

earlier this year. By the close of business today, this legislation has garnered a total of 29 cosponsors.

Mr. President, this is an outstanding show of support for this important piece of legislation. When each of us return home over recess, we meet with the people that we represent. We listen to their problems, and we listen to their solutions. And when we talk about drugs, and talk about what can be done to keep our kids from using drugs, it always comes back to the community. What matters most is what parents, schools, churches, law enforcement, community groups, and businesses do, working together, to keep our kids drug free.

This legislation will support these efforts. It will allow communities with established coalitions, coalitions that have a proven track record, to receive matching funds to support their efforts. It will provide additional resources in the hands of those who make a difference; people that our children respect and listen to: parents. Placing resources at the community level allows parents, teachers, community, and religious leaders to use these funds to make a difference in the lives of our children, our future.

I want to thank my colleagues and co-sponsors on both sides of the aisle. I particularly want to thank Senator DASCHLE, Senator DEWINE, Senator BIDEN, and Senator HATCH and many others for their support and efforts in moving this legislation.

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#### PROGRAM

Mr. GRASSLEY. Mr. President, on behalf of the majority leader, for the information of all Senators, for tomorrow's business it is the leader's hope that the Senate will be able to begin consideration of the very important Department of Defense authorization bill. Also, the leader is hopeful that the Senate will be able to consider the intelligence authorization bill. Therefore, votes can be expected to occur during the session of the Senate on Thursday.

I would remind all Members that there is a lot of work to be done before the Senate adjourns for the July 4th recess. Therefore, the leader would appreciate all Senators' cooperation in order to complete the business of the Senate in a responsible fashion.

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#### ORDER FOR ADJOURNMENT

Mr. GRASSLEY. On behalf of the leader, I ask unanimous consent, if there is no further business to come before the Senate, that the Senate stand in adjournment under the previous order, following the remarks of the Senator from Iowa.

The PRESIDING OFFICER. Without objection, it is so ordered.

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#### DOD'S PROBLEM DISBURSEMENTS

Mr. GRASSLEY. Mr. President, I would like to talk about the Depart-

ment of Defense's [DOD] problem disbursements.

I have spoken on the subject many times in the past.

I would like to speak on it again today because the Pentagon's Chief Financial Officer, or CFO, Mr. John Hamre, claims he's whipping the problem.

His claims do not seem to stand up to scrutiny.

The GAO has issued a new report on DOD's problem disbursements. It is entitled "Improved Reporting Needed For DOD Problem Disbursements."

This report rips Mr. Hamre's claims to shreds.

In May 1996, Mr. Hamre claimed he had an \$18 billion problem. Now, it's \$8 billion and falling.

The GAO says Mr. Hamre is understating the problem by at least \$25 billion.

Mr. Hamre is blowing smoke to hide the problem.

He is falling back on the oldest trick in the bureaucrat's book: Redefine the problem to make it appear smaller.

He did it by administrative decree in December 1996.

His decree arbitrarily excludes huge chunks of problem disbursements from official reports to Congress.

He just waved his magic wand and shrunk the universe.

It is not smaller because he cleaned up the books or reconciled delinquent accounts.

He did not do any oldtime book-keeping to get the job done.

In fact, he did not get the job done. He just wants us to think the did.

Mr. President, to understand what Mr. Hamre is up to, we need to understand problem disbursements. What are they, and why are they a problem?

The GAO says there are three types of problem disbursements: in-transit disbursements, unmatched disbursement, negative unliquidated obligations or NULO's.

An in-transit disbursement is one that is floating in limbo.

The check was written and the bill was paid. But the payment has not been posted to an account.

If Mr. Hamre were on the ball, there would be no in-transits. Transactions should be recorded as they occur. That's basic accounting 101 stuff.

That's how businesses operate.

The Pentagon's accounting guru—Mr. Keevey—says that's the right way to do it. I quote Mr. Keevey:

Under a good finance and accounting network, you would never make a payment until you check it against the underlying obligation and the underlying records.

If DOD practiced what Mr. Keevey preaches, there would be no problem disbursements. Period.

Congress has been telling DOD to do exactly the same thing every year for the last 3 years.

Section 8106 of last year's appropriations bill says:

Match disbursements with obligations before making payments.

But the bureaucrats complain: "No can do. It's just too hard."

They think it's normal for disbursements to float in limbo for up to 120 days or even longer. For them, a disbursement floating in outer space for 4 months is OK.

It's not a problem disbursement under Mr. Hamre's exclusion policy.

Here's a prime example of how well Mr. Hamre's policy works.

The GAO discovered, for example, that DOD excludes certain "recurring and routine" transactions.

Mr. President, you should see what the GAO found in the Pentagon's "recurring and routine" basket?

The GAO discovered \$4.5 billion of payroll disbursements from automated teller machines or ATM's that were once located on Navy ships.

They just weren't very fresh.

They were so old that their points of origin had disappeared off the face of the Earth. The ships that carried the ATM's have been decommissioned.

Time passed them by.

Most of these ATM transactions were at least 2 years old but some dated back to January 1988, or 9 years ago.

To the average citizen, a check that is not recorded in a checkbook register for 9 years just might be a problem.

But not to Mr. Hamre.

He says it's "normal and routine" for a disbursement to float around in outer space for 9 years. "It's OK. It doesn't count. Not to worry."

Unmatched disbursements are more troublesome than in-transits.

When in-transits finally reach the accountant's desk, the accountant tries to match the disbursement with its corresponding obligation.

An obligation is like a contractual commitment of money.

When a corresponding obligation cannot be identified, you have a problem—an unmatched disbursement.

In some cases, the hookup is made. Sometimes it takes months or even years. And sometimes, the match is never made.

That's an unmatchable disbursement.

That happens when supporting documentation has disappeared.

When you have a check and no supporting documentation, you have a hot potato.

That's a problem, Mr. President. It's a big problem for anyone responsible for controlling public money.

CFO Hamre found a quick and easy cure for this ugly wart. He just lopped it off.

In 1995, he literally wrote off billions of dollars in unmatchable disbursements.

He just wiped them clean off the books. Problem solved.

When Mr. Hamre did this, I came to the floor and criticized him for doing it. I thought it set a terrible precedent.

Maybe Mr. Hamre had no choice, but when you write off billions of dollars of disbursements, some heads should roll. And it should never happen again.

Sadly, no one was held accountable.