U.S. Internal Revenue Service, 1980 to 1994.

Chief Mathematical Statistician, Social Security Administration, 1978 to 1980.

RECENT PROFESSIONAL SERVICE ACTIVITIES

Vice-president American Statistical Association, 1999 to present.

Scientific Secretary, International Association of Survey Statisticians, 1997.

National Academy of Sciences, Applied and Theoretical Statistics, 1994 to 1997.

President, Washington Statistical Society, 1991 to 1992.

Associate Editor, *Journal of the American Statistical Association*, 1989 to 1996; *Survey Methodology*, 1986 to present; *Journal of Business and Economic Statistics*, 1983 to 1989.

Adjunct Professor of Statistics, The George Washington University, 1997 to present.

Advisory Board Member, George Mason University Statistics Department, 1999 to present; USDA Graduate School Statistics Advisory Board, 1989 to present.

EDUCATION

Ph.D. (Statistics) The George Washington University

M.A. (Statistics) The George Washington University

B.A. (English Literature) Tufts University

HONORS

ASA Founders Award (1998); Shiskin Award for contributions to U.S. economic statistics (1995); Finalist, Senior Executive Association Executive Excellence Award (1992); Elected Member, the International Statistical Institute (1988); Elected Fellow, the American Association for the Advancement of Science (1984); Elected Fellow, the American Statistical Association (1981).

PUBLICATIONS

Over one hundred and fifty applied and theoretical papers, monographs, and books focused on administrative record research, record linkage, survey sample design, and estimation.